India

An Overview of Social Compliance

Introduction

India is valued as an apparel sourcing destination for its stable political framework, immense workforce, and a highly developed, vertically integrated textile ecosystem. India emerged as a prominent "safe haven" manufacturing hub during 2024 and 2025 as buyers sought to de-risk and diversify their supply chains away from China.

Unlike regional competitors who rely heavily on imported yarn and fabric, India's end-to-end domestic supply chain offers remarkable agility and superior raw material traceability.

India has leveraged these strengths, as reflected in its recent export performance.

Apparel Exports to the U.S.

The shifting landscape is clearly reflected in the full-year OTEXA U.S. apparel import values for 2024 and 2025 and subsequent market developments in 2026. U.S. apparel imports from India increased 5.45% in value in 2025 compared with 2024, while imports from China declined 35.54% over the same period. However, 2026 trade data suggest that India's export growth is slowing, due in part to trade and tariff friction with the United States.

Rank	Country	2024 Value (USD B)	2025 Value (USD B)	Value Change	Early 2026 Direction
1	Vietnam	$14.981	$16.747	+11.79%	+2.7% (Holding steady)
2	China	$16.507	$10.641	-35.54%	-52.9% (Heavy contraction)
3	Bangladesh	$7.343	$8.203	+11.71%	Outpacing China in early volume
4	India	$4.691	$4.947	+5.45%	Slowing under tariff friction
5	Cambodia	$3.802	$4.826	+26.93%	Highly competitive (TRQ eligible)
6	Indonesia	$4.250	$4.661	+9.66%	Stable (TRQ tier)

Source: OTEXA Annual Textiles and Apparel Imports, Category 1 (Apparel), calendar years 2024 and 2025. Values rounded to three decimal places.

Trade and Tariff Friction

While India enjoyed a modest increase in export value to the United States in 2025, more recent trade and tariff developments have created headwinds. India did not complete an Agreement on Reciprocal Trade (ART) with the United States before the U.S. Supreme Court ruled that the IEEPA tariffs were unlawful. Efforts to negotiate a reconfigured ART deal have not yet been successful.

Effective July 24, 2026, the United States imposed Section 301 "Forced Labor" tariffs of 10% or 12.5% on covered imports from 60 economies in connection with their forced-labor import-prohibition regimes. The application of these duties varies by economy and product, including certain exceptions and special treatment. India was originally scheduled for the 12.5% rate but this was later reduced to 10% after India adopted a forced labor import prohibition. Competitor countries Bangladesh, Cambodia, and Indonesia, are paying 10%. Vietnam is at 12%.

Importantly, four textile-producing countries, Bangladesh, Cambodia, Indonesia and Malaysia, were included in a new tariff-rate quota (TRQ) mechanism tied to their imports of U.S. cotton and textile inputs. India was not included. The TRQ mechanism could potentially reduce or eliminate the Section 301 forced labor tariffs on apparel exports from these countries depending on their level of imports of U.S. inputs like cotton, yarn, and fabric. The impact and potential competitive advantage under the TRQ will depend on the final operating rules, quota availability, product eligibility, and utilization by individual countries.

It is likely that comparative tariff levels will be adjusted further once the USTR completes its investigation into structural excess capacity in 16 countries under Section 301. India, Bangladesh, Cambodia, Indonesia, and Malaysia are included in this related investigation. Current guidance suggests that participation in the TRQ mechanism will not exempt countries from excess-capacity tariffs, which could add another tariff layer to apparel exports.

For buyers, it remains difficult to predict future tariff rates and determine what actions, if any, should be taken to mitigate increasing costs. In addition to predicting tariff impacts on supply chains, buyers must also assess whether suppliers are meeting social compliance requirements and whether their supply chains expose them to forced labor risks as the U.S. moves to extend forced labor enforcement to third country inputs.

WRAP's 2025 audit data sheds light on the compliance performance of Indian suppliers and how they compare with suppliers in competing countries.

India Audit Data

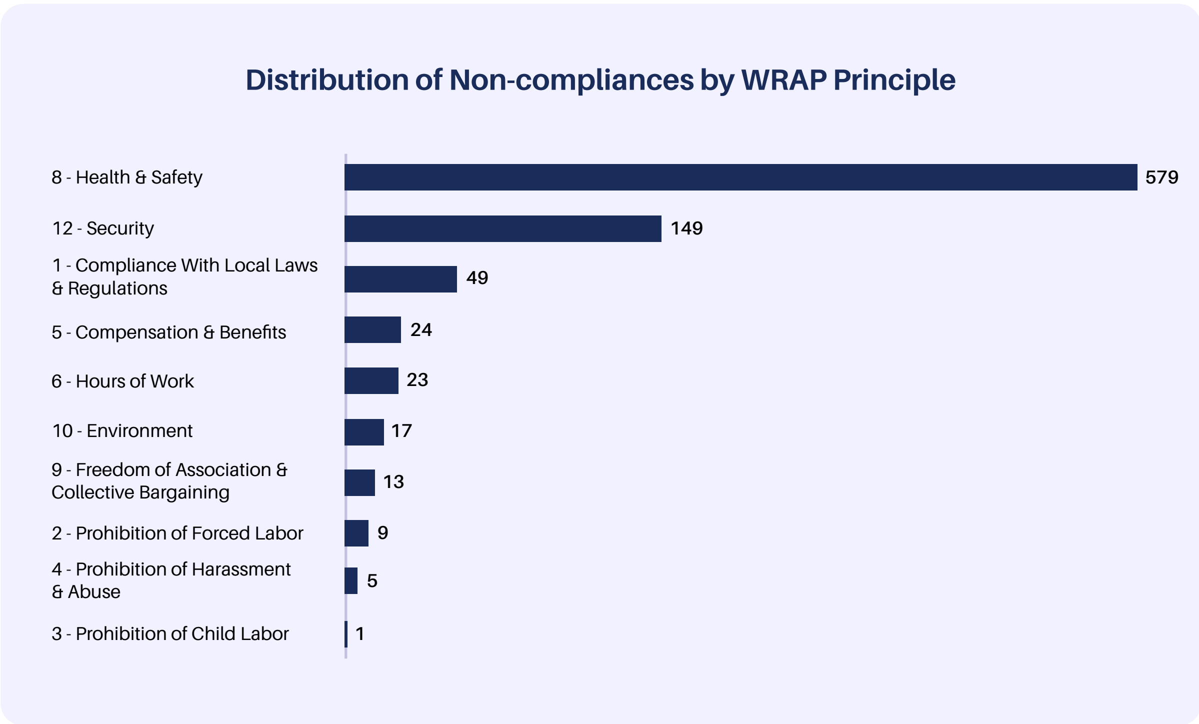
Country	CAP Rate	Average NCs per CAP
India	67%	3.75
Bangladesh	100%	6.70
Cambodia	100%	6.95
Indonesia	97%	5.06

Looking at UFLPA enforcement risks for cotton-based apparel production, India has relatively low exposure because it is a net exporter of cotton and cotton yarn to China. CBP data show only $41,130 in detained apparel, footwear, and textile shipments under the UFLPA, and no recent Section 307 Withhold Release Orders (WROs) have been issued. However, for synthetic yarns and fabrics, UFLPA forced labor risk may be higher because India has increased imports of these materials from China.

Looking more broadly at supplier compliance performance, WRAP audited 356 Indian factories in 2025, and 237 of those audits resulted in a Corrective Action Plans (CAP) to address non-compliances with WRAP requirements. A lower CAP rate is generally considered favorable, as it reflects factory readiness and a sustained commitment to social compliance standards. (WRAP internal data). Overall, in 2025, the CAP rate in India was 67%. India's CAP rate is better than the WRAP global average of 93% in 2025 (across 4,535 audits) and is lower than Bangladesh at 100%, Cambodia at 100%, and Indonesia at 97%. (WRAP internal data).

Another indicator of overall compliance performance is the average number of non-compliances per CAP report. The more non-compliances identified per CAP report, the less prepared a factory was for the WRAP audit and the greater the remediation effort required. For Indian factories in 2025, the average number of non-compliances per CAP report was 4.16. This compares favorably with the WRAP global average of 6.13.

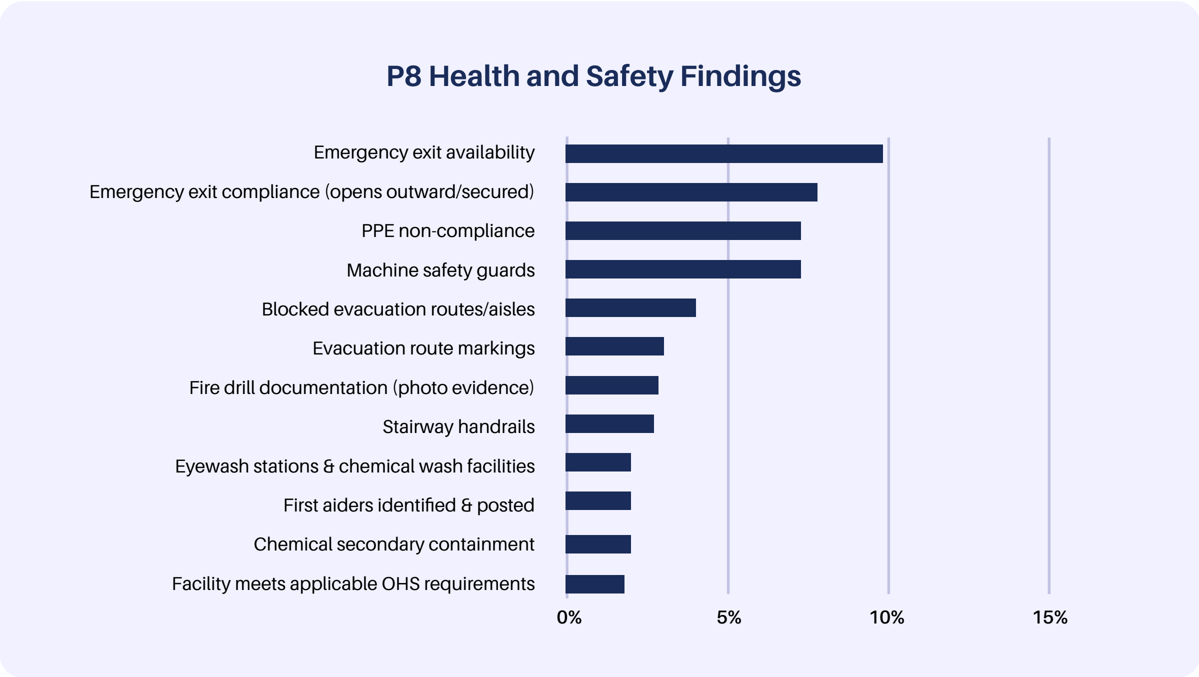
Looking first at which WRAP Principles were cited most often as non-compliances in WRAP audit reports, the figure below identifies P8, Health and Safety and P12, Security as generating the most non-compliances in India audits.



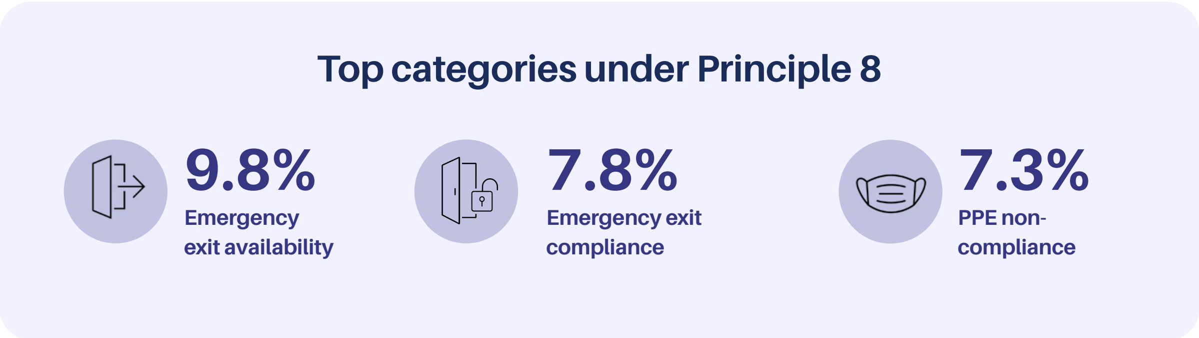
PRINCIPLE 8

Health and Safety

The next figure looks at which sections in the top three principles were identified most often for non-compliances.



India’s findings in P8 were driven by emergency-exit provisions, machine guarding, and inadequate PPE.



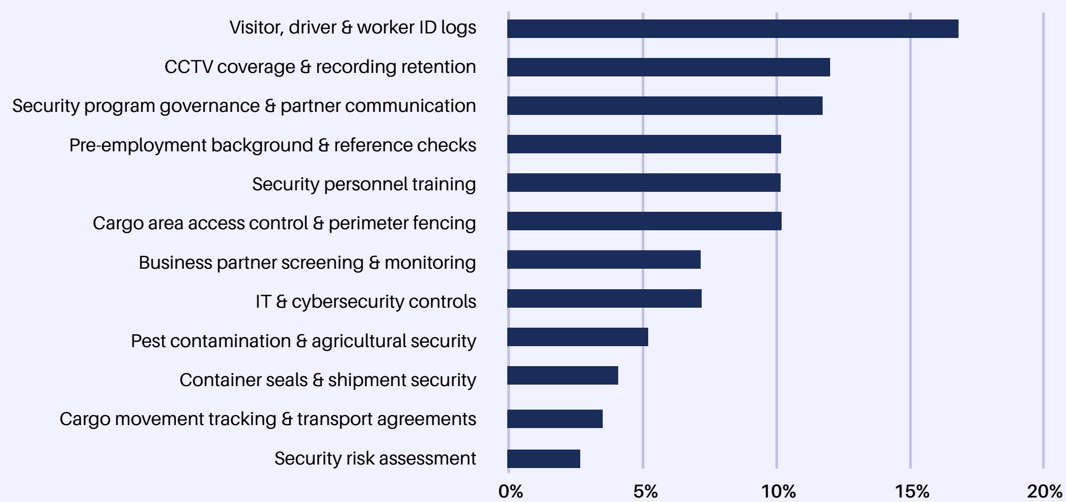
The issues are correctable, physical safety concerns that often point to the need to improve management systems.

PRINCIPLE 12

Security

The second most cited WRAP Principle in India audits in 2025 was P12, Security. P12 is particularly important for facilities shipping to U.S. buyers, as many buyers participate in the CTPAT program and must ensure their suppliers comply with CBP minimum security requirements. The figure below shows the sections in P12 that were identified in the WRAP audits.

P12 Security Findings



Top categories under Principle 12

16.8%
Visitor, driver & worker ID logs

12.1%
CCTV coverage & recording retention

10.7%
Security programme governance

It is helpful to note that in 2025, P3, Child Labor had the fewest non-compliances, with only one finding. That finding related to an unclear policy and did not involve the presence of child labor in the facility. P2, Forced Labor accounted for only 10 non-compliances covering:

- Language barriers that prevented workers from fully understanding employment contracts
- Incomplete hiring documentation that raised concerns regarding informed consent

Outlook for India

Indian apparel, textile, and footwear suppliers perform favorably on several WRAP compliance indicators. Their CAP rate is lower than the overall WRAP average, and their average number of non-compliances per CAP is also lower than the WRAP-wide average. Indian suppliers also compare favorably with key competitor countries on these metrics.

Indian factories generally face lower UFLPA enforcement risk due to their vertically integrated production model and relatively limited reliance on foreign migrant labor compared with certain competing sourcing destinations. India has however been the subject of NGO criticism regarding labor practices associated with cotton production. Brands seeking fully vertical sourcing models should review this portion of the supply chain carefully as part of their broader due diligence efforts. Indian suppliers also demonstrate strong compliance performance, with lower CAP rates and fewer non-compliances per CAP report than several other competing sourcing destinations.

The primary challenge facing India is not compliance performance but trade policy uncertainty. Compared with some close competitors, such as Bangladesh, Cambodia and Indonesia, India faces greater uncertainty regarding future tariff levels and the prospects for a near-term trade agreement with the United States. These issues are closely interconnected.

Some buyers have deferred decisions to shift production away from established suppliers as the tariff framework continues to evolve. However, if current proposals take effect in 2027 and remain stable, India could face a double-digit tariff disadvantage relative to key competitors. In that scenario, even highly compliant and ethically managed Indian factories could experience shifts in orders to lower-cost sourcing destinations.

About WRAP

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