

Impact of US Tariffs War Policy on Indian and Global Economy

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Abstract

We look tariff war against many countries. As we know nations growth and development depends on how they build strong diplomatic and trade relations with other countries. In this paper, we discuss tariff imposed by USA 47th president Donald trump on his second tenure start from January 2025. Donald trump make promise to American citizens on his election Campaign to make America great. On this way they deal with every country like businessman and imposed high tariff on other countries products beyond the global trade policies. No doubts USA is a global super power and they make his dominance on various parts of the world but they required to follow world policy. USA builds their trade Relationship with many countries like China, India, European Union, South American nations and African union. And they all are follow mutual trade agreements but imposing additional tariffs is an against of fair-trade practices. many institutions are put their views and thoughts on trump tariff war and they conclude that all this policy affects global trade supply chain every country depends on imports of goods and services from other countries and the other necessary things for nations growth and survival but if any affects this practices they suffers badly in near future. India and USA also imports and exports many goods and services and they both are good global partner but USA also imposed tariff on India imports and that are not good for both world trade Organization needs to interfere on this global trade and tariff war for best possible results otherwise WTO is lost his reliability. For global fair trade and peace every country need to respect other Nation's Sovereignty for beautiful and happy world. This study

discusses the global tariffs wars imposed by US president Donald Trump and it explores the origin, progression and implications of these trade conflicts. Particularly, the US China Trade war, and also some snapshots are provided with other countries like Mexico, Canada, and European Union. This article highlights India's position by evaluating the economic and geopolitical impact and provides a SWOT analysis in the Indian context.

Key Words: International Trade, Tariff, Trade war, World Trade Organization (WTO).

1. Introduction

Every country has own strength and weaknesses in Global Economy, who's shows its ability to do trade with others countries. If they strong in primary sector who exports agriculture products to other nations and many countries able to manufacturing goods and services to provides for their utilization in whole world. Trade between countries is depends on many factors whether they are tangible and intangible. In the modern world, there is hardly and country which is self dependent in sense that it produces all the goods and services it needs. Every country the goods that cannot be produced at own country. Similarly, a country exports to other countries the commodities which those countries prefer to buy from abroad rather than produced at home. The balance of payments is a systematic record of economic transactions of the residents of a country with the rest of the world during a given period of time. Therecord is so prepared as to provide meaning and measures to the various components of a country's external economic transactions. Current account deals with payments for currently produced goods and services, it includes also interest earned or paid on claims and also gifts and donations. The capital account deals with payments of debts and claims. The current account of the balance of payments affects the level of national income directly.

Tariffs - Tariffs are excess duties imposed on imported goods the objective of imposing tariffs may be either raising revenue for the government or providing protection to the domestic Industries. When countries retaliate imposing tariffs on each other. It leads to tariff war. There are basically two types of tariff are: revenue tariff and protective tariff. Revenue tariff is usually imposed on the imports of those products which are not produced domestically. Rates of revenue tariffs are generally small but yield good revenue for the government. For example: USA imposed tariffs on many goods which are not produced in that country. Their obvious purpose is to provide revenue to the government. Protective tariffs are imposed to produce protection to the domestic producers form foreign competition the rates of those tariffs are not high as to completely prohibit their imports into a country. Effects of a tariff are generally on Consumption, Protection, Trade and Revenue.

The USA Imposed 25% tariff on Indian exports on April 2025, citing the need for reciprocal trade measures affecting Indian sector like aluminum, steel electronics, jewelry etc. however, pharmaceutical imports from India was exempted, because of their importance to theus healthcare system. But, instead of

retaliating India dealt diplomatically by engaging in negotiations and reduced tariffs on certain US products to facilitate discussions. India's business environment has changed significantly over the years and has become an important driver of economic growth and global integration. With a diversified export basket and strategic import channels, India actively participates in global trade based on a strong policy framework and expands bilateral and multilateral trade partnerships. The country is improving manufacturing focusing on competitiveness, promoting services exports and improving logistics infrastructure, strengthening its position as a reliable trading partner. As India prepares to become a US\$5 trillion economic power, trade continues to play a key role in fostering investment, innovation and sustainable economic development. India is currently known as one of the most important players in the global economy. The country's trade policies, government reforms, and inherent economic strength make it one of the world's most popular destinations for foreign investment. India's manufacturing incentive programs have acted as a catalyst to improve the trade balance by boosting domestic production. The initiative covers areas such as electronics, pharmaceuticals and textiles and will stimulate business development. As a result, production growth not only meets domestic demand.

But at the same time, it is positioning India as a competitive exporter, reducing dependence on imports and promoting exports of value-added products. The PLI program has contributed significantly to reducing the trade deficit. This strategic shift is consistent with India's goal of self-reliance and highlights the important role of targeted incentive in strengthening the country's trade dynamics. Moreover, ongoing technological and infrastructure developments across the country bode well for the business and economic sector in the coming years. The Indian government is seeking to enter into important agreements with the European Union and various national governments to enhance the country's contribution to economic development and growth in the global market. Significant changes in foreign trade policy, including allowing payments and settlements in Indian rupees and opening of special Vostro Rupee accounts by Indian banks have facilitated international trade transactions, with over 35 countries showing interest in the facility. The long-term goal is to internationalize the rupee and reduce the depreciation of the national currency against the dollar.

The main features of Indian foreign trade policy 2023 are, Targets 2 Trillion exports by 2030, Consistent and responsive framework, Making rupee a global currency, Making India a trade hub, Digital and faster processing of applications, Amnesty scheme for shortfall in exports obligations, Restructuring of commerce department, reduction of threshold for recognition of star trade house by more than 50% etc.

2. Review of Related Literature

Abhishek Gupta 2025 - In this study author explain global tariff wars imposed by US president Donald Trump in his second tenure. This tariff war impacts all the trade between countries and global economic. India also facing tariffs fear and they work on make effective planning to counter this tariff war. History of tariff

war is very interesting because its own selfishness to show your country is great. In tariff war country also counter with Retaliated tariff and they creates hurdles for other nation's tariff war impacts on global stock market and declines investor confidence. Inflation on many products and gadgets shortage of raw material for electronics and automobile industries. This tariff war also impacts on global supply chain and foreign investment. India can't save from this tariff war but we have some strength and treats.

Ejuchegahi Anthony 2025 - In this article author discuss history of tariff war and they called as serious concern who affecting global trade. Tariff policies are important tools for protects domestic industry. But although they are hit back fire for global trade focus on long term affect of trade wars and maintain good relationship between countries and organization there are many tariffs that imposed by countries time to time and they are ad volorem tariff, specific tariff and compound tariff. all this tariff have own nature but perhaps they all are disruption of global supply chains also discuss this tariff war lasting and profound effects on global trade patterns as well economic integration.

PHD research bureau - In this report study past history of India's trade relationship with USA and other Countries. India and USA are witnessed a Continuous growth in trade between them both countries have own strength and weaknesses but they face this and maintain good understanding for future plans. But last some time USA imposed tariff on Indian imports not only Indian trade but also other countries like China, Canada, Mexico and Europe union.

3. Objectives of the Study

For this study we set some objectives to identify the outcome.

- To Study the US tariff policy and its Implementation.
- To Study the Impact of American tariff on Indian Economy.
- To Study the Impact of American tariff on Global Economy.
- To Study the Impact of American tariff policy on American Economy.

4. Research Methodology

This study uses a mixed methods research design, combining both qualitative and quantitative approaches to comprehensively analyze the US tariffs war. Most of data for analysis by using secondary data from official sources of government publications and semi government publications like: world trade organization reports, RBI bulletins, research journals and articles, news reports, National trade policy and strategies.

5. Data Analysis

5.1. American Tariff Policy and Its Implementation

Information released by the Trump administration cites a variety of issues, from drug trafficking to national security to illegal immigration, to justify imposing tariffs on other countries. The basic idea appears to

be to use the economic weight of the United States as the largest global market to achieve strategic goals that address the various challenges mentioned above, not just in economic terms. Another goal of these tariff announcements was to reduce the United States' trade deficit with its partner countries. President Trump views the trade deficit as a result of unfair trade practices by America's trading partners, sees it as a cost to the U.S. economy and often links it to job losses at home. Various announcements regarding tariffs on export imports have been made by the US as follows.

Table 1. Timeline of the Tariff war

5.2. Impacts of US Tariff Policy in Indian Economy

Date	Event
January 20, 2025	Trump is sworn into office and announces plans for 25% tariffs on Canada and Mexico from February 1.
January 26, 2025	Trump threatens 25% tariffs on Colombia, leading to a brief trade dispute.
February 1, 2025	Trump signs an executive order imposing tariffs on imports from Mexico (25%), Canada (25%), and China (10%) with effect from February 4
February 3, 2025	30-day pause on tariffs against Mexico and Canada.
February 4, 2025	China retaliates with tariffs on U.S. goods and an investigation into Google.
February 10, 2025	Trump announces plans to hike steel and aluminum tariffs
February 13, 2025	Announces plan for reciprocal tariffs.
March 4, 2025	Tariffs on imports from Canada and Mexico go into effect, with retaliatory measures from both countries.
March 5, 2025	A one-month exemption is granted to imports by U.S. automakers from Canada and Mexico.
March 6, 2025	The US postpones 25% tariffs on many imports from Mexico and some from Canada for a month.
March 12, 2025	Trump increases tariffs on all steel and aluminum imports to 25%
March 24, 2025	Trump announces tariffs (25%) on countries buying oil or gas from Venezuela.
March 27, 2025	Trump announces tariff on imported cars (25%) and car parts.
April 2, 2025	Trump issues Executive Order implementing 'reciprocal tariffs' with a 10% baseline rate and higher country-specific rates.
April 4, 2025	China announces an 84% tariff on imports from US.
April 7, 2025	Trump announces additional 50% tariffs on imports from China in retaliation, taking the total to 104%.
April 9, 2025	Trump's 'reciprocal tariffs' take effect. China imposes additional tariff of 50% on the US. Later, Trump announces a pause of 90 days on 'reciprocal tariffs', but keeps a 10% tariff on all. Increases tariff on imports from China to 125%.
April 11, 2025	China imposes 125% tariffs on US with effect from 12 April.
April 22, 2025	Geneva talks between US and China begin.
May 5, 2025	US signs bilateral deal with UK.
May 12, 2025	US and China agree on a 90-day tariff truce; US reduces tariffs on Chinese imports from 145% to 30%, while China cuts tariffs from 125% to 10% on US imports.
May 16, 2025	Trump signals that US will soon issue a list of unilateral tariff rates on a country basis, while the 10% baseline tariff prevails.

U.S. tariff policies, particularly those imposed on China and other major trading partners, have a complex but significant impact on India's economy. On the positive side, US tariffs on Chinese goods are creating opportunities for India to expand exports to the US market. Sectors such as textiles, pharmaceuticals, engineered products and some electronics have benefited as U.S. companies look for suppliers outside China. Such diversification will help Indian exporters improve market access and reduce dependence on traditional markets. However, the indirect effects of the US tariff war are more complex. The increased costs and uncertainty created by tariffs disrupt global supply chains, and India, which is embedded in these supply networks, faces higher production costs and fluctuations in demand. This has affected sectors such as auto parts, electronics manufacturing and engineering, where India is dependent on imports and where global

changes could lead to higher prices. India's services exports, including information technology and business process outsourcing, are less affected by tariffs. Agriculture has experienced both gains and losses based on commodity trends influenced by global tariffs and US policy.

Table 2. List of identified high potential products for India in the US Market

S no	Product	Product code	Share %	Brca
1	Other vegetable textile fibers paper yarn and woven fabrics of paper yarn	53	0.02	13.9
2	Carpets and other textile floor coverings	57	0.25	13.7
3	Lac; gums, resins and other vegetable saps and extracts	13	0.09	9.6
4	Silk	50	0.00	9.1
5	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	63	0.61	6.8
6	Cotton	52	0.02	5.3
7	Cereals	10	0.08	4.9
8	Man-made staple fibers	55	0.04	4.5
9	Fish and crustaceans, mollusks, and other aquatic invertebrates	03	0.41	3.9
10	Articles of stone, plaster, cement, asbestos, mica or similar materials	68	0.20	3.8
11	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal...	12	0.05	3.8
12	Knitted or crocheted fabrics	60	0.02	3.6
13	Man-made filaments; strip and the like of man-made textile materials	54	0.03	3.6
14	Preparations of meat, offish, of crustaceans, mollusks or other aquatic invertebrates	16	0.12	3.6
15	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable...	59	0.05	3.2
16	Special woven fabrics, tufted textile fabrics, lace, tapestries; trimmings embroidery	58	0.01	3.1
17	Articles of apparel and clothing accessories, not knitted or crocheted	62	0.53	3.0
18	Ships, boats, and floating structures	89	0.05	2.8
19	Wadding, felt and non-woven's; special yarns; twine, cordage, ropes and cables and articles there of	56	0.04	2.6
20	Tanningordyeingextracts; tanninsandtheirderivatives;dyes,pigmentsand other colouring	32	0.07	2.5
21	Articles of iron or steel	73	0.61	2.3
22	Articles of apparel and clothing accessories, knitted or crocheted	61	0.53	2.3
23	Articles of leather; saddler and harness; travel goods, hand bags and similar contain articles...	42	0.15	2.2
24	Miscellaneous chemical products	38	0.26	2.2

Source- Trump tariff war 2.0: implications and opportunities, Indian public policy review 2025

In above Table, shows Indian potential items who exported to US. Indian market has many potential to increasing its exports to other. Countries in different sector like agricultural related products, manufacturing of durable goods and essential services. Many items like steel aluminum structural materials and many more

are export to US market and they all are helps to reduce balance of trade and trade deficit. India has many potential in different sector like pharma, information technology, defense manufacturing, agro products and steel and aluminum and they all reducing of Indian dependency on other countries. Indian's total exports (merchandise and services combined) rise to Rs. 18, 12,031 Crore in April - June 2025, a growth of rose 5.94%, sparkly flexibility in spite of global trade disruptions. Services exports in June 2025 were estimated at Rs. 2, 82,949 Crore, up from Rs. 2, 47,021 Crore in June 2024, rise that contributed to a reduced overall trade deficit. Exports to the US increased by 23.53% in June 2025 to Rs. 71,513 Crore, with commodities exports to the US reaching Rs. 2,19,794 Crore in the April - June 2025 quarter, up 22.18% from the previous year, making the US India's top trading partner.

Such tariff war has a significant impact on India in geopolitical and economic terms as discussed below:

Positive Impact - Realignment of global supply chain the USA reduced imports from china due to such tariff wars, India emerged as a potential substitute for low-cost manufacturing especially in textiles, electronics and chemical sectors. FDI inflows in several multinational companies seeking alternate to china manufacturing shifted investment to India which leads to boasting making in India. Export opportunities to other market Like EU and Southeast Asia countries opened up new exports routes towards India to fill the gap caused by Disruption due to tariff war imposed by us on China and Europe.

Strength is generally show internal ability and skills whose make you different from others. In global economy every country need to identify your strength and focus how they can be utilized. India has also some strength in different Area's like Competitive IT sector, Pharma Industry, textiles and service sector. Strategic trade location and young workforce growing manufacturing base due to schemes like make in India, Atmanirbharbharatetc.

India has many opportunities area's like potential substitute to china for low-costmanufacturing, skill development and exports diversification, bilateral foreign trade agreements with much international organization etc.

Negative Impacts - As the USA imposed 25% tariff on Indian exports on goods like gems and Jeweler y, textiles, automotive parts etc. it reduced competitiveness of Indian goods in USA markets and also lead to short term revenue loss for export - oriented sectors. Input cost pressures due to global tariffs on raw materials, spare parts especially in electronics and rare earthgoods, the cost of production increased for the Indian industries dependent on imports which affected profitability Inflation on consumers goods as china restricted exports of critical raw materials, prices of electronics,machinery and consumer durables raise in India.

Threats are generally harmful for whole country and global economy whether they are trade war, trade deficit, recession, market crack down and internal and external Uncertainty. And many more like Inflation due to high cost of raw material increasing production cost due to global trade war, shipping and ocean routes affected due to geopolitical tensions.

5.3. Impacts of US Tariff Policy on Global Economy

Stock markets such as the NASDAQ, the Shanghai Composite, the Indian stock market and major European indexes plunged, reducing investor confidence around the world. Many countries that trade with countries involved in such trade disputes have seen significant increases in the prices of gadgets, appliances, auto parts, and consumer goods. Global semiconductor manufacturers, including companies like TSMC and Samsung and auto giants like Toyota and Ford, are facing raw material shortages and rising prices. Southeast Asian countries such as India and Vietnam are emerging as alternative supply countries to restructure global supply chains. China has shifted its trade relations with the United States to other institutions, such as the BRICS countries, and signed new bilateral agreements with Russia and the African Union, leading to the formation of a trade bloc. Currency tensions escalated after China encouraged Yuan payments in international trade with the United States. The role of the WTO is weakened and limited as the United States and China take unilateral and bilateral steps toward multilateralism.

Table 3. Reciprocal Tariff Rates and Affected imports

S No	Country	Current Tariff Rates	Total Imports Affected (Billions, 2024-25)
1	Algeria	30%	\$0.36
2	Bolivia	15%	\$0.17
3	Botswana	15%	\$0.50
4	Brazil	50%	\$6.61
5	Canada	35%	\$256.10
6	China	20%	\$266.53
7	EU	15%	\$247.90
8	Iceland	15%	\$0.77
9	India	50%	\$54.11
10	Indonesia	19%	\$23.61
12	Israel	15%	\$14.14
13	Japan	15%	\$73.37
14	Kazakhstan	25%	\$0.20
15	Laos	40%	\$0.73
16	Libya	30%	\$0.06
17	Malaysia	19%	\$25.42
18	Mauritius	15%	\$0.24
19	Mexico	25%	\$255.20
20	Myanmar	40%	\$0.65
21	New Zealand	15%	\$5.04
22	Nigeria	15%	\$0.45
23	Norway	15%	\$3.69
24	Pakistan	19%	\$4.99
25	Phillipines	19%	\$7.90
26	South Africa	30%	\$3.70
27	South Korea	15%	\$47.07
28	Sri Lanka	20%	\$3.05

29	Switzerland	39%	\$25.40
30	Syria	41%	\$0.01
31	Taiwan	20%	\$31.99
32	Venezuela	15%	\$0.75
33	Vietnam	20%	\$89.54
34	ROW	10%	152.72

Source: “Imports for consumption”US International trade commission, Federal Register Oct-24

In above table shows rate of tariffs on many countries in 2024 and also represents total import affected in billions after new tariffs. As we seen import affected between US and china is approx. 266.53 billion. And with EU is 247.90 billion. Rate of tariff between US and other countries are different and depend upon many circumstances. Tariffs are taxes that a government places on imported goods when the USA imposes tariffs on imported goods like steel, aluminum, consumer goods, or Chinese products creates a short term and long term effects on the economy of America. Protection of domestic industries no doubt tariffs are imposed by Donald trump protects domestic industries but think about those industry who are dependent on raw material from other country, it leads to increases production cost. Tariffs are very helpful to increasing government revenue but it depends on many other factors like industry nature, dependency and many more. Due to tariffs war, many countries try to negotiate with USA and want to set mutual understanding on trade. Imposition of tariff also increasing consumer goods price and leads to high inflation and citizens of America suffer most. Due to this tariff war, many countries also imposed retaliatory tariff it could be effects overall global economy and this may result global uncertainty and recession and many people lost their jobs.

5.4 Impacts of US Tariff Policy on American Economy

U.S. tariff policy, which imposes taxes on imported goods, has a major impact on the U.S. economy by determining prices, production costs, trade structures, and international relations. One of the most direct effects of tariffs is an increase in consumer prices. When import costs rise, businesses often pass those costs on to consumers, raising the prices of goods ranging from household goods to essential manufacturing raw materials. This contributes to inflation and reduces the purchasing power of households. Industries that compete directly with imports, such as steel, aluminum, and certain manufacturing industries, may benefit from temporary protection. These industries have the potential to achieve higher profits. Internationally, tariffs could strain trade relations and provoke retaliation. Countries targeted by U.S. tariffs often retaliate by imposing their own tariffs on U.S. exports, hurting sectors such as agriculture and technology. Although tariffs are intended to reduce trade deficits, they often have limited long-term impact on the overall trade balance.

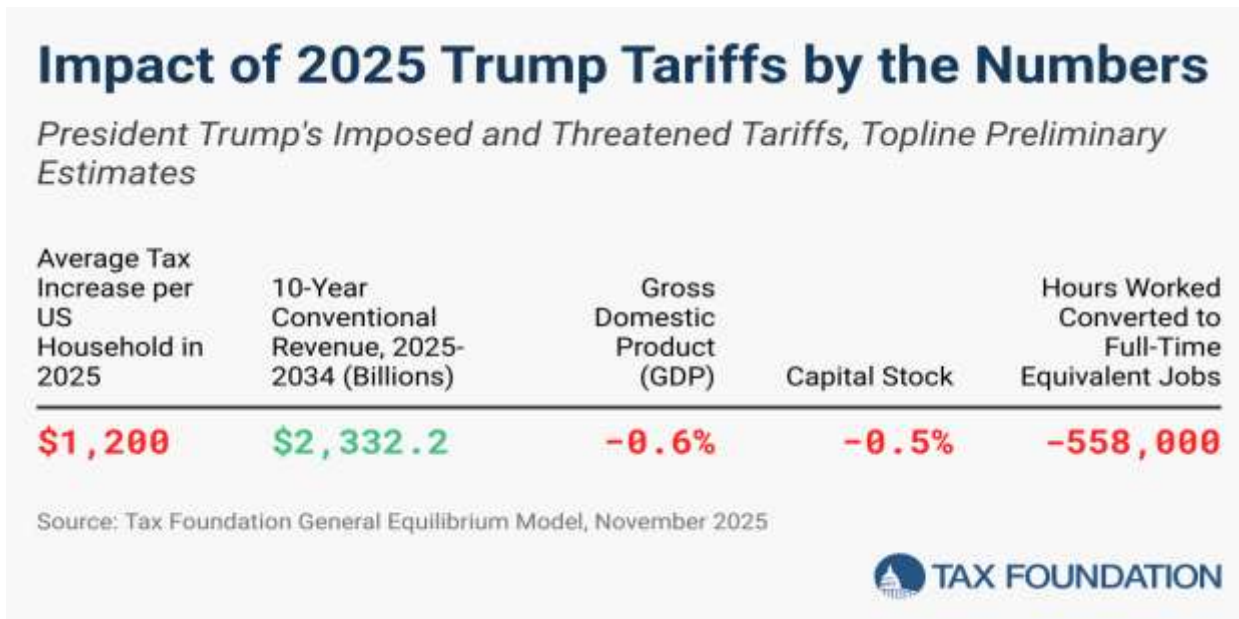
Table 4. Merchandise imports, exports and trade deficit of partner countries with whom US had the largest merchandise trade deficit in 2024 (In US\$ billions)

S No	Country	US Imports	US Exports	Trade Deficit
1	China	438.95	143.55	295.40

2	European Union	605.76	370.19	235.57
3	Mexico	505.85	334.04	171.81
4	Vietnam	136.56	13.10	123.46
5	Taiwan	116.26	42.34	73.93
6	Japan	148.21	79.74	68.47
7	South Korea	131.55	65.54	66.01
8	Canada	412.70	349.36	63.34
9	India	87.42	41.75	45.66
10	Thailand	63.33	17.72	45.61
11	World	3267.46	2065.13	1202.33

Source: United States Census Bureau

In above Table, it shows US total exports and imports with different countries like china, European Union, India and many others countries. US also facing heavy trade deficit to other countries. As we seen, the total trade deficit between US – China is \$266.53 billion. And US and India is \$54.11 billion. And it all is due to heavy tariffs. US and other countries need to set mutual trade agreements and do work on welfare of domestic market and international trade. Every country recorded all financial transactions and focusing to maintain balance of trade.



Economic Effects- On May 28, a group of judges from the US International Court of Trade ruled unanimously that the IEEPA tariffs were unlawful, a decision that was confirmed by the US Court of Appeals. Our projections below distinguish the impact of the IEEPA tariffs from that of the Section 232 tariffs, which remain unaffected by the judgments. Refer to the Appendix for a comprehensive explanation of the modeled provisions. We estimate that, before considering any foreign retaliation, the Section 232 tariffs will lead to a 0.2 percent decrease in long-term US GDP. IEEPA tariffs, including planned "reciprocal" tariffs, if upheld by the courts and remain in effect, would reduce long-term GDP by an additional 0.4%. As of September 1, the threat of tariffs and retaliatory measures had a \$223 billion impact on U.S. exports, based on the value of U.S.

imports in 2024. If fully implemented, we estimate that long-term U.S. GDP would decrease by 0.2%. Collectively, U.S. tariffs, tariff threats, and retaliatory measures reduce U.S. long-run GDP by 0.8%. Totals may not add up due to rounding.

Revenue Effects- If the tariffs were made permanent, they would increase tax revenue for the federal government. We jointly model the implemented tariffs, taking into account the interactions between different tariffs and the timing of their implementation. Additionally, the Company recognizes revenue and credits because tariffs mechanically reduce this tax base. Therefore, the total net tax revenue collected is lower than the customs revenue reported by the Treasury Department. Over time, revenues will decline further, reflecting the negative impact of tariffs on U.S. economic growth, reducing revenue and, by extension, tax revenue. Retaliation would further reduce U.S. production and revenues, which would be further reduced once foreign retaliation is taken into account. In total, we estimate that tariffs will increase by \$2.4 trillion on a recurring basis and \$1.8 trillion on a dynamic basis between 2025 and 2034. On a traditional basis, before considering negative economic effects, we estimate that Section 232 tariffs will increase U.S. federal tax revenue by \$585 billion over the next 10 years. IEEPA tariffs are expected to generate \$1.8 trillion in additional revenue over the next 10 years. Because IEEPA tax rates do not apply for the entire calendar year, the rate of increase in tax rates in 2025 will be lower than in subsequent years. On a dynamic basis, which takes into account the negative impact of U.S. tariffs on the U.S. economy, we estimate that Section 232 tariffs will generate \$414 billion over the next 10 years, approximately \$171 billion less than previous estimates. IEEPA tariffs will result in an additional \$1.4 trillion in payroll taxes collected over the next decade, about \$411 billion less than the generally accepted estimate. Taking into account the negative impact of tariff retaliation on September 1, 2025, there will be an additional \$146 billion in revenue reduction over 10 years. 2025 Trade War Schedule and current US tariff Policy President Trump signed an executive order on January 20, 2025 directing certain Cabinet members to prepare and submit a report on trade practices and tariff recommendations by April 1, 2025. Since then, several new tariffs and tariff investigations have been threatened, initiated, and imposed, and at least five lawsuits have been filed challenging the legality of the tariff orders. No rulings have yet been issued upholding President Trump's unlimited emergency tariff powers, but the Trump administration has moved quickly to appeal these decisions.

6. Conclusion and Findings

Tariff plays an important role in determining a country's trade policies and economic relationship while they can protect domestic industries, generate government revenue and reduce dependence on foreign goods; tariffs also are likely to raise consumer prices, limit market choices and aggravate retaliatory measures from trading partners. In the long run, high tariff barriers can delay global trade efficiency and economic growth, therefore policy makers must strike a balance - using tariffs strategically to safeguard national interests without

undermining competitiveness or international assistance but we need to respect international trade policies between the nations as we find tariffs imposed by USA president Donald trump according to international emergency economic power act (IEEPA) to his trading partner like china , Mexico, Canada , EU etc. due to this tariffs average revenue of tax increased per USA households. And also increase tariffs rate on all imports to approx. 18.2% and these tariffs raise and 2.4 trillion revenues in upcoming decade. But when Donald trump decided imposed tariffs on trading partners the supreme court of USA also interfere in this matter and decide soon president's emergency powers under IEEPA. Economists generally agree that free trade increases levels of economic output and income, and vice versa. Trade barriers reduce economic output and income. Historical data shows that tariffs increase prices and reduce the availability of goods and services to U.S. Businesses and consumers, leading to lower incomes, fewer jobs, and less economic output. Tariffs could reduce U.S. production in a variety of ways. One possibility is that tariffs could be passed on to producers and consumers in the form of higher prices. Tariffs can increase the cost of components and materials, which increases the prices of products that use these inputs and reduces private sector production. This leads to lower incomes for both capital owners and workers. Similarly, an increase in consumer prices due to tariffs reduces the after-tax value of labor and capital income. Higher prices reduce the returns to labor and capital, forcing Americans to work and invest less, leading to lower output. Alternatively, the U.S. dollar could rise in response to the tariffs, offsetting potential price increases for U.S. consumers. However, a higher value of the dollar makes it more difficult for exporters to sell their products on the world market, leading to lower profits. It would also reduce U.S. production and income for workers and capital owners, reducing incentives for work and investment and leading to a contraction of the economy. Many economists have assessed the impact of trade war tariffs on the US economy and results show that since the trade war began in 2018, tariffs have led to higher prices and lower economic output and employment.

7. **Recommendation for Indian Economy**

India is a great country in terms of economic figures, workforce, primary sector advantage so that's why India needs to take hardcore steps to counter tariffs war conflicts like Multilateral and bilateral dialogues encourage national schemes for manufacturing and research and development. Focus on international trade wars and make some effective plans to handle it, try to initiate reforms in WTO. And trade diversification and trade policy reforms. Build strong regional trade agreements. weakness are those Area's where it need to more attention from others and required to work on those weaknesses how they can be improved. India has many weaknesses in different sectors like dependence in imports for electronics and industrial heavy equipment's logistics and infrastructure challenges and trade deficit.

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