

# USA may slash penal duty on Indian goods to 10-15%: CEA Nageswaran

**MI News Service, Kolkata:** India's Chief Economic Adviser (CEA) V. Anantha Nageswaran on Thursday said the United States could soon lift the 25 per cent penal tariff on Indian goods and lower reciprocal duties to the range of 10-15 per cent, potentially easing the burden on nearly \$50 billion worth of exports.

He was interacting at the 194<sup>th</sup> Annual General Meeting (AGM) of Calcutta Chamber of Commerce in Kolkata with the esteemed members of the chamber and other dignitaries. While speaking Nageswaran noted that Washington's additional 25 per cent levy, imposed in August in response to India's Russian oil purchases, had effectively doubled the tariff burden to 50 per cent. He, however, expressed optimism that the dispute may be resolved soon.

"I do believe that the penal tariffs will not be there beyond November 30. It's not a statement based on any concrete indicator or evidence, but it is my hope that, given the recent developments, I do believe there will be a resolution in the next couple of months on the penal tariff and hopefully, reciprocal tariff also," he said.

The CEA indicated that while the current reciprocal

duty stands at 25 per cent, it could be reduced to a band of 10-15 per cent.

He added that the overall tariff dispute could see resolution within the next 8-10 weeks, though he stressed this was his personal assessment and not based on a formal assurance.

"Underneath the surface, conversations are going on between the two governments. My hunch is that in the next eight to ten weeks, we will likely see a solution to the tariffs imposed by the US on Indian goods," he said.

Nageswaran warned that if the tariffs remained in place, Indian exports to the US would likely decline.

Beyond trade, the CEA painted a largely positive picture of the Indian economy. He described India as an "aspirational lower-middle-income economy" and pointed out that real GDP grew 7.8 per cent in the first quarter of FY26.

Post-pandemic, India has grown faster than many other economies, he said, adding that manufacturing, services and agriculture will continue to fuel progress, while consumption and investments remain key anchors of growth.

On macroeconomic stability, Nageswaran noted that India's debt-to-GDP ratio was favourable, reflecting efficient capital utilisation. Rural demand, he said, was resilient, while urban demand was gaining momentum. "The recent relief in GST rates will give more disposable income in the hands of consumers, and urban consumption is likely to go up," he added.

He highlighted rising

credit flows to the MSME sector and structural changes in lending to large industries.

Meanwhile, he said India's external sector had remained robust despite global headwinds: "Trade continues to be robust in the current financial year," he remarked, noting that forex reserves were strong and the current account deficit had narrowed to 0.2 per cent of GDP in Q1 FY26.

On currency trends, he acknowledged the rupee's depreciation against the US dollar but remained confident about its long-term trajectory. "Given the underlying strength of the economy, I am more inclined to believe that in the longer run, the rupee is likely to hold its value and become stronger," he said.

Outlining policy priorities, Nageswaran pointed to continued government capital expenditure, measures to spur private investment and systemic deregulation. He said the expansion of physical infrastructure such as ports and airports would support future growth without overheating the economy. Touching on trade with China, he noted that imports largely consist of capital and intermediate goods. "The Indian private sector needs to do more on innovation and increase spending on R&D," he stressed.

On artificial intelligence, he downplayed immediate concerns, saying its impact had been "marginal so far."

"Coding-level jobs will be under threat, but not bad from an employment perspective. People have to up-skill themselves," he said.