



US tariff hike puts Indian textile margins under pressure

The recent hike in US tariffs on Indian textile and apparel imports is emerging as a major concern for the country's export-driven industry. With the US being India's largest market for garments, home textiles, and cotton-based products, the additional duties have immediately triggered pressure on manufacturers' margins and competitiveness.

Industry analysts note that effective duties on several textile categories have jumped steeply, in some cases doubling, making Indian shipments far less attractive for US buyers. Many American retailers are already demanding discounts from Indian suppliers to share the tariff burden, while others are considering shifting sourcing to alternate countries such as Bangladesh and Vietnam. This is forcing Indian exporters into a tight corner, where absorbing costs could erode profits and passing them on could risk losing critical market share.

The Confederation of Indian Textile Industry (CITI) has cautioned that the impact of higher tariffs will be particularly hard on clusters like Tiruppur, Surat, and Ludhiana, which depend heavily on the US market. Companies like Arvind Ltd. have already signaled that margins will remain under strain for the rest of the fiscal year, prompting cost-cutting and reduced non-essential spending. Smaller exporters, with limited capacity to absorb shocks, fear order cancellations and a potential slowdown in production.

Adding to the challenge is the timing: the hike comes during a period when global apparel demand is sluggish and raw material costs remain volatile. For India, the development underscores the urgent need to diversify export destinations and push for new trade agreements. Industry leaders are urging the government to provide policy support through incentives and negotiations to soften the blow.

For now, the tariff hike is not only squeezing margins but also reshaping sourcing strategies, leaving Indian textiles facing one of their toughest tests in recent years.