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US TARIFFS: GOVT TO LAUNCH OUTREACH IN 40 NATIONS TO PUSH TEXTILE EXPORTS

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TRADE NEWS

US TARIFFS: GOVT TO LAUNCH OUTREACH IN 40 NATIONS TO PUSH TEXTILE EXPORTS

India is planning dedicated outreach programmes in 40 countries, including the UK, Japan, and South Korea, to push textiles exports amid a 50 per cent tariff imposed by the US on Indian products, an official said on Wednesday.

Other nations include Germany, France, Italy, Spain, the Netherlands, Poland, Canada, Mexico, Russia, Belgium, Turkiye, the United Arab Emirates, and Australia.

"In each of these 40 markets, this is proposed to pursue a targeted approach, positioning itself as a reliable supplier of quality, sustainable, and innovative textile products with the lead role of the Indian industry, including EPCs and Indian Missions in these countries," the official said.

India already exports to over 220 countries, but the 40 importing countries hold the real key to diversification.

Together, these 40 countries represent more than $590 billion in textile and apparel imports, offering vast opportunities for India to enhance its market share, which currently stands at only around 5-6 per cent, the official said.

"Recognising this, the government is planning dedicated outreach programmes in each of these 40 countries, with a focus on both traditional markets and emerging markets," the official added.

The steep 50 per cent tariff on Indian goods entering the United States, which came into effect from August 27, would impact exports worth more than $48 billion.

The sectors which would bear the brunt of the high import duties imposed by the Trump administration include textiles/ clothing, gems and jewellery, shrimp, leather and footwear, animal products, chemicals, and electrical and mechanical machinery.

In 2024-25, the overall size of the textile and apparel sector is estimated at $179 billion, comprising a domestic market of $142 billion and exports worth $37 billion.

At the global level, the textiles and apparel import market was valued at $800.77 billion in 2024. India, with a 4.1 per cent share in world trade, ranks as the sixth-largest exporter and has established its export footprint across 220 countries.

The official also said that Export Promotion Councils (EPCs) will be the backbone of India's diversification strategy by conducting market mapping, identifying high-demand products, and linking specialised production clusters like Surat, Panipat, Tirupur, and Bhadohi to opportunities in the top 40 countries.

They will lead India's participation in international exhibitions, trade fairs, and buyer-seller meets, while also running sector-specific campaigns under a unified Brand India vision.

The councils will further guide exporters on using free trade agreements (FTAs), meeting sustainability standards, and securing necessary certifications.
"FTAs and negotiations with several of these geographies will help make Indian exports competitive, and there is a huge potential for growth in these areas," the official added.

Commenting on high tariffs, Secretary General, Apparel Export Promotion Council (AEPC), said the textiles sector, with exports of $10.3 billion, is one of the worst-impacted sectors next only to gems and jewellery with $12 billion and electrical and mechanical machinery with $9 billion exposure to the US market.

"The apparel industry was reconciled to the 25 per cent reciprocal tariff announced by the USA, as it was prepared to absorb a part of the tariff increase. But, the additional burden of another 25 per cent tariff, taking the overall reciprocal tariff against India to 50 per cent, has effectively driven the Indian apparel industry out of the US market as the gap of 30-31 per cent tariff disadvantage vis-a-vis major competing countries like Bangladesh, Vietnam, Sri Lanka, Cambodia & Indonesia," Secretary General, Apparel Export Promotion Council (AEPC)said.

He said the industry expects some urgent relief in the form of fiscal support from the government to sustain and survive in the US market till favourable terms of trade are restored through a bilateral trade agreement with the US.

"This is extremely critical as it is not easy to recover the lost ground and regain market share, once buyers move away to other cost-competitive locations. In the meantime, we are also intensifying our efforts towards market diversification and looking at every possibility to take advantage of the trade deal with the UK and EFTA countries to control and contain the damage," he added.

INDIA-AFRICA TRADE CROSSED USD 100 BILLION IN 2024-25: KIRTI VARDHAN SINGH

Union Minister on Wednesday said India-Africa trade has crossed USD 100 billion and New Delhi has emerged as one of the top-five investors in the continent.

Addressing the inaugural session of the 20th CII India-Africa Business Conclave in the national capital, Singh said India has extended concessional loans worth over USD 12 billion and USD 700 million in grant assistance for projects across Africa, apart from offering 50,000 scholarships for African youth, of which more than 42,000 have already been utilised.

"This year's theme is different as we have decided to move from project partnership and growth partnership to the spirit of 'Co-creating a Shared Future', which signifies the sentiment attached to this remarkable journey," the minister said.

"India's bilateral trade with Africa has crossed the magical figure of USD 100 billion in 2024-25 compared to USD 56 billion in 2019-2020. With cumulative investments over USD 75 billion from 1996-2024, India is among the top five largest investors in Africa," he said.

He stressed that Africa continues to play an important role in India's foreign policy and recalled that the African Union was given permanent membership of the G20 during India's presidency.

"We put emphasis on Africa's rightful place at the global high table," he said.

Union Minister added that India has stood with Africa in times of need, recalling relief operations in Mozambique, Madagascar, Mauritius and several other countries and invited African nations to join the Coalition for Disaster Resilient Infrastructure as well as the International Solar Alliance to strengthen cooperation in climate and clean energy.

"India and Africa are shaping a strong partnership to co-create a shared future, built on mutual trust and collaborative efforts," he said.

GOVT CUTS MINIMUM EXPORT PRICE ON NATURAL HONEY TO $1,400 PER TONNE TILL DEC 31 THIS YEAR

The government has cut the minimum export price (MEP) on natural honey from USD 2,000 per tonne to USD 1,400 per tonne till the end of this year, according to a notification.

Exports below this MEP are not permitted.

"MEP on natural honey is revised from USD 2,000 per metric tonne to USD 1,400 per metric tonne with immediate effect, till December 31, 2025," the Directorate General of Foreign Trade (DGFT) has said in a notification.

The MEP was introduced in March 2024.

The major exporting destinations are the US, UAE, Saudi Arabia and Qatar.

The Centre has rolled out the National Beekeeping and Honey Mission (NBHM) for promoting scientific beekeeping for the holistic growth of the sector.

The main honey producing states are Uttar Pradesh, West Bengal, Punjab, Bihar and Rajasthan.

In 2023-24, India exported the commodity worth USD 177.52 million.

EXPORT UNITS AT TIRUPUR, NOIDA, SURAT HALT PRODUCTION AMID HIGH US TARIFFS: FIEO

Apex exporters body FIEO on Tuesday expressed serious concerns over high US tariffs on Indian goods and said that textiles and apparel manufacturers in Tirupur, Noida, and Surat have halted production amid worsening cost competitiveness due to these steep duties.

The US duties on Indian goods will increase to 50 per cent from August 27.

The move will severely disrupt the flow of Indian goods to its largest export market, Federation of Indian Export Organisations (FIEO) President S C Ralhan said.

He described the development as a setback and stated that it can severely impact India's exports to the US, with about 55 per cent of India's US-bound shipments (worth USD 47-48 billion) now exposed to pricing disadvantages of 30-35 per cent, rendering them uncompetitive in comparison to its competitors from China, Vietnam, Cambodia, Philippines and other Southeast and South Asian countries.

"FIEO expresses grave concern over the US government's imposition of an additional 25 per cent tariff on Indian-origin goods - raising total duties on many export categories up to 50 per cent, effective from August 27, 2025," he said, adding that "textiles and apparel manufacturers in Tirupur, Noida, and Surat have halted production amid worsening cost competitiveness".

This sector is losing ground to lower-cost rivals from Vietnam and Bangladesh, Ralhan said.

Labour-intensive export sectors such as leather, shrimp, ceramics, chemicals, handicrafts, and carpets would face a sharp erosion of competitiveness, particularly against European, Southeast and Mexican producers, Ralhan added.

"Delays, order cancellations, and negated cost advantages loom large on these sectors," he said.

Looking at the current emerging scenario, he urged that there is a need for immediate government support, which includes a push for interest subvention schemes and export credit support to sustain working capital and liquidity.

The sector currently requires low credit cost and easy access to credit, especially to MSMEs, with support from banks and financial institutions. Special direction in this regard from the government and Reserve Bank of India is needed, he said.

Ralhan also urges for moratorium on payment of principal and interest for loans up to a period of one year.

Besides, expanding PLI schemes, enhancing infrastructure, and investing in cold-chain/storage assets to strengthen competitiveness and aggressive market diversification through accelerated trade agreements (FTAs) with the EU, Oman, Chile, Peru, GCC, Africa, and other Latin American countries, with a provision for early-harvest for labour-intensive sectors, should be prioritised, he said.

"However, leveraging the negotiating window for urgent diplomatic engagement with the US still remains the key. Yet another approach could be promotion of Brand India & Innovation through enhanced global branding, invest in quality certifications, and embed innovation in export strategy to make Indian goods more attractive globally," the President said.

FIEO appeals for swift, coordinated action among exporters, industry bodies, and government agencies to protect livelihoods, reinforce global trade links, and navigate this turbulent phase.

"The steps taken now will determine how effectively India withstands external shocks and reasserts its presence in the global export landscape," he said.

INDIA'S HUGE DOMESTIC CONSUMPTION CAN OFFSET EXPORT LOSSES TO US: GTRI

Founder of the Global Trade Research Initiative (GTRI), noted that India can offset the loss of US trade to some extent through increased domestic consumption.

The 50 per cent Trump tariffs on India come into effect starting today, posing challenges for the country's US-oriented exporters.

India broadly has two options to offset some of the US challenges, founder of trade think tank GTRI, noted.

"We have two broad options. One, the bigger option is that local markets. Our exports are just 20 per cent of Indian economy and Indian market is very big. It absorbs 80 per cent of Indian production and there is scope for further absorption of this because Indian economy is growing at 6 to 7 per cent annually," Founder of the GTRI told ANI.

"Domestic consumption can "happily absorb" some of the shocks," he said.

The second "great option" is to search for other countries to divert some of the exports that India cannot export to the US.

"And for this, the government is making an effort to expedite FTAs with the European Union. And we already concluded, signed an agreement with the UK. So efforts are on to implement that quickly. Few more FTAs like with Peru and other countries are on the line," he stated.

GTRI hopes that, in a few months, India will largely mitigate the adverse impact of US tariffs.

Labour-intensive sectors, such as diamonds, gems, jewellery, textiles, garments, and shrimp, will be significantly impacted due to their high dependency on the US market and increased competition from countries with lower tariffs, he said. Founder of the GTRI said that other competitor countries may replace most of Indian exports.

India's nearest competitors in the US market for textiles and garments are China, Bangladesh, and Vietnam. All these countries face relatively lower tariffs than India.

"Most of the Indian products will be phased out from the US market until some tariffs are brought down," he noted.

However, there is a silver lining. The share of small and medium-sized exporters is distinct but relatively low in the US. Developed markets require stringent certifications before making a purchase.

"All the small or medium-sized factories can afford the price of those certifications, and they generally export to low-end markets. Very few medium or small-scale industries in the garment or textile sectors export to the US," Founder of the GTRI said.

Asked whether he sees any scope for negotiation now with the US, he responded in affirmation.

"Negotiations are not terminated. They have just been paused. So there is always a negotiation. Both countries are open. No country has said, neither India nor the US, that they are terminating the negotiations. So we hope that soon they may resume," he said.

Finally, the think tank suggested long-term solutions include improving product quality and reducing manufacturing costs to enhance export competitiveness.

DESPITE GEOPOLITICAL DISRUPTIONS, INDIAN CONTAINER CARGO TO GROW 8% IN FY26: CAREEDGE RATINGS

Indian container cargo is expected to post a resilient growth of 8 per cent in FY26 despite facing multiple geopolitical disruptions, according to a report by CareEdge Ratings. The report estimated that container volume in India will reach around 380 million metric tonne (MMT) in FY26. It stated, "Indian Container Cargo to Post Resilient Growth of 8 per cent in FY26 Amid Geopolitical Disruptions."

This growth will be supported by factors such as capacity expansion, rising transhipment activity and the slated completion of the entire Western Dedicated Freight Corridor, which is expected to improve cargo handling efficiency. In FY25, Indian ports handled 1,593 MMT of cargo, marking a growth of 3 per cent over FY24. The compounded annual growth rate (CAGR) for the period FY23-FY25 remained at around 5 per cent, reflecting steady performance amid global trade challenges.

However, the report also pointed out that global trade activity continues to face headwinds from geopolitical and trade disruptions, and Indian ports have not been fully immune. For instance, cargo volumes on Gujarat's coast fell by 6 per cent in May 2025 due to heightened tensions between India and Pakistan. Similarly, the United States imposed a 50 per cent tariff on Indian imports, impacting major export sectors such as home textiles, gems, shrimp, engineering components, and speciality chemicals.

While the US accounts for about 20 per cent of India's exports, its share in sea-based trade excluding electronic items is only around 5 per cent. This suggests that the direct impact on port volumes from US tariffs will remain moderate. India's container cargo had already shown strong momentum in FY25, growing by 11 per cent year-on-year and reaching 351 MMT, which was higher than CareEdge Ratings' estimates.

Over the last three years ending FY25, container cargo registered a healthy CAGR of 8 per cent. The strong growth was attributed to buoyant demand, inventory rebuilding amid geopolitical tensions and increasing cargo containerisation. Notably, the growth momentum continued despite disruptions across major global sea routes, including the Panama Canal and the Red Sea crisis. Looking ahead, the report expects overall port volume to grow by around 2 per cent in FY26. This projection factors in a 100 to 150 basis points (bps) impact on container volumes due to US tariffs and a likely decline in coal imports.

US TARIFF IMPACT: FM NIRMALA SITHARAMAN ASSURES FULL SUPPORT TO INDIAN EXPORTERS

Finance Minister on Thursday told a visiting trade delegation that the government will extend comprehensive support to exporters to sustain growth momentum, a day after an extra 50% US tariff on most Indian goods took effect.

At the same time, Finance Minister underscored "the importance of protecting workers' livelihoods, calling upon industry leaders to reassure employees of job continuity even amidst global headwinds," according to a statement by the Federation of Indian Export Organisations (FIEO).

The minister told the FIEO delegation that the government is committed to addressing the exporting community's concerns and exploring all possible steps to safeguard its interest, according to the statement by the apex exporters' body. The additional tariff is estimated to impact about 55% of India's goods exports to the US.

Protecting Trade Interests

Both the countries have kept the communications channel open to resolve the ongoing tariff discord. The US accounted for a fifth of India's merchandise exports last fiscal. The delegation that met Finance Minister was headed by FIEO president and comprised its other senior representatives, along with Pankaj Chadha, chairman of the engineering goods exporters' body EEPC India.

"The finance minister's commitment that the government will stand shoulder-to-shoulder with exporters demonstrates the priority being accorded to safeguarding India's trade interests and employment," FIEO president said. "FIEO reaffirmed its resolve to work closely with the government to overcome current challenges, diversify export markets and further strengthen India's position in global trade," it said in the statement.

INDIA, JAPAN EYE TRADE BOOST WITH NEARLY 100 MOUS AS MODI, ISHIBA MEET IN TOKYO

The India Japan Annual summit in Tokyo on Friday led by Prime Minister Narendra Modi and his Japanese counterpart will seek to expand bilateral trade and investment partnership amid prevailing challenges in India-US trade ties and Japan-US trade deal that has also run into turbulence.

On Friday an MoU could be signed at the summit on giving a big push to Japanese investments, ET has learnt. Modi will also engage with the Japanese entrepreneurs and investors during his visit. Indian businesses are likely to sign nearly 100 MoUs with their Japanese counterparts during the PM's visit. This is in the backdrop of the headwinds faced by New Delhi and Tokyo following unconventional decisions on trade matters by the US.

While India is facing 50% tariffs, creating challenges for certain sectors of exports, Japan's top trade negotiator cancelled a trip to the US on Thursday over issues related to the US-Japan trade deal. In a statement, Japan's Chief Cabinet Secretary said that his trip would have involved the discussion of US tariff measures.

"However, during the coordination with the US, because it became apparent that certain points required further technical discussion, the trip was cancelled, and it was decided that discussions will continue at the administrative level," Japan's Chief Cabinet Secretary told reporters in Tokyo.

Meanwhile, Japan's investments in India continue to accelerate. Over 170 MoUs signed in two years represent more than $13 billion in committed investments. This spread of investment across steel, automotive, renewables, semiconductors, real estate, and aerospace cements Japan's confidence in India's long-term economic potential, according to an official.

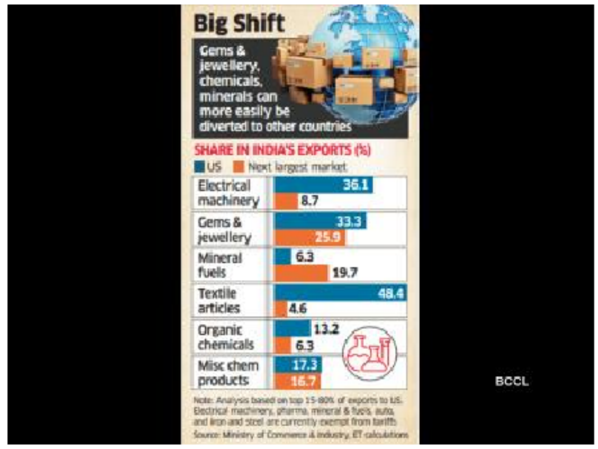
Japanese industry partnerships are pulling Indian SMEs into global supply chains. Tokyo Electron & Fujifilm with Tata Electronics is building a semiconductor ecosystem, with Indian SMEs becoming suppliers for high-value components; Toyota & Suzuki value chains will integrate hundreds of Tier-2/3 Indian SMEs, Fujitsu will be recruiting 9,000 Indian engineers in its Global Capability Centre, boosting IT-linked SMEs.

INDIAN EXPORTERS SHIFT FOCUS TO NEW MARKETS AMID US TARIFF HIKE

Indian exporters of rice, tractors, and certain gems and jewellery items have been diversifying beyond the US to other markets even prior to President Donald Trump imposing 50% tariffs effective August 27.

Exports to the US of certain gems and jewellery articles fell 20% to $642.9 million in the June quarter from the year before while surging 76% to $1.6 billion to the UAE. Rice exports to the US fell 4.8% in the same period while rising to Bangladesh, the UAE, Togo, and Kenya.

Similarly, India's exports of certain types of tractors to the US slipped 22% in the first three months of FY26 while those to Italy, Bangladesh, and Belgium rose.



"There are more than 10 products where export diversification has already begun happening away from the US to other geographies," said an official.

The US first imposed 25% tariffs on Indian goods from August 1, doubling to 50% effective August 27 due to India's purchases of Russian crude oil.

The commerce and industry ministry has prepared a phased export diversification plan in response to the high US tariffs, mapping critical HS codes, clusters, and alternative markets, officials said, adding that the strategy is two-pronged. "We plan to scale up exports to existing markets like the EU, UK, UAE, Japan, Canada, and Australia in the short run," a second official said. "The long-run strategy is to enter new and untapped markets in Latin America, Africa, Eastern Europe and East Asia." An ET analysis showed some products such as gems and jewellery, and organic chemicals have a less than 10% tariff gap between the US and the next largest export destination while being at 15% for some others.

These goods make up about a third of India's exports to the US and offer scope for diversification.

Although mineral fuels are a major export item to the US, the country accounts for 6.3% of India's exports in this sector compared with 19.7% for the Netherlands, the top market. The UAE is the second-largest market for

Indian plastics, iron and steel articles, and textile made-ups, among others while pharmaceutical and apparel exports can be diversified to the UK. Similarly, Singapore is the second-largest market for Indian steel boilers and machinery after the US.

“For machinery, gems and jewellery, organic chemicals and minerals, it could be easier for India to divert exports to other markets that already have a significant share in our total exports in these sectors,” said Sakshi Gupta, principal economist, HDFC Bank.

INDIA BOOSTS RICE EXPORTS TO LARGEST IMPORTER OF WORLD PHILIPPINES

India is pushing rice exports to the world's largest importer of the commodity -- the Philippines -- and to tap the opportunity, a large delegation of leading exporters will visit the Southeast Asian nation next month, an official said.

The Philippines is an important market for India in agricultural products exports.

In 2024, the Philippines imported agricultural goods worth about $20 billion, with key imports including semi-milled rice, wheat and meslin, oilcake, food preparations, and palm oil.

India exported agricultural products worth $413 million to the Philippines in 2024, accounting for about 2 per cent of the Philippines' total agricultural imports.

India's major exports to this market were bovine meat, groundnut, rice, and tobacco.

"Philippines' is the largest importer of rice in the world, with imports in 2024, valued at $2.52 billion. However, there is significant opportunity to expand India's rice exports in the Philippines as, despite India being the world's largest rice exporter — worth $11.83 billion in 2024-25 — India's rice exports were only $48.91 million to the Philippines in the same period," the official said.

This reflects a significant untapped opportunity for India in the Philippine rice market, the official added.

"To build on this potential, a delegation of leading exporters of rice, and other key potential exports to Philippines like vegetables (onion and potato), groundnut, and meat visiting the Philippines in early September," the commerce ministry official said.

Additionally, a delegation of the Philippines food importers will participate in World Food India from September 25-28, which is India's largest food trade fair, and International Rice Conference on October 30-31, 2025, which will be a first of its kind rice trade fair at this scale.

Further, the CIS (Commonwealth of Independent States) region continues to be a significant export destination for India's agricultural and processed food products.

During 2023-24, exports to the CIS stood at $480 million, which increased to $628 million in 2024-25, reflecting a strong upward trend.

Russia, being a major trading partner within the CIS, plays a pivotal role in this growth.

Agricultural and Processed Food Products Export Development Authority (APEDA) has been actively participating in key trade events such as World Food Moscow, which serve as vital platforms for promoting Indian agricultural and processed food products.

These events offer exporters substantial opportunities for networking, establishing new business partnerships, and strengthening existing trade relationships across the CIS region, the official added.

ENGINEERING EXPORTS TO TURKEY, UAE, SAUDI ARABIA, SINGAPORE FALL SHARPLY IN JULY

Engineering goods exports to some of the key countries, like Turkey, UAE, Saudi Arabia, and Singapore, recorded a decline in July 2025. The sharp year-on-year decline in exports to Turkey could be attributed to geopolitical tensions with India. In July this year, engineering goods exports to Turkey fell 31% to US$183.1 million as against US$265.8 million in July 2024, said a media release issued by EEPC India.

However, higher shipments to key markets such as the US, UK, Germany, Japan, Brazil, and China, enabled India's engineering exports to cross $10 billion for the first time in the current fiscal 2025-26 in July.

Indian engineering exports in July 2025 totaled US$10.43 billion, up from US$9.16 billion in July 2024, representing a 13.81% year-over-year growth.

Engineering goods exports to the US rose 19% year-on-year to US$1.81 billion in July this year, as against US$1.52 billion in July 2024.

During July 2025, engineering exports to Germany jumped 37.8% year-on-year to US$457.6 million. Shipments to the UK grew 46.5% year-on-year to US$402.5 million during this period. Engineering goods exports to Japan and Brazil increased 55.2% and 26.4% year-on-year in July this year to US$256.6 million and US$227.8 million, respectively.

At US$263.9 million, engineering goods exports to China rose 35.8% year-on-year in July this year.

In July 2025, as many as 29 out of 34 engineering panels witnessed positive year-on-year growth. Five engineering panels, including mainly aircraft & spacecraft, ship & boats, zinc and its products, witnessed a decline in exports during July 2025 vis-à-vis July 2024.

On a cumulative basis, engineering exports recorded 6.1% year-on-year growth as it went up to US$39.34 billion in the April–July period of 2025-26 from US$37.08 billion during the same period last fiscal.

The landscape of international trade in July 2025 was marked by tensions from escalating US tariffs, regional divergence, and heightened policy uncertainty. As per the WTO, global merchandise trade is projected to decline by 0.2% in 2025, with a possible deeper fall of up to 1.5% if trade tensions or new tariff measures intensify.

Commenting on engineering exports data, Pankaj Chadha, Chairman, EEPC India, said, "The world is witnessing realignment of supply chains, and growing inward-looking trade policy in major economies threatening established production networks. India also faces a huge tariff imposition from the US, which makes our future quite uncertain, given that the US is our major export partner. In this scenario, we need to diversify our markets and products to survive and increase our global market share. The support of the government, both in terms of foreign policy and access to credit, would be of great importance at this juncture."

Region-wise, North America maintained its spot as the number one engineering export destination with a share of 22% followed by the EU (18%) and WANA (14%) in April-July 2025.

The share of engineering in total merchandise exports rose sharply to 28% in July 2025 from 26.4% in July 2024.

Going forward, engineering exports could take a major hit due to the Trump administration's move to impose an additional 25% tariff on US-bound shipments from India effective August 27, 2025. The additional duty over and above 25% imposed earlier threatens to make many engineering items uncompetitive in the US market.

INDIA, JAPAN WORKING TOGETHER TO BOLSTER CRITICAL MINERALS SUPPLY CHAINS

India and Japan are working together to bolster critical minerals supply chains through partnerships in the Mineral Security Partnership, the Indo-Pacific Economic Framework, and Quad Critical Minerals Initiatives, according to a factsheet released by the Ministry of External Affairs (MEA) on Friday.

The Ministry of Mines of India and Japan's Ministry of Economy, Trade and Industry (METI) signed a Memorandum of Cooperation in the field of Mineral Resources in August 2025. Both countries also deepened collaboration through Toyota Tsusho's rare earth refining project in Andhra Pradesh, which aims to establish a stable supply chain for rare earth materials, the factsheet said.

India and Japan have welcomed the initiative for promoting battery supply chain cooperation, including the business matchmaking and roundtable organised in India by JETRO and the Government of Japan on battery and critical minerals supply chain, with participation of over 70 companies and government organisations, it added.

The India-Japan Special Strategic and Global Partnership, anchored in shared values and mutual respect, remains critical to advancing the security and prosperity of both countries. Cooperation in economic security is a key pillar of this partnership, stemming from a growing convergence in strategic outlook and economic imperatives, the document underlined.

As per the MEA, India and Japan launched the first round of the Dialogue on Economic Security, including Strategic Trade and Technology, at the Foreign Secretary/Vice Foreign Minister level in November 2024. The two sides shared policy perspectives on foreign policy and security challenges arising from economic interlinkages.

The MEA factsheet stressed that New Delhi and Tokyo, recognising their shared interest in safeguarding critical economic interests in the backdrop of evolving global challenges, are committed to deepening cooperation across government, industry, and academia. The partnership, it noted, is anchored in a common vision for a rules-based economic order in the Indo-Pacific and beyond.

Prime Minister Modi is on a two-day official visit to Japan, scheduled from August 29 to 30, where he attended the 15th India-Japan Annual Summit. Following his visit to Japan, the Prime Minister will head to China for the Shanghai Cooperation Organisation Summit in Tianjin.

BANKING/TAXATION

INDIA'S $695 BILLION RESERVES CAN COVER 11 MONTHS OF EXPORTS: RBI GOVERNOR

Reserve Bank of India (RBI) Governor on Monday said the country's foreign exchange reserves are strong enough to cover 11 months of merchandise exports, giving the economy a buffer against global shocks while speaking at the annual banking conference FIBAC 2025 in Mumbai.

“We have very robust foreign exchange reserves, $695 billion as per the latest figures that are available with us, sufficient to cover 11 months of merchandise exports," he said. It must be noted that the RBI typically benchmarks forex reserves against imports, not exports.

The governor further explained, "This has been all possible because of very strong and prudent fiscal and monetary policies followed by the government and the various regulators over the last few years. Structural reforms, massive upscaling of both physical and digital infrastructure, improved governance and enhanced productivity and competitiveness.”

RBI MPC to continue focus on inflation, growth

Reserve Bank of India (RBI) Governor stressed that the central bank's Monetary

Policy Committee (MPC) will continue to focus on keeping inflation under control while supporting growth.

“The MPC will continue to focus on price stability while keeping in view the objective of growth. Supply-side measures and monetary policy have helped contain CPI inflation. Stringent regulations may impede economic growth, and rules have been relaxed when the context demanded,” he said.

Reserve Bank of India (RBI) Governor described the global environment as uncertain, citing trade disruptions and geopolitical tensions.

“We are now at a critical juncture... As we navigate the choppy global economic environment characterised by heightened trade uncertainty and persisting geopolitical tensions, we need to push the frontiers of growth. We all must step up our efforts to address emerging challenges and, at the same time seize the opportunities that are coming our way.”

US tariffs add pressure

Reserve Bank of India (RBI) Governor’s comments come as US tariffs on Indian exports are set to take effect on Wednesday, August 27. The Trump administration has announced an additional 25 per cent duty, doubling the overall levy to 50 per cent, linking the move to India’s continued imports of Russian crude oil.

In FY24, India shipped goods worth $86.5 billion to the US, about 20 per cent of its total merchandise exports. The government has called the tariffs unfair and said it will act in the country’s best interest.

STATES FOR TOUGH STEPS TO PREVENT PROFITEERING FROM GST RATE CUTS

As the Goods and Services Tax Council is set to discuss the sweeping GST 2.0 reforms proposed by the central government, some states have made a case for strict provisions to ensure that the rate-cut benefits are passed on to the consumer and are not lost amid profiteering by businesses.

They have suggested measures including roping in the consumer affairs ministry for strict action against profiteering, a platform for consumer grievance redressal and even bringing in an anti-profiteering law for four- to six-months with a hefty penalty for violations, people aware of the discussions told ET.

A group of ministers mandated to look at rate rationalisation has already endorsed the Centre's proposal for a GST recast. The GST Council, scheduled to meet on September 3-4, will discuss measures to ensure that consumers get the rate-reduction benefits.

"A few states have expressed concerns that the whole exercise will lose purpose if the benefit is not passed on to the end consumers so a strict mechanism should be in place to monitor and enforce this," a person aware of the deliberations said.

The concerns were expressed in respect to sectors including insurance, consumer durables and small cars and two-wheelers.

The GST framework at the time of its rollout had an anti-profiteering framework. It has now been done away with. Some states have favoured bringing such a mechanism for four to six months, the person said.

Such suggestions are a part of the recommendations given by GoM, he said.

Some GST officials believe bringing in an anti-profiteering clause may require a change in law and that there are enough provisions under the existing law to manage the issue, such as Section 74 that deals with wilful tax evasion.

"The department may invoke Section 74 in cases where profiteering involves deliberate evasion of tax and this can be further elaborated without reintroducing a law which was phased out," an official said. However, the council will take the call, he added.

The official said industry has already demanded that a rate rationalisation exercise should take into consideration the cost of repricing existing inventory and services contracts. There are also concerns that in some cases, GST rate cuts may create duty inversion and the prices may not come down.

GST REFORM TO OFFSET GROWTH DRAG FROM 50 PC RECIPROCAL TARIFF: BMI

The proposed GST reforms, which would lower tax rates on common man items, will boost consumption and could cancel out the impact of 50 per cent US tariffs, BMI, a Fitch Solutions Company, said on Thursday.

Since its inception, Goods and Services Tax (GST) has grown to be the second-largest source of fiscal revenue after income tax, amounting to around 30 per cent of total revenue and 2.5 per cent of GDP in FY2024-25.

However, the fiscal impact of the reform will probably be mild, BMI said.

Goods and services are currently charged under a four-tier system with rates ranging from 5 per cent to 28 per cent.

GST reform, proposed by the Centre, says that most goods will be charged at either 5 per cent or 18 per cent. Durables such as washing machines, air conditioners and refrigerators will be among the goods charged lower rates under the new GST regime.

The GST Council, chaired by Union Finance Minister and comprising ministers from all states and UTs, will meet on August 3 and 4 to discuss the reform.

"The GST reform could cancel out the drag on growth from the tariffs. Given that the details have yet to be confirmed, we highlight the GST reform as a slight upside risk to our growth forecast for now," BMI said.

BMI has revised down its GDP growth forecasts to 5.8 per cent for FY2025-26 and 5.4 per cent for FY2026-27.

ECONOMY

US TARIFFS MAY SHAVE 30-80 BPS OFF INDIA'S GDP GROWTH THIS FISCAL

India's economic growth could take a hit of 30-80 basis points this fiscal year with the US government applying a 50% tariff on Indian goods from Wednesday, said economists. They however emphasised that strong domestic demand and relatively low exposure of Indian exports to the US on GDP will help cushion the blow.

"If 50% tariff rate persists, economic growth could slip to or below 6% this fiscal year," said Sakshi Gupta, principal economist at HDFC Bank. She however noted potential offsets from GST rationalisation, income tax cuts, and strong rural demand to the tariff move.

CareEdge Ratings projected that if the elevated tariffs persist, India's GDP growth could decline by 0.8-1% annually. HDFC

Bank is estimating a risk of 40-50 bps to its growth outlook of 6.3% for FY26, while Barclays is predicting a 30 bps downside risk to its 6.5% forecast.

The 50% duty takes effect from 12:01 am eastern daylight time today i.e. 9:31 am Indian standard time.

India is among a few nations facing the highest tariffs alongside Brazil.

The latest change implies a weighted effective tariff of 35.6% on India's exports to the US, up from 2.7% in April. In contrast, India charges a 9.4% tariff on US imports, according to Barclays.

"The elevated tariff could erode India's relative competitiveness, leading to market share losses and amplifying indirect growth impacts," said Rajani Sinha, chief economist at CareEdge Ratings. "We expect India's FY26 growth to moderate to 5.8-6%, warranting additional policy support from both the central bank and the government."

Exports to the US account for around 2% of India's GDP. In FY25, India exported $86.5 billion worth of goods to the US compared to $45.7 billion imports.

"Should growth slip below 6% under a prolonged high tariff, we anticipate a further 50 bps reduction in policy rates, coupled with targeted fiscal support for affected sectors," said Sinha.

Impact on rupee

Economists believe that the pressure on capital flows, market sentiment, and rupee cannot be ruled out.

"A 50% tariff could weigh on sentiments, foreign flows, export growth and eventually the current account deficit," said Gupta. "While the RBI is expected to intervene to stall sharp depreciation pressures, the rupee could eventually weaken to a range of 88-89 levels over the coming weeks," she said.

OPEN TO RETHINK ON RESTRICTIONS ON FDI FROM CHINA, SAYS OFFICIAL

India could ease some restrictions imposed on foreign direct investment from China, as a part of the thawing of relations with Beijing, said a senior government official. "If need be, we can take a relook at Press Note 3," the official said. "All options are open."

The government's premier think-tank Niti Aayog had last month suggested dropping the condition of mandatory prior approval for up to 24% FDI from China.

There has been a warming of ties between the two neighbours in recent months with bilateral visits of ministers and bureaucrats, New Delhi and Beijing agreeing to start direct flights, allowing tourists, and stepping up dialogues to resolve border disputes, further accelerated by US President Donald Trump's tariff regime. The US' 50% tariffs on India came into effect on August 27.

China last week agreed to facilitate supply of rare earth magnets and fertilisers to India following a visit by Chinese Foreign Minister. External Affairs Minister this month visited

Beijing for the first time in six years and met Chinese President Xi Jinping amid efforts from both sides to reset ties. PM Narendra Modi is set to visit China for the Shanghai Cooperation Organisation Summit, scheduled for August 31-September 1, his first in seven years. He will meet Chinese President Jinping on the sidelines of the summit.

Press Note 3

Press Note 3, makes prior government approval mandatory for foreign investments from countries that share land borders with India.

In April 2020, India made prior government approval mandatory for FDI from countries which share a land border with it, irrespective of sectoral caps by amending Press Note 3 to curb opportunistic takeovers of domestic companies. The move was directed at China and it followed border clashes between the two neighbours.

At the ET World Leaders Forum 2025 last week, Commerce and Industry Minister said the decision was important at that point of time and that it also related to India's strategic interest in certain sectors which the government wanted to remain in Indian hands.

"It does not ban FDI from anywhere...We only take a cautious approach, and there's a pre-approval (required) and we have given approval to many companies," he said.

Asked if Press Note 3 will continue, Commerce and Industry Minister said, "I can only speak about the situation today. As I said, when the times change, situations change. Decisions can be made to suit the times".

Niti had last month suggested dropping mandatory prior approval for up to 24% foreign direct investment from China

INDIA'S ECONOMY LIKELY SLOWED IN APRIL-JUNE AHEAD OF US TARIFF BLOW

India's economy likely slowed in the April-June quarter as weak urban demand and slow private investment weighed on growth, with U.S. tariff hikes expected to hurt key exports including textiles, footwear, chemicals and food items in the quarters ahead.

The United States on Wednesday doubled its tariffs on Indian goods to as high as 50%, citing New Delhi's buying of Russian oil - the most punishing rate among U.S. trading partners on a par with Brazil, in a move economists say could hurt growth and jobs.

Gross domestic product is expected to have grown 6.7% year-on-year in April-June, down from 7.4% in the previous three months, according to a Reuters poll of economists.

Even at this pace, India remains one of the fastest-growing major economies. The central bank expects full-year growth to remain close to 6.5% and sees "minimal impact" from higher tariffs, its governor has said.

The Ministry of Statistics will release GDP data for April-June, the first quarter of fiscal 2025/26, on Friday at 1030 GMT.

Economists say a good monsoon, strong government spending, easing food inflation and front-loaded U.S. shipments likely supported growth in the quarter despite weak urban demand and slow private investment.

Even as real GDP growth holds up, nominal GDP growth, which includes the impact of inflation, is expected to have softened to 8% after averaging almost 11% over the previous eight quarters, according to JPMorgan.

Retail inflation eased to 1.55% in July, an eight-year low.

Lower nominal growth, driven by multi-year low inflation, is likely to have weighed on government tax revenues and corporate profits.

Annual sales growth of 1,736 listed private manufacturing firms eased to 5.3% in the

June quarter, from 6.6% in the previous quarter, a report from the Reserve Bank of India, the central bank, showed earlier this week.

Some economists fear prolonged higher U.S. tariffs could dent India's growth further in the coming quarters as exports slow and limit the country's appeal as an alternative manufacturing hub to China.

"If it sticks for a year, GDP growth can slide by 0.7 percentage point, with much of the burden falling on labour-intensive sectors such as jewellery, textiles, and food items," chief economist at HSBC, said in a note on Thursday.

The government has pledged support for sectors hit by Washington's tariffs and planned tax cuts to boost domestic consumption.

In its monthly economic report on Wednesday, the finance ministry said planned goods and services tax cuts on essentials would ease household costs and lift demand, while S&P Global's recent ratings upgrade could lower borrowing costs, attract foreign capital and support growth.

INDIA TO BECOME WORLD'S THIRD LARGEST ECONOMY SOON, SAYS RBI GOVERNOR SANJAY MALHOTRA; HAILS PM JAN DHAN YOJANA

Reserve Bank of India (RBI) Governor Sanjay Malhotra on Saturday said India will become the world's third largest economy soon, and credited the Pradhan Mantri Jan Dhan Yojana for boosting the country's growth.

His remark came at a time when India's GDP grew 7.8 per cent in the April-June quarter of the current fiscal, the highest in five quarters before the imposition of heavy tariff on the country by the United States.

Addressing 'Santripti Shivir', a financial inclusion campaign by government banks, at Rangwasa village in Indore, Malhotra said the Union government and the RBI had launched the Jan Dhan Yojana in collaboration with banks 11 years ago, leading to development across the nation.

"Today, India is counted among the five most developed countries in the world and very soon the country will become the third largest economy," he said.

The RBI governor said 55 crore accounts have been opened under the scheme to ensure participation of people from all sections in the country's growth journey, providing them with savings, pension, insurance, credit and other services.

He underlined the need for Pradhan Mantri Jan Dhan Yojana account holders to update their details under the 'Know Your Customer (KYC)' process within the stipulated time to prevent possible misuse of accounts and to ascertain whether they have turned into 'mule accounts'.

A 'mule account' is a bank account that criminals use, sometimes without the knowledge of the account holder or occasionally with their connivance, for receiving, transferring or laundering illicit funds.

The RBI governor said people should improve their digital literacy and financial awareness so that they can protect themselves from banking frauds.

He urged the public to make greater use of digital banking and UPI.

Expressing satisfaction over the significant participation of women in the financial inclusion campaign, Malhotra said they are playing a major role in the country's development.

He pointed out that banking services at present are being provided through bank branches or 'business correspondents' (bank representatives who deliver banking services in remote areas) within a radius of 5 kilometres of almost all villages in the country.

The Central government and the RBI, in collaboration with banks, launched a nationwide financial inclusion campaign on July 1 which will continue till September 30. The campaign includes opening new Jan Dhan accounts, enrolling people under social security schemes and completing the KYC process of account holders.

Malhotra asked banks to accelerate this campaign with the help of government department employees and public representatives while asserting that "a long journey still lies ahead in achieving the goals of this mission".

INFRASTRUCTURE

INDIA NEEDS WORLD-CLASS INFRASTRUCTURE TO REALISE USD 5 TN ECONOMY GOAL: GADKARI

Speaking at the ET World Leaders Forum on Friday, Union Minister for Road Transport and Highways emphasised that the government is prioritising four critical sectors—water, power, transport, and communication—to achieve the USD 5 trillion economy goal.

Union Minister for Road Transport and Highways said the focus is on upgrading infrastructure to global standards in an environmentally sustainable and cost-effective manner.

“The strategy going forward is to develop multiple access-controlled green highways, ropeways and tunnels across the length and breadth of the country for better and faster connectivity between cities,” he said, adding that such projects would help reduce logistics costs and improve the competitiveness of Indian products.

Citing a study by IIM Bangalore, IIT Madras, and IIT Kanpur, Union Minister for Road Transport and Highways noted that India’s logistics cost has already declined to 10 percent of GDP from 16 percent, largely due to the construction of high-quality roads.

This compares with 8 percent in China and about 12 percent in the US and Europe.

He expressed confidence that logistics costs would fall further to single digits—around 9 percent—by the end of December, which he said would deliver significant benefits to the economy.

Union Minister for Road Transport and Highways outlined initiatives to expand clean and affordable public transport.

He announced that the first tender for flash-charging buses has been awarded to Tata Motors, with a pilot project in Nagpur.

“The cost of travel will be 30 percent lower compared with diesel, while facilities will be at par with air travel,” he said.

The ministry is also exploring proposals, including hyperloop, for a mass rapid transit system between Delhi’s Dhaula Kuan and Gurgaon to ease congestion.

Expressing concern over India’s Rs 22 lakh crore fossil fuel import bill, Union Minister for Road Transport and Highways said the government is promoting hydrogen, biofuels, alternative fuels, and flex engines to cut dependence on imports.

“With hydrogen and other biofuels, we aim to become an energy-exporting nation,” he said, acknowledging that challenges remain in building hydrogen infrastructure.

On the automobile industry, Union Minister for Road Transport and Highways projected that India, currently the world’s third-largest market with a size of Rs 22 lakh crore, could become the largest within five years.

“From electric engines to flex engines, research is under way on all green fuel options. The growth of the automobile sector will be a major driver of employment, government revenue and exports," he said.

The minister also highlighted steps to align infrastructure development with environmental goals. The ministry is using bamboo crash barriers, recycling over 80 lakh tonnes of municipal waste in road construction, and mandating pre-cast technology to promote eco-friendly construction.

"Development remains our top priority, but it must rest on the pillars of ethics, economy, ecology and environment," Union Minister for Road Transport and Highways concluded.

OTHER NEWS

FROM TEXTILES TO SEAFOOD, HOW TRUMP'S 50% TARIFF WILL BITE FROM AUG 27

The trade rift between India and the US will escalate on August 27, when US President Donald Trump's latest tariff hike takes effect. The Trump administration announced an additional 25 per cent duty on Indian exports, doubling the overall levy to 50 per cent.

Tariff hike: From August 27, Indian goods entering the US will face a total tariff of 50 per cent. This doubles the existing 25 per cent rate and covers a wide basket of products.

Why it matters
The US is India's largest export market, accounting for nearly a fifth of outbound shipments. A 50 per cent duty could make Indian goods less competitive compared with Vietnam, Bangladesh and Mexico.

Reason from US admin
The Trump administration argues that India's imports of discounted Russian oil undermine US sanctions aimed at pressuring President Vladimir Putin into a ceasefire deal with Ukraine. Tariffs are being used as leverage to press New Delhi to scale back its oil purchases, they said.

Indian sectors already hit by Trump tariffs
Textiles and apparel: Orders are being diverted to rival Asian exporters.

Gems and jewellery: In FY24, India exported gems and jewellery worth $9.2 billion. Shipments have now been halted, leading to a blow to employment in the industry.

Auto parts, pharmaceuticals, electronics: Margins under pressure due to higher costs.

Seafood: Shrimp exporters, who send more than half their output to the US, fear steep losses and order cancellations as the higher tariff comes into effect.

In FY24, India shipped goods worth $86.5 billion to the United States, making up about 20 per cent of the country's total merchandise exports.

What could be next?
Analysts warn that a prolonged tariff regime may extend pain to engineering goods, leather and consumer durables, all of which rely heavily on the US market.

Impact on exports
Think tank GTRI projects India's shipments to the US could decline by 40 to 50 per cent, eroding foreign exchange earnings.

Impact on India's economic growth
Economists say the new US tariffs could slow India's economy in the coming year. If the duties stay in place, growth in FY26 may be 0.2-0.4 percentage points lower than expected. Analysts also warn that further penalties, such as those linked to Russian oil or defence deals, could make the slowdown worse by reducing investment flows.

India's stance on Trump's tariff
The Ministry of External Affairs has described the move as "unfair and unreasonable". Beyond this, New Delhi has not announced

any formal counter-measures, though the government has said it will safeguard farmers and small exporters. Officials maintain that oil imports are commercial decisions and not political.

Prime Minister Narendra Modi also pledged to protect farmers and small exporters from the fallout and stressed the importance of self-reliance. Meanwhile, the government has halted its plans to purchase new US weapons and aircraft.

India's stance on Russian oil

The government maintains that energy imports are market-driven and reflect India's need to secure affordable supplies. Officials have not signalled any cut in Russian oil purchases.

INDIA'S COAL IMPORT RISES IN JUNE QUARTER

The country's coal import rose 1.5 per cent to 76.40 million tonnes in the April-June period of the current fiscal, compared to 75.26 MT in the year-ago period, even as the government pushes to ramp up domestic production of the fossil fuel.

The country's coal import in June also increased to 23.91 million tonnes (MT) over 22.97 MT in the corresponding month of the previous fiscal, according to mjunction Services Ltd, a B2B e-commerce platform and a joint venture between Tata Steel and SAIL.

During April-June, non-coking coal imports were at 49.08 MT, almost flat compared to 49.12 MT imported during the same period in the previous fiscal. Coking coal import was at 16.37 MT during April-June 2025, up against 15.45 MT recorded for April-June 2024.

Of the total imports in June, non-coking coal imports stood at 14.85 MT, against 14.19 MT imported in June last year. Coking coal import stood at 5.78 MT, against 5.45 MT imported in June 2024.

State-owned CIL's coal production dropped by 8.5 per cent to 57.8 million tonnes in June from 63.1 MT in the corresponding month of the previous fiscal.

The company, which accounts for over 80 per cent of domestic coal production, however, did not give a reason for the decline in coal production.

According to industry analysts, coal production usually faces hindrances during the monsoon season. As a result, the output from mines is lower, which consequently affects the dispatch to power plants.

Coal Minister had earlier said that the country will not face any shortage of coal in the upcoming monsoon season, as the government is well prepared to meet the demand across various sectors, including the power sector.

The coal ministry had earlier said that it remains committed to achieving sustainable growth, improving coal availability, and reducing dependence on imports.

With the positive momentum, the coal sector continues to play a pivotal role in powering India's growth story.

CENTRE READIES EXPORT SHIELD AS US TARIFFS HIT $48 BN TRADE

The Centre is working on a multi-pronged strategy to soften the impact of the 50% tariff that the US imposed on Indian goods from Wednesday, with $48.2 billion of its merchandise exports to that country set to face the punitive levy.

Of particular concern are labour-intensive sectors, as exports of textiles, shrimp, leather and gems and jewellery, among others, are expected to be the worst hit. Pharmaceuticals, electronics and petroleum products continue to be exempt from the tariff.

India exported goods worth $86 billion in FY25 to the US.

Exporters said textiles and apparel manufacturers in Tiruppur, Noida and Surat have halted production as they are losing ground to lower-cost rivals from Vietnam and Bangladesh.

In the seafood sector, especially shrimp, the tariff increases risk of stockpile losses, disrupted supply chains and farmer distress, as the US market absorbs nearly 40% of Indian seafood exports.

The tariffs are scheduled to come into force 9.30 Wednesday morning.

Shielding Exporters

"The duties…are effective with respect to products of India that are entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 am Eastern Daylight Time on August 27," the US Department of Homeland Security said in a draft order.

Meetings at the highest levels are ongoing to assess the situation, though officials ruled out any retaliation. "Deliberations in the government have been ongoing and meetings with the industry are also taking place," said an official.

"The Export Promotion Mission and other proposals such as SEZ amendments are being considered," said another official.

At the ET World Leaders Forum last week, commerce and industry minister Piyush Goyal said India's relationship with the US is "very consequential," but only national interest drives New Delhi in making a deal. He said India doesn't hyphenate trade and geopolitics.

"We are looking at a GST revamp. We'll see how we can support many of these labour-intensive sectors, like food proces-sing, textile, through the GST framework to give a boost to domestic demand," Goyal had said. "Our ministry and different line ministries are already looking at complementarity of our strength areas with other economies, so we can look at expanding trade with other countries. There are different ways in which we can ameliorate this current situation, until we are able to come to a settlement."

India and the US are negotiating a bilateral trade agreement (BTA). American negotiators have postponed their India visit that was scheduled for August 25.

The US imposed a reciprocal tariff of 25% on certain goods imported from India from August 7. In addition, an ad valorem duty of 25% kicks in from Wednesday as penalty for its Russia oil purchases from Russia.

To shield exporters from the impact, the commerce and industry ministry is working on a Rs 25,000-crore Export Promotion Mission comprising several elements — trade finance, non-trade finance dealing with regulation, standards and market access, better brand recall for Brand India, ecommerce hubs and warehousing, and trade facilitation.

SAUDI ARABIA AND INDIA WERE BIGGEST BUYERS OF RUSSIAN FUEL OIL IN JULY, DATA SHOWS

Saudi Arabia and India were the top destinations for Russian seaborne fuel oil and vacuum gasoil (VGO) exports in July, traders said and LSEG data shows.

Since the European Union's full embargo on Russian oil products took effect in February

2023, Middle Eastern and Asian countries have become the main destinations for Russia's fuel oil and VGO supplies.

Direct fuel oil and VGO shipments from Russian ports to Saudi Arabia totalled about 1.1 million metric tons in July, little changed from June, shipping data showed.

Most of the cargoes were destined for power plants because Middle Eastern countries typically burn crude and high-sulphur fuel oil (HSFO) for energy generation between June and August, when air conditioning demand spikes.

Russian dark oil products loadings to India rose last month by 65% from June to about 0.6 million tons, LSEG data shows.

India imports straight-run fuel oil and VGO from Russia as a cheaper alternative to Urals crude oil in its refinery feedstock pool.

Though Russia continues to be the biggest oil supplier to India, oil imports declined in July by a quarter month on month as some refiners slowed purchases owing to smaller discounts.

Singapore, Turkey and Senegal were also among the top destinations for Russian fuel oil and VGO export supplies last month, LSEG data showed.

All the shipping data above is based on the date of cargo departure.

SECTORAL IMPACT: INDUSTRY TO SIT DOWN WITH RBI FOR TARIFF ASSESSMENT

The Reserve Bank of India (RBI) is likely to hold discussions with industry stakeholders to assess the sectoral impact of the 50% tariffs levied by the US. This consultation is expected to take place in September, ahead of the next monetary policy committee review.

The proposed meeting is significant as punitive tariffs on India have come into effect, potentially affecting 55% of $48-billion US-bound shipments annually. Labour-intensive sectors, such as textiles and apparel, gems and jewellery and marine products are expected to be among the worst hit by levies.

“A consultation is being planned in the wake of an uncertain international economic environment due to tariffs and trade policies,” said an official aware of the details. Record high tariffs would now expose US-bound merchandise mainstays to a pricing disadvantage of 30–35%, making India uncompetitive in comparison with producers of such goods from China, Vietnam, Cambodia, the Philippines and other Southeast and South Asian countries.

RBI officials and industry executives are also expected to discuss the India-UK Comprehensive Economic and Trade Agreement (CETA), said the official cited above. The central bank’s monetary policy committee is scheduled to meet next between September 29 and October 1.

An email query sent to RBI remained unanswered until the publication of this report.

RBI Governor on Monday said the central bank is prepared to cushion the economy from the fallout of Washington’s move to impose 50% tariffs on India’s merchandise exports. He also underlined efforts to push trade in local currencies as part of the internationalisation of the rupee. “RBI has always been very proactive in whatever needs to be done for the betterment, advancement and growth of our country,” RBI Governor had said at an industry event in Mumbai. He added that although 45% of merchandise exports are outside the tariff regime, some sectors such as gems and jewellery, textiles, shrimp cultivation and MSMEs could be hit.

REDUCED PRODUCTION

"This stakeholder consultation is important as the impact of the US tariffs is becoming visible on clusters such as Surat, Kanpur and Tiruppur, with fewer shifts at work," said Secretary General, Federation of Indian Micro Small & Medium Enterprises. "MSMEs need credit support to sustain working capital and liquidity. Else, the situation may worsen by Diwali."

Exporters have sought a moratorium on interest payment on principal for a year, automatic bank limit enhancement by 30%, collateral free lending and interest equalisation for MSMEs to tide over the crisis. In textile, for instance, India exported $6-7 billion worth of apparel in FY25 to the US, and nearly 70% of the orders came in July-September. "However, this year, US market orders for spring and summer have almost reduced to a nought after America decided to slap 50% tariffs on Indian imports," said General Secretary, Garment Exporters &Manufacturers Association.

MSMEs have now set their sights on the India-UK CETA, which is yet to be ratified. But once in effect, it will offer a sizeable market to help offset the impact of punitive US tariffs.

DUTY WAIVER ON COTTON IMPORTS EXTENDED TILL DECEMBER

The government on Thursday extended the import duty exemption for cotton by three months till December 31, allowing the textile industry to avail the benefits and bring down input costs the whole festive season.

On August 19, the government had suspended the total import duty of 11% on raw cotton until September 30 to ease supply of the raw materials for the textile industry even as domestic cotton production fell to a 15-year low of 29.4 million bales in 2024-25.

Welcoming the extension of the benefit, the Confederation of Indian Textile Industry (CITI) said, "It will go a long way in helping India's textile and apparel exporters at a time when we are confronted with possibly one of the gravest crises we could have ever encountered."

The move comes a day after the US implemented a 50% tariff on Indian goods, in a major setback for the industry. The US accounts for almost 28% of India's textile and apparel exports. "Although, this is not good enough to climb the tariff wall, it will surely support all exporters for other markets and reduce losses for USA shipments," said chairman, textile committee, at the Indian Chamber of Commerce (ICC). This will bring down the cost of different items by 1-5% depending on the extent of cotton used in a product, as international cotton is available at 10% lower than Indian cotton, he added. India sources cotton mainly from the US, Australia, Brazil, and some African countries. The country has so far imported 3.9 million bales of cotton this year. Experts expect it to reach a record 4.2 million bales.

High prices amid a fall in production have been a disadvantage for the world's second-largest cotton growing country. India's cotton exports have been declining since 2021. "Yarn exports were quite robust before 2021," said honorary secretary of Indian Cotton Federation. Exports have fallen since due to higher cotton prices within India, she added.

According to industry data, India's cotton yarn exports had declined by 6% in 2024-25 over the previous year. The cotton farmers, however, are upset about the extension of import duty exemption. "Unrestricted import of cotton can suppress the cotton prices, increasing farmers' losses," said a cotton farmer from Maharashtra.

INDIA'S COMMERCE MINISTER PIYUSH GOYAL ADDRESSES US TARIFF IMPACT ON ECONOMY AND EXPORTS

The government is committed to ensuring industry does not face difficulties in managing the situation stemming from certain unilateral actions, commerce and industry minister Piyush Goyal said in his first public comment after the full 50% tariff that the US imposed on India became effective this week.

Efforts are ongoing to diversify exports and boost domestic demand, Goyal said Friday at an event in the national capital. He sought to allay concerns over the impact of the tariffs on the economy, saying that there is little cause for alarm as India's share in global exports is small at 2% and it is an import-dependent nation. The minister also said talks were continuing with the US for a bilateral trade agreement.

"I would urge all of you to highlight which of your sectors have been affected; which of your sectors need alternative markets," Goyal said at the curtain raiser event of the Bharat Buildcon exhibition, adding: "…because we, in the commerce ministry, through the missions, are reaching out to other parts of the world to look at other opportunities which we can capture."

Efforts to support industry also include boosting domestic consumption, the minister said.

"You will soon see the Goods & Services Tax Council meeting next week, as early as next week, so that the impact of these changes (proposed to GST rates) can be felt by all of you very quickly, and that can give a big demand booster to the entire domestic manufacturing sector," he said.

The GST Council at its next meeting on September 3-4 is expected to take up reforms to the indirect tax regime. The proposals seek to simplify the tax structure, which is expected to reduce costs for consumers, in turn boosting consumption and the economy.

The minister said various sectors have shared details on the impact on them (from tariffs) during his interactions, but no one has complained. "Koi accha FTA karna chaahe toh uske liye hum sadaiv tayyar hain. Par kisi bhi prakaar ka bhedbhaav…hum na toh kabhi jhukenge, na kamzor honge (We are always ready if someone wants to do a good FTA. However, we will neither bend nor become weak if someone discriminates)," he said, adding that India will capture new markets.

While exuding confidence that India's exports this year will exceed last year's, Goyal also indicated that India is not an export-dependent country. "India's exports share in the global market is very small, we don't need to be scared. India is an import-dependent economy," he said. Indian industry has managed a pandemic like Covid and nuclear sanctions, he said.

"After these, if India's GDP gets impacted by 2% and in that too, 40% items are not covered (by the tariffs). Otherwise, there are sectors such as gems & jewellery where value addition is not more than 3-5%," he said.

Goyal also offered to import those products from African countries which are hurt by third-country actions. At the CII India-Africa Business conclave, he said India can supply motor cars and milk products to Africa and in lieu of that, Africa can provide diamonds, gold, petroleum products, agricultural products, pulses and lentils.

"Maybe some of your businesses are hurt by third-country actions, and we can import those products from you into India," Goyal said. He also said India and Africa should look at doubling bilateral trade by 2030 from the current $82 billion and increase cooperation in areas such as critical minerals, agriculture, technology and manufacturing.

FTA, support measures

Goyal said a free trade agreement with Oman will be finalised soon and Qatar and Saudi

Arabia also want to do trade agreements with India. Talks with the European Union for an FTA are moving at a fast pace, the minister said. Commerce secretary Sunil Barthwal is going to the EU and their minister and officials would be visiting India after that, he said. “We want to do a second tranche of FTA with Australia. Talks with New Zealand, Chile and Peru are going on fast pace,” he said.

DGFT/CBIC/BANKING NOTIFICATIONS

DGFT

Trade Notice No. 10/2025-26 dated **28.08.2025** seeks to inform that as per Trade Notice No. 12/2021-22 dated 28.07.2021, an **online module** has been made available on the DGFT website for filing applications under **Deemed Exports**. It is reiterated that all such applications are to be submitted only through the online system, and no manual applications will be accepted at any **RA/SEZ**. Stakeholders are advised to strictly follow the prescribed online procedure and guidelines.

Trade Notice No. 11/2025-26 dated 27.08.2025 seeks to inform that certain SIONs relating to food items contain generic input descriptions and unclear quantities of alternative inputs, which may cause ambiguity or misuse of norms. Considering the sensitive nature of food items, Norms Committee-6 has decided to comprehensively review **SIONs E-1, E-4, E-5, E-7, E-38, E-46, E-75, E-76, E-77, E-100, E-101, E-102, E-127, E-132, E-133**, along with the related General Notes. Stakeholders including exporters, importers, and industry associations are invited to submit their comments and suggestions to NC-VI at **nc6.dgft@nic.in** by **05.09.2025**.

Public Notice No. 20/2025-26 dated 26.08.2025 seeks to inform that, in exercise of powers conferred under Paragraphs 1.03 and 2.04 of the Foreign Trade Policy, 2023 (as amended), the Director General of Foreign Trade has **suspended the Standard Input Output Norms (SIONs)** listed in Annexure A with immediate effect. Entities exporting products covered under these SIONs may apply for benefits under the Advance Authorisation Scheme as per the provisions of Para 4.03(b)(ii), 4.03(b)(iii), or 4.03(b)(iv), as applicable.

Notification No. 28/2025-26 dated 28.08.2025 seeks to inform that Para 2.03(A)(i)(g) of the Foreign Trade Policy, 2023 has been amended with immediate effect. The Export Obligation (EO) period for Advance Authorisation holders shall now be as per Para 4.40 of the Handbook of Procedures. Further, for imports of products subjected to mandatory Quality Control Orders (QCOs) by the Department of Chemicals & Petrochemicals (DCPC), the EO period under Advance Authorisation has been **extended from 6 months (180 days) to 18 months**.

CBIC

Notification No. 52/2025 dated **29.08.2025** seeks to inform that the Central Board of Indirect Taxes & Customs has **amended Notification No. 36/2001**-Customs (N.T.) dated 3rd August, 2001. Through this amendment, the existing Table-1, Table-2, and Table-3 of tariff values have been substituted with revised tables covering **edible oils, brass scrap, gold, silver, and areca nuts.** These changes shall come into effect from **30th August, 2025**.

Notification No. 36/2025-Customs dated 28.08.2025 seeks to inform that Notification No. 35/2025-Customs dated 18th August, 2025 has been **amended**. In paragraph 2 of the said notification, the date **“30th September, 2025”** has been substituted with **“31st December, 2025.”**

Notification No. 51/2025-Customs (N.T.) dated 25/08/2025 seeks to inform that, in exercise of powers under Section 75 of the Customs Act, 1962 and Section 37(2) of the Central Excise Act, 1944 read with Rules 3 and 4 of the Customs and Central Excise Duties Drawback Rules, 2017, the Central Government has amended Notification No. 77/2023-Customs (N.T.) dated 20th October, 2023. Accordingly, in the Schedule under Chapter 71, the drawback rate for tariff item **711301** has been revised from 335.50 to 466.76, for tariff item **711302** from 4468.10 to 5234.00, and for tariff item **711401** from 4468.10 to 5234.00.

RBI

Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments to 05 Entries:

Please refer to paragraph 51 of the RBI Master Direction on Know Your Customer dated February 25, 2016 as amended on August 14, 2025 (MD on KYC), in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals / entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)."

FORTHCOMING EVENTS

E-Commerce Outreach Session Export Haat	Sep 2, 2025	Moradabad
One-Day National Seminar on Business Development for MSME's	Sep 3, 2025	Coimbatore, Tamil Nadu
Webinar on Letter of Credit -as a financing tool - benefits and precautions	Sep 4, 2025	Online
Invitation to Export Haat in Panipat	Sep 4, 2025	Panipat
Comprehensive 5-Day Certificate Programme on International Trade	Sep 08-12, 2025	New Delhi
Interactive Session on EDPMS and IDPMS- Procedures and Issues Faced by Exporters/ Importers and View Facility provided by RBI.	Sep 11, 2025	Kolkata
Management Training Programme on International Trade for Entrepreneurs, Start-ups & MSMEs	Sep 15-24, 2025	Online
2 Days Certificate Course on "Setting Up and Managing an Adaptive International Business"	Sep 16-17, 2025	Pimpri-Chinchwad
3-Days Certificate Programme on International Trade for New Entrepreneurs and Working Executives (in Tamil Language)	Sep 16-18, 2025	Coimbatore, Tamil Nadu
Webinar with Reserve Bank of India on Trade Transactions in Indian Rupee, EDPMS & IDPMS	Sep 17, 2025	Online
Three Days Certificate Programme on International Trade for New Entrepreneurs and Working Executives	Oct 8-10, 2025	Chennai

Comprehensive 5-Day Certificate Programme on International Trade	Dec 8-12, 2025	New Delhi