

Delhi working on plan to aid exporters hit by tariffs

KEY PARTS. Tweaked Export Promotion Mission, market diversification, import substitution

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India is gearing up to meet the situation that might arise out of the US tariffs, especially if it is going to be 50 per cent, even as it leaves the door open for negotiations on the Bilateral Trade Agreement (BTA) with Washington. High-level parleys in the government in the last 24 hours were aimed at evolving a multi-pronged strategy to meet the eventuality of the high tariffs on Indian goods exported to the US.

MAIN PILLARS

"The main pillars of the strategy, piloted by the Commerce Department, include fine-tuning the Export Promotion Mission, pushing for market diversion, and planning import substitution to increase domestic demand," a source close to the development told *businessline*.

At the same time, the government does not want to take any retaliatory action immediately against the US for its tariffs as the BTA ne-

gotiations are on, and there is still hope of a resolution, the source added.

"India wants to give trade negotiations a chance and will meet the US team that will be in New Delhi on August 25 for the next round of talks. Hopefully, some progress will be made. But India is clear that it cannot compromise on its red lines, which include sensitive farm products, GM crops and the dairy sector, and would stick to it," an industry source said.

US President Donald Trump announced 25 per cent reciprocal tariffs on India, higher than many competing countries, to be im-

plemented from August 7. On Wednesday, he imposed an additional 25 per cent tariff on India for buying oil and arms from Russia, which would be applicable from August 27.

Elaborating on the multi-pronged strategy, the source said the ₹2,240 crore Export Promotion Mission announced in the Budget could have tailor-made provisions to meet the specific needs of the exporters hit by the US tariffs.

MISSION TWEAKED

The Mission, which is likely to include schemes such as a variant of the interest equalisation scheme and market

promotion funds for exporters, could be tweaked to be more focused to address the needs of the sections most affected by the tariffs, sources said.

On plans for market diversion, the source said efforts had already started to scrutinise what products were going to the US and where they could be diverted.

"On the premise that the current disruption in world trade is creating new opportunities, the Commerce Department is helping the industry identify newer markets and is also analysing what kind of help can be provided to them to explore new destinations and establish themselves there," the source said.

The third pillar of the strategy is import substitution, which is basically examining if exporters losing the US market share can be compensated by creating more domestic demand. The Commerce Department will work with other line ministries to give a concrete shape to the strategy, and schemes will be worked out accordingly, the source added.

GEARING UP

- A multi-pronged strategy is in the works
- Export Promotion Mission schemes to be tailored to meet needs of tariff-hit exporters
- Industry will be helped to find and sustain new markets beyond the US through support measures
- Import substitution to be pushed by finding domestic market for the exports lost to the US

