

DEPARTMENT OF COMMERCE ENGAGED WITH ALL STAKEHOLDERS

US tariffs to cover 55% of India's exports, says govt

FE BUREAU

New Delhi, August 11

THE US LEVY of a 25% reciprocal tariff on goods with effect from August 7 may cover about 55% of India's total merchandise exports to America, minister of state for finance Pankaj Chaudhary said on Monday.

The department of commerce is engaged with all stakeholders, including exporters and industry for taking feedback of their assessment of the situation, Chaudhary said in a written reply to a question in the Lok Sabha.

"A combination of different factors such as product differentiation, demand, quality, contractual arrangements would determine the impact on India's exports," he said.

The government attaches the utmost importance to protecting and promoting the welfare of our farmers, entrepreneurs, exporters and MSMEs and will take all necessary steps to secure our national interest, he said.

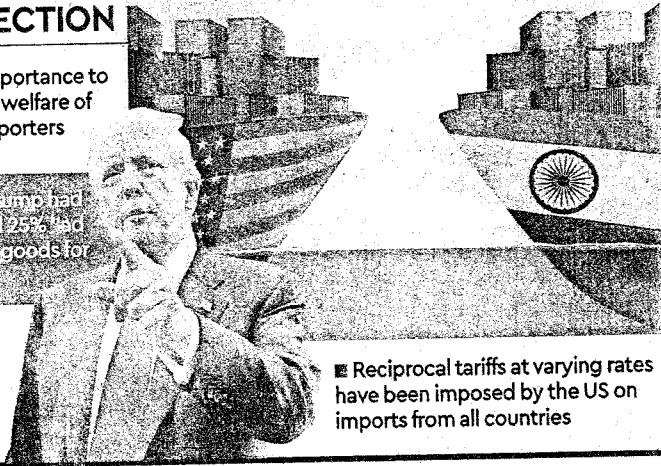
In the meanwhile, President Donald Trump, through an executive order, announced an additional 25% "ad val-

COURSE CORRECTION

■ Govt attaches utmost importance to protecting and promoting welfare of farmers, entrepreneurs, exporters and MSMEs

■ US President Donald Trump had announced an additional 25% "ad valorem" duty on Indian goods for buying Russian crude

■ The tariff hike will make Indian goods uncompetitive as other Asia Pacific countries attract 15-20% tariff



■ Reciprocal tariffs at varying rates have been imposed by the US on imports from all countries

orem" duty on Indian goods for buying Russian crude, effective August 27, which will take the total tariff levy on Indian goods to 50%.

The tariff increase will make Indian goods uncompetitive as many other Asia Pacific countries attract a 15-20% tariff, analysts said.

It may be noted that reciprocal tariffs at varying rates have been imposed by the US on imports from all countries.

Prior to the US tariffs imbroglio, most agencies had forecasted India to be the fastest-

growing major economy by growing around 6.5% in FY26.

Some of the agencies have moderated their forecast by up to 0.5 percentage points for FY26 if the higher US tariffs are implemented.

The Global Trade Research Initiative (GTRI) estimates that India's exports to the US would shrink 40% this year itself from \$ 86.5 billion last financial year.

The sectors that are expected to take a hit are the labour-intensive ones like textiles, leather and marine products.

To maintain the competitiveness in the US market, exporters also sought return of the Interest Equalisation Scheme (IES) that ended on December 31, 2024.

The scheme used to provide a 3% subsidy on per and post shipment credit.

Other demands were extension of RoDTEP scheme (Remission of Duties and Taxes on Exported Products), RoSCTL (Rebate of State and Central Taxes and Levies) for further five years, timely payment of dues.