U.S. imposes additional 25% tariffs on Indian exports

The Federation of Indian Export Organisations (FIEO) has raised concern over the U.S. government's decision to impose an additional 25% tariff on Indian-origin goods, raising total duties on many export categories to as high as 50%. The tariff hike, effective from August 27, 2025, is expected to severely disrupt the flow of Indian goods to the U.S., which remains India's largest export market.

FIEO President S. C. Ralhan described the development as a major setback, noting that approximately 55% of India's exports to the U.S., valued at around US$47–48 billion, will now face a pricing disadvantage of 30–35%, making them uncompetitive compared to exports from China, Vietnam, Cambodia, the Philippines, and other Asian countries.

Textiles and apparel manufacturers in hubs such as Tirupur, Noida, and Surat have already halted production as rising costs erode competitiveness. The sector is losing ground to lower-cost suppliers from Vietnam and Bangladesh. In seafood, particularly shrimp, where the U.S. absorbs nearly 40% of India's exports, the tariff increase threatens to create stockpile losses, supply chain disruptions, and farmer distress.

Other labour-intensive sectors, including leather, ceramics, chemicals, handicrafts, and carpets, are also expected to face declining competitiveness, especially against European, Southeast Asian, and Mexican producers. According to Ralhan, delays, order cancellations, and lost cost advantages could worsen the impact across these industries.

FIEO has urged immediate government support to help exporters withstand the shock. Key measures requested include interest subvention schemes, enhanced export credit support, and access to low-cost credit, with an emphasis on MSMEs. Ralhan also called for a moratorium of up to one year on loan repayments of both principal and interest, along with automatic enhancement of credit limits by 30% and collateral-free lending under frameworks similar to the Emergency Credit Line Guarantee Scheme (ECLGS).

He further proposed expanding Production-Linked Incentive (PLI) schemes, strengthening infrastructure, investing in cold-chain and storage facilities, and accelerating free trade agreements (FTAs) with the EU, Oman, Chile, Peru, GCC countries, Africa, and Latin America, with early-harvest provisions for labour-intensive sectors. Diplomatic engagement with the U.S. remains critical, he added.

FIEO also highlighted the need for stronger global branding of Indian products, wider adoption of quality certifications, and greater focus on innovation to enhance competitiveness in global markets.

The organisation appealed for coordinated action between exporters, industry bodies, and government agencies to safeguard livelihoods, reinforce trade links, and mitigate the challenges posed by the new tariff regime.

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