

## Trump's Reciprocal Tariff Threat: Potential Impact on India's Exports

US President Donald Trump's plan to implement **reciprocal tariffs** starting April is raising concerns for **India's export sectors**, particularly automobiles, agriculture, and pharmaceuticals. Analysts estimate that **India could face annual losses of up to \$7 billion** if these tariffs come into effect.

### Key Sectors at Risk

The most **exposed sectors** include **chemicals, metal products, and jewellery**, followed closely by **automobiles, pharmaceuticals, and food products**. In 2024, India's **merchandise exports to the US** were worth nearly **\$74 billion**, with pearls, gems, and jewellery contributing **\$8.5 billion**, pharmaceuticals **\$8 billion**, and petrochemicals **\$4 billion**.

### US Exports to India & Tariff Differences

India imposes significantly **higher tariffs on US goods** compared to what the US applies to Indian exports. For instance:

- **US agricultural exports face an average 39% tariff in India**, while **Indian agricultural goods face only 5% in the US**.
- **US motorcycles face a 100% tariff in India**, while India's motorcycles see only **2.4% in the US**.

### Potential Economic Impact

If the US **raises tariffs uniformly by 10%**, India's economy could take a hit of **50-60 basis points**, as per **Standard Chartered Bank**, with an **11-12% decline in exports to the US**.

### India's Response

India has **cut tariffs on luxury goods** like motorcycles and bourbon whiskey and is negotiating a **trade deal** to ease tensions. Further reductions in **energy imports and defense purchases** from the US are also under consideration.

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