

## US Tariffs on India Face Economic Pushback

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As trade negotiations between Washington and New Delhi remain stalled, economists warn that the current US tariff approach on Indian goods could have unintended consequences for American industries and consumers. The deadlock, which began during the Trump administration and has persisted through successive administrations, has placed billions of dollars in exports and imports at risk.

Talks initially aimed at broadening market access for both countries collapsed after the United States demanded wider entry for American agricultural products, pharmaceuticals,

and technology services while levying steep tariffs on Indian exports such as steel, aluminum, textiles, and IT services.

These measures prompted India to respond with its restrictions, defending domestic industries it deemed vital to national economic stability.

The US strategy has drawn scrutiny from trade experts and financial analysts. A recent report by SBI Research described the imposition of a 25 percent penalty on goods trade with India, with proposals for an additional 25 percent as potentially harmful to the US economy. The report cautioned that these measures could raise costs for US manufacturers, disrupt supply chains, and lead to higher prices for American consumers.

Former trade officials note that India's large and growing consumer market represents a significant opportunity for US exporters, but overly aggressive tariff measures risk closing off that market. By contrast, more balanced negotiations could support long-term American economic interests.

The dispute has also intersected with India's push for self-reliance in key industries, a strategy known as Atmanirbhar Bharat (Self-Reliant India). Under this policy, India has increased investment in domestic manufacturing, technology, and renewable energy. Global companies such as Apple, Samsung, and Foxconn have expanded their operations in India, with electronics exports rising 22 percent in 2024, according to India's Ministry of Electronics and Information Technology.

While this growth benefits India's economy, some analysts argue it could also present opportunities for US technology and manufacturing firms if trade relations can be stabilized. Greater cooperation in emerging sectors such as semiconductors, 5G infrastructure, and clean energy could create mutual gains, they suggest, but current tariff barriers make such collaboration more difficult.

The geopolitical context adds further complexity. India's strong stance against what it sees as coercive trade measures has increased its appeal among other nations seeking alternatives to heavily US-centric trade arrangements. Its participation in blocs such as BRICS and potential reinvigoration of the Russia-India-China (RIC) framework signal a shift toward a more multipolar trade environment.

For the United States, this shift underscores the importance of maintaining influence through constructive economic engagement rather than prolonged tariff battles. American exporters, particularly in agriculture and high-tech manufacturing, have voiced concerns that ongoing tensions could cede market share to competitors from China, Europe, or Southeast Asia.

Trade analysts point out that a recalibration of US-India trade policy could reduce tariff burdens on both sides, increase market access, and improve bilateral relations at a time when global economic competition is intensifying. Without such adjustment, they warn, American businesses could find themselves on the losing end of a policy intended to strengthen their position.

As the standoff continues, the question remains whether Washington will opt for a negotiated settlement or persist with a hardline approach. The outcome will have significant implications not only for US-India trade but also for America's broader role in shaping fair and competitive global markets.