

Exporters cheer as US deal sparks revival in orders

EUPHORIA. Tariffs set to drop to 18%, giving India an edge over rivals, including China

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India's exporters are riding a wave of optimism following the India-US framework agreement, as restored orders signal a new phase of growth.

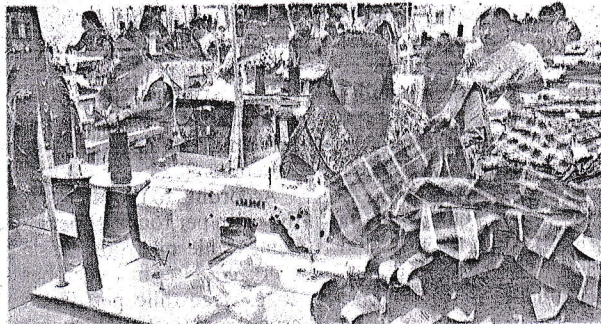
While the threat of US tariff linked to Russian oil buy remains, exporters are largely unfazed.

The reduction of tariffs on labour-intensive sectors from 50 per cent to 25 per cent, with a further drop to 18 per cent expected this week, is a game-changer and provides a massive competitive advantage, said Sanjay Jain, a prominent Delhi-based textile exporter.

PICKING UP THREADS

"We are now half China's tariff levels and below other competing nations," Jain said, citing the 19-20 per cent duties faced by Vietnam and Bangladesh. In a 10 per cent margin industry, this is a decisive edge.

Nearly \$31 billion of India's \$86.5 billion exports in FY25 were hit by the 50 per



TRADE SHOCK. Nearly \$31 billion of \$86.5 billion exports in FY25 were hit by the 50% US tariffs imposed in Aug-Sept 2025

cent US tariffs imposed in August-September 2025. While growth flattened by December, Jain said, "enquiry flow has already started," dismissing tariff re-imposition fears as an unpredictable variable.

SPARKLE RETURNS

Gems and jewellery exporter Vipul Shah echoed this sentiment, noting the industry is moving past a worst-case scenario.

"Whatever good news we are receiving is great for the industry. It is very difficult to predict what will happen tomorrow in this geopolitical scenario. We are seeing the

positive side of the trade deal and we have our fingers crossed that it will work out well," he said.

The deal is significant for the gems and jewellery sector as exports had gone down drastically, particularly in the diamond segment, when tariffs were imposed in August-September 2025.

"The US is a big consuming market. More than 50 per cent of gems and jewellery products are consumed in the US. With the tariffs now reduced to 25 per cent and those on diamonds to be finally reduced to zero per cent, we will see a big rise in

demand immediately," Shah said.

LEATHER UNITS UPBEAT

Leather goods exporters, who were offering 20-30 per cent discounts to retain American buyers, can now breathe easy, said Israr Ahmed, a Chennai-based leather goods exporter. The 18 per cent tariff allows for healthier pricing and restoration of margins. Ahmed noted that US customers were already restoring orders to pre-tariff levels, signalling a "golden opportunity" for Indian manufacturing.

ENGINEERING GOODS

The engineering sector, which saw reciprocal tariffs on \$13.5 billion worth of goods, is equally relieved. "Our exporters kept their customers by absorbing the tariff cost and sacrificing margins. With the new 18 per cent rate, these exporters can finally restore profitability," said Pankaj Chadha, Chairman, EEPIC India.

Chadha pointed out: "The important safeguard is that if they change their tariffs, we are entitled to change ours."

Goyal interview p3