

India faces tough choices amid rising US tariff pressure



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NEW DELHI, August 7 – As the US rolls out steep new tariffs on Indian goods, raising rates to 50%,

India now faces growing pressure to respond both economically and diplomatically. While New

Delhi has so far avoided direct subsidies for exporters, economists warn that its current trade

finance and promotion schemes may not be sufficient to shield domestic industries from the

fallout.

According to Nomura, “India’s government has not favoured direct subsidies, but its existing support measures may fall short given the scale of the tariff differential now in place.”

With the prospect of a once-promising trade deal slipping away, analysts say only high-level political intervention can bring both sides back to the table. For now, the Indian government maintains that it will take “all actions necessary to protect its national interests.”

Opposition leaders, however, are urging a stronger stance. Senior Congress Party figure Rahul Gandhi called the new tariffs “economic blackmail” and accused the US of attempting to “bully India into an unfair trade deal.”

The situation is seen as a major foreign policy test for Prime Minister Narendra Modi, whose government has touted a “mega partnership” with the United States as a strategic achievement.

While a retaliatory move by India remains uncertain, analysts at Barclays Research say it cannot be ruled out. “In 2019, India imposed tariffs on 28 US products in response to steel and aluminum duties. Some of these were only lifted in 2023 after WTO disputes were resolved,” the firm noted.

As exporters seek clarity and markets watch closely, the coming days may prove decisive in shaping the future of India-US trade relations.