

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
LOK SABHA
UNSTARRED QUESTION NO. 364
ANSWERED ON 02/12/2025

IMPACT OF ESCALATION IN TARIFFS IMPOSED BY USA

364. SHRI VE VAITHILINGAM

Will the Minister of **COMMERCE AND INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) the recent escalation in tariffs imposed by the United States on Indian goods, resulting in a duty increase to 50% on several products including textiles, gems and jewellery, leather, and chemicals, and the overall implication of these tariffs on India's export competitiveness,
- (b) the details of steps taken or proposed to be taken by the government to mitigate the impact of these tariffs on Indian exports;
- (c) the measures taken or to be taken by the Government for affected industries such MSMEs, strategies for market diversification to reduce dependency on any single market, and efforts to maintain and strengthen bilateral trade relations with the United States; and
- (d) the reasons for any challenges or delays encountered in addressing the impact of these tariffs and the Government's approach to ensuring sustained export growth and resilience of Indian exporters in the face of such trade barriers?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री जितिन प्रसाद)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) to (d) On July 31, 2025, the U.S. issued an Executive Order (EO) with Reciprocal Tariff (RT) rates for its trading partners. The EO notified country-specific additional ad-valorem duty rates for certain U.S. trading partners including those which have agreed to, or are in the process of concluding trade agreements with the U.S. These tariffs are in the range of 15-41%, with the tariff on India being 25%. The RTs came into effect from 07.08.2025. The US on August 06, 2025 imposed an additional ad valorem tariff of 25% on India citing its purchase of Russian oil. The tariffs took effect from August 27, 2025. These tariffs apply to products in sectors such as textiles, handicrafts, leather, certain agriculture items, marine products and engineering goods.

The Government continues to work to mitigate the impact of the U.S. tariff measures on Indian exports through a comprehensive multi-pronged strategy encompassing intensive

engagement with the U.S. Government for a mutually beneficial India-U.S. Bilateral Trade Agreement, immediate relief through Trade relief measures of RBI & Credit Guarantee Scheme for Exporters, enhancement of domestic demand through next generation GST reforms, Export Promotion measures such as the new Export Promotion Mission which provide support and assistance to our exporters, pursuing FTAs with new countries and better utilization of existing FTA. It is expected that these measures will enhance diversification and resilience in India's trade relationships.

Details of some of the aforementioned measures are as follows:

1. Export Promotion Mission

The Mission will provide a comprehensive, flexible, and digitally driven framework for export promotion, with a total outlay of Rs.25,060 crore for FY 2025–26 to FY 2030–31. EPM marks a strategic shift from multiple fragmented schemes to a single, outcome-based, and adaptive mechanism that can respond swiftly to global trade challenges and evolving exporter needs.

The Mission will operate through two integrated sub-schemes:

- (i) NIRYAT PROTSAHAN – focuses on improving access to affordable trade finance for MSMEs through a range of instruments such as interest subvention, export factoring, collateral guarantees, credit cards for e-commerce exporters, and credit enhancement support for diversification into new markets.
- (ii) NIRYAT DISHA – focuses on non-financial enablers that enhance market readiness and competitiveness, including export quality and compliance support, assistance for international branding, packaging, and participation in trade fairs, export warehousing and logistics, inland transport reimbursements, and trade intelligence and capacity-building initiatives.

The Mission is designed to directly address structural challenges that constrain Indian exports, including

- limited and expensive trade finance access,
- high cost of compliance with international export standards,
- inadequate export branding and fragmented market access, and
- logistical disadvantages for exporters in interior and low-export-intensity regions.

Under EPM, priority support will be extended to sectors impacted by recent global tariff escalations, such as textiles, leather, gems & jewellery, engineering goods, and marine products. The interventions will help sustain export orders, protect jobs, and support diversification into new geographies.

2. Credit Guarantee Scheme for Exporters has also been approved to provide 100% credit guarantee coverage by National Credit Guarantee Trustee Company Limited (NCGTC) to Member Lending Institutions (MLIs) for extending additional collateral free credit facilities up to Rs.20,000 crore to eligible exporters, including MSMEs. The Scheme

is expected to enhance the global competitiveness of Indian exporters and support diversification into new and emerging markets. Enabling collateral-free credit access will strengthen liquidity, ensure smooth business operations, and reinforce India's progress towards achieving the USD 1 trillion export target.

3. Trade Relief Measures: - The Reserve Bank of India (RBI) has also initiated trade relief measures for eligible affected exporters including provision for debt repayment moratorium and extension of tenor for export credit.

4. Leveraging Free Trade Agreements: - The Government aims for promotion of Export Diversification and has signed 15 Free Trade Agreements (FTAs) and 6 Preferential Trade Agreements (PTAs) with its trading partners. Government is working with all stakeholders to enable our exporters to better utilize the benefits of India's FTAs with major markets such as Japan, Korea, UAE and effectively utilize the opportunities that have been created with the recent concluded FTAs such as with the EFTA countries and the UK. The Government is also engaged in negotiations for early conclusion of mutually beneficial FTAs with the EU, Peru, Chile, New Zealand, Oman etc.

The Government remains engaged with all stakeholders—including exporters, Export Promotion Councils (EPCs), industry associations, and state governments to assess the evolving impact of the U.S. tariff measures.

In terms of aggregate statistics, India's export performance in the April-October 2025 period is as given below:

	April-October 2025 (US\$ Billion)	April-October 2024 (US\$ Billion)
Merchandise	254.25	252.66
Services*	237.55	216.45
Total Exports (Merchandise +Services) *	491.80	469.11

Note: The latest data for services sector released by RBI is for September 2025. The data for October 2025 is an estimation.
