

# India Inc weighs options

## Mulling plans to focus more on domestic mkt

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With US President Donald Trump imposing steep reciprocal tariffs on multiple countries, worried India Inc leaders say they are turning their attention inward, seeking fresh investment opportunities in domestic markets.

India Inc executives said they are evaluating the impact on their businesses and the broader Indian economy, as well as the implications for their investments amid growing global uncertainty.

“Reciprocal duty will likely have a significant impact on US consumers’ purchasing power, and we will need to wait for some time to fully understand its effect on the US and global economies,” said Amit Agarwal, group chief financial officer of Raymond, which exports textiles and auto components to the US.

According to Agarwal, imports from the affected countries (to India) could rise, considering the reciprocal duty imposed on all major economies. “We are confident that the government will take necessary steps to protect the interests of the Indian industry and the employment it generates. However, other key markets may continue to purchase goods from duty-affected countries, which could result in India facing competition in those markets,” Agarwal said, adding that it was too early to predict how the situation would evolve.

S Varadaraj, chief financial officer of Godrej Agrovet, said the tariff announcement is not expected to

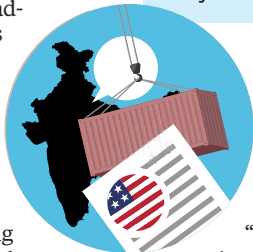
### INVESTMENTS IN US

#### Aditya Birla Group:

\$2.5 billion for expansion of Novelis, a subsidiary of Hindalco

**Adani group:** \$10 billion in energy security and infrastructure projects

**JSW Steel:** Committed \$110 million to expand steel operations in Baytown, Texas



have a major impact on the company that it primarily operates locally. However, its subsidiary, Astec Lifesciences, has some exposure to the US. “While we are still assessing the full implications of

the announcement, a relatively lower tariff compared to certain other markets could provide us with a competitive advantage,” said Varadaraj.

According to industry body Assocham’s President Sanjay Nayar, it appears India’s export competitiveness to the US stands far less impacted on a relative basis, but the industry should make concerted efforts to increase export efficiency and value addition.

Some of India’s largest business conglomerates, including the Aditya Birla Group, have made substantial investments in the US with the \$2.5 billion expansion of Novelis, a subsidiary of Hindalco. In September, the Adani group announced an investment of \$10 billion in US energy security and infrastructure projects, aiming to create up to 15,000 jobs. In 2024, JSW Steel committed \$110 million to expand its steel operations in Baytown, Texas.

With shifting geopolitical winds and government incentives for manufacturing at home, investment focus is pivoting toward sectors such as electricity, metals, mining, ports and logistics, as well as semiconductors and electronics manufacturing within India. “India should work on making its tax structure less complex and reduce the cost of manufacturing to compete on the global stage,” the chief executive of a large group said, asking not to be quoted.

Analysts warn that the higher-than-expected reciprocal tariffs and related increased uncertainty with respect to global growth and inflation and earnings of companies should logically lead to a more cautious investment environment in India.

According to estimates from Kotak Institutional Equities, India’s private sector has a ₹32 trillion (\$384 billion) investment opportunity in core industries between FY25 and FY30. “With the economy expanding at 6.5 per cent and the government offering production-linked incentives, we hope local manufacturing will gain momentum in the years ahead,” said the head of a major business group.

Krishan Arora, partner, Grant Thornton Bharat, said the ongoing uncertainty is likely to depress overall economic growth as investment and expansion decisions of India Inc are likely to get postponed.

Some of the large Indian conglomerates have made announcements of large investments in India, including a \$100 billion investment by the Adani group and \$120 billion by the Tatas.

The JSW group has also announced \$ 7 billion investments in steel, energy and EV sectors in FY 2026. Most of the investments by Indian groups are focused in the infrastructure, renewables, electronics and semiconductor businesses.