

US Tariffs Strain India's Economy Amid Trade Tensions

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The recent escalation in trade tensions between the United States and India has led to a significant increase in tariffs on Indian imports, posing fresh economic challenges for the South Asian nation. US President Donald Trump announced a substantial hike in import duties, citing India's ongoing purchases of Russian oil as justification for the move. This development marks a further intensification of trade friction between the two countries, with potential repercussions for India's economic growth and employment prospects.

Economic expert Neelkanth Mishra, a member of India's Economic Advisory Council, has expressed scepticism about the effectiveness of President Trump's tariff strategy. Mishra suggests that the US administration may soon recognize that the high tariffs, some reaching up to 50%, are unlikely to achieve the desired impact on India's trade behavior. Despite the additional import duties, Mishra remains confident that India can maintain its economic growth target of approximately 7% in the near term.

The US tariffs have been introduced as a form of economic pressure, intended to influence India's foreign policy decisions, particularly its trade relationship with Russia. However, industry observers note that India's economy has remained resilient amid previous tariff disputes and geopolitical challenges. The country's diversified export base and domestic market strength may help cushion the blow from these recent trade restrictions.

The trade tensions coincide with broader global shifts in supply chains and international economic alliances, as countries reassess their trade dependencies in light of geopolitical developments. For India, maintaining steady economic growth while navigating these challenges is critical to meeting the aspirations of its population, which continues to expand and urbanize rapidly.

While tariffs can act as a tool to protect domestic industries or exert political influence, they often come with unintended consequences. Increased import duties may raise costs for Indian manufacturers reliant on foreign components and reduce the competitiveness of Indian goods in the global market. This scenario risks slowing export growth and, by extension, job creation in sectors tied to international trade.

The decision to impose higher tariffs underscores a shift towards more protectionist trade policies under President Trump's administration. While aimed at correcting perceived trade imbalances, these measures have raised concerns about escalating trade conflicts and their potential to disrupt global economic stability.

India's government is expected to respond with a combination of diplomatic engagement and domestic policy adjustments to mitigate the impact of tariffs. Analysts anticipate that India will seek to diversify its trade partners and reduce reliance on any single market to safeguard economic resilience.

As the trade dispute unfolds, businesses and policymakers will be closely monitoring its effects on growth projections, employment rates, and bilateral relations between the US and

India. The outcome will likely shape future economic strategies on both sides, amid an evolving landscape of international trade.