


Trump's 50% tariffs kick in today, export of textiles, gems and jewellery worst hit

With Trump's new tariffs kicking in, trade experts estimate that the value of India's merchandise exports to the US could drop substantially in 2025-26 (FY26) from FY25 levels.

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The additional 25 per cent tariff will take effect from Wednesday. (file photo)

WITH THE US deciding to implement the steep 50 per cent tariffs on merchandise from India starting Wednesday, exports of low-margin and labour-intensive goods ranging from apparel,

textiles, gems and jewellery to shrimps, carpets and furniture, are set to become unviable in the American market, jeopardising low-skilled jobs in India.

With Trump's new tariffs kicking in, trade experts estimate that the value of India's merchandise exports to the US could drop by as much as 40-45% in 2025-26 compared with the previous year. Think-tank Global Trade Research Initiative (GTRI) estimates product exports to the US could fall to \$49.6 billion this year from nearly \$87 billion in 2024-25, as two-thirds of exports by value to the US will be hit by 50 per cent tariffs, taking effective tariff rates to over 60 per cent in a few product categories.



Around 30 per cent of exports to the US — valued at \$27.6 billion in FY25 — will remain duty free as product categories like pharmaceuticals, electronics, and petroleum products have

been exempt from Trump's tariffs, while 4 per cent of the exports — mainly auto parts — will face a 25 per cent tariff rate.

Meanwhile, competitors like Vietnam, Bangladesh, Cambodia, and even China and Pakistan, which currently face lower tariffs from the [Donald Trump](#) administration, are set to benefit from India's potential losses in various export-oriented sectors.

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The 50 per cent tariff imposed on the majority of Indian goods exported to the US includes the 25 per cent tariff rate announced by Trump late July, and an additional 25 per cent tariff announced early August as a “penalty” for New [Delhi](#)'s purchases of Russian oil, apart from its defence imports from Moscow. The additional 25 per cent tariff will take effect from Wednesday.

The sky-high tariffs mean that goods exporters would be rendered uncompetitive in the US market, which is among the handful of trade partners with whom India has a net goods trade surplus. India runs a sharp trade deficit with China, Russia and the UAE, its other top trading partners in the goods category.

US demand and sectoral impact

The impact of the tariffs could be broad-based, as the US accounts for 20 per cent of merchandise exports from India and 2 per cent of the GDP. Sensing a deeper challenge for semi-skilled workers, the textile and gems and jewellery sectors have sought [COVID-19](#)-era support for the industry to prevent job losses, as nearly 30 per cent of exports from these sectors go to the US market.

Product categories likely to be hit the hardest by high [US tariffs include textiles and apparel](#), gems and jewellery, shrimps, machinery and mechanical appliances, some metals (steel, aluminium, copper), organic chemicals, agriculture and processed foods, leather and footwear, handicrafts, furniture, and carpets.

Trade experts said that the diamond-polishing, shrimp and home textiles sectors may see sales volume decline due to their high reliance on US trade. The US accounts for 48 per cent of revenue for shrimp exporters, which means that the marine exports sector would also see a sharp decline in volumes.

Moreover, home textiles and carpets are both significant export-oriented sectors, with exports accounting for 70–75 per cent and 65–70 per cent of total sales respectively. Of this, the US accounts for 60 per cent of exports for home textiles and 50 per cent for carpets, according to a Crisil estimate.

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Crisil Ratings, earlier this month, said there would also be a second-order impact on the earnings of sectors such as diamond polishing, shrimp, home textiles and carpets, which will bear the brunt of US tariffs due to a “structural shift in demand in the US, with reduced discretionary spending driven by expectations of rising [inflation](#)”.

American economist Paul Krugman, winner of the 2008 Nobel Prize in Economics, said in a post on Substack on August 8 that key US data are looking increasingly ‘stagflationary.’ There is almost complete consensus among economists that tariffs are inflationary, and that the only dissenters are economists who work, directly or de facto, for the Trump administration, he said.

Fears of job loss

“While 30% of (India's US) exports will remain duty-free and 4% will face a 25% tariff, the bulk—66% covering apparel, textiles, gems & jewellery, shrimp, carpets, and furniture—will be hit with a 50% tariff, rendering them uncompetitive. Exports from these sectors could plunge 70%, dropping to \$18.6 billion, causing an overall 43% decline in shipments to the US and endangering hundreds of thousands of jobs,” GTRI said in a recent report.

Amid fears of distress in the most-affected sectors like apparel, textiles, gems and jewellery, shrimp, carpets, and furniture, exporters have been knocking on the government's door, seeking support as they begin to grapple with Trump's tariff tantrums.



Gems and jewellery exporters, citing their high dependence on the US market, have expressed fears of job losses, as steep 50 per cent tariffs would render Indian exports uncompetitive. The Gem and Jewellery Export Promotion Council (GJEPC) said the US tariffs would have far-reaching repercussions across the economy — “disrupting critical supply chains, stalling exports and threatening thousands of jobs”— given that the US is the sector’s single largest market, accounting for over \$10 billion in exports, nearly 30 per cent of the industry’s total global trade.

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Exporters have urged the government to introduce a targeted scheme, such as duty drawback or reimbursement, covering approximately 25–50 per cent of the new tariffs imposed on gems and jewellery exports to the US from August to December 2025.

The labour-intensive textile industry has also appealed for immediate cash support and a moratorium on loan repayments to withstand the shock of steep 50 per cent US tariffs that could lead to widespread job losses. During a meeting at the Ministry of Textiles earlier this month, the industry also sought fast-tracking of free-trade-agreement (FTA) negotiations with the EU, which could cushion against losses in the US market.

Goods exempt from Trump's tariffs

About 30 per cent of India's exports, which amounted to \$27.6 billion in 2024-25, will remain duty-free in the US market, according to GTRI's estimates. Major product categories include pharmaceuticals, which account for approximately \$12.7 billion worth of exports to the US.

However, Trump has warned pharmaceutical companies they must produce within the US or face tariffs rising to 200 per cent within two years. A bulk of electronics exports are also exempt, yet Trump has threatened tariffs on [Apple](#) if it continues to export products from India. India's tariff-exempted electronics exports to the US were \$10.6 billion last year. These exports included smartphones, switching and routing gear, integrated circuits, unmounted chips, wafers for diodes and solid-state storage devices.

Other exempted items include refined petroleum fuels and products (\$4.1 billion in 2024-25), as well as books, brochures, plastics, cellulose ethers, ferromanganese, ferrosilicon manganese, ferrochromium and computing gear such as motherboards and rack servers.

Metals such as unwrought antimony, nickel, zinc, chromium, tungsten, platinum, palladium, gold dore, gold coins, technically-specified natural rubber, coral, echinoderms and cuttlebone are also exempt.



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