



Hope and uncertainty as India and US strike long-delayed trade deal

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US President Donald Trump has decided to reduce reciprocal tariffs on Indian goods from 50% to 18%.

This decision has brought relief to India, though full details of the agreement are still unclear.

Why Were Tariffs Increased Earlier

In August last year, the US raised tariffs on Indian goods from 25% to 50%.

Trump said this was because India was buying discounted Russian oil, which he claimed was helping Russia in the Ukraine war.

As a result, Indian exports to the US suffered badly.

What Trump Claimed After Talking to PM Modi

India agreed to stop buying Russian oil.

India would buy more oil and goods from the US, and possibly Venezuela.

India has not officially confirmed these claims.

Impact of High Tariffs on India

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India ended up paying the highest tariffs in the world.

Exports to the US fell sharply, especially in: Textiles, Seafood & Jewellery

These sectors are labour-intensive, so jobs were also affected.

Why the Tariff Cut Matters

The new 18% tariff puts India on par with Asian peers like:

Vietnam, Thailand, Bangladesh

This improves India's position as a manufacturing alternative to China.

Experts say India still has advantages like:

Low labour costs

Political stability

Large domestic market

Concerns and Caution

Trade experts warned that:

No clarity yet on which products are covered.

No clear timeline.

Uncertainty over claims of zero tariffs and zero non-tariff barriers, especially in agriculture.

Experts also questioned Trump's claim that India would buy \$500 billion worth of US goods, as current imports are far lower.

Analysts stressed that without a joint written agreement, this should be seen as a political signal, not a final deal.

Broader Trade Strategy of India

Due to US tariff pressure, India:

Fast-tracked trade deals with other partners.

Diversified export markets.

Recently, India signed a major trade deal with the EU, cutting tariffs on 80–90% of goods.

This was India's ninth free trade agreement in four years.

Geopolitical Angle

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After US tariffs, India, China and Russia grew closer.

India and China called themselves “partners, not rivals”.

Leaders of India, China and Russia showed unity at global forums.

India also strengthened ties with Russia through high-level meetings.

What Lies Ahead

Both India and the US see this as only the first step.

More negotiations and phases are expected in the coming months.