

OUR OPINION, THEIR OPINION

In the long run, you make your own luck — good, bad, or indifferent.
- Loretta Lynn

Credibility must be retained

The crisis of mistrust - this is what may be said in one word about the opposition's view about election commission of India's activities. It can not be denied that if in a country the opposition parties or the parties defeated in the election finds irregularities or corruption in election and that also with specific proofs the credibility of election commission's impartiality of that country comes to question. It is the credibility of an electoral system, or democracy in general, is dependent solely on it being seen as fair by all, particularly so by the loser. This is comparable to a judicial dispute or a sporting event on this count. If the losers think they lost only because the process was rigged against them, a crisis of trust develops. The serious charges being raised against the Election Commission of India (ECI) by the Leader of the Opposition in the Lok Sabha, Rahul Gandhi, has to be seen in this context. He says that he has plans to disclose more information regarding discrepancies in the 2024 general election. One must wait for the details of those allegations before making any comments on their merits. The ECI has come under attack by politicians earlier too.

Narendra Modi, when he was the Chief Minister of Gujarat, had repeatedly questioned the impartiality of the ECI. Many of these charges against the ECI are rhetorical attempts by political parties or leaders to animate supporters. In Bihar, the Leader of Opposition in the State Assembly, Tejashwi Yadav, has alleged his name did not exist on the draft electoral roll which is being revised by the ECI. As it turns out the ECI's Photo Identity Card (EPIC) number that he thought was his is different from the one in the ECI records, raising a new controversy. Politicians should be raising questions about the electoral process only when there are strong grounds for doing so. Trust in the electoral system is foundational to representative democracy. That said, the ECI's recent statements and actions, far from buttressing public trust and enhancing transparency in the process, raise more questions. Its efficiency and its neutrality are on test in the preparation of rolls, scheduling of elections, enforcement of the code of conduct, counting process, and the redress of complaints. The ECI stands charged on each of these counts. Other than protesting that the electronic voting machines (EVM) are beyond tampering, and that political parties should raise objections regarding rolls at the appropriate time, the ECI has refused to come clean on multiple issues. It has not been transparent about the Voter Verifiable Paper Audit Trail (VVPAT) machine which is one of the three parts that make an Electronic Voting Machine. Unlike the other two parts - the Ballot Unit and the Control Unit - the VVPAT has software that is centrally installed and it is connected to the control unit. The random tallying of the VVPAT with the electronically cast votes is now an extremely arbitrary process. All political parties do not have the equal capacity to monitor the various stages of the electoral process. At any rate, the election process is not a matter of negotiation between parties and the ECI. Political parties have a role to play, but the real question is to ensure that the citizenry at large is reassured of the integrity of the electoral process. The ECI needs to correct its course to ensure that.

A shield for India from tariff shocks

Tariffs, while impactful, expose India's inherent advantages and economic resilience: a self-reliant, consumption-driven economy with strong internal buffers, reflecting the 'Atmanirbhar' approach in action and ability to withstand external shocks

INTERNATIONAL trade has historically remained peripheral for many Indian businesses. Given India's vast domestic demand, several enterprises catered only to the local market. Until 2022, when India began closing key trade deals, there was even a sense of 'export pessimism' — driven by global uncertainties, inconsistent standards, intense competition, and lack of export intelligence. However, a record export performance in 2021–22 marked a shift, encouraging government and industry alike to embrace trade deals, including the one with the UK.

The US's recent tariffs on Indian exports highlight the complexity of Indo-US trade and India's stance on sensitive sectors like agriculture and dairy. Total agricultural trade between the US and India remains modest, averaging only around \$7 billion annually. The broader trade relationship is larger, averaging \$130 billion in recent years. However, a significant disparity exists in tariff profiles, which forms a key point of contention. As we note in our study published in Agribusiness jointly with Munisamy Gopinath and Kannan Kumar, India's high agricultural tariffs — averaging 39% versus the US's 5% — are rooted in the need to protect smallholder farmers and ensure food security. The study further highlights nearly 90% of India's agricultural imports face tariffs above 25%, while over 90% of US agricultural imports face tariffs below 10%.

This disparity is not arbitrary. The political economy of India's agricultural trade policy is driven by the sheer scale of its farming population, characterised by small farm sizes and a high dependency on agriculture for livelihoods. The paper emphasises that these high agricultural tariffs are a strategic tool aimed at preventing market disruptions and avoiding dependency on foreign supplies.

India's economic resilience is fun-

damentally a function of its vast internal market. To those who understand the core principles of international trade, it is clear that commanding or controlling a large economy with such a huge domestic base is a difficult and often futile exercise. India's economic engine is driven by domestic consumption. Private aggregate consumption accounts for approximately 65% of GDP, a figure that showcases the nation's internal demand as the primary growth driver. This makes India a consumption-driven economy, more so than export-focused nations.

This internal strength is further reinforced by India's massive non-traded sector. The services sector, which is largely non-traded, contributes about 55% of India's GVA. This substantial economic base is not dictated by international trade flows. Similarly, the agricultural sector, while facing its own challenges, primarily serves the domestic population, and is therefore largely non-traded. This powerful non-traded base provides a substantial buffer against external shocks. Additionally, the robustness of India's economic structure is supported by a dynamic informal sector that contributes a notable portion of the GDP.

The effectiveness of tariffs on such an economy is demonstrated through our economic modeling exercise in the study mentioned above. We modeled two scenarios under a "America-First agenda". In the first, a direct 25% US tariff on steel and aluminum was found to reduce India's overall exports by \$1.32 billion and contract its GDP by \$154 million. By contrast, the same policy would lead to a steep decline of \$120 billion in US GDP. A second scenario, modeling broader trade restrictions between other major economies in North America, revealed an even more compelling outcome. Under these conditions, India's GDP was projected to grow by \$1.56 billion, as its manufactur-

ing exports, such as automotive components and textiles, became more competitive in the global market. This quantitative assessment highlights India's ability to strategically realign and partially offset trade disruptions, further underscoring its unique position in the global economy. While this study did not take into account the details of Liberation Day tariffs, it does provide us an idea as to how Indian economy is robust enough to take advantage of tariff arbitrage if any. Even with the 25% tariffs, India is still better off compared to several other countries like China, Switzerland and Brazil and therefore can still derive some benefits from marginal trade diversion and minimize the losses. Of course, further hikes on industries importing oil from Russia may erode that advantage notably.

This brings us to the question of concessions on sensitive sectors like dairy and agriculture, just to reduce that 25% to a possible 15-20% range, which has been the norm for the recently concluded trade deals with the US, by countries such as the EU, Pakistan, Bangladesh, South Korea, Japan, etc. India's strict dairy rules effectively ban US imports. This firm stance is not merely a negotiating tactic but a reflection of the political and economic reality that a country with a large number of small farmers cannot afford to open its markets to foreign competition without risking significant domestic turmoil. For India, a trade agreement must be "mutually beneficial," and not one that undermines the livelihoods of its populace.

Tariffs, while impactful, expose India's deeper strength: a self-reliant, consumption-driven economy with strong internal buffers. The government's resolve underscores a confident 'atmanirbhar' approach — prioritising national interest while remaining globally engaged.

**BY-DR BADRI NARAYANAN
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India vs U.S. 50% Tariff: A Blow to Exports and Imports



U.S. Imposes Heavy Tariffs on India

The United States, led by President Donald Trump, has increased tariffs on Indian goods to a steep 50% as of September 17, 2025. This follows an earlier 10% tariff on all imports and a 25% tariff on most Indian products, which began on August 7, 2025. The U.S. says these tariffs are a response to India's high taxes on American goods and its trade with Russia, especially for oil and military equipment. While medicines, electronics, and energy products are spared, many Indian exports like textiles, jewelry, auto parts, and steel will face these high taxes.

This move has strained the relationship between the U.S. and India, two major trading partners. In 2024, India sent \$45.7 billion(appx) more goods to the U.S. than it imported, creating a trade gap that the U.S. wants to address. Talks for a trade deal have been ongoing since March 2025 but have not succeeded, as India resists opening its agriculture and dairy markets, and the U.S. pushes for better access.

Economic Impact on India

The 50% tariff will hit India's economy hard. Experts estimate that \$33-87 billion worth of Indian exports to the U.S., India's largest market, will be affected. Key industries like textiles, gems, jewelry, and auto parts could see exports drop by 30-70%. This could slow India's economic growth by 0.2-0.5% in 2026, meaning less money for businesses and jobs. The Indian rupee has already weakened, reaching 87.69 against the dollar, and the stock market has seen declines.

India is planning to fight back by possibly taxing U.S. companies or finding new markets for its goods. However, these changes will take time, and small businesses, farmers, and workers in affected industries may face challenges in the short term. The government is working to protect these groups while continuing trade talks with the U.S.

Tensions Over Russia and Trade Talks

The U.S. is also upset about India's growing trade with Russia, especially for oil, which now makes up over 20% of India's oil imports, up from just 2% in 2022. The U.S. claims this helps Russia fund its actions in Ukraine, leading to the extra 25% tariff as a penalty. India, however, wants to keep its independence in foreign policy and continue its ties with Russia.

Trade talks between the U.S. and India are set to resume in late August 2025. Unlike countries like Japan and South Korea, which got lower tariffs by making deals, India has not yet reached an agreement. The U.S. wants India to open its farming and dairy sectors, but India is firm on protecting its farmers and small businesses.

Despite these challenges, India has reasons to stay hopeful. The exemptions for medicines and electronics mean some key industries remain safe. India's government is actively exploring new markets in Asia, Africa, and Europe to reduce reliance on the U.S. With its strong economy and skilled workforce, India can adapt by boosting local industries and innovation. Ongoing talks with the U.S. could lead to a fair trade deal that benefits both sides. By staying united and strategic, India can turn this challenge into an opportunity for growth and global leadership.

By-Komal

India's China policy needs a reset before it's too late

As the 21st century unmistakably shifts toward Asia, India stands at a crucial crossroads. While many Asian powers recalibrate for multipolar engagement, India remains tethered to an outdated model of strategic resistance: balancing China through alignment with the United States and the Quad. However, recent developments highlight the growing fragility of this approach and underscore the need for a pragmatic, autonomous recalibration.

The Erosion of the Balancing Strategy

For over a decade, India has sought to hedge China's rise by investing in partnerships with Western democracies, particularly the United States, and by joining multilateral forums like the Quad. Yet, this balancing act is faltering. The Quad lacks strategic coherence. While it presents a shared vision of a "free and open Indo-Pacific", its members—Japan, Australia, the U.S., and India—have divergent threat perceptions and strategic priorities. The Quad has failed to evolve into a collective security mechanism, especially one that could deter China in the Himalayan theatre, where India's primary vulnerability lies.

Meanwhile, the United States has signalled a return to transnationalism. India's greater alignment with the West and specifically USA no longer offers meaningful security or economic insulation. President Trumps recent tirade against India about ongoing tariff negotiations and purchase of Russian oil and arms is bound to reflect in US policy towards India going forward. Further, the United States has resumed its tactical embrace of Pakistan for Afghan and Central Asian access, renewing engagement

with Pakistan for overflight rights and counterterrorism cooperation. If it can disengage from long-standing transatlantic commitments and the Asian security architecture, it is unlikely to be a reliable long-term anchor for India. India must now ask: can we afford to put our strategic future in the hands of an increasingly unpredictable partner whose interests will never fully align with ours?

The Regional Reality: South Asia Slipping Away
The security situation in South Asia is increasingly adverse. The China hand during the recent Operation Sindoor was most evident, as are talks about a reinforced front between China and Pakistan. In Bangladesh, the era of close alignment with India under the Awami League is over and Dhaka is tilting toward Pakistan and Beijing through infrastructure dependency and growing defence ties. A return to the India-friendly Sheikh Hasina era is unlikely. China has outpaced India not only in global influence but within India's immediate neighborhood. It has entrenched itself economically and militarily in Pakistan, Bangladesh, Nepal, Myanmar, Sri Lanka, and even the Maldives. This underscores the risk of alienating China further through military or political posturing. India is increasingly encircled by a ring of states economically beholden to China and politically cautious about offending it. A confrontational posture by New Delhi only accelerates this drift.

The Power Gap: An Inconvenient Truth
China today holds a commanding lead over India across almost every strategic metric. Its economy is over five times larger. It dominates global manufacturing, supply chains,

rare earth processing and is setting standards in advanced technologies like AI, 5G, and green energy. Its military modernization program outpaces India's by decades in both scale and sophistication. Diplomatically, Beijing enjoys unparalleled influence in multilateral institutions, regional blocs and bilateral ties across the Global South.

In the Indian Ocean Region (IOR), China's strategic foothold is now undeniable. India must confront an uncomfortable reality: we may never catch up. Continuing to antagonize such a powerful neighbor to appease a distant and unreliable superpower is a gamble with no strategic upside.

The Dalai Lama Succession: A Strategic Opening
One of the few avenues for diplomatic engagement lies in the impending succession of the 14th Dalai Lama, who turns 90 this year. China is expected to install a state-approved reincarnation, while the Tibetan community in exile, hosted by India, will likely name its own. If mishandled, this could ignite another major flashpoint in India-China ties. But it also presents a rare opening for quiet diplomacy. By signalling a measured, non-provocative approach, India can reaffirm its humanitarian support for the Tibetan people while avoiding overt politicization. In return, China could be encouraged to lower border tensions, dial back Pakistan sponsored terrorism and avoid escalatory responses.

Handled deftly, the succession could serve as a backchannel to reset relations—balancing spiritual responsibility with geopolitical restraint. It could also demonstrate India's ability to lead with maturity, resisting foreign pressure while safeguarding internal stability. This moment is particularly



ripe as Xi Jinping, despite internal pressures, still maintains control over the PLA. A post-Xi China could bring a fragmented leadership, with a more autonomous and assertive military. That would be far harder to manage diplomatically.

The Russia Factor: A Quiet Facilitator
Russia, long a cornerstone of India's defence policy, can emerge as a potential strategic facilitator. Its recent recognition of the Taliban underscores its pivot towards Asia-centric diplomacy. More importantly, Moscow maintains stable ties with both India and China and has a vested interest in preventing further polarization in Asia. India should explore Track-II mechanisms via Moscow with China to manage issues like the US tariff wars, Dalai Lama succession and border de-escalation. Russia, facing Western hostility and isolation, is well positioned to act as a discreet mediator among Asia's three great powers. Reframing the Strategic Doctrine
India must shift from a doctrine of balancing to one of selective engagement. This is not appeasement, but realism. A strategic reset could include: A border stability framework, with renewed communication

protocols and confidence-building measures.

A tacit understanding on non-politicization of the Dalai Lama succession.

Selective re-engagement with China in sectors like green technology, rare earths and climate cooperation.

Quiet consensus on regional non-interference in each other's traditional spheres of influence. Leveraging Russia as a balancing vector to facilitate stable India-China ties.

Conclusion: India's Maturity Test in the Asian Century
India stands at the heart of the Asian century, but risks becoming a peripheral actor if it clings to rigid postures and outdated alliances. The time has come for strategic maturity. Instead of defining its interests through permanent opposition to China and dependency on a distant and self-interested West, India must embrace realism, restraint and regionalism. With the Dalai Lama's 90th birthday, Xi Jinping's waning but present authority and Russia's emerging mediation role, the conditions for a recalibration exist—but they will not last. India must seize this opportunity to reset its China policy on its own terms—before the strategic map of Asia is redrawn without us.

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