

Mass-market products feel the US tariff pinch

SHIVA RAJORA

Gurugram/Faridabad, 19 September

At this bustling tea stall in Udyog Vihar Phase II of Gurugram, a group of workers from nearby export units have gathered to have afternoon tea.

Reckoning the number of cups that he needs to serve, Munim Singh (46) rues that he is having a bad spell as his business has



**TARIFF
TURBULENCE**

not been up to the mark for some time now.

“One, it is Vishwakarma Pooja today (September 17). So, naturally a lot of workers are on leave. More importantly, since the start of

this tariff war with America last month, fewer people are turning up for work in nearby factories because their clients have stalled further orders,” he recalls.

Starting August 27, Indian goods are facing a steep 50 per cent tariff in the United States (US) market, leaving low-margin and labour-intensive Indian goods manufacturers in

various sectors — ranging from apparel, textiles, auto parts, engineering goods, and gems & jewellery to shrimps and carpets — at risk because they now face stiff competition from their Southeast Asian and Chinese peers.

The latest government data shows that India’s goods exports to the US constitutes nearly 2 per cent of its gross domestic product (GDP) and of the goods exports worth \$443 billion, it exported goods worth \$81 billion to only the US.

“*Ek mahina hone ko aa liya, par halat kuch sudhar nhi rahi.* If things continue this way, we may soon be unemployed because the company can’t keep us forever and we may have to return to our homes in villages,” says Kamran, 28, who works as a quality controller in a nearby textile-export unit.

Similar sentiment flows in the other industrial cluster around Delhi.

“We never thought the dispute with US President Donald Trump would last this long. But it’s been a month now and looks like this will continue. It will be daily wagers like us who will pay the price. Last week only, a group of workers who used to operate a press in a nearby auto-



San Auto Engineers in Faridabad has so far remained untouched by the US tariffs because it supplies landing gear, a specialised product, to global aviation giant Boeing

component unit left for their home in Rajasthan,” says Amir, a 30-year-old worker in an auto-component manufacturing plant in Faridabad’s industrial area.

Echoing similar views, Rajesh, 37, says that fresh orders from the US in

his garment export unit, which is located nearby, have dried up and his owner is looking for alternative markets in Europe.

“This time around the year would be our busy season and we would be overworked with packing

and dispatching garments. However, except a few orders from other clients, we are largely killing time now. *Ab to ye deal ho jaye bas jaldi se,*” adds Rajesh.

Vinod Karwa, who heads the MSME (micro, small, and medium enterprises) committee at industry body PHDCCI says that the impact of these steep tariffs is being felt by people in sectors like textiles, leather products, and apparel.

“It’s only the highly specialised or niche products that have been able to withstand this assault because US clients can’t find new suppliers for these products so quickly. In sectors that don’t require much expertise, they have arranged other suppliers,” he reckons.

Karwa’s own unit in Faridabad — San Auto Engineers Pvt Ltd — has so far remained untouched because it supplies landing gear, a specialised product, to global aviation giant Boeing.

“Our US buyers are bearing the additional cost because it is not easy to establish a new supply chain so quickly and they remain hopeful that it’s a matter of months before the additional tariffs go,” adds Karwa.

Anil Gupta, managing director, KEI cables, says while a lot of exporters front-loaded their orders earlier, people who are dependent entirely on US markets are suffering. The stand by the government is laudable, though, and India should not accept any coercion.

“Diversification is the only way now. It’s also a lesson for exporters to not remain dependent on any one market. While the recent trade deal with the United Kingdom and the one expected with the European Union offer some glimpse of hope, in the near term it is going to be difficult,” he adds.

The latest trade data released on Monday showed that India’s exports to the US slowed 7 per cent year-on-year in August after surging 24 per cent in January-July 2025, with experts cautioning that the impact of heightened tariffs on India will become more visible in the coming months. “The US accounts for one-third of Indian apparel exports. Following tariff hikes, India has become less competitive than peers like Vietnam and Bangladesh. Apparel exporters are expected to witness a 6-9 per cent revenue decline this financial year. In the cut and polished diamonds, with 36 per cent of exports directed to the US, diamantaires face demand contraction,” said Icria Ratings in a note.