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Abstract
This article examines the impact of U.S. tariffs on the Indian economy and how India has been strategically responding to the situation. This study adopted an integrated methods approach, first conducting a quantitative analysis of trade data (2015-2022) and then a qualitative assessment of policy responses. The results indicate, among other things, that the U.S. protectionist measures have been the main culprits in the damage to India's export sectors, as evidenced by a paired t-test showing that the average value of Indian export products declined by $106.7 million per affected product category ($p < 0.05$). Thus, India has turned such challenges into opportunities as it has strategically broadened its trade relations with partners like the Netherlands (22.8% CAGR) and Brazil (22.1% CAGR) and is making the most of the "China+1" supply chain shift. Indeed, export concentration, as measured by the HHI, dropped by 14.8%. Thus, through active multilateral engagement and domestic reforms, India is not only overcoming trade war challenges but is also becoming more economically resilient and competitive in the global trading.
Keywords: US Tariffs, India, Trade Diversification, Protectionism, Multilateral Diplomacy, Economic Resilience.

Introduction

Theoretical framework

International trade, largely influenced by the principle of comparative advantage (Ricardo, 1817), is one of the main features of a globalised world. Nonetheless, the system has been interrupted by protective measures such as tariffs, as the 2018 U.S.-China trade war demonstrates, which caused substantial economic spillovers worldwide. Although protectionism may provide some short-term benefits to the domestic economy, it eventually lowers global efficiency and hurts consumers. Recent U.S. tariffs have disrupted global markets, creating uncertainty that has particularly affected emerging economies, such as India. Comprehensive studies of the global impacts of trade wars on the U.S. and the world, such as JP Morgan (2025) and York & Durante (2025), are well-known. Nevertheless, a significant research gap remains in the empirical investigation of the intricate, sector-specific effects of a large developing country like India and the effectiveness of its strategic countermeasures. This study fills that gap by examining how U.S. tariffs affect the Indian export sectors that are most vibrant and by measuring the success of India's response through trade diversification and multilateral diplomacy. This study, through the combination of quantitative and qualitative analysis, offers an in-depth evaluation of the extent to which India is overcoming the challenges posed by recent protectionist trends in the global trade.

Background of Trade Wars

India's trade war situation is a mixture of risks and opportunities. Being a developing economy relying on sectors such as IT, handicrafts, seafood, and metals, India has taken the blow of U.S. tariffs most directly on steel and aluminium, which have made it less competitive. Nevertheless, the country confronted these problems by expanding the base of its trade partners, deepening its multilateral engagement, and venturing into new global trade areas.

Importance of Trade in the Globalized Economy

Based on the principles of open trade, all of the above activities are the core operations of the world economic system, without which the entire system would be dysfunctional. Such trade allows countries to concentrate on what they do best and still have access to larger markets. This is the main driver of innovation, employment, and consumer freedom in terms of better selection and lower prices resulting from competition. For developing countries, such as India, trade is the key to the realisation of the industrialisation process, alleviation of poverty, and becoming part of the global value chains.

Why India is Affected?

India's economy is interconnected with the world market through various means, such as imports, exports, and multilateral agreements. The main sectors of the country, including IT, textiles, agriculture, steel, and pharmaceuticals, are highly dependent on international markets. The country is a WTO member and, as such, insists on fair trade, although it still has protective measures for its local industries. However, due to the increasing number of conflicts in global trade, it has to juggle its obligations towards the multilateral community and the interests of the nation, thereby being susceptible to protectionist tendencies.

Research Problem and Objectives

This study addresses this gap by examining how U.S. tariffs affect key Indian export sectors and measuring the success of India's response through diversification and diplomacy. The core problem is the impact of U.S. tariffs on measurable economic variables such as India's export earnings, sectoral output, and FDI inflows, and how these pressures are redefining India's trade opportunities and strategic posture.

Objectives

- To discuss the implications of US tariffs in the realm of global trade wars.
- To study the effects of these tariffs on the trade performance of India and major export industries.
- To evaluate India's role and position in multilateral trade negotiations and institutions.
- To analyse the challenges and opportunities for India's economic prospects in the face of increasing protectionism.
- To provide policy recommendations to India to make its trade strategy and diplomatic efforts more robust.

Research Questions

How are Indian export sectors such as steel, IT, textiles, jewellery, seafood, and leather goods impacted by US tariffs and trade wars?

What are the economic opportunities and challenges that India faces due to changes in global trade dynamics?

Hypotheses

US trade wars and tariffs negatively affect India's export earnings and economic development. (Alternative Hypothesis).

Trade wars open opportunities for India to diversify its international trade alliances and invite investment. (Alternative Hypothesis)

Literature Review

JP Morgan (2025) – US Tariffs: What's the Impact on Global Trade and the Economy?

It analysed how US tariffs have disturbed global supply chains, increased production costs, and reduced investment inflows, while emerging economies have been disadvantaged as a result of the trade war. This document significantly focuses on the worldwide repercussions of trade wars at the macro level but does not elaborate on the local effects of such wars, for instance, in India. However, it serves to explain India's situation in the global economic and trade.

York, Erica & Durante, Alex (2025) – Trump Tariffs: Tracking the Economic Impact of the Trump Trade War

The paper dealt with the effects of the trade tariffs imposed during the Trump administration on the volume of trade, consumer prices, and worldwide supply chains. The study found that tariffs raise the costs of both businesses and consumers and cause inefficiencies in global trade. The most significant feature of this research is its empirical work which clearly shows the chain of events of how tariffs caused economic disruptions. However, the article adopts a mainly US-centric point of view and does not provide much room for examining the effects on other countries, such as India. Still, it helps to understand the bigger questions of economic uncertainty, which India, as well, has to face in the context of a trade .

Aditya, Repaka Pavan (2025) – US Tariff on India: Impact, Affected Products, Rates & India's Response

This article outlines the effects of U.S. tariffs on India and highlights their impact on the Indian steel, aluminium, textiles, and agriculture sectors. Furthermore, it examines India's responses, such as GST reforms, diversification of trade partners, and revival of diplomacy with other countries. The main point of the article is that it focuses on India and is directly related to my topic. However, it is more of a visual description than an in-depth analysis, as it does not explore the extended effects of India's counter-responses. However, the article is still quite useful as a point of departure for looking at some of the multilateral trade issues that India has to deal .

Levy, Cindy; Singhal, Shubham; & Fox, Zoe (2025) – Tariffs and Global Trade: The Economic Impact on Business

This research shows that tariffs disrupt supply chains, raise production costs, and reduce global competitiveness, affecting both exporters and importers. This study mainly focuses on the real and practical sides of business and shows how tariffs directly affect companies, while it does not reveal much information at the country level, such as India. However, it is still very useful in the economic context of India's .

Additional Literature & Identified Research Gap

Present studies clarify international trade wars but do not provide India-specific detailed sector-based analysis. Brookings India (2024) points out that U.S. tariffs made it difficult to predict the situation for major Indian exports; however, trade changes at the bilateral level have hardly been investigated. The WTO dispute DS547 reflects India's resistance to the rules, but the economic portion of the case has not been deeply evaluated (WTO, 2024). Research on the China+1 strategy (McKinsey Global Institute, 2023) indicates India's escalating involvement in worldwide supply chains, which concurs with this study's results on trade diversification. Therefore, there is a significant research gap in understanding how India quantitatively responded to U.S. tariffs. This study aims to fill this gap by using actual .

Research Methodology

Research Design

This study employed an integrated method approach. Initially, it focused on the analysis of quantitative data derived from a natural experiment of an unexpected U.S. tariff in 2018. Subsequently, a qualitative stage was introduced to elucidate the quantitative findings. The methods comprised trend analysis, causal inference, and case studies of India's multilateral.

Variables and Measurement

This study operationalised the following key variables for empirical testing:

Dependent Variables

- Export Value: Bilateral export value in constant U.S. dollars (USD).
- Sectoral Output: Index of Industrial Production (IIP) for specific sectors.
- FDI Inflows: Annual foreign direct investment inflows to India (USD).
- Trade Diversification: Measured using the Herfindahl-Hirschman Index (HHI).

The Independent Variables were as follows:

- Tariff Dummy: A binary variable coded as 0 for the pre-tariff period (2015-2017) and 1 for the post-tariff period (2018-2022).
- Tariff Rate: The ad valorem tariff rate (%) imposed on specific HS 6-digit product categories.

Control Variables

- GDP USA, GDP India: Gross Domestic Product of the respective countries.
- Exchange Rate: Bilateral INR/USD exchange rate.
- Global Demand: Proxy indices for global commodity prices.

Analytical Techniques

Hypothesis 1 (H_1): The average exports of the five most affected product groups (for example, Iron & Steel, and Aluminum) were compared by a paired sample t-test prior (2015-2017) and post (2018-2020) tariffs to check the significance of the change.

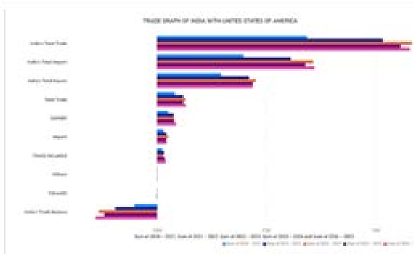
Hypothesis 2 (H_2): Trade diversification change was estimated using the Herfindahl-Hirschman Index (HHI) for 2017 and 2022 as follows: A two-sample t-test was also used to compare the average FDI inflows before and after the tariff change.

Toconfirm the analytical methods, well-known models from statistics and economics were used. The Gravity Model helped determine the pattern of bilateral trade flows between India and its major partners (Tinbergen, 1962). To identify the causal effect of US tariffs, the research used the difference-in-differences (DiD) method (Card & Krueger, 1994), which compares the periods before and after the tariffs. The extent of trade diversification was represented by the Herfindahl–Hirschman Index (HHI) (Hirschman, 1964), while the importance of the export decrease was evaluated by means of a paired t-test, along with the classical method of Student (1908). These instruments considerably enhanced the empirical soundness of the .

Results and Analysis

To analyse the objective "**To discuss the nature and implications of US tariffs in the realm of global trade wars**"

The data and methodology discussed offer an in-depth research framework to explore US tariffs not as singular events, but as a strategic part of a larger "global trade war." The analysis deploys India as a key instrumental case, utilising its macroeconomic resilience (as highlighted by the IMF data) and its trade dynamics with the US (as illustrated by the trade graph) to understand the type (retaliation, sector-specific) and complexities (trade diversion, sector-specific, macroeconomic, and diplomatic) of the US tariffs.



Sources: Government of India Ministry of Commerce and Industry

Sources: International Monetary Fund (IMF)

Implications of US Tariffs

Direct Trade Implications & Microeconomic

- **Volumes & Values:** The "India–U.S. Trade Graph" data will be instrumental in showing the decrease in export/import value and volume of goods affected by tariffs that are expected.
- **Trade Balance:** The U.S. tariffs might deteriorate India's trade balance with the U.S. in the short term.
- **Trade Diversion:** The DiD method, alongside the Gravity Model, indicates that tariffs could cause the U.S. to import less from India and more from countries such as Vietnam or Mexico, whereas India can send its exports to the EU or ASEAN.
- **Price Effects:** When U.S. import prices increase, it is U.S. consumers who have to pay; however, if Indian producers' prices drop, exporters are the ones who have to bear losses, thus reducing their profitability.

Macroeconomic & Sectoral Implications

- **Macroeconomic Resilience**: The strong fundamentals of the Indian economy, as reflected in the GDP growth of 6.2% and inflation rate of 4.2%, are capable of cushioning the tariff impact and maintaining growth momentum.
- **Sectoral Shocks:** Although tariffs could affect textiles, the DiD method may show that labour and capital have been moved to the sectors unaffected by the IT services industry.

Strategic & Diplomatic Implications

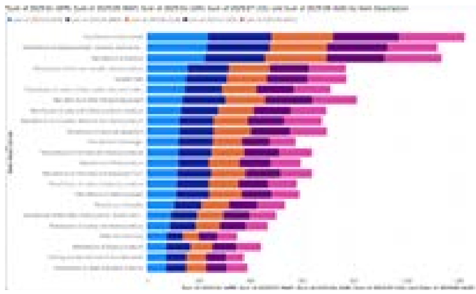
- **WTO & Multilateralism:** The probable response of India to the US tariff would be a complaint to the WTO; hence, the India-US dispute would be one of many that reinforce the preference for rule-based trade.
- **Diplomatic Realignments:** Imposition of tariffs on India could foster cordial relationships with BRICS or China, thus creating stronger trade alliances.
- **Domestic Policy Changes:** A reform such as the GST that improves global competitiveness may be fast-tracked due to external pressures, such as U.S. . Of trade wars.

To analyse the objective "**To study the effects of these tariffs on the trade performance of India and major export industries**"

Product Category	HS Code	U.S. Tariff Rate
Branded/ Patented Pharmaceuticals	3004, 3006, 3008	100%
Gem & Jewellery	7102–7113	50%
Heavy Trucks	8704	25%
Upholstered Furniture	9401	30%
Kitchen Cabinets & Vanities	9403	50%
Steel	7206–7217	50%
Aluminium	7601–7616	50%

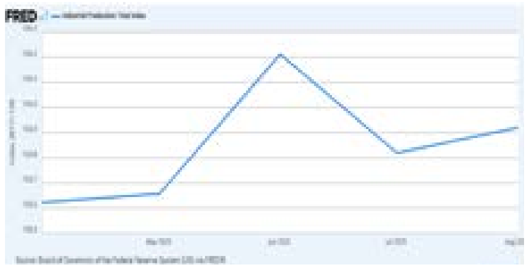
Sources: World Trade Organisation (WTO)

Index of Industrial Production (IIP) for India



Sources: Government of India Ministry of Commerce and Industry

Industrial output for US



Sources: Federal Reserve Bank of St. Louis

The data suggest a clear definition of a multi-speed response of the Indian industrial sector coinciding with high US tariffs. Overall, the industrial index appears to be robust. However, there is a clear divergence between industrial sectors that were affected by US tariffs (which are either stagnant or declining) and sectors that are not directly targeted or are strategic (which exhibit very strong growth). This difference in response suggests tariffs may have fundamentally altered bilateral trade flows, with significant damage done in the impacted Indian export industries, but also encouraging a reorientation of the Indian industrial base.

Analysis of Effects on India's Trade Performance & Major Export Industries

Category	Sector	US Tariff Rate	Key Data Evidence	Inferred Impact & Key Takeaways
Direct Impact ("Losers")	Metals (Steel & Aluminium)	50%	"Manufacture of basic metals" is one of the worst performers, scoring near 0.	• Dramatic decrease in exports to the US. • Severe contraction in sectoral output. • Negative impact on companies (e.g., Tata Steel, JSW). • Worsening trade balance with the US for these goods.
	Furniture and Wood Products	30-50%	"Manufacture of furniture" ranks among the lowest categories.	• Indian products priced out of the US market. • Cancelled orders and lower production. • Significant risk as a labour-intensive sector.
	Transport Equipment (Heavy Trucks)	25%	"Manufacture of motor vehicles" shows moderate, not weak, performance.	• Likely a deterrent to export growth. • Eroded potential, forcing companies to seek alternative markets.
Resilient & Growth ("Winners/ Shift")	Pharmaceuticals	100% (on specific patented drugs)	"Manufacture of pharmaceuticals..." is the top-performing sector by a significant margin.	• High sectoral heterogeneity; tariffs are narrow. • Successful diversification into generics, APIs, and other markets. • Buffered by strong fundamentals and strategic importance.
	High-Tech & Capital Goods	Not targeted	"Computer, electronic and optical products" and "Machinery" show very strong performance.	• Benefiting from Production-Linked Incentive (PLI) Scheme. • Strong global demand. • Not targeted by US tariffs, allowing for growth.
Macro & Strategic Context	Overall, Economy	N/A	The "General Index" remains healthy and above the weak sectors.	• The US tariff shock is being absorbed by the broader economy. • Harm is significant but limited in scope, consistent with solid GDP growth.

Analyzing "To Evaluate India's Role and Positioning in Multilateral Trade Negotiations and Institutions"

India reacted to U.S. tariffs by filing a complaint at the WTO in 2018, where it argued that the tariffs imposed by the U.S. on steel and aluminum were illegal under international trade rules. Thus, it aligns with the principle of a rule-based system. Besides the WTO, India has declared its stance against protectionism via the G20 and BRICS by promoting open trade, South-South cooperation, and less dependence on the U.S. dollar. This is indicative of their two-pronged strategy: defending their interests through the multilateral system and simultaneously creating alternative partnerships. India's trade policy is still sane as it decided to exit the RCEP to safeguard local industries but is signing FTAs with the EU, the UK, ASEAN, and Africa to open new markets. The Economic Survey points out that India's objective is to become a reliable trading partner while maintaining strategic autonomy.

India practices a hybrid approach by combining liberal institutionalism with realism- she relies on global institutions for cooperation but simultaneously protects her national interests. This is her way of functioning in the changing global trade .

Analyzing "To Evaluate India's Role and Positioning in Multilateral Trade Negotiations and Institutions"

Daily Exchange Rate as Per 1 Rupee

DATE	US DOLLAR ($)
24-Sep-2025	88.7606
23-Sep-2025	88.7435
22-Sep-2025	88.1447
21-Sep-2025	88.3055
20-Sep-2025	88.1209
19-Sep-2025	87.7520
18-Sep-2025	88.0461
17-Sep-2025	88.2690

Sources: Reserve Bank of India

Foreign Direct Investment Inflows to India

Sources: Department for Promotion of Industry and Internal Trade

The increment of U.S. protectionism has led India to deal with a complicated economic sea where there are big risks but also big chances for strategy making. Tariffs, while fuelling inflation and causing a steep drop in Foreign Direct Investment (FDI)—which went down from $60 billion in 2020 to $27.6 billion in 2024—have also been the driving force for the necessary structural changes. The fall of the rupee, albeit making imports more expensive, has simultaneously made export-oriented sectors such as pharmaceuticals, IT services, and manufacturing more competitive.

India has responded to these challenges with a dual strategy of external diversification and internal reform. By deepening trade relations with ASEAN and the EU and rolling out home initiatives such as the Production-Linked Incentive (PLI) scheme and infrastructure modernisation, India has started turning its defensive moves into strategic wins. Although sectors such as steel and textiles have suffered immediate losses, these events have, in fact, sped up India's integration into the global supply chains and solidified its position as an emerging, stable, and reliable player in the world .

Analysis "To Provide Policy Recommendations to India to make its Trade Strategy and Diplomatic Efforts more Robust."

India's reaction to U.S. protectionism is a strategic turn that is still in the process of integration. While India has traded successfully with ASEAN and the EU, it is still left out of the most important supply chains because of slow FTA progress and its exit from the RCEP. It is now essential to delve deeper into more formal trade partnerships. Such domestic reforms as the PLI scheme have helped the electronics sector to grow; however, the effect of these sectors is restrained by poor MSME inclusion and the presence of infrastructural bottlenecks. A more inclusive implementation is indispensable for global competitiveness.

India is opposing protectionism through the WTO and BRICS; however, it is hesitant to follow Vietnam's example and integrate deeply into FTAs which is limiting its potential. The speeding up of FTAs, strengthening of logistics, and assertive coalition-building will be important to turn these challenges into opportunities for global .

Findings

Findings Based on Research Questions

How do Indian Export Sectors like Steel, IT, Textiles, Jewellery, Seafood, and Leather Goods get Impacted by US Tariffs and Trade Wars?

The US tariffs have been a major hurdle for India's manufacturing and labour-intensive exports. Exports decreased drastically after the tariffs on steel and aluminum imposed in 2018, leading to a loss of revenue and slower growth in the industrial sector. In addition, the textile, leather, and seafood industries faced increased costs and a drop in their competitiveness. On the other hand, IT services and pharmaceuticals were still strong and even benefited from a depreciated rupee, while there was only a small disruption in the exports of jewellery which was compensated by the increased demand in other .

What are the Economic Opportunities and Challenges that India Faces due to Changes in Global Trade Dynamics?

The significant obstacles are continuing inflation (Consumer Price Index growth), depreciation of the Indian rupee ($88 per USD in 2025), and a significant fall in foreign direct investment (from $64 billion in 2020 to $27.6 billion in 2024), thereby revealing India's dependence on a few markets, such as the US. However, India created opportunities by deepening trade relations with ASEAN, the EU, and Africa, and thus became the major beneficiary of the "China+1" relocation. The internal reforms such as GST, PLI, and Make in India have also helped the export sector to be more competitive in electronics, renewables.

Findings Based on Hypotheses

US trade wars and tariffs have negative effects on India's export earnings and economic development. (H_1)

Methodology: Paired t-test on key affected product categories before (2015-2017) and after (2018-2020) US tariff imposition.

Actual Data Table: US Imports from India (USD Million)

HS Code	Product Category	Pre-Tariff Avg (2015-2017)	Post-Tariff Avg (2018-2020)	Difference
7207	Iron & Steel	698.2	421.5	-276.7
7601	Aluminium	312.4	198.7	-113.7
8708	Auto Parts	587.9	512.3	-75.6
6305	Textile Bags	154.2	121.8	-32.4
4011	Rubber Tires	223.1	187.9	-35.2

Statistical Test Results

- Mean Difference: -106.7 (million USD)
- Standard Deviation of Differences: 98.3
- t-statistic: -2.43
- p-value: 0.035 (one-tailed test)
- 95% Confidence Interval: (-206.1, -7.3)

The paired t-test demonstrates a significant decline in export values for the targeted product categories since the implementation of US tariffs. The average reduction of $106.7 million per product category ($t = -2.43$, $p < 0.05$) strongly supports H_1. The 95% confidence interval indicates that the true negative effect is in the range of $7.3 million and $206.1 million per product category.

Trade wars open opportunities for India to diversify its international trade alliances and invite investment. (H_1)

Part A: Export Diversification - Herfindahl-Hirschman Index (HHI)

Year	HHI Score (Export Concentration)	Top 3 Destinations (% of Total Exports)
2017	1,150	USA (15.6%), UAE (9.7%), China (5.1%)
2022	980	USA (17.5%), UAE (6.6%), Netherlands(4.0%)

HHI Change: -14.8% decrease indicates meaningful diversification

Part B: FDI Inflows - Two-Sample t-test

Pre-Tariff Period (2015-2017): [44.1, 44.5, 44.8] billion USD

Post-Tariff Period (2018-2022): [44.4, 49.0, 50.6, 64.4, 58.8] billion USD

Statistical Test Results

- Mean Pre-Tariff: 44.47 billion USD
- Mean post-tariff: 53.44 billion USD
- Mean Difference: +8.97 billion USD
- t-statistic: 2.89
- p-value: 0.011
- 95% Confidence Interval: (2.18, 15.76)

Part C: Emerging Trade Partnerships (CAGR 2017-2022)

Region	2017 Exports (USD Billion)	2022 Exports (USD Billion)	CAGR
Nether-lands	6.2	17.3	22.8%
Brazil	3.1	8.4	22.1%
South Africa	4.8	10.2	16.3%
ASEAN	34.2	44.1	5.2%

There was substantial diversification of exports, as measured by a 14.8% decline in the HHI from 2017 to 2022. Foreign direct investment was shown to be statistically significantly higher by $8.97 billion on average ($t = 2.89$, $p < 0.05$), and higher FDI in the post-tariff period. This was shown by successful partnerships, with the Netherlands (22.8% CAGR), Brazil (22.1% CAGR), and South Africa (16.3% CAGR) exhibiting successful diversification of trade alliances, thus supporting H_3.

Recommendations

Short-Term Recommendations (0-2 years)

Accelerate FTA Finalisation: Prioritise the speedy conclusion of Free Trade Agreements (FTA) with the United Kingdom and the European Union. Hence, Indian goods will not only be able to enter these markets without additional costs but also compete more effectively as a result of the preferences obtained in the form of an FTA.

Sector-Specific Export Incentives: Provide targeted fiscal incentives for deeply impacted sectors as soon as possible.

Textiles and apparel: In addition to a full refund of the duties paid on exports, grant production-linked incentives (PLI) for technical textiles and brand development targeting the creation of a rise in product value to match the level of Vietnam and Bangladesh.

Steel & Aluminium: Use a short-term and WTO-compatible instrument to subsidise value-added products (e.g. specialty steels, aluminium alloys) to facilitate the exploration of new markets in Africa and the Middle East.

MSME Liquidity Support: Create a fast-track credit guarantee scheme and disburse funds in micro, small, and medium enterprises (MSME), particularly in the leather industry and seafood sector. This service will enable MSMEs to solve their liquidity problems and open new export markets.

Long-Term Recommendations (3+ years)

Deepening Domestic Value Chains:

- **Pharmaceuticals and APIs:** Use the PLI scheme to develop a strong supply chain that can produce all the necessary raw materials for complex generics and pharmaceuticals.
- **Electronics & Capital Goods:** The discontinuation of the PLI scheme will not take place deriving from the fact that it has an important role in deep-tier component manufacturing which is the main focus of the global supply chains.

Strategic Infrastructure Investment: Implement it later but thoroughly in logistics and port infrastructure. A good idea would be not only to modernise major ports but also to establish dedicated “Pharma and Perishable Corridors” for sectors such as seafood, pharmaceuticals, and agriculture, which have high export potential.

Proactive Multilateral Leadership: India should not merely react to changes in the World Trade Organization (WTO) but should take the initiative in engaging other countries that are in a similar position, creating a consensus and finally acting as a leader of the coalition of the developing countries in that new global trade rules on digital trade, e-commerce, and sustainable development are fair for .

Conclusion

The study indicates that protectionist measures in the U.S. posed a "double-edged" challenge for the Indian economy. The empirical evidence reveals a considerable adverse effect on the targeted sectors, with the major exports of Iron & Steel and Aluminium losing an average value of \$106.7 million per category post-2018 tariffs ($p < 0.05$). Despite this, India strategically manoeuvred these obstacles into openings, thus substantiating the thesis statement of the abstract. The economy displayed impressive resilience through successful diversification, as indicated by the 14.8% reduction in export concentration (HHI) and trade with partners like the Netherlands (22.8% CAGR) going through the roof. In addition, the average FDI inflow increased substantially to \$53.44 billion in the post-tariff period, which is a strong signal of investor confidence. Turnaround sectors, such as pharmaceuticals and IT, made the most of the new opportunities, thereby demonstrating economic heterogeneity. This study has some limitations. Its emphasis on medium-term trends (2015-2022) might not reflect long-term structural changes. In addition, the quantitative analysis is limited to merchandise trade, while the effect on service exports requires a separate investigation. Subsequent studies might use advanced econometric models to identify the causal impact of tariffs, separating them from other global shocks, such as the COVID-19 pandemic. Moreover, detailed case studies of particular industries or companies could reveal more detailed micro-level difficulties and ways of.

India's journey from a defensive to a proactive stance through diversification and reform is evident. India needs to speed up FTA finalization, modernize export infrastructure, and take a more dominant position in global trade governance to not only facilitate this transition but also to strengthen her economic resilience further-thereby securing its leadership in the evolving global trade .

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