

# TRUMP TARIFFS 2025: ASSESSING THE ECONOMIC IMPACT ON INDIA

IN 2025, TRUMP IMPOSED STEEP TARIFFS ON INDIAN GOODS—REACHING UP TO 50%—IMPACTING EXPORTS LIKE ALUMINIUM, TEXTILES, AND GEMS. WHILE INDIA'S OVERALL GDP IMPACT IS LIMITED (~0.19%), KEY SECTORS FACE SERIOUS RISKS. INDIA IS RESPONDING WITH DIPLOMATIC OUTREACH, RETALIATORY TARIFFS, AND DIVERSIFICATION TO SAFEGUARD TRADE AND ECONOMIC STABILITY.

## TARIFF TIMELINE

- **APRIL 2025:** TRUMP IMPOSED RECIPROCAL TARIFFS ON INDIAN GOODS, STARTING AT 10%, LATER RISING TO 26%; PARTIAL 90-DAY SUSPENSION GRANTED DURING TALKS.
- **MARCH–JUNE 2025:** U.S. DOUBLED STEEL & ALUMINUM TARIFFS TO 50%, AFFECTING INDIA'S \$4.6B EXPORTS IN PIG IRON, SEMI-FINISHED STEEL, AND ALUMINIUM.
- **AUGUST 1, 2025:** A SWEEPING 25% ADDITIONAL TARIFF INTRODUCED, WITH THREATS OF +10% MORE OVER INDIA-RUSSIA TRADE. EFFECTIVE TARIFFS NOW AVERAGE 35–50% ON SOME ITEMS.

## ECONOMIC IMPACT

- INDIA'S **EXPORTS TO U.S. (2024): \$81B (~2% OF GDP)**; \$64B POTENTIALLY Affected.
- DIRECT HIT ESTIMATED AT \$8.1B (~1.87% OF EXPORTS), WITH GDP IMPACT OF ~0.19%.
- GOLDMAN SACHS TRIMMED INDIA'S **GDP FORECAST TO 6.5% (2025) AND 6.4% (2026)**.
- RBI HELD GDP FORECAST STEADY AT 6.5%, CITING LIMITED MACRO RISK.

## SECTORAL IMPACT

- **STEEL & ALUMINIUM:** MINIMAL STEEL IMPACT; ALUMINIUM EXPORTS MORE VULNERABLE (~6–8% U.S. SHARE), DUE TO PRICING AND GLOBAL OVERTSUPPLY.
- **TEXTILES & GEMS:** HIGH RISK—INDIA SUPPLIES ~30% OF U.S. JEWELLERY IMPORTS, COMPETES WITH BANGLADESH, VIETNAM IN TEXTILES/APAREL.
- **PHARMA & ELECTRONICS:** INITIALLY EXEMPT, BUT FUTURE TARIFF FEAR RISING. ELECTRONICS MAY LOSE PRICE EDGE TO OTHER ASIAN EXPORTERS.

## INDIA'S RESPONSE

- PROPOSED **RETALIATORY TARIFFS ON \$7.6B U.S. GOODS UNDER WTO**.
- DIPLOMATIC PUSH: OFFERED CUTS ON U.S. WHISKEY, MOTORCYCLES, PROPOSED COOPERATION IN PHARMA, ENERGY, DEFENSE.
- EXPORT DISRUPTION WARNING: **RISK OF OVER ₹1 LAKH CRORE IN LOST ORDERS**, PARTICULARLY FROM PUNJAB'S GARMENT AND MACHINERY SECTORS.

INDIA'S GDP REMAINS STABLE, BUT SECTOR-SPECIFIC THREATS ARE REAL. GOVERNMENT IS ACTIVELY PURSUING DIPLOMACY, EXPORT DIVERSIFICATION, AND RETALIATORY TRADE MOVES. STRATEGIC RESILIENCE AND CLOSE MONITORING OF U.S. NEGOTIATIONS ARE CRUCIAL.