US proposes up to 25% tariff on Indian goods; India rejects claim

Topics: International Affairs · UPSC Prelims · TNPSC · SSC · Current Affairs



News

On 25–26 Nov 2026, India's Commerce Ministry rejected US claims that Indian policies create "structural excess capacity", hours after the US Trade Representative (USTR) Jamieson Greer proposed tariffs of up to 25% on Indian goods. The US had opened Section 301 investigations into excess industrial capacity against 16 economies in March 2026 and announced findings in 14 of them, including India, on 25 Nov 2026. The USTR said India could get a lower rate if it signs a trade agreement. India said trade concerns should be settled through the ongoing bilateral negotiations, and that it remains committed to an early trade deal. The tariff is still only a proposal.

Key facts for the exam

Point	Details
US move	Proposed tariffs up to 25% on Indian goods
Legal tool	Section 301, US Trade Act of 1974
US official	USTR Jamieson Greer
India's stand	No structural excess capacity; resolve through trade talks

Background

- A tariff is a tax on imports. Section 301 lets the US act against trade practices it considers unfair. Under the WTO, members are expected to follow Most-Favoured-Nation (MFN) treatment and settle disputes through the Dispute Settlement Body.
- The USA is India's largest export market. India and the US have been negotiating a Bilateral Trade Agreement (BTA); the WTO was set up in 1995 (Geneva) and India is a founding member.

Tamil Nadu link: Tiruppur, India's knitwear capital, sends a large share of its garment exports to the US, so US tariff decisions directly affect its mills and workers.

Frequently asked questions

What is this news about?

On 25–26 Nov 2026, India's Commerce Ministry rejected US claims that Indian policies create "structural excess capacity", hours after the US Trade Representative (USTR) Jamieson Greer proposed tariffs of up to 25% on Indian goods.

What are the key facts to remember for the exam?

US move: Proposed tariffs up to 25% on Indian goods; Legal tool: Section 301, US Trade Act of 1974; US official: USTR Jamieson Greer; India's stand: No structural excess capacity; resolve through trade talks.

What is the background to this news?

A tariff is a tax on imports. Section 301 lets the US act against trade practices it considers unfair. Under the WTO, members are expected to follow Most-Favoured-Nation (MFN) treatment and settle disputes through the Dispute Settlement Body.

Practice questions (with answers)

1. 'Section 301', used by the US to propose tariffs on Indian goods, is part of which US law?

A) Trade Act of 1974

B) Tariff Act of 1930

C) Trade Expansion Act of 1962

D) CHIPS and Science Act, 2022

Answer: A – Explanation: Section 301 is part of the US Trade Act of 1974. Section 232 of the Trade Expansion Act, 1962 covers national-security tariffs.

2. Who is the US Trade Representative (USTR) who proposed tariffs of up to 25% on Indian goods?

A) Jamieson Greer

B) Howard Lutnick

C) Scott Bessent

D) Robert Lighthizer

Answer: A – Explanation: Lighthizer was an earlier USTR; Bessent is Treasury Secretary; Lutnick is Commerce Secretary.

3. India's reply to the US tariff plan was

A) It quit the trade talks

B) It left the WTO

C) It denied excess capacity and sought talks

D) It imposed retaliatory tariffs

Answer: C – Explanation: India said it stays committed to an early trade deal; the USTR said a deal could bring a lower rate.

4. The WTO's 'MFN' principle means

A) A concession to one is given to all

B) No import tariffs at all

C) Favours for one country only

D) Only rich nations levy tariffs

Answer: A – Explanation: MFN is the non-discrimination rule; the WTO began in 1995 in Geneva, and India is a founding member.

5. Which Tamil Nadu city, called 'India's knitwear capital', is directly affected by US tariff decisions?

A) Hosur

B) Sivakasi

C) Tiruppur

D) Salem

Answer: C – Explanation: Tiruppur sends a large share of its knitwear to the US; Sivakasi is known for fireworks and printing.