



JULY 2025

# NEWSLETTER

---



# BRICS CHAMBER OF COMMERCE AND INDUSTRY

---

# ARTICLE



**MS.PRITI GOEL**

FOUNDER & CEO OF PRISHA WEALTH  
MANAGEMENT PRIVATE LIMITED  
PARTNER & CEO OF AVINAV CONSULTING  
AUTHOR – DHANAISHA, CHERISHED  
WEALTH

## 25% US Tariff on Indian Goods: Navigating a Shifting Trade Landscape

**Context:** Trade Shock in a Multipolar World

In July 2025, the United States announced a 25% tariff on several Indian exports including textiles, pharmaceuticals, engineering goods, and auto components, effective August 2025. As the largest destination for Indian exports (goods), this policy move could disrupt \$88 billion of annual trade flow and prompt ripple effects across the Indian economy. India exports \$33 billion in services to US. Combined, **this amounts to roughly US\$120 billion in total exports from India to the US in 2024.**

This edition unpacks what India exports and imports (especially with BRICS and major economies), how the tariff alters our trade balance, and the broader implications for GDP, jobs, and forex stability






**What India Exports and to Whom (FY25)**

**India's goods exports in FY25 touched \$437.42 billion, with the US accounting for 20.1%.**

### Top export categories:





- **Petroleum products** – Refined fuels, diesel, and jet fuel
- **Gems & Jewellery** – Cut & polished diamonds, gold ornaments
- **Pharmaceuticals** – Generics, vaccines, and APIs (active pharmaceutical ingredients)
- **Textiles & Garments** – Cotton apparel, fabrics, synthetic textiles
- **Engineering Goods** – Industrial machinery, auto parts, electricals
- **Organic Chemicals** – Intermediates for pharma, fertilizers, plastics

### Top export destinations:

-  **USA** – \$88B (20.1%) (pharma, textiles, gems, machinery, IT-linked services)
-  **UAE** – \$35.63B (8.15%) (petroleum products, gems, rice, machinery)
-  **Netherlands** – \$21.62B (4.95%) (refined oil, machinery, pharma; often EU entry point)
-  **China** – \$16.66B (3.81%) (organic chemicals, ores, cotton)
- **SG Singapore** – \$14.41B (3.30%) (textiles, yarn, fuel, capital goods)
-  **United Kingdom** – \$11.68B (2.67%) (pharma, textiles, jewellery, auto parts)

# ARTICLE

## India's exports to BRICS:

-  **China** – \$16B (Organic chemicals, iron ore, cotton yarn, plastics)
-  **Russia** – \$4.88B (Pharmaceuticals, mechanical appliances, electricals, tea, coffee)
-  **Brazil** – \$4.9B (Chemicals, automobiles, cotton, plastic materials, machinery)
-  **South Africa** – \$3.6B (Automobiles, pharmaceuticals, engineering goods, textiles, rice)






## What India Imports and from Whom (FY25).

### Total imports rose to \$720.2 billion, dominated by energy, electronics, and gold.





#### Top import categories:

- Crude Oil – \$220.6B (from Russia, Iraq, Saudi Arabia, UAE, US)
- Gold – \$70-83B (from Switzerland, UAE, South Africa)
- Electronics – \$84.9B (from China, Vietnam, South Korea)
- Machinery – \$61.6B (from China, Germany, Japan)
- Fertilizers & Coal – rising demand post-global supply disruptions

#### Top import sources:

-  **China** – \$102B (electronics, machinery, chemicals)
-  **Russia** – \$64.1B (mostly crude oil, coal, fertilizers)
-  **UAE** – \$48B (oil, gold, petrochemicals)
-  **USA** – \$40.8B (aircraft, electronics, medical tech, LNG)
-  **Switzerland** – \$21.2B (gold and precious metals)

## India's imports from BRICS:

-  **China** – Electronics, machinery
-  **Russia** – Oil, coal, defence
-  **Brazil** – Sugar, oilseeds, iron
-  **South Africa** – Gold, coal

## Impact of US Tariff on Indian Economy.

### **1. Export Hit:** ~\$7–10 billion

The 25% tariff is expected to reduce Indian exports to the US by 8–12%, particularly in:

- Textiles & apparel – Facing steep price disadvantage
- Pharma – Margin squeeze on generics
- Engineering goods – Delay in large orders

### **2. Employment Pressure:** ~800,000 Jobs at Risk

Labour-intensive sectors like textiles, gems, and leather may see sharp contraction, particularly in MSME clusters.

### **3. Trade Balance and CAD**

With imports remaining stable and exports to the US falling, India's merchandise trade deficit could widen beyond \$250B, pushing the Current Account Deficit (CAD) above 2.3% of GDP.

### **4. Currency & Inflation**

- Potential INR depreciation to ₹85–86/\$
- Imported inflation risk via energy, fertilizers, and electronics
- Pressure on RBI to manage CPI near the 4.5–5% zone

# ARTICLE

## India's Strategic Response

### **Diplomacy First**

- India is pursuing a sectoral rollback through trade diplomacy with the US.

### **Diversifying Export Markets**

- Fast-tracking FTAs (Free Trade Agreements) with UK, EU, and Australia
- Strengthening BRICS trade ties
- Exploring new corridors via Africa & Latin America

### **Support for Exporters**

- Expanding PLI (production linked incentive), RoDTEP (remission of duties and taxes on exported products), interest equalization
- Incentives for MSMEs (Micro, Small and Medium Enterprises) in textiles, pharma, and electronics
- Promoting INR-settled trade (INR- Indian Rupees) with BRICS and Global South

## The Big Picture: Resilience Through Rebalancing

While the tariff is a clear disruption, it's also a **pivot point** for India to:

- Build **self-reliant manufacturing ecosystems**
- Move up the **value chain in global exports**
- Align foreign policy with **economic diversification**

As a trade-dependent yet increasingly assertive economy, India must now **diversify risk** while deepening global ties. The **India of 2030** will be shaped by how we respond to today's external shocks with resilience, innovation, and strategic alignment

### **Disclosures:**

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

The securities quoted are for illustration only and are not recommendatory

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

## *Closing Thought*

Globalization isn't ending but it's being **redefined** by politics, climate, and technology. India's next growth story will not just be about where we trade but **how smartly, deeply, and with whom.**

—Priti Goel