

27% tariffs levied on Indian exports; govt goes into a huddle to assess trade impact

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US President Donald Trump has announced sweeping reciprocal tariffs of 27 per cent on India. This sent the government into a huddle to study its implications to help affected sectors and identify possible opportunities flowing from the new tariff order.

New Delhi is also looking at "expeditious conclusion" of the India-US bilateral trade agreement (BTA) negotiations that are set to deliver the first tranche of results by September, according to a Commerce Department statement.

SECTORS TO BE HIT

Indian exporters, across sectors such as textiles, chemicals, agricultural products, gems & jewellery, machinery, electronics and electricals, are worried about the steep tariffs affecting future prospects. But much higher rates of reciprocal tariffs on competing countries such as China, Vietnam, Bangladesh and Cambodia give India the competitive edge in some areas, officials said.

"A close coordinated group has been set up by the Commerce Department with

On the hit list

(in %)

India	27
China	34
Vietnam	46
Taiwan	32
Cambodia	49
Bangladesh	37
EU	20
Venezuela	32
Brazil	32
Indonesia	32
Malaysia	24

nodal officers from all line Ministries to examine the impact of Trump's executive order on various sectors and also to put in place a plan of action. Ministries and departments are engaged with exporters from sectors that may take a hit, such as shrimps or gems & jewellery, to look at various ways to help them out," a senior government official told *businessline*.

India is hopeful that the reciprocal tariff issue will be sorted out in the BTA discussions through "carve-outs" for the country and a mutually beneficial outcome will emerge with India offering greater market access to the US in sectors of its interest such as automobiles, motorbikes, alcohol and at least

some agricultural items, another source said.

Since US is the largest trading partner and export destination for India, with exports of goods at \$77.51 billion and imports at \$42.19 billion in FY24, it does not want to get into a tariff fight by taking retaliatory action, the source added.

ON AUTOMOBILES

Trump's 'Liberation Day' tariff announcement, made from the White House Rose Garden on Wednesday evening (early Thursday morning in India), also included confirmation of a 25 per cent levy on vehicles not assembled in the US, and on auto components.

"Keeping in view the vision of Viksit Bharat, the De-

partment is engaged with all stakeholders, including Indian industry and exporters, taking feedback of their assessment of the tariffs and the situation. The Department is also studying the opportunities that may arise due to this new development in the US trade policy," the release said.

Elaborating on India, Trump remarked that the situation was very, very tough. "The PM, he just left, is a great friend of mine. I told him you have not been treating us right. They charge us 52 per cent..."

India is subject to a baseline tariff of 10 per cent between April 5 and 8. Then, the tariff will rise to 27 per cent starting April 9. The exempted sectors include pharma, semiconductors, copper and energy products.

GLOBAL MARKETS DOWN

Domestic stock markets showed resilience even as global markets tumbled sharply. The BSE Sensex closed at 76,295.36, down 322.08 points or 0.42 per cent from its previous close, while the Nifty50 settled at 23,250.10, losing 82.25 points or 0.35 per cent.

The broader market outperformed the benchmark

indices, with the Nifty Midcap 100 and Nifty Smallcap 100 indices closing with gains of 0.21 per cent and 0.58 per cent respectively. Market breadth remained positive, with 2,813 stocks advancing and 1,169 declining on the BSE.

Meanwhile, Japan's Nikkei plunged 2.8 per cent and Vietnam's index crashed 6.8 per cent. Dow and Nasdaq also opened in deep red in the US. The rupee on Thursday appreciated in the wake of the dollar weakening against global currencies. The rupee closed at 85:43 per US dollar.

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Trump has announced a 27% reciprocal tariff on all Indian



exports to the US, with exceptions for sectors such as pharmaceuticals, semiconductors, copper, and energy products, reports *businessline's* Amiti Sen

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