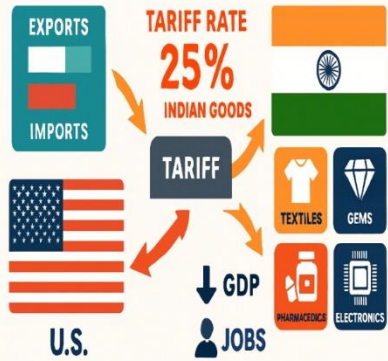
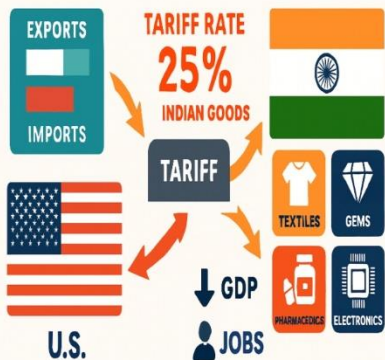


US-INDIA TRADE AND TARIFFS IN 2025

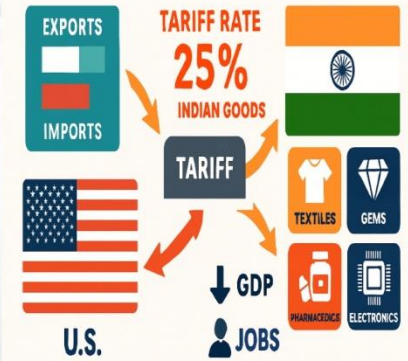


White paper on Impact of Trump Tariffs on India

US-INDIA TRADE AND TARIFFS IN 2025



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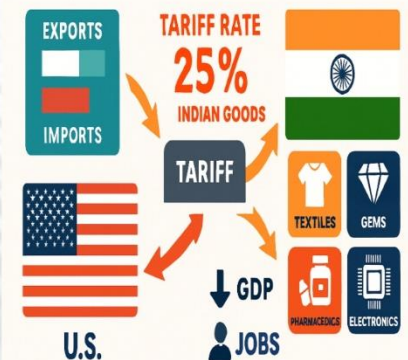


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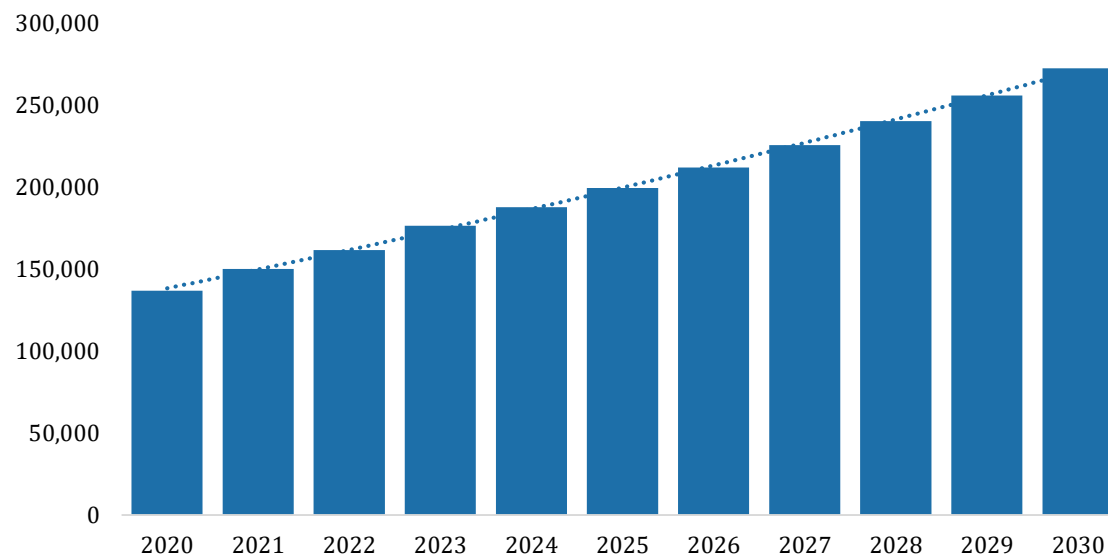
India Economy: The Brightest Global Star

World Economic Outlook Growth Projections

(Real GDP, annual percent change)	PROJECTIONS		
	2024	2025	2026
World Output	3.3	3.0	3.1
Advanced Economies	1.8	1.5	1.6
United States	2.8	1.9	2.0
Euro Area	0.9	1.0	1.2
Germany	-0.2	0.1	0.9
France	1.1	0.6	1.0
Italy	0.7	0.5	0.8
Spain	3.2	2.5	1.8
Japan	0.2	0.7	0.5
United Kingdom	1.1	1.2	1.4
Canada	1.6	1.6	1.9
Other Advanced Economies	2.2	1.6	2.1
Emerging Market and Developing Economies	4.3	4.1	4.0
Emerging and Developing Asia	5.3	5.1	4.7
China	5.0	4.8	4.2
India	6.5	6.4	6.4
Emerging and Developing Europe	3.5	1.8	2.2
Russia	4.3	0.9	1.0
Latin America and the Caribbean	2.4	2.2	2.4
Brazil	3.4	2.3	2.1
Mexico	1.4	0.2	1.4
Middle East and Central Asia	2.4	3.4	3.5
Saudi Arabia	2.0	3.6	3.9
Sub-Saharan Africa	4.0	4.0	4.3
Nigeria	3.4	3.4	3.2
South Africa	0.5	1.0	1.3
Memorandum			
Emerging Market and Middle-Income Economies	4.3	4.0	3.9
Low-Income Developing Countries	4.0	4.4	5.0

Source: IMF World Economic Outlook, July 2025 Update

India's GDP Trajectory – IMF July 2025 forecast (US\$ Billion)



Source: IMF World Economic Outlook, July 2025 Update

- According to the IMF's July 2025 World Economic Outlook update, India's real GDP is projected to grow by 6.4 percent in 2025, making it the fastest-growing major economy globally. Meanwhile, global growth is forecast at 3.0 percent for 2025 and 3.1 percent for 2026

India-US Export Trends - Preliminaries



Commodity View – US\$ Million	FY2021	FY2022	FY2023	FY2024	FY2025
Engineering Goods	11,339.00	17,348.40	18,680.91	17,625.30	19,155.98
Electronic Goods	2,106.09	2,647.62	5,763.64	10,049.60	14,635.71
Drugs And Pharmaceuticals	7,718.78	7,077.07	7,547.54	8,728.83	10,515.21
Gems And Jewellery	8,689.39	14,557.50	12,539.48	9,907.13	9,936.16
Ready-made garments of all textiles	3,282.52	5,314.77	5,409.24	4,719.04	5,333.38
Organic and Inorganic Chemicals	2,920.30	4,447.38	4,908.02	3,894.00	4,193.28
Petroleum Products	1,154.37	4,863.42	5,814.95	5,830.05	4,093.66
Others	2,444.87	3,717.59	4,296.01	3,241.02	3,896.30
Cotton Yarn/Fabs./Madeups, Handloom Products Etc.	2,814.47	3,644.02	2,787.31	2,980.81	3,172.15
Marine Products	2,415.23	3,315.26	2,582.65	2,499.03	2,681.19
Plastic And Linoleum	1,121.25	1,805.16	1,551.14	1,668.76	1,919.83
Leather And Leather Manufactures	591.28	1,059.85	1,086.58	835.54	948.47
Carpet	870.6	1,051.57	818.32	824.7	921.11
Man-Made Yarn/Fabs./Madeups Etc.	570.78	808.33	740.7	706.95	818.06
Spices	595.19	621.72	528.67	574.14	654.71
Ceramic Products And Glassware	421.54	558.54	549.97	625.11	631.4
Cereal Preparations And Miscellaneous Processed Item	359.97	343.68	382.4	442.7	590.28
Handicrafts Excl. Hand Made Carpet	608	826.7	593.48	712.05	578.26
Mica, Coal And Other Ores, Minerals Including Process	441.54	502.3	529.34	472.88	465.47
Rice	239.33	213.39	279.99	350.14	391.74
Fruits And Vegetables	226.59	228.11	259.82	297.73	331.47
Meat, Dairy And Poultry Products	102.8	188.53	240.85	180.27	206.83

Source: https://niryat.gov.in/#?start_date=202404&end_date=202503&sort_table=export_achieved-sort-desc

India-US Export Trends - Preliminaries



Commodity View – US\$ Million	FY2021	FY2022	FY2023	FY2024	FY2025
Meat, Dairy And Poultry Products	102.8	188.53	240.85	180.27	206.83
Tea	81.64	79.89	71.15	77.62	92.95
Jute Mfg. Including Floor Covering	93.6	117.95	90.59	78.84	88.97
Tobacco	31.68	31.64	38.51	46.32	86.89
Coffee	42.08	57.09	60.7	64.69	81.89
Oil Seeds	78.81	59.11	54.04	58.83	59.57
Oil Meals	249.29	84.56	97.35	17.65	17.33
Cashew	18.74	22.07	8.15	8.06	7.81
Other Cereals	3.14	4.44	3.23	4.5	4.96
Iron Ore	0	0	0	0.01	0
Total	51,632.87	75,597.66	78,314.73	77,522.30	86,511.02

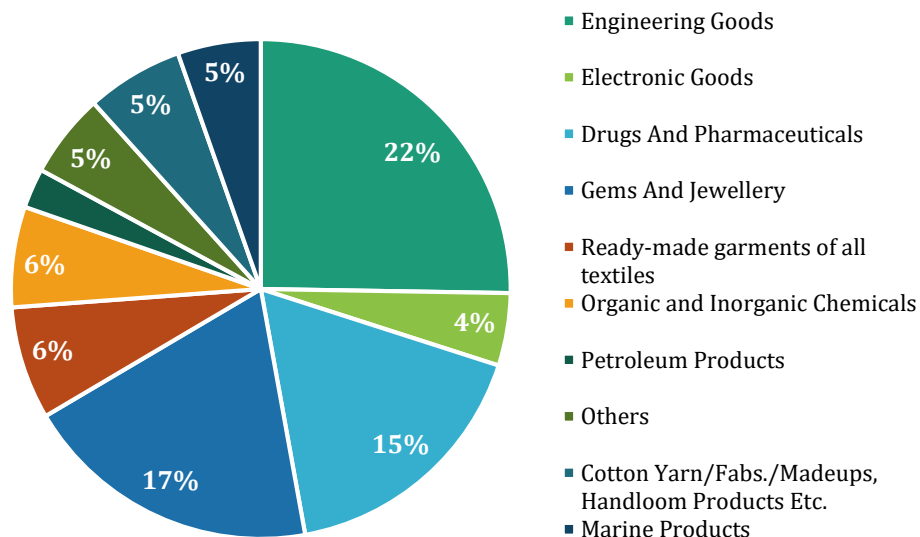
Key observations

- Electronics surged from \$1.88 billion in FY 2020 to \$14.64 billion in FY 2025 (50.7% CAGR), driven by smartphone assembly and exports.
- Agri-food segments (tobacco, coffee, meat & dairy, cereals, rice, fruits & vegetables) show double-digit CAGRs, reflecting rising US consumption demand.
- Petroleum products rebounded strongly after FY 2021 slump, driven by refinery exports reflecting increase in value added exports to US.
- Traditional sectors (textiles, gems & jewelry) show more modest or volatile growth, underscoring their sensitivity to policy and US demand swings.

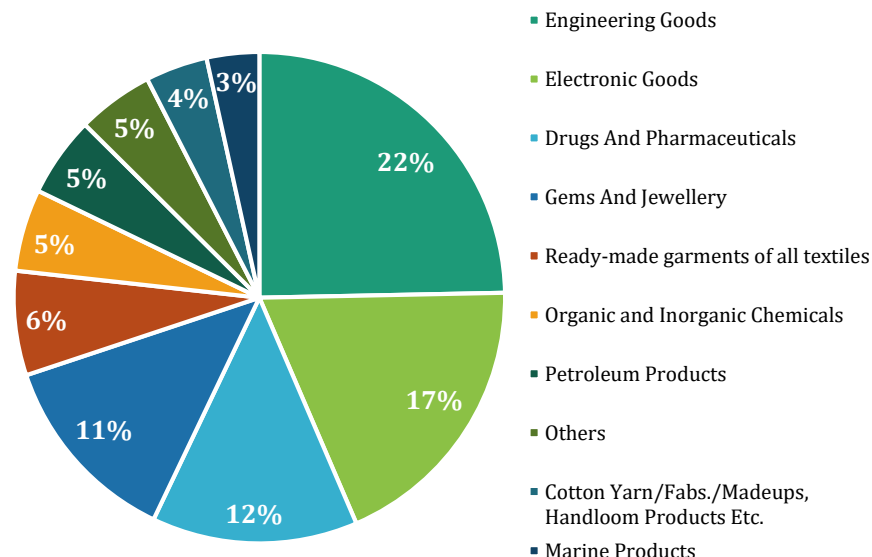
Source: https://niryat.gov.in/#?start_date=202404&end_date=202503&sort_table=export_achieved-sort-desc

India-US Export Trends - Preliminaries

India' Share in US Exports FY2021 – Top 10 commodities



India's Share in US Exports FY2025 - Top 10 commodities



- Market share of Electronic Goods has jumped from 4 percent in FY2021 to 17 percent FY2025 while other product's share has remained stable
- This highlights India's growing competitiveness in Electronic Goods versus its peers in US as we move from commodity trade to value added products which show price stickiness

Peer Analysis – Who Wins

Product Category	Top U.S. Export Suppliers (2024)	General Duty Column 1
Electrical & electronic equipment	1. China	Special Case
	2. Mexico	15%
	3. Malaysia	19%
	4. Vietnam	20%
	5. Japan	15%
Pearls, precious stones, metals, coins	1. Thailand	19%
	2. Hong Kong	15%
	3. Belgium	20%
	4. Switzerland	39%
	5. Israel	15%
Pharmaceutical products	1. Ireland	35%
	2. Germany	15%
	3. Switzerland	39%
	4. India	25%
	5. Netherlands	15%

India charged with 25% tariff duty for goods in Chapter 1 to 98

Peer Analysis – Who Wins

Product Category	Top U.S. Export Suppliers (2024)	General Duty Column 1
Machinery, nuclear reactors, boilers	1. Germany	15%
	2. Japan	15%
	3. China	Special Case
	4. Italy	15%
	5. Mexico	15%
Mineral fuels, oils, distillation products	1. Canada	15%
	2. Saudi Arabia	19%
	3. Mexico	15%
	4. Iraq	35%
	5. Brazil	10%
Articles of iron or steel	1. Canada	15%
	2. Mexico	15%
	3. South Korea	15%
	4. Brazil	10%
	5. Germany	15%

India charged with 25% tariff duty for goods in Chapter 1 to 98

Peer Analysis – Who Wins

Product Category	Top U.S. Export Suppliers (2024)	General Duty Column 1
Other made textile articles, sets, clothing	1. China	Special Case
	2. Vietnam	20%
	3. Bangladesh	20%
	4. India	25%
	5. Mexico (for non-apparel textiles)	15%
Vehicles other than railway or tramway	1. Mexico	15%
	2. Canada	15%
	3. Japan	15%
	4. Germany	15%
	5. South Korea	15%

India charged with 25% tariff duty for goods in Chapter 1 to 98

Game of Price Elasticity – Methodology

■ Formula Explainer

Formula used to estimate revenue loss under a tariff is:

Notation

- t = ad valorem tariff rate (e.g., 0.25 for 25%)
- ϵ = price elasticity of demand (e.g., -0.5 or -1.0)

Revenue after tariff

When a tariff t is imposed, the import price to U.S. buyers rises by factor $(1+t)$. Demand then falls according to the elasticity rule:

$$Q_{\text{new}} = Q_{\text{old}} \times (1+t)^{\epsilon}$$

Price elasticity defined as Change in Quantity / Change in Price

$$Q_{\text{new}} = Q_{\text{old}} \times (1+\epsilon t)$$

3. Combined effect on revenue

Export revenue equals price \times quantity.

After tariff:

- New price factor = $(1+t)$
- New quantity factor = $(1+\epsilon t)$

Hence Revenue multiplier is:

$$(1+t)\text{price increase} \times (1+\epsilon t)\text{quantity change} \\ = (1+t)(1+\epsilon t)$$

Dollar loss

Multiply loss proportion by original export value:

$$\text{Loss (US\$)} = [1 - (1+t)(1+\epsilon t)] \times \\ \text{Original Exports (USD)}$$

Game of Price Elasticity – Industry Impact



Estimated loss for each commodity using a price elasticity of -0.5 and a 25% tariff

Sector	FY 2025 Exports (US\$ million)	Estimated Loss (US\$ million)
Engineering Goods	19,155.98	1,795.87
Electronic Goods	14,635.71	1,372.10
Drugs And Pharmaceuticals	10,515.21	985.8
Gems And Jewellery	9,936.16	931.52
Ready-made garments	5,333.38	500
Organic and Inorganic Chemicals	4,193.28	393.12
Petroleum Products	4,093.66	383.78
Others	3,896.30	365.28
Cotton Yarn/Fabs.	3,172.15	297.39
Marine Products	2,681.19	251.36
Plastic And Linoleum	1,919.83	179.98
Leather And Leather Manufactures	948.47	88.92
Carpet	921.11	86.35
Man-Made Yarn/Fabs.	818.06	76.69
Spices	654.71	61.38
Ceramic Products And Glassware	631.4	59.19
Cereal Preparations And Miscellaneous Process	590.28	55.34
Handicrafts Excl. Hand Made Carpet	578.26	54.21
Mica, Coal And Other Ores	465.47	43.64
Rice	391.74	36.73

Source:, PHDCCI Research Bureau Analysis based on study by SBI on price elasticity of -0.5

Note: Assuming uniform elasticity and pass-through

Game of Price Elasticity – Industry Impact

Estimated loss for each commodity using a price elasticity of -0.5 and a 25% tariff

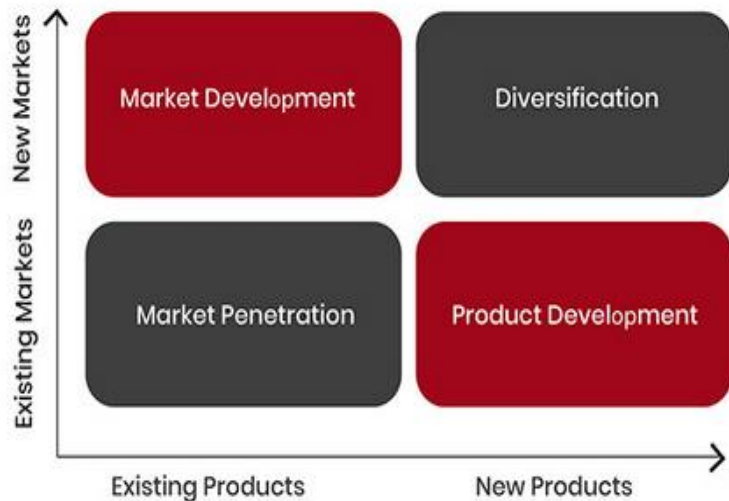
Sector	FY 2025 Exports (US\$ million)	Estimated Loss (US\$ million)
Fruits And Vegetables	331.47	31.08
Meat, Dairy And Poultry Products	206.83	19.39
Tea	92.95	8.71
Jute Mfg. Including Floor Covering	88.97	8.34
Tobacco	86.89	8.15
Coffee	81.89	7.68
Oil Seeds	59.57	5.58
Oil Meals	17.33	1.62
Cashew	7.81	0.73
Other Cereals	4.96	0.46
Total	86,511.02	8,110.39

Source: PHDCCI Economic research Bureau Analysis based on study by SBI on price elasticity

Note: Assuming uniform elasticity and pass-through

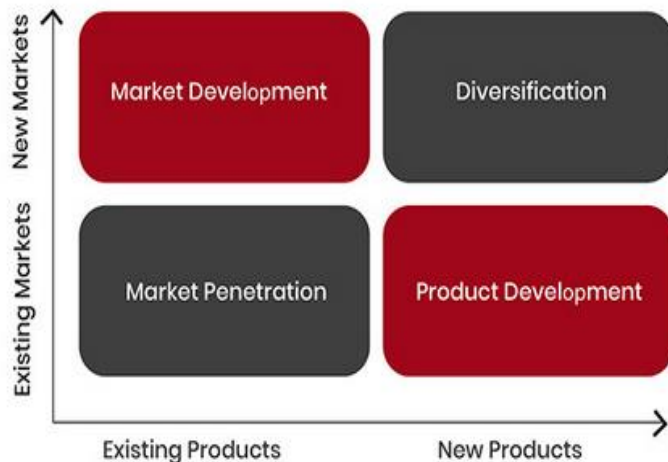
- With an elasticity of -0.5, estimated loss of export trade value is US\$ 8.11 billion based on 2024- 25 India-US trade figures which is only 1.87 percent of India's total global export
- On GDP basis, the impact would be negligible 0.19 percent.

Strategy Paradigm



- **Negotiate bundled-pricing deals** (e.g., textiles + accessories) to absorb some tariff cost and maintain shelf-price competitiveness.
- **Leverage Indian diaspora networks** (trade fairs, cultural events) to boost volume with existing buyers under current product portfolios.
- **Secure long-term off-take agreements with major US importers** (Walmart, Target, Amazon) to stabilize demand and margins.
 - Develop higher-value variants of existing export lines—e.g., premium technical textiles, specialty chemicals, differentiated pharmaceutical formulations—that command stronger price acceptance even with tariffs.
- **Co-innovate with US buyers on custom specifications** (e.g., eco-friendly packaging, functional finishes) to create tariff-resilient niche products.
- **Extend “India PLI”-backed brands to export markets: launch mid- and high-end sub-brands** (e.g., “Make in India Select”)

Strategy Paradigm



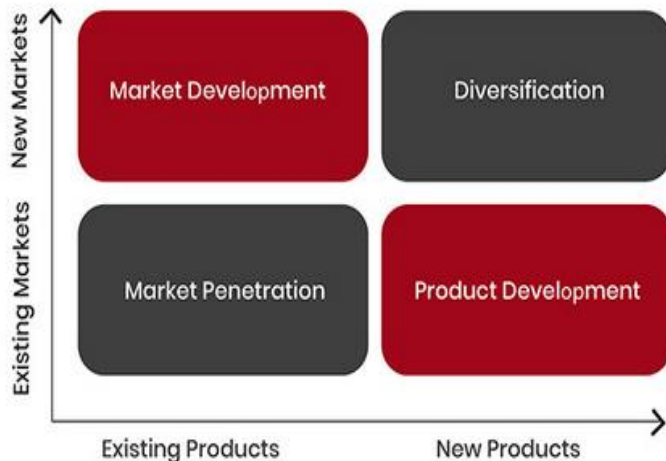
- **Introduce bundled services** (e.g., after-sales support, quality certification, supply-chain financing) **to enhance perceived product value.**
 - Redirect redirected volumes from the US to alternative OECD and emerging markets via existing export lines
 - Deepen penetration in EU (tariff 15%), Canada (tariff 20%), Latin America (average tariff 10%).
 - Fast-track approvals under existing FTAs (India-UK, India-ASEAN) and leverage duty-free access schemes.
- **Employ “China-plus-one” positioning to attract Asian importers (Vietnam, Philippines) facing higher regional tariffs.**
- **Utilize digital marketplaces (Shopify, Amazon Global Selling) to reach US consumers directly, bypassing traditional import channels.**
 - Branch into adjacent sectors with synergies in infrastructure and technology:
 - Export modular warehousing and logistics solutions to US e-commerce players (leveraging NMP asset-monetisation expertise)

Strategy Paradigm



- **Invest in joint ventures with US firms to produce tariff-sensitive goods on-shore, thereby converting exports into high-value services and IP licensing.**
- **Pursue “agri-tech diversification”:** deploy Indian smart-farming solutions (IoT sensors, specialty seeds) to US specialty-crop regions.
- **Implementation Priorities- Immediate (0–6 months):**
 - Negotiate volume deals and co-marketing funds with top US retail partners (Market Penetration).
 - Identify 2–3 high-growth non-US markets for existing lines, secure buyer meetings and expedite compliance certifications (Market Development).
- **Medium-term (6–18 months):**
 - Launch 4–5 premium differentiated variants for textiles, pharma, and electronics with co-innovation pilots (Product Development).
 - Finalize JV or contract-manufacture agreements for selected tariff-sensitive products in the US (Diversification).

Strategy Paradigm



- **Long-term (18+ months):**
 - Scale “Make in India Select” brand in key advanced markets and US digital channels.
 - Establish capability centers offering engineering and agri-tech services integrated with product exports, diversifying revenue streams.
- **Bottom-line:** This strategy balances immediate volume retention with medium-term product enhancement and long-term market and business model diversification, thereby mitigating the impact of higher US tariffs while strengthening India’s global export resilience

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