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QUESTION : 08 :

US imposed double Tariffs on India : Economic & Geopolitical Implications.

Introduction:

Background :

In August 2025, USA raised duties on many Indian imports from 25% to 50%, citing India's continued purchases of discounted Russian crude oil. In 2024, US imported approximately $80 billions in good from India, making America India's largest export market, about 18% of India's total exports. The scale of exposure is massive and so are going to be economic and geopolitical implication.

- Economic Implications :

For ~~On~~ India :

1. Reduced Exports and GDP Growth :
With this much high tariff imposed, the prices of ~~imp~~ exported Indian products in USA are going to hike, facing a competitive disadvantage, threatening

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industries heavily dependent American market. e.g gems, diamond, textile, seafood industries. Goldman sachs India economist warned that sustained ~~tro~~ tariffs could push Indian GDP growth below 6 % from current 6.5%

2. Unemployment:

Labor-intensive sectors which employee millions of people in India are most vulnerable with exporters already reporting orders put on hold or cancelled. Less production will lead to need for lesser employees.

3. Exploring New Markets:

India exporters will try looking for new markets in Europe, Latin America, Southeast Asia, Middle east, etc. making India's FTAs with EU and UK significant.

For USA:

1. Higher consumer & Producer costs:

American consumers and businesses will face higher cost for Indian products

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American companies that rely on Indian components will see their input costs rise, leading to strained profit margins

2. Inflation :

American made products to US high labour costs than India will by costly ~~more~~ leading to inflation.

3. Derailed progress with India :

Tariffs have derailed decades of progress as economic partnership ~~of~~ between US and India.

Elaborate content under headings and add facts

Opportunities for Americans:

But Tariff might open opportunities for America with Indian products being less competitive, America can have a boom in its production sector by shifted to shifting to their own produced products.

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Geopolitical Implications :

~~[illegible]~~

1. Weakening of QUAD alliance :

QUAD (USA, Australia, India, Japan) made to counter China in Pacific region is undermined by the tariffs. The move is viewed by India as a significant blow to the strategic partnership and erodes confidence built over 2 decades.

2. India's Shift towards other powers.

Tariff from US can push India closer to other competing global power like Russia and China and can also greater involvement into BRICS (Brazil, Russia, India, China, SA) alliance.

3. Opportunities for Pakistan & other southasian countries.

Pakistan and other southasian countries like Bangladesh, Sri-lanka face new ~~im~~ opportunities to import more to USA. Especially Pakistan having much lower tariffs of 19% can easily make its place

General instructions to get good marks in current affairs paper

Important Note:
Marks would be given on the following parameters
a- Content 60% References 15% Subject specific language 15%. Graphs and charts 10%

Add 12-13 headings in each question

the questions carry 3_4 parts... each part has equal weitage so discuss all equally

Give examples from present events to justify answers

Give attractive introduction and Conclusion as well

always give headings from the question statement.. take words from the statement

link each of the argument to the asked part in the question... if you fail to do so, no matter how accurate content is, if your heading is not align with what is asked in the question,it won't be accurate

Good Luck

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4. Regional Politics / Balance of Power:

India is seen as a power balancer against China in the south-asian region but if US weakens ~~China~~ India economically, it indirectly is benefiting China which can furthur expand its influence using initiatives like BRI.

5. Erosion of Global Trade Norms:

At this power based approach of America to trade may furthur diminish the relevence of World Trade Organization (WTO) and can contribute to the formation of seperate trade blocs.

Conclusion:

The US decision to double tariffs on India has serious economic costs, especially to Indian exports & jobs. but the greater impact lies on geopolitics. It risks damaging the US-India partnership [illegible] both need each other to counterweight China.

It might push ~~the~~ India to diversify its alliance, strengthening ties with Russia, EU and BRICS. In short, while US is [illegible] its industries [illegible] may backfire and weaken its geopolitical strategy, especially in Asia.