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Tariffs Slashed, Markets Rally — India's Response to Trump's Trade Deal

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India's business community and markets reacted with a mix of optimism and caution after **US President Donald Trump** announced a new **India–US trade deal**, including major tariff cuts and expectations of increased bilateral commerce. The announcement — coming after months of uncertainty — has been welcomed by exporters and investors while analysts have urged clarity on key terms.

Trump said the agreement included slashing reciprocal tariffs on Indian goods to **18 per cent** from the higher rates imposed last year, a move that could restore competitiveness for Indian exporters. A White House official also noted that the **25 per cent punitive tariff** linked to India's purchases of Russian oil has been removed as part of the understanding.

India's **exporters hailed the announcement**, saying it brings an end to prolonged tariff uncertainty and will help sectors such as textiles, footwear, gems and jewellery regain momentum. The **Federation of Indian Export Organisations** described it as a major breakthrough that could level the playing field against rivals in Southeast Asia and South Asia.

Markets responded positively: Mumbai's benchmark indices rallied sharply on the news, reflecting renewed investor confidence in India's export potential and ties with the United States.

However, economic experts and observers have urged caution, noting that several aspects of the deal remain unclear. In particular, Trump's claims about India potentially cutting tariffs on US goods to zero, and purchasing large volumes of American energy and technology products, have **not been confirmed by Indian authorities**. Analysts say that without an official joint statement or legal text, expectations should be tempered.

Beyond trade figures, the announcement has navigated sensitive diplomatic terrain: Trump framed the agreement as contingent on India agreeing to halt purchases of Russian oil — a point **not officially acknowledged by the Indian government**, which emphasizes energy security and diversification rather than a complete cessation.

Regional industry bodies, including groups in Vidarbha and Maharashtra, also welcomed the tariff reduction, predicting improved competitiveness for exporters and broader economic gains — while noting that the deal must still be formalised with both sides signing up to detailed terms.

As India and the US move toward finalising the technical and legal framework, reactions across the political spectrum will shape how the trade deal is interpreted domestically, balancing export opportunities with broader strategic and economic interests.