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Unfriending India? Trump's 25% tariffs on India deal a body blow to major sectors—and raise costs for US consumers

The latest move by US President Donald Trump is likely to have a significant impact on several sectors, including textiles, gems and jewellery, seafood, agricultural products, leather, and electronics.

Authored by Neha Dewan

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In an 'unfriendly' turn of events, US President Donald Trump on Wednesday imposed a 25% tariff on goods imported from India, along with an additional penalty for buying oil from Russia. Effective August 1, this imposition is expected to adversely impact some of the major employment-generating sectors, which were optimistic for a more balanced tariff regime with the US.

Trump previously labelled India as the “Tariff King,” an unfair allegation, according to experts and industry players, as he overlooks high duties imposed by the US on varied items. As per data by the World Trade Organisation (WTO), the US levies duties as high as 350% on beverages and tobacco, 200% on dairy products, and 132% on fruits and vegetables, among others.

The recent announcement—by no means an expected one—has dealt a severe blow to various industries that rely on the US as a key market, raising concern about their survival again.

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Trump Tariffs

Country	Tariffs threatened in April (%)	Tariffs now (%)
China	145	30 (as of now)
Vietnam	46	20
Indonesia	32	19
Japan	24	15
EU	20	15
UK	10	10
India	26	25 + additional penalty*

*for buying Russian oil

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Textiles

Look at the textiles sector, for instance, which is predominantly comprised of MSMEs that make up nearly 80% of it. Before the recent India-UK FTA, the sector faced stiff competition from countries like Bangladesh. The FTA, by removing the duty disadvantage of 10-12%, provided the much-needed boost to the sector. However, just when the sector was beginning to find its footing, tariffs imposed by the US, a key market for Indian exporters, have once again threatened to hinder its growth.

“This shift in the US market is certainly a challenge, especially for companies working on tight margins. The impact on MSMEs could be more pronounced, as many smaller players rely heavily on US orders and may face greater strain. We have started looking closely at markets in Latin America. These are new regions for us, and while there are challenges, much depends on how we shape our business approach and respond to the way global trade is changing," Suketu Shah, CEO of Vishal Fabrics, says.

In fact, the impact has already started playing out on the ground. Vikas Singh, Director of the Home Textile Exporters' Welfare Association (HEWA), details how buyers have started putting new orders on hold. "Even previously confirmed dispatches already manufactured and ready for shipment are being held back by the buyers. Many have now started demanding a flat 10% to 15% discount on these consignments. Moreover, the tariff advantage between India and China has also narrowed significantly, 25% on Indian goods versus 30% on Chinese goods. As a result, the short-term advantage that India previously enjoyed has effectively disappeared," he states.

Gems and jewellery

Things are looking no better for the gems and jewellery industry, which has been reeling under pressure from the Russia-Ukraine and Israel wars, resulting in a significant decline in business. Jayanti Savaliya, Regional Chairman, Gems and Jewellery Export Promotion Council (GJEPC), states that out of $33 billion in exports, the US market makes up $9 billion, representing 28% of the total.

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US top trading partners (From Jan-May 2025)

Country	Imports value (in billion $)	% share in total imports
Mexico	219.5	14.60%
Canada	168.5	11.20%
China	148.5	9.90%
Ireland	83.9	5.60%
Switzerland	71.8	4.80%
Vietnam	70.5	4.70%
Germany	68.5	4.60%
Taiwan	65.1	4.30%
Japan	63	4.20%
South Korea	53.1	3.50%
India	47.2	3.10%

Source: census.gov

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However, he adds that the US will also face the impact of such a measure. "It will be expensive for US consumers, so they are at a losing proposition as well with this announcement. We are also the biggest supplier to the US. In the case of India, we expect a drop in export numbers in the times ahead. We will need to consciously look at new markets to counter this scenario," he emphasises.

The gem & jewellery industry had tried to absorb the 10% tariffs that had come in, however the present tariffs of 25% is a steep percentage for them to digest, he says.

Leathers

Affirming such sentiments, experts in sectors such as leather say that these measures are not sustainable in the long term. “The US simply cannot manufacture labour-intensive consumer goods like footwear domestically at competitive costs. Any tariff increase is ultimately a burden on their own consumers,” says Puran Dawar, Regional Chairman of the Council for Leather Exports (CLE), expressing optimism that the matter will be resolved diplomatically in due course.

The USA is the largest importer of leather and leather products from India. In FY24 (April-December), it accounted for 21.82% of India’s total leather exports. During FY25 (April-December), the total export of leather products to the USA was valued at Rs 6,870 crore ($795.55 million), an increase of 16.30% year-on-year.

Electronics

In the case of electronics, Abhishek Malik, Executive Director, Calcom Vision Ltd, says that the 25% tariff on Indian-manufactured goods by the US introduces new variables for exporters, particularly in sectors such as electronics where supply chains are globally integrated. “These measures may lead to increased cost structures and could influence future investment decisions and planning. As trade dynamics evolve, companies may look to adapt by enhancing R&D, improving quality benchmarks, and developing more integrated manufacturing capabilities to remain aligned with global market expectations,” he says. When asked how much cost pressure these additional levies may put on their electronic products, Malik puts the figure at over 25%.

The value of India’s electronic exports to the US is roughly between $12 billion and $13 billion.

Renewable energy

For the renewable energy segment, while the taris may not directly target components, the ripple eects—currency volatility, tighter capital ows, and rising input costs—can impact project bankability and investor condence. "For the Renewable Sector, operating on thin margins and long horizons, these indirect pressures can aect both pace and scale," Neerav Nanavaty, CEO, BluPine Energy says. The industry is of the view that these taris shows the urgency for India to build greater strategic resilience in its manufacturing sectors.

Prashant Mathur, CEO, Saatvik Green Energy, says that the for the solar industry, this serves as a critical reminder to deepen domestic value chains while expanding into diversied export markets across Europe, the Middle East, and Southeast Asia. Similarly, Akshay Hiranandani, CEO, Serentica Renewables highlights that while these taris pose challenges for Indian manufacturers by reducing export opportunities and potential prots, this has the potential to benet India’s domestic market.

Simarpreet Singh, Executive Director & CEO, Hartek Group added that while we remain mindful of evolving geopolitical dynamics, this moment can accelerate innovation, attract strategic investments, and drive long-term energy security.

India's top exports market in FY25

Country	Exports value (in billion $)
USA	86.51
UAE	36.64
Netherlands	22.76
UK	14.55
China	14.25

Source: niryat.gov.in

In April-October FY25, India exported $711.95 million worth of PV cells with 96% of the shipments going to the US.

Seafoods

Shrimp exporters are feeling the pinch of the announcement as well. In FY24, India exported 297,571 million tonnes (MT) of frozen shrimp valued at $4.8 billion to the US, according to the Marine Products Export Development Authority (MPEDA). Divya Kumar Gulati, Chairman at Compound Livestock Feed Manufacturers Association (CLFMA) of India, says the recent imposition of US taris on seafood products and agricultural products like shrimp, GM corn, soybean, and more is a signicant setback for India's exports since that has emerged as a key livelihood generator across coastal and rural areas.

"The ET Online shrimp export industry, a major foreign exchange earner, will be particularly impacted, disrupting the supply chain and putting pressure on farm gate prices. This will ripple through to farmers' incomes and employment, especially in rural areas," he states.

Gulati urges the government to respond with timely interventions—exploring new export destinations, simplifying compliance frameworks, and investing in infrastructure and logistics to enhance global competitiveness. "We are committed to supporting the sector through policy advocacy, technological innovation, skill development, and market diversication in the Indian livestock and aquaculture sectors," he adds.

Devroop Dhar, MD and Co-Founder of Primus Partners says that with the US accounting for 40% of India's shrimp exports, a likely decline is forseen in shipments, particularly in categories like seafood. Indian shrimp exports, he states, will become uncompetitive, and Indian farmers will suer. "This is extremely unfortunate as shrimps is one rare category within the Indian agriculture ecosystem wherein farmers are happy to continue their farming profession generation after generation," he adds. For now, everyone is in wait-and-watch mode. India Inc. remains both hopeful and cautious about the future, given the numerous policy overhauls that have occurred during Trump's presidency.