



US tariffs are likely to have an adverse impact on the Indian Gems and Jewellery sector. However, US tariffs may present some potential opportunities for the Textile and Garments sector.



Paresh Parekh

Partner and National Tax Leader, Retail & Consumer Sector



Sanket Desai

Partner, GST and Global Trade

The Indian Gems and Jewellery sector exports over US\$11.5 billion annually to the US. This sector has, over the last few years, been struggling due to changing customer preferences, lab-grown diamond technology, soaring gold prices, and competition in cutting and polishing from other countries. The recent US tariff developments are likely to further aggravate this situation and have an adverse impact. The sector hopes the Government of India addresses these tariff concerns through a potential bilateral trade deal with the US.

The Indian Textile and Garments sector exports around US\$10 billion annually to the US. While this sector will also be affected by US tariffs, it may be a "blessing in disguise" due to the relative tariff situation. India typically competes globally for textile exports with countries like Bangladesh, Vietnam, Cambodia, Sri Lanka, China, and Pakistan, where tariffs are higher compared to India. This situation presents an opportunity for the Indian textile sector to grab and increase market share. The sector also hopes to secure a further strategic advantage through the inclusion of textiles in a potential "zero for zero" rate under a bilateral trade deal with the US.

Supported by: Harshvardhan Agarwal (EY, Director) and Terjani Samant (EY, Senior Manager)

How does the tariff impact Indian Gems and Jewellery sector?

- The imposition of US tariffs of 27%, effective from 9 April 2025, on Indian gems and jewellery has sent shockwaves through the industry. Previously, the US reportedly levied no tariffs on cut and polished diamonds from India, while India imposed a 5% tariff on similar imports. On articles of jewellery, the US earlier reportedly levied significantly lower tariffs, whereas India imposed around 20% duties.

Particulars	Time period	Amount (US\$ billion)/ % share
India's total exports of gems and jewellery (G&J)	FY 2023-2024	32.85
India's exports of G&J to the US		9.95
% share of the US in India's G&J exports		30.29%
US imports of G&J from the world	CY 2024	89.12
US imports of G&J from India		11.58
% share of India in US G&J imports		12.99%

- India's Gems and Jewellery sector is highly dependent on exports, with the US being a major market. In FY 2023-2024, India's total exports stood at US\$32.85 billion, of which US\$9.95 billion directed to the US, accounting for 30.29% of the sector's exports. The US, in turn, imported US\$89.12 billion worth of gems and jewellery globally in CY 2024, with India contributing 12.99% of this total.

Impact analysis

The Gems and Jewellery sector in India has been facing several challenges over the past few years. A slowdown in China, changing consumer preferences, the rise of lab-grown diamonds, soaring gold prices, and increased competition from other countries have all contributed to the sector's decline in recent years. The imposition of US tariffs adds another layer of complexity, potentially leading to market and margin erosions. The sector's exports have already seen a decline, with an approximate 14.5% drop to around US\$32 billion in the 2023-24 fiscal year. The industry is now bracing for the risk of a further decline in exports due to the new tariffs. The sector hopes the Government of India addresses these tariff concerns through a potential bilateral trade deal with the US.

Highlights

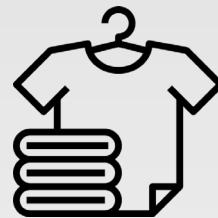


India's total exports of gems and jewellery stood at approximately US\$32.85 billion. In the calendar year 2024, exports from this sector to the US amounted to nearly US\$11.5 billion

How does the tariff impact Textile and Garments sector?

- The US has imposed significant tariffs on textile imports from various countries, including a 27% reciprocal tariff on Indian textile imports.
- However, tariffs on countries competing with India for textile exports are higher than the rate levied on India, such as Vietnam (46%), Bangladesh (37%), Cambodia (49%), Pakistan (30%), and China (34%).
- These tariffs are expected to reshape the global textile trade landscape, potentially positioning India more favorably compared to its competitors.
- The imposition of US tariffs presents both opportunities and challenges for the Indian textile industry. On the positive side, higher tariffs on competing nations provide India with a competitive edge, potentially presenting an opportunity to increase its market share in the US.

Highlights



India's total exports in the Textile and Garments sector stood at approximately US\$36 billion, of which the US accounted for nearly 28%, amounting to around US\$10 billion

Impact analysis

The imposition of US tariffs on the Textile and Garments sector presents a mixed bag for the Indian textile industry. While it offers a competitive advantage over other exporting nations facing higher tariff rates, it also poses challenges related to the risk of market and margin contraction, along with increased costs. The industry's future growth will depend on its ability to innovate, adopt sustainable practices, and overcome existing challenges. The sector also hopes to secure a further strategic advantage through the inclusion of textile and garments in a potential "zero for zero" rate under a bilateral trade deal with the US.

Our offices

Ahmedabad

22nd Floor, B Wing, Privilon
Ambli BRT Road, Behind Iskcon Temple
Off SG Highway
Ahmedabad - 380 059
Tel: + 91 79 6608 3800

8th Floor, Building No. 14A
Block 14, Zone 1
Brigade International Financial Centre
GIFT City SEZ
Gandhinagar - 382355, Gujarat
Tel +91 79 6608 3800

Bengaluru

12th & 13th Floor
"UB City", Canberra Block
No.24 Vittal Mallya Road
Bengaluru - 560 001
Tel: + 91 80 6727 5000

Ground & 1st Floor
11, 'A' wing
Divyasree Chambers
Langford Town
Bengaluru - 560 025
Tel: + 91 80 6727 5000

3rd & 4th Floor
MARKSQUARE
#61, St. Mark's Road
Shantala Nagar
Bengaluru - 560 001
Tel: + 91 80 6727 5000

1st & 8th Floor, Tower A
Prestige Shantiniketan
Mahadevapura Post
Whitefield, Bengaluru - 560 048
Tel: + 91 80 6727 5000

Bhubaneswar

8th Floor, O-Hub, Tower A
Chandaka SEZ, Bhubaneswar
Odisha - 751024
Tel: + 91 674 274 4490

Chandigarh

Elante offices, Unit No. B-613 & 614
6th Floor, Plot No- 178-178A
Industrial & Business Park, Phase-I
Chandigarh - 160 002
Tel: + 91 172 6717800

Chennai

6th & 7th Floor, A Block,
Tidel Park, No.4, Rajiv Gandhi Salai
Taramani, Chennai - 600 113
Tel: + 91 44 6654 8100

Delhi NCR

Aikyam
Ground Floor
67, Institutional Area
Sector 44, Gurugram - 122 003
Haryana
Tel: + 91 124 443 4000

3rd & 6th Floor, Worldmark-1
IGI Airport Hospitality District
Aerocity, New Delhi - 110 037
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B
Tower 2, Sector 126
Gautam Budh Nagar, U.P.
Noida - 201 304
Tel: + 91 120 671 7000

Hyderabad

THE SKYVIEW 10
18th Floor, "SOUTH LOBBY"
Survey No 83/1, Raidurgam
Hyderabad - 500 032
Tel: + 91 40 6736 2000

Jaipur

9th floor, Jewel of India
Horizon Tower, JLN Marg
Opp Jaipur Stock Exchange
Jaipur, Rajasthan - 302018

Kochi

9th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682 304
Tel: + 91 484 433 4000

Kolkata

22 Camac Street
3rd Floor, Block 'C'
Kolkata - 700 016
Tel: +91 33 6615 3400

6th floor, Sector V,
Building Omega, Bengal Intelligent
Park, Salt Lake Electronics Complex,
Bidhan Nagar
Kolkata - 700 091
Tel: +91 33 6615 3400

Mumbai

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400 028
Tel: + 91 22 6192 0000

5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6192 0000

3rd Floor, Unit No.301Building
No.1, Mindspace-GigaplexIT Park,
MIDC, Plot No. IT-5
Airoli Knowledge Park
Airoli West,
Navi Mumbai - 400 708
Tel: + 91 22 6192 0003

Altimus, 18th Floor
Pandurang Budhkar Marg
Worli, Mumbai - 400 018
Tel: +91 22 6192 0503

Pune

C-401, 4th Floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 4912 6000

10th Floor, Smartworks
M-Agile, Pan Card Club Road
Baner, Pune - 411 045
Tel: + 91 20 4912 6800

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