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Assessing India's Trade Opportunities under US RECIPROCAL TARIFFS

The Associated Chambers of Commerce and Industry of India

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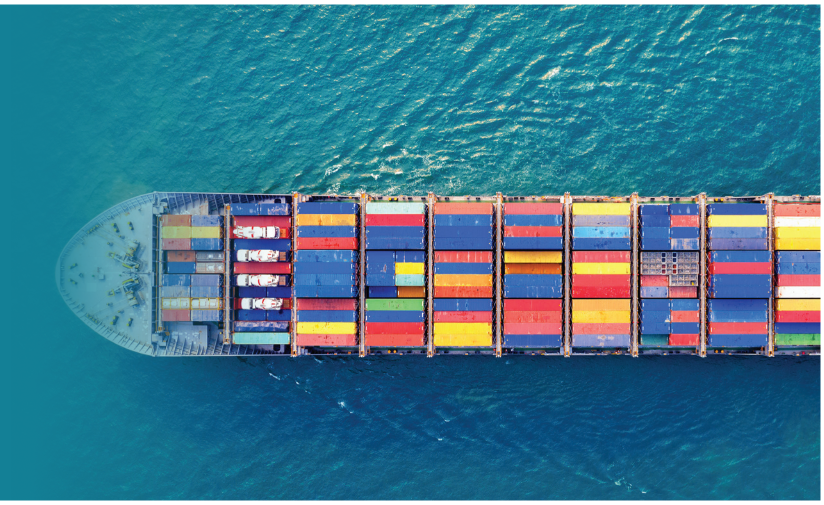
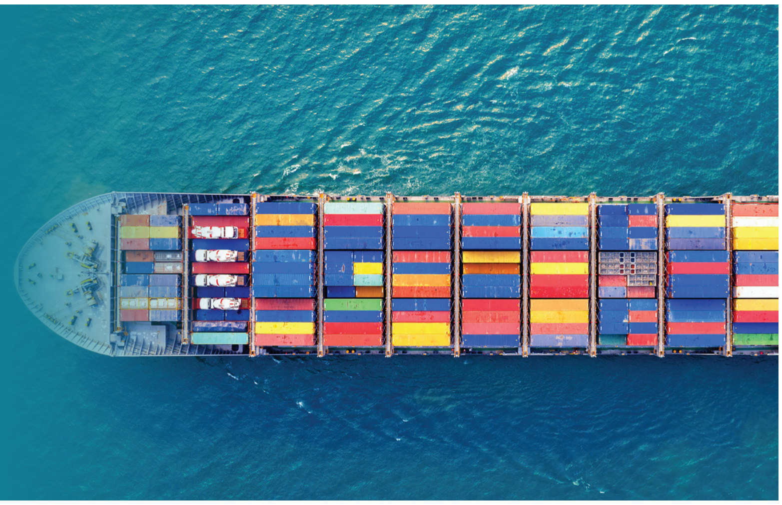
Executive Summary



- Effective April 9, 2025, the US has imposed a 26% reciprocal tariff on Indian exports.
- This includes a 10% universal base tariff and a 16% India-specific tariff, introduced under a broader US move to counter trade imbalances.
- Some categories are exempt, including copper, some pharmaceuticals, semiconductors, critical minerals, and energy products.
- Electronics, Gems & Jewellery and Pharmaceuticals are the most affected.
- India could face a tariff burden of ~$11 billion, significantly impacting India's export to US.
- Tariffs on India (26%) are lower than that on China (34%), Vietnam (46%) and others, offering India a relative advantage in selected sectors.
- Toys (HS 95) offer the highest export opportunity due to strong tariff advantage and growing US exposure.
- Apparel (HS 61) and Electronics (HS 85) show strong potential, supported by favourable tariffs.
- Pharmaceuticals (HS 30) has a negative score despite high exports, due to tariff disadvantage vs. developed countries.
- Sectors like furniture, machinery, and gems show moderate potential; chemicals and vehicles offer limited gains.
- All eyes are on the finalisation of India-US bilateral trade deal that is under negotiation.
- There is a need to identify opportunities in sectors where India has production and tariff advantage to increase India's exports to the US.
- In addition, there is a need to diversify export markets to reduce reliance on the US. Government support is needed to enhance market reach in countries of European Union, Africa and Middle East.
- Government to focus on concluding FTAs to enhance market access, reduce tariff disadvantages, and boost India's competitiveness in key export sectors.
- Indian businesses should adopt the **RISE** strategy—Realign, Invest, focus on Sustainability, and Efficiency—to boost exports, meet global standards and stay competitive amid tariff changes.

I. Overview



- *The US has shifted to a tariff regime based on reciprocity, replacing uniform low tariffs.*
- *India must adapt to new trade realities by reassessing sector-wise competitiveness and global positioning.*

The global trading system, especially under the World Trade Organization (WTO), generally advocates for most-favoured-nation (MFN) status and non-discriminatory tariffs. However, growing protectionism in recent years has seen a resurgence in reciprocal tariff strategies. This is particularly evident during US President Donald Trump's first term when tit-for-tat tariffs by US and China on each other led to significant disruptions in global trade flows, including export-oriented emerging economies like India.

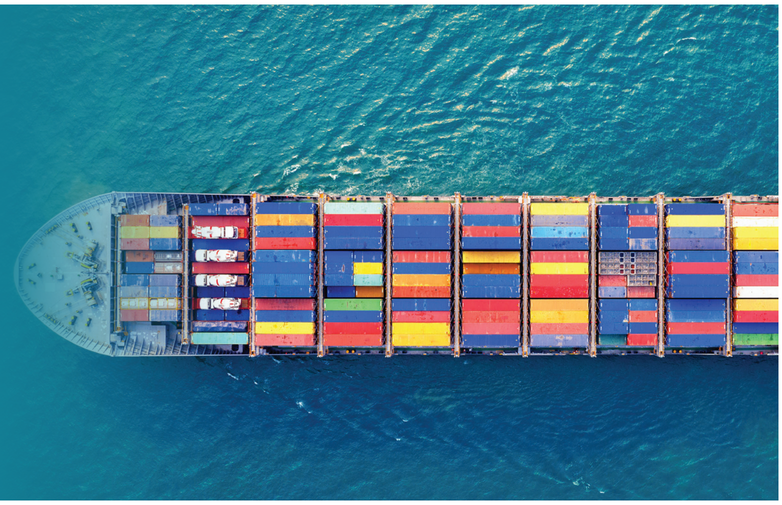
Now, in his second term as President, Mr Trump, on April 2, 2025, celebrated America's "Liberation Day' and issued an Executive Order, under which it declared that large and persistent goods trade deficits posed an unusual and extraordinary threat to the US economy and national security. To address this, the US adopted a Reciprocal Tariff Policy against all major trading partners. The rationale behind the US policy on reciprocal tariffs is straightforward. If trading partners impose higher tariffs on American goods, the US will reciprocate with equivalent tariffs on their exports. This policy framework aims to pressure countries into negotiating more favourable trade terms with the US while also protecting domestic industries from perceived unfair competition.

These tariffs are structured in two parts, (1) is a universal base tariff of 10%, a rise from 2.5% against all the countries, applicable w.e.f April 5, 2025 (2) country specific tariffs which is half of what these countries charges from USA to reach discounted reciprocal tariffs. These will be in force from April 9 onwards. While such a strategy may serve certain domestic economic objectives, it has introduced new complexities and altered competitive equations in global trade flows.

As per the Executive Order, certain commodities will be exempted from the levy of reciprocal tariffs. These include-

- Goods covered in Annex II of the order including Copper, pharmaceuticals, semiconductors, lumber, critical minerals, and energy products.
- Products protected under US national security laws (50 USC. 1702(b)).
- Steel, aluminium, and auto parts already covered under Section 232 tariffs.
- Higher tariff rates applied on imports from countries that do not have normal trade relations with the US e.g. Russia, North Korea, etc.)

II. Reciprocal Tariffs and India



- *India, as the 9th largest supplier to the US, faces both risks and opportunities.*
- *With a 26% tariff, India is moderately impacted compared to Asian peers.*
- *The estimated added export cost is around USD 11 billion, with differentiated impact across sectors.*

India, which has a dynamic and diverse export base, finds itself at a critical juncture. Although it is currently the 9th largest supplier to the United States, its market share at 2.7% remains relatively modest in comparison to other Asian rivals. However, the reshuffling of tariff schedules under the reciprocal regime offers India a unique opportunity to re-evaluate and potentially enhance its export positioning in the US market. The challenge lies in identifying those sectors where India enjoys a competitive edge, particularly in tariff terms, over key rivals and aligning them with sectors where India is already export-competitive or has growth potential.

To conduct such a strategic assessment, this report integrates three analytical dimensions including

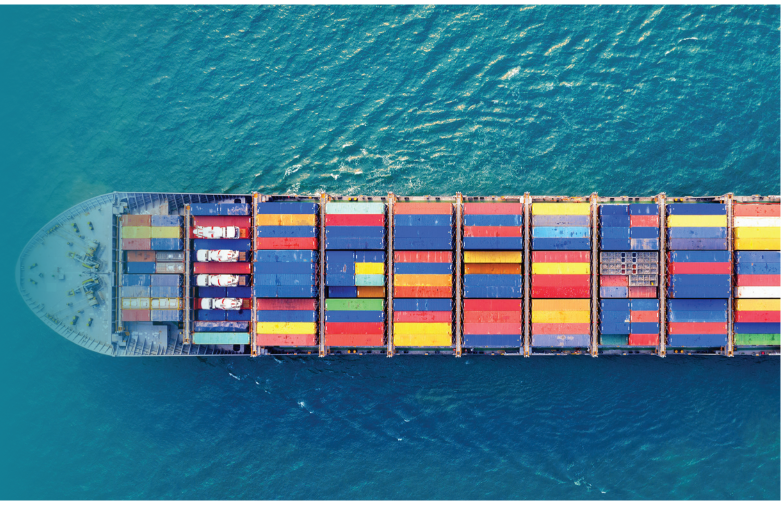
a. **Country comparisons:** Using the relative tariff advantage index, that captures how India's tariff treatment compares with those of its global competitors, especially its rivals in Asian region.

b. **Sectoral Analysis:** Measuring the impact of differential tariffs (new rates minus the average old rates) on overall India's exports to the US.

c. **Identification of Potential Sectors:** Understanding which sectors dominate US imports and where can India benefit after the imposition of reciprocal tariffs.

The macroeconomic context adds further urgency to this analysis. With global supply chains still adjusting to post-pandemic realities and geopolitical realignments influencing trade routes (e.g., US-China tensions, EU protectionism, reshoring strategies), there is an active search for "China plus one" alternatives. India, with its robust manufacturing base, demographic dividend, and improving logistics ecosystem, is well-positioned to fill part of this vacuum. However, realizing this potential requires sharp focus on those sectors where global demand intersects with India's competitiveness and now, tariff favourability.

III. Analysis: What numbers say



A. Country Comparisons

- *India has a significant tariff advantage over Asian exporters like Cambodia, Vietnam, and China.*
- *However, countries with US FTAs (e.g., Mexico, UK) enjoy much lower tariffs, putting India at a disadvantage in high-value sectors.*

The reciprocal tariffs so imposed have varied impacts on individual countries. While India's discounted reciprocal tariff of 26%, which includes a baseline tariff of 10% plus an additional 16% specific to India, sounds high, it is equally important to understand the tariff imposition on India's major competitors including China, Vietnam and Bangladesh that access American markets in similar commodity segments. Tariffs on India are actually lower than those on other Asian competitors having huge trade deficit with USA (Table 1).

Table 1: Relative Tariff Advantage Index

Country	Tariffs charged to USA (%)	Reciprocal Tariff (RT) (%)	US Trade Balance (USD Bn)	RT on India (%)	Relative Tariff Advantage (%)	Remark
Bangladesh	74	37	-6.15	26	11	Advantage
Brazil	10	10	7.35	26	-16	Disadvantage
Cambodia	97	49	-12.34	26	23	Advantage
China	67	34	-295.40	26	8	Advantage
Colombia	10	10	1.35	26	-16	Disadvantage
Germany	39	20	-84.82	26	-6	Disadvantage
Indonesia	64	32	-17.88	26	6	Advantage

Country	Tariffs charged to USA (%)	Reciprocal Tariff (RT) (%)	US Trade Balance (USD Bn)	RT on India (%)	Relative Tariff Advantage (%)	Remark
Japan	46	24	-68.47	26	-2	Disadvantage
Malaysia	47	24	-24.83	26	-2	Disadvantage
Saudi Arabia	10	10	0.44	26	-16	Disadvantage
Singapore	10	10	2.83	26	-16	Disadvantage
South Africa	60	30	-8.84	26	4	Advantage
South Korea	50	25	-66.01	26	-1	Disadvantage
Switzerland	61	31	-38.46	26	5	Advantage
Thailand	72	36	-45.61	26	10	Advantage
Vietnam	90	46	-123.46	26	20	Advantage
France	39	20	-16.38	26	-6	Disadvantage
UK	10	10	11.86	26	-16	Disadvantage

Source: USA Factsheet
ITC Trade Map
United States Census Bureau https://www.census.gov/foreign-trade/balance/

Table 1 reveals that countries like Cambodia (49%), Vietnam (46%), and China (34%) face steeper tariffs, giving India a relative tariff advantage. For instance, India enjoys a 23-percentage point advantage over Cambodia, 20 points over Vietnam, and 8 points over China. These differences suggest that Indian exports to the US in sectors that overlap with those of these countries such as apparel, electronics, toys could become more price-competitive and gain market share, provided other factors like quality, scale, and delivery timelines are competitive.

On the other hand, India is at a distinct disadvantage compared to countries like the United Kingdom, France, Japan, Malaysia and Brazil, all of whom face much lower reciprocal tariffs (10–24%), due in part to their trade agreements or relatively balanced trade relationships with the United States. This places Indian exporters at a relative cost disadvantage in sectors like auto parts, engineering goods or pharmaceuticals, where these developed countries have strong market presence.

Thus, India is not among the worst-hit countries in terms of the new US reciprocal tariffs, it also does not benefit from the kind of tariff relief that US FTA partners enjoy. India occupies a middle position — relatively advantaged compared to Asian manufacturing peers like China, Bangladesh, and Vietnam, but disadvantaged compared to Western economies and nations with favourable trade deals. This duality should form India's strategy. We should aggressively pursue sectors where it now enjoys a cost edge over Asian competitors, while also working towards bilateral trade agreements or other market access arrangements that can place India on equal footing as with more favoured nations.

B. Sectoral Analysis

- *Electronics (USD 2.92 bn), gems (USD 2.16 bn), and machinery (USD 1.53 bn) bear the highest added tariff cost.*
- *Chemicals and fuels are exempt, offering relief in strategically important sectors.*

Before the announcement, US tariffs on Indian exports averaged just 2.8%, with several sectors such as pharmaceuticals, fuels, auto parts, entering duty-free or at low rates. Now, since India is subjected to a 26% tariff, even previously exempt sectors like auto parts will face steep levies. We have tried to analyse a sector-wise estimate of the additional tariff burden India may face. Preliminary analysis suggest that the tariff impact could erode India's export competitiveness by around USD 11 billion. Electronics and Gems and Jewellery remain vulnerable due to high trade volume and higher trade differentials.

Table 2: Rough Estimates of Tariff Impact

HS Code	Commodity Group	India's Exports to USA in 2024 (USD Bn)	Share in total exports to USA (%)	Indicative Tariff before 02.04. 2025	Tariff After 02.05. 2025	Approximate Tariff Increase	Additional Tariff Impact (USD bn)	Remark[1]
85	Electrical & Electronics	12.59	15.58	2-2.8%	26%	23%	2.92	Not Exempted
71	Gems & Jewellery	9.29	11.5	2-2.8%	26%	23%	2.16	Not Exempted
84	Machinery	6.58	8.14	2-2.8%	26%	23%	1.53	Not Exempted
27	Mineral Fuels	4.41	5.46	2-2.8%	26%	23%	1.02	Exempted
73	Iron & Steel	2.96	3.67	2-2.8%	26%	23%	0.69	Not Exempted
63	Textiles & Garments	2.95	3.65	2-2.8%	26%	23%	0.68	Not Exempted
87	Auto & Ancillaries	2.67	3.3	2-2.8%	26%	23%	0.62	Not Exempted
29	Chemicals	2.6	3.22	2-2.8%	26%	23%	0.60	Exempted
3	Marine Products	1.97	2.44	2-2.8%	26%	23%	0.46	Not Exempted
				Total likely Impact				**10.68**

Source: ITC Trade Map
Own Calculations:

[1] *The categorization is based on a broad sectoral perspective rather than specific HSN Codes. However, a few HS Codes are commonly exempted across most sectors. The grouping has been done based on sectors with a higher number/concentration of such exemptions in each HSN group.*

Note:

1. These are rough calculations based on the data available. These are only indicative in nature.
2. Reciprocal Tariffs do not apply on Steel, aluminium, auto and auto parts on which 25 % tariffs have been imposed separately.
3. Copper, pharmaceuticals (not completely), semiconductors, lumber, critical minerals and energy products are also exempted from Reciprocal tariffs

Table 2 provides a sector-wise assessment of the additional tariff burden India is likely to face under the new 26% reciprocal tariff regime imposed by the United States. The analysis estimates a total impact of approximately USD 10.68 billion, with the most affected sectors being Electrical & Electronics (USD 2.92 bn), Gems & Jewellery (USD 2.16 bn), and Machinery (USD 1.53 bn). These sectors, which were previously benefiting from low average US tariffs of 2–2.8%, now face a steep 23% increase, making them significantly more expensive in the US market. Notably, Mineral Fuels and Chemicals have been exempted from the tariff hike, offering some relief in areas where India has growing export capacity.

This sharp rise in tariff burden poses a serious threat to India's export competitiveness, especially in sectors that are labour-intensive and price sensitive. The impact is particularly concerning for industries like textiles, engineering goods, auto components and marine products, which may face erosion in market share unless supported through proactive policy measures.

C. Identification of Potential Sectors

- *India has limited participation in high-demand US sectors like machinery and electronics.*
- *Competitive strengths lie in pharma, jewellery, apparel, and toys, where both market presence and export readiness exist.*
- *Toys (HS 95), apparel (HS 61), and electronics (HS 85) are top opportunity sectors due to tariff advantage and US exposure.*
- *Pharma, despite high exports, shows negative score due to unfavourable tariff comparison with developed countries.*

In the wake of the newly imposed reciprocal tariff regime by the United States, it becomes imperative for India to strategically reassess and prioritize its export sectors. The shift in trade policy, especially with the introduction of uniform tariffs, has disrupted traditional price dynamics and redefined the framework of global competitiveness. To respond effectively, India needs a structured and data-driven strategy to identify sectors where it not only retains a competitive edge but also aligns with US import demand.

The identification of such potential sectors depends on a three-dimensional analytical model. The first component is understanding the market structure of US imports. By analysing which sectors dominate US import demand, policymakers can evaluate whether India is present in those segments and to what extent. If India is absent or underrepresented in high-demand sectors, it represents either an opportunity to enter or a gap that needs strategic redressal. Table 3 below presents a detailed snapshot of the structure of US imports and India's positioning within these key sectors.

Table 3: US major imports and India's rank as Supplier

HS Code	Product	Imported Value in 2024 (USD Bn)	% share in total imports	Top 5 Suppliers to US	India's Rank as a supplier	India's share in US's imports
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	531.15	15.81	Mexico, China, Japan, Germany and Canada	13	1.3
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	485.88	14.46	China, Mexico, Vietnam, Malaysia and Thailand	8	3.0
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	391.46	11.65	Mexico, Japan, Canada, Korea and Germany	11	0.7
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	251.12	7.48	Canada, Mexico, Saudi Arabia, Brazil and Colombia	14	1.3
30	Pharmaceutical products	212.67	6.33	Ireland, Switzerland, Germany, Singapore and India	5	6.0
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	124.83	3.72	Mexico, Germany, China, Ireland and Japan	26	0.7
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	89.70	2.67	Switzerland, India, Canada, South Africa and Mexico	2	13.3
39	Plastics and articles thereof	78.23	2.33	China, Canada, Mexico, Korea and Germany	9	1.7

HS Code	Product	Imported Value in 2024 (USD Bn)	% share in total imports	Top 5 Suppliers to US	India's Rank as a supplier	India's share in US's imports
94	Furniture- bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	72.64	2.16	China, Vietnam, Mexico, Canada and Italy	9	1.9
29	Organic chemicals	71.06	2.12	Ireland, China, Switzerland, Singapore and India	5	5.1
72, 73	Articles of iron or steel	85.65	2.55	China, Mexico, Canada, Korea and India	5	5.4
61, 62	Articles of apparel and clothing accessories, knitted/ non-knitted or crocheted	83.71	2.49	China, Vietnam, Cambodia, Bangladesh and India	5	5.1
95	Toys, games and sports requisites; parts and accessories thereof	43.41	1.29	China, Vietnam, Mexico, Indonesia and Japan	10	0.6
	Total Imports	**3359.31**				

Source: ITC Trade Map

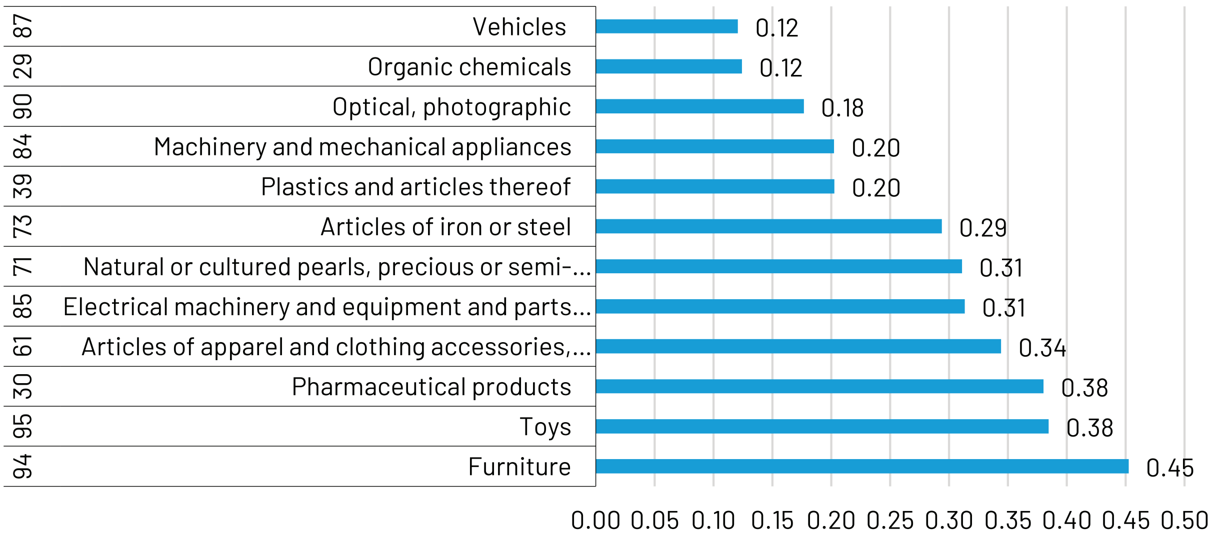
In 2024, the US imported goods worth over USD 3.36 trillion, with the top five categories, machinery (HS 84), electrical machinery (HS 85), vehicles (HS 87), mineral fuels (HS 27) and pharmaceuticals (HS 30), accounting for more than half of the total. Together, these 15 sectors account for more than 75 per cent of US total imports. These sectors are critical to US industrial, technological and consumer needs. However, India's presence in most of these dominant sectors is relatively limited. For example, India ranks 13th in machinery and 11th in vehicles, with just 1.3% and 0.7% of the US import share respectively. Even in electrical machinery, where India has growing capacity, it holds only 3% market share and ranks 8th. The only notable exception is pharmaceuticals, where India ranks 5th, reflecting its strength in generic medicines and formulations.

On the other hand, India shows stronger performance in certain labour-intensive and high-value sectors like gems and jewellery (HS 71), where it ranks 2nd with a significant 13.3% share and in organic chemicals and apparel, where it is among the top five suppliers. These findings suggest that while India has a strong foothold in several strategic sectors, its overall share in the US import basket remains modest. The data highlights sectors that can be looked out for expansion under the new tariff regime, especially where India has both capacity and a relative tariff advantage. In sectors like toys and apparel, although the current market share is small, there is substantial scope to grow if India can capitalize on shifting trade preferences and diversify supply chains away from high-tariff competitors like China and Vietnam.

The second component is relative tariff advantage (table 1) where a positive RTA value suggests that Indian exports to the US are relatively less burdened by tariffs, creating space for trade diversion and competitive gains. Conversely, a negative RTA highlights areas where India is at a disadvantage and may need to explore compensatory measures.

The third analytical dimension is the Export Exposure Index (EEI)[2], which captures the degree of India's reliance on the US market in each export category. High EEI values indicate sectors where India has a significant market presence in the US and would therefore be highly sensitive to any change in tariff structures (Chart 1). In such cases, a positive RTA can increase gains, while a negative RTA could severely reduce competitiveness.

Chart 1: Export Exposure Index (EEI)



Source: ITC Trade Map

Combining these indicators enables the construction of a composite Trade Opportunity Index, which ranks sectors based on their potential for expansion in the US market under the new tariff environment. This approach not only highlights where India stands to gain but also underscores areas that may require policy support or strategic investment.

$$\textbf{Trade Opportunity Index}_i = \textbf{Export Exposure Index}_i * \textbf{Weighted Relative Tariff Advantage}_i$$

where,

$$\boldsymbol{Weighted\ RTA_i = \sum(RTA_i * \ Market\ Share_i)}$$

i = sector

[2] *Export Exposure Index (EEI) is measured as a percentage share of India's exports of a particular HS code to US to India's total exports of that HS Code, in a given year.*

The Trade Opportunity Index has been calculated specifically in relation to India's Asian competitors, rather than all US trading partners, having higher market share than India. Countries like Mexico and Canada are part of bilateral agreements with the United States (USMCA). Several European countries also get benefited from preferential access. As a result, they are excluded from the reciprocal tariff regime, facing lower or even zero tariffs despite being major exporters to the US market.

If these countries were included in the Opportunity Index calculation, the relative tariff advantage (RTA) of India would appear substantially weaker or even negative in many sectors. This is not because India lacks competitiveness, but because it does not enjoy the same preferential trade terms as these countries. Therefore, including them would understate the actual competitiveness that India may be able to enjoy under the new tariff regime.

Instead, the current analysis focuses on India's key rivals in the Asian region—countries such as China, Vietnam, Bangladesh, Cambodia, Indonesia, and Thailand. These economies largely operate in similar export categories (e.g., textiles, electronics, leather goods, toys) and compete directly with India in the US market. Moreover, many of them now face higher reciprocal tariffs, offering India a potential edge in cost competitiveness. This would allow us to identify sectors where India is expected to gain market share in the US against its Asian competitors because of its relatively better tariff structure.

Table 4 below presents the trade opportunity score for India of the major importing sectors of the US.

Table 4: Trade Opportunity Index for India vis-à-vis Asian competitors

HS Code	Product	India's exports to United States of America (USD bn)	India's exports to world (USD bn)	Export Exposure Index (EEI)	Trade Opportunity Score
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	12.59	40.15	0.31	1.45
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad	9.29	29.87	0.31	0.00
30	Pharmaceutical products	8.86	23.31	0.38	-0.44
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	6.58	32.51	0.20	0.67
73	Articles of iron or steel	2.96	10.09	0.29	0.73
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	2.67	22.10	0.12	0.01
29	Organic chemicals	2.60	20.97	0.12	0.00
61	Articles of apparel and clothing accessories, knitted or crocheted	2.59	7.52	0.34	2.53
39	Plastics and articles thereof	1.64	8.10	0.20	0.71

HS Code	Product	India's exports to United States of America (USD bn)	India's exports to world (USD bn)	Export Exposure Index (EEI)	Trade Opportunity Score
94	Furniture- bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	1.15	2.55	0.45	0.52
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	0.89	5.03	0.18	0.09
95	Toys, games and sports requisites; parts and accessories thereof	0.22	0.56	0.38	3.02

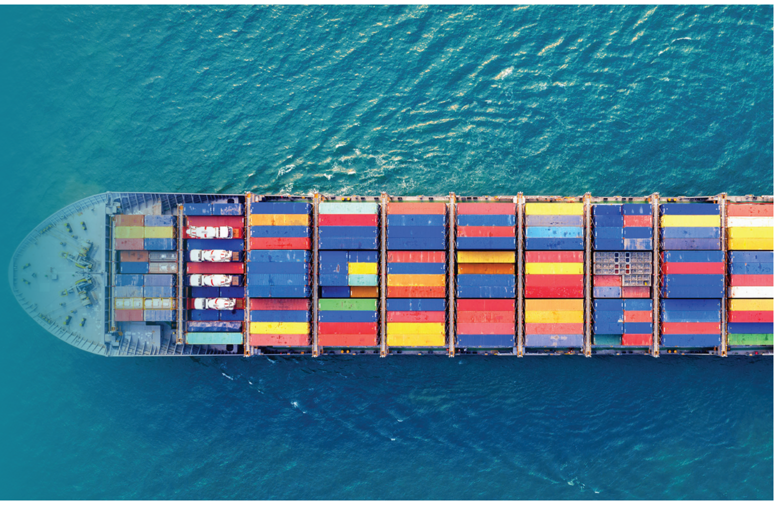
Source: ITC Trade Map

The trade opportunity index helps to assess which sectors hold the greatest potential for India to increase its market share in the US under the newly imposed reciprocal tariff regime.

The most promising sector emerging from this analysis is Toys and Sports Equipment (HS 95), with a high Opportunity Score of 3.02. Although India's current exports in this category are modest ($0.22 billion), it enjoys both a high EEI (0.38) and a strong tariff advantage over competitors like China and Vietnam. Apparel (HS 61) and Electrical Machinery (HS 85) also show strong scores of 2.53 and 1.45, respectively, indicating sectors where India has convincing US exposure and a competitive tariff position.

On the other hand, Pharmaceuticals (HS 30) stands out for its negative score (-0.44) despite high export values and exposure, due to a tariff disadvantage compared to countries like Ireland and Switzerland. Though a few tariff lines are exempted from the new tariff regime, yet the negative score suggests potential risk for Indian exporters in that sector. Overall, the table highlights a set of priority sectors—particularly in toys, apparel, electronics, and furniture—where India is well-positioned to benefit from shifting trade dynamics.

IV. Conclusion and Way Forward



- *India should pursue FTAs with EU and UK to overcome tariff disadvantages.*
- *Policy focus must support affected sectors and accelerate integration into global value chains.*

With global supply chains are still recovering from the post-pandemic realities and geopolitical realignments influencing trade routes (e.g., US-China tensions, EU protectionism, reshoring strategies), there is an active search for "China plus one" alternatives. India, with its robust manufacturing base, demographic dividend, and improving logistics ecosystem, is well-positioned to fill part of this vacuum. However, realizing this potential requires sharp focus on those sectors where global demand intersects with India's competitiveness and now, relative tariff support.

India's position in the tariff matrix is moderate- neither highly disadvantaged nor particularly favoured. The imposition of 26%, a considerable rise from mere 2-2.8% changes the cost for multiple sectors. The whole scenario underscores the importance of a strategic response from the government of India.

a. Bilateral Trade Agreement: Negotiating Strategy

India and the US are already negotiating a bilateral trade agreement, aimed at reducing duties on priority sectors such as electronics, auto components, and pharmaceuticals. It is expected that the first phase of the deal will be finalised by the end of this year. Such agreement would offer greater predictability and security for Indian exporters operating in the US market. India's negotiating strategy should also include pragmatic, issue-specific demands. These include improved market access for Indian service professionals (mode 4), simplified rules of origin, and recognition of Indian technical standards and certifications, particularly in electronics, chemicals, and textiles.

b. Addressing Non-Tariff Barriers

In addition to tariff negotiations, India should push for the removal of key non-tariff barriers. These include complex and time-consuming FDA approvals in the pharmaceutical sector, duplicate testing and certification requirements in electronics, and complex conformity assessments for textiles. Streamlining US customs procedures and ensuring transparency in import regulations would also facilitate smoother trade.

c. *Sectoral Support*

Besides quick finalisation of FTAs with EU and UK, it is expected that the government would provide continued and targeted support to sectors that are likely to be most affected by the new tariff regime. This includes undertaking detailed sector-wise impact assessments and extending financial or policy-based assistance where required—particularly for industries such as textiles, engineering goods, and pharmaceuticals, which have a significant export footprint in the US market. Policymakers should also identify and support sectors where India could replace higher-tariff competitors like Vietnam and China as preferred suppliers to the US, thereby turning short-term adversity into long-term opportunity.

d. *Industry Action*

At industry level, Indian businesses must embrace a **RISE** strategy—**Realign, Invest, focus on Sustainability and Efficiency of Operations**. Business must **realign** their business models by developing new products, integrating into global supply chains and expanding into new export markets, especially leveraging emerging FTAs with the EU, UK, Oman, and Gulf nations. They must **invest** in skill development, R&D, technology upgradation to enhance product quality, compliance, and innovation. These investments will not only improve competitiveness but also ensure that Indian exports meet evolving global standards

A strong emphasis on **sustainability** is essential. Global buyers are increasingly prioritising environmentally responsible goods. Adopting green practices and reducing the carbon footprint of manufacturing processes will help Indian exporters align with ESG requirements and qualify for emerging sustainability-linked incentives.

Finally, improving the **efficiency of operations** through supply chain optimisation and digital transformation will be crucial for maintaining cost competitiveness, especially in sectors sensitive to price changes due to tariffs. Together, these measures would provide a more practical roadmap for the Indian businesses to navigate these tariff disruptions in the long run.

e. *Stakeholder Communication and Coordination*

Finally, it is important to have continued and transparent communication with the stakeholders. Regular consultations and timely dissemination of information will go a help business make informed decisions and navigate the evolving global trade environment with ease and confidence.

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