Deloitte.

# The impact of the US tariffs on India

**Tariffs till date**

- Derivatives of steel and aluminium at 25 percent (12.03.25)
- Automobile (03.04.25) and auto parts (03.05.25) at 25 percent
- All goods, barring a few exceptions, at 10 percent *

- This is in addition to the existing duties
- These are levied only on non-US originating content

* There are separate tariffs prescribed for more than 60 countries which were supposed to come into effect from 9 April 2025. The rate prescribed for India is 26 percent. Rates for some of the other countries are as follows: China- 125 percent, Bangladesh- 37 percent, Japan-24 percent, Sri Lanka- 44 percent and Vietnam- 46 percent. Same have been put on pause till 9 July 2025 for all countries except China.

## What does it mean for India?

### Sectors that dodged the bullet

Over 1,000 HS codes have been explicitly excluded. Key sectors include pharmaceuticals, critical minerals, semi conductor and energy.

### Sectors caught in the crossfire

Sectors such as automobile, MedTech, consumer goods, textile, machinery, agri products, food and dairy items, and gems and jewellery might face severe impact.

### Opportunity in adversity

India may have a comparative advantage vis-à-vis its Asian neighbours, as they will face higher tariffs. This could benefit sectors such as textiles and electronics.

## What should Indian exporters do?

- Conduct a tariff impact assessment for thorough understanding of their supply chain, trade flows and contractual obligations
- Assess the comparative tariff advantage that India may have vis-à-vis other countries and reassess manufacturing footprints accordingly
- Make necessary adjustments in the supply chain (including pricing policies) and optimize procurement strategies
- Push for the signing of a Bilateral Trade Agreement between India and US
- Determine the component of US originating goods embedded in the value of exported goods
- Establish internal responsibilities for monitoring trade development to enhance organisational readiness