IPN, GVC,

Q 1) What is globalisation? What are the various categories describe by Gary Gereffi to describe the globalisation of work? (2+12 marks)

Q 2) In the tricontinental publication of how iphones are produced, what are the historical interlinked technological processes that aided iphones to be a global commodity? (6 marks)

Q 3) Comment on the article titled, "How US tariffs are threatening the Indian readymade garment sector". Please use your knowledge of social reproduction, informal economy, and globalisation as key concepts in your commentary. (10 marks, maximum 500 words).

ANALYSIS TRADE

How US Tariffs are Threatening the Indian Readymade Garment Sector

Mohan Mani and Madhulika T.
07/Oct/2025 5 min read

The US has long been India's most important market. No sector is likely to feel the blow as deeply as textiles and garment.

Members of left-wing parties take part in a demonstration against US President Donald Trump to protest against the 50% tariffs imposed by the US

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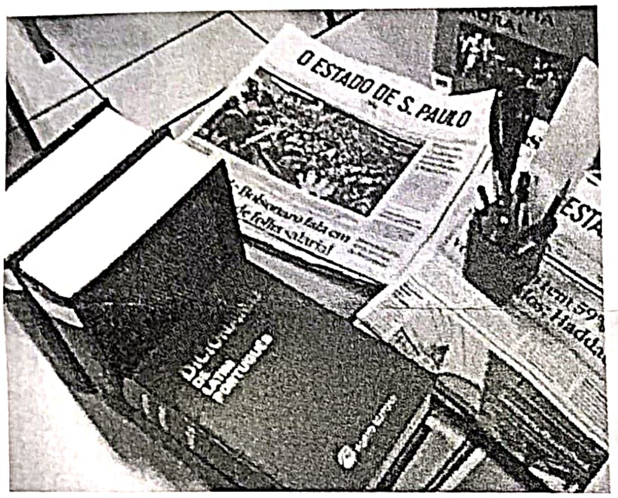
President Donald Trump's 50% tariff on the industry took effect at the end of August. The levy also applies to footwear, gems and jewelry, and seafood, but no sector is likely to feel the blow as deeply as textiles and garment.

The US has long been India's most important market. In 2024-25 alone, India exported $10.9 billion worth of textiles and garments to America. Yet even before the tariff, the sector showed signs of strain. From 2020 onward, exports declined as global demand weakened – partly due to the Covid-19 downturn – and with production costs rising.



By 2023, exports had fallen to $34.4 billion, down from $44.4 billion in 2021, an almost 22.5% drop. At the same time, competition from Vietnam and China intensified. Both Vietnam and China benefit from vertically integrated supply chains, enabling them to manufacture garments at more competitive prices than India.

Global

In 2025, the Indian garment and textile sector saw a brief revival. Apparel exports rose by 10% and textile exports by 3.6%, bringing the industry's total to $36.6 billion. This rebound was partly driven by political turmoil in Bangladesh in 2024, which prompted global brands to move sourcing to India to escape the instability gripping Dhaka.

Now, however, the new U.S. tariffs threaten to unravel these fledgling gains. India's disadvantage is stark: while its neighbors like Bangladesh, Vietnam, Sri Lanka, and Indonesia face U.S. tariffs of roughly 20 percent, India is units in Bangladesh and Vietnam in the coming months.

Why tariffs won't benefit the US

One of the central arguments behind Trump's tariffs is the belief that they will help reshore manufacturing – including garment manufacturing to the US. This is a pipe dream. Global apparel supply chains have taken decades to build and dismantling or relocating them within a few years is close to impossible.

Cost structures make the idea even less feasible. In U.S. states such as California and New York, the minimum wage is around $15 an hour (Rs. 1,322). For a standard eight-hour workday, that translates to more than Rs. 10,500 per worker per day. By contrast, in India's major garment hubs—Karnataka and Tiruppur in Tamil Nadu—a worker roughly earns little more than this amount in an entire month. In Tamil Nadu, garment workers earn roughly between Rs. 15,000 – 16, 700 while in Karnataka, workers earn Rs. 12, 223. Put simply, the monthly wage of an Indian garment worker is little more than just a single day's wage in the United States.

Way cheaper labour in Ind

Given this enormous gap, even a tariff as steep as 50 percent will not persuade US brands to relocate production to America. Instead, companies are far more likely to shift orders to other Asian manufacturing hubs, such as Bangladesh, Vietnam, or Indonesia, where wages remain as low – or even lower – than India's.

Fallout for Indian workers

The fallout for India could be catastrophic. Textiles and garment are among the country's most labour-intensive industries, employing nearly 45 million workers and contributing 2.3 percent to the Gross Domestic Product (GDP). With the new tariffs, many of these jobs are now at risk.

In Ec

The sector has faced a similar crisis before. Just three years ago, when the pandemic spread, brands abruptly cancelled or scaled back orders. Suppliers responded by laying off workers en-masse and intensifying workloads for those who remained. The result was a humanitarian crisis: countless garment workers were pushed below the international poverty line for months in 2020.

As the pandemic eased and global demand recovered, orders gradually returned, allowing many workers to regain employment. But this time, the threat is more permanent. If

First, global brands must take responsibility for safeguarding workers' jobs and rights. The structure of the global apparel value chain makes clear the vast gulf between retail prices and factory prices. Take the exampl a premier US fast-fashion brand: in one instance, a lady's garment that sells for US$35 (label price) in the U.S. gives the Indian factory only US$10 FOB – a mere 28% of the final sale price.

Since the tariff applies to the Freight on Board (FOB) price and not the retail price, the effective burden of the tariff is closer to 7% of the label price. This is a cost that large American brands could easily absorb – or, at worst, pass on to consumers. The U.S. apparel inflation averaged just 0.9% between 2020–25, compared to 4% for all goods. In effect, the low prices enjoyed by American consumers have long been sustained by low-wage garment workers in South Asia and other countries from the global South.

low wage

Further, the weightage of apparels in the basket of communities used to calculate the consumer price index in the USA is just 2.5%. The overall impact of tariff increase even at 50% tariff is only 7% of 2.5%, or just under 0.2%. In fairness, brands and customers can and should shoulder a portion of the tariff cost, either absorbing the increased cost, or passing it on to consumers. Trade unions, labour advocates, and workers' organisations must press brands to take this responsibility, as they demanded during the Covid-19 crisis.

Second, India must strategically leverage its large domestic apparel market to cushion workers. Data from Bengaluru shows Adidas jackets sourced at Rs. 1,250 per piece are sold for Rs. 5,600 at retail in India – a fourfold mark-up. The government could ease the impact of tariffs by exempting international brands from duties on goods sold domestically, proportionate to their sourcing from India. At the same time, the recent hike of GST on some categories of high value apparel to 18%, which will directly hurt sales of American brands and on local branded apparel should be rolled back.

Instead, temporary duty exemptions for the textile and apparel sector could be financed by a windfall tax on petroleum product exports, which currently benefit from cheap Russian crude. These steps, combined with stronger minimum wage laws to boost local purchasing power, could stimulate domestic demand and provide workers a safety net.

Government support should be conditional on respecting labour rights, and strict penalties should be imposed on manufacturers that exploit the crisis to squeeze workers further.

Taken together, these measures – brand accountability, domestic market support, and regulatory safeguards – can help the Indian textile and garment sector withstand the current shock while protecting the livelihoods of millions of workers.

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