U.S. unveils 25% tariff on India for 'harmful trade'

China, EU among 14 economies facing new U.S. tariffs over Section 301 probe; door open for lower 17% tariff if a reciprocal deal is signed; India denies having structural excess capacity in any sector

T.C.A. Sharad Raghavan
NEW DELHI

The U.S. government on Wednesday announced a tariff of 25% on goods imported from India in response to "unreasonable acts, policies, and practices" that "burden or restrict U.S. commerce". This is the second-highest tariff among the 14 economies against which the latest action has been taken, second only to the 35% tariff levied on Vietnam.

However, the order by the office of the U.S. Trade Representative (USTR) also said that, should the U.S. and India reach an agreement on reciprocal trade, the tariff imposed on India could drop to 17%.

The USTR had in March launched two separate investigations into trade partners, including India, under Section 301 of the U.S. Trade Act. The first probe, related to forced labour, resulted in a tariff of 10% levied on India. The new tariffs are a result of the second investigation into structural excess capacity.

The 25% tariffs are higher than those levied on Japan, South Korea, Switzerland, Taiwan, the European Union (15% each), Indonesia, Malaysia, Thailand (18% each), Bangladesh, Cambodia, China, and Singapore (up to 20% each).

Pressure play

The new tariffs are a result of a probe under Section 301 of the U.S. Trade Act into **structural excess capacity** of trade partners

- India faces the **second-highest tariff** levied among the 14 targeted economies
- Order opens the door for a lower 17% tariff if a **trade deal is signed**
- Vietnam faces tariff of 35%, which could drop to 20% if trade deal is signed
- New tariffs are **net of existing ones**, not in addition to them



Trade tussle: The USTR report concluded that India's acts 'create, sustain, or contribute to structural excess capacity' that burden or restrict U.S. commerce. REUTERS

Trade agreement

Taking note of the USTR action, the Commerce and Industry Ministry said that India engaged constructively throughout the Section 301 investigation, adding that the government remained committed to working closely with the U.S. towards an early conclusion of a bilateral trade agreement. "In response to the Notice of Initiation and in subsequent proceedings, the Department of Commerce stated that India does not have structural excess capacity in any sector," the Ministry said in a statement.

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SOURYA SBI PO (8368104520)

U.S. unveils 25% tariff on India for 'harmful trade'

"India and the United States are engaged in negotiations for a Bilateral Trade Agreement," the Ministry statement added. "It has been India's position that any trade-related concerns should be addressed within the framework of these negotiations. Government of India remains committed to working closely with the United States towards the early conclusion of the India-U.S. Bilateral Trade Agreement, as announced on 2nd February 2026 and in accordance with the Joint Statement issued on 7th February 2026." It added that the USTR notice was "currently under examination".

While the USTR said that the 25% tariffs would be net of existing tariffs levied on India, meaning they will not add to the 10% already in effect, the order also noted that it remained for the USTR to decide whether these new tariffs would be adjusted keeping in mind those other tariffs.

Only Vietnam faces a tariff of 35%, higher than that for India, but even that stands to be reduced to 20% if it signs a trade deal with the U.S.

In its report on India, the USTR concluded that India's acts, policies, and practices "create, sustain, or contribute to structural excess capacity" that burden or restrict U.S. commerce by harming U.S. producers and exporters through unfair competition and reduced commercial opportunities; harm the U.S. economy due to lost exports, trade deficits, and a diminished manufacturing sector; and create economic security risks for the U.S.

The U.S. also levies a tariff of 50% on imports of aluminium and steel from all countries under Section 232 of its Trade Expansion Act.

SHAURYA SSB TRG (8368104529)

Peace along LAC: India, China armies hold talks in Arunachal

Focus on setting engagement rules, avoiding friction, ensuring open communication

Shubhajit Roy
New Delhi, November 25

THE INDIAN and Chinese armies held high-level talks this month in the Arunachal Pradesh sector focusing on border management and addressing outstanding issues along the Line of Actual Control (LAC), the Indian government said on Wednesday in the first official confirmation of the talks.

Responding to questions on Wednesday, Ministry of External Affairs official spokesperson Randhir Jaiswal said, "India and China engage regularly through diplomatic and military mechanisms and you are well aware of those mechanisms. A meeting of the senior military commanders was held in the eastern sector recently. Discussions between the two sides focused on improving border management as well as addressing outstanding issues along the LAC."

Jaiswal said such interactions are aimed at maintaining peace and tranquility in the border areas and preventing any escalation.

The Indian Express had reported on November 22 that India and China have concluded a second round of Corps Commander-level talks to resolve tensions along the frontier in Arunachal Pradesh before winter sets in fully.

The closely guarded talks, which began immediately after Diwali on November 8, continued for nearly 10 days with a short break in between.

Lt General Girish Kalia, General Officer Commanding of the Army's III Corps (also called the Spear Corps — with its headquarters at Rangapahar near Dimapur in Nagaland) held talks with his Chinese counterpart and other officers. An official from the MEA was also present.

This round of talks was held to set engagement rules between the two sides, avoid friction between troops on the ground, ensure open communication lines between both sides and bring down tensions. Both sides have troops in large numbers in the area.

India and China held their first Corps Commander-level talks in the eastern sector on September 6-7 this year. That meeting at the Wacha-Damai border — Wacha is India's easternmost border personnel meeting point located in the Kibithoo sector — followed reports of tension in the Taksing area of the Upper Subansiri district.

In August, two weeks before the first round of the military talks, National Security Advisor Ajit Doval and Chinese Foreign Minister Wang Yi, the special representatives for boundary talks between the two countries, met in Beijing.

In October, just days before his retirement, Indo-Tibetan Border Police (ITBP) Director General Shatrujeet Kapur said Indian and Chinese troops had faced off at multiple locations in Arunachal Pradesh.

In response to Kapur's remarks, the MEA said the situation along the LAC "gets disturbed from time to time when Chinese forces diverge from established patrolling patterns". It underlined that "maintenance of peace and tranquility in the border areas is essential for the overall development of bilateral relations".

Days later, Arunachal Pradesh Chief Minister Pema Khandu had said "transgressions" keep happening along the frontier since China does not recognise the McMahon Line.-

Agreed upon in 1914 between British India and Tibet, the McMahon Line serves as the de facto boundary between India and China in Arunachal Pradesh. Beijing does not recognise it, saying it was not for Tibet to enter into such an agreement.

Khandu had told reporters: "No doubt transgression has happened. It keeps happening. It is nothing new since the border is not defined. The situation is quite normal now and our Armed Forces are guarding the border very well."

"China doesn't consider the McMahon Line in Arunachal and since the state shares a very long border with Tibet, sometimes patrolling parties transgress. Our soldiers go (to) that side, their patrolling parties also come (to) this side sometimes," he had said.

SHAURYA SSB TRG (8368104529)

RUPEE HAS RISEN ALMOST 3% IN NOVEMBER ON RBI's MEASURES, RECORD FPI INFLOWS IN STOCKS

From worst to best currency: Rupee closes in on 91 to dollar

Siddharth Upasani
New Delhi, November 25

THE RUPEE has staged a remarkable turnaround in the last six weeks, touching an eight-month high of 92.18-per-dollar intraday on Wednesday, on the back of the Reserve Bank of India's (RBI) clampdown on bets against the rupee and the return of foreign investors to the domestic stock market in huge numbers.

The Indian currency closed at 92.24-per-dollar Wednesday, rising by 0.6%. But the extent of rupee's reversal of fortunes has been far more spectacular, transforming it from Asia's worst-performing currency to the best. After nearly touching 97 in May, the rupee has strengthened ever since the RBI announced a raft of extraordinary measures on October 10. It has risen 1.1% in October and almost 3% so far in November, with foreign investors buying $15 billion of domestic equities — a record for a month — amid flailing global investor interest in AI.

Sharp turnaround

Such has been the turnaround that the rupee is now down only 2.6% in 2026. It was down over 7% as recently as October 9. To be sure, the exchange rate at present "may not reflect the INR's true value", said Dhiraj Nim, Senior Economist at ANZ, noting that it is "heavily under policy influence", including the RBI directly supplying dollars to oil marketing companies — and thus removing their demand from the open market — to the tune of $500 million a day.

According to Nim, the RBI's immediate priorities "may require further INR appreciation" and he sees strong near-term support for the USD/INR currency pair at 90.0-91.0.

"If the worry was speculative pressures were driving rupee weakness and that currency was undervalued enough to trigger emergency policy action from all arms of the government, then RBI should not come in the way of further gains that can trigger a virtuous cycle," ICICI Securities Primary Dealership (I-SEC PD) economists said last week.

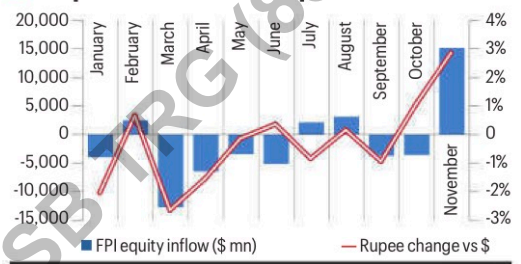
FERR here to stay?

In addition to taking OMCs' dollar demand away from open market, a key component of the RBI's October 10 emergency measures was the introduction of a 20% Foreign Exchange Risk Reserve (FERR) for rupee contracts of over $2 million.

While this may seem counterintuitive — those at risk from a falling rupee, such as importers, should be able to protect themselves by 'hedging' their foreign currency exposure – the RBI's actions were to discourage speculators. And the FERR may be here to stay for a while — I-SEC PD thinks "it will be better for rupee fundamentals to improve significantly" before most of the October 10 measures are reversed.

FULL REPORT ON WWW.INDIANEXPRESS.COM

Bumper end to 2026 for rupee



NOTE: NEGATIVE RUPEE CHANGE MEANS RUPEE DEPRECIATED; SOURCE: NSDL, INVESTING.COM

Net FDI in Sept $4.9 bn, lowest in over 15 years

New Delhi: India saw net FDI outflows of $4.9 billion in September, the worst showing on record as per RBI data going back till March 2011.

This was due to gross inflows slumping to $5.9 billion, while repatriations and FDI by Indian companies surged to a combined $10.9 billion, the second-highest ever. **ENS**

SHARING NOT SSB TRG (8368-04-23)

‘India’s satellite supply chain highly dependent on imports’

Nearly 60% of satellite costs stem from components and materials, most of which are imported, IN-SPACe report says; limited certification, supply-chain gaps are holding back private space sector

Jacob Koshy
NEW DELHI

India’s satellite supply chain is “highly dependent” on imports for critical components and the private sector’s contribution is limited to “structural assemblies” and “propulsion components” largely supplied by established public sector firms and vintage private firms, said a report by IN-SPACe, India’s regulatory-cum-promotional body for the private space sector.

Science Minister Jitendra Singh earlier this week said that India’s space economy is currently valued at nearly $9 billion and is set to increase to $40-45 billion in less than a decade, with the private sector set to grow from a a few start-ups “to nearly 400-500 companies in just a few years”.

The Supply Chain Landscape of Satellite Manufacturing in India report, which was made public on Wednesday, says that nearly 60% of satellite costs were attributed to electronic, electrical and electromechanical components, and specialised materials, many of which are imported.



Indian space sector faces skill shortages, limited private R&D and weak technology transfer, the report says. FILE PHOTO

India also has limited testing and certification facilities, which weakened prospects for acceptance in global markets. Many companies largely operated on a “project-based manufacturing model”, which disincentivised long-term investment in automation and production capacity, the report noted.

Critical components often took a long time to procure – frequently 12-16 months – which led to project delays and hobbled responsiveness to market opportunities.

There was also a shortage of trained and skilled personnel in satellite systems engineering, quality assurance, testing and qualification, besides limited private-sector research and development, and technology transfer.

Growth roadmap

The report was prepared by Brijesh Kumar Sol and Yudhishthir J. of IN-SPACe and “approved” by Pawan Goenka, IN-SPACe chairman. The report isn’t a statistical survey, but paints a descriptive map of India’s satellite manufacturing supply chain.

It lists 53 Indian suppliers and 162 foreign suppliers, with the latter including companies from the United States, Germany, Japan, France, and the Netherlands.

“India’s private sector has the potential to transition from being primarily a satellite assembler to a leading exporter of satellite systems and subsystems with the rapidly growing global demand for low-cost small satellites, advanced communication payloads, and high-resolution imaging systems,” the report concludes.

“If the identified gaps are addressed through policy interventions, strategic investments and international collaborations, India can within the next decade establish itself as a trusted global supplier of space-grade components, satellite platforms, and turnkey solutions,” it said.

At the 5th India International Space Conclave organised by the Indian Space Association (ISpA), which concluded earlier this week, Mr. Goenka had said: “The first phase of India’s space reforms opened the sector and created an institutional framework for private participation. Now India has to work on generating heavy demand.”

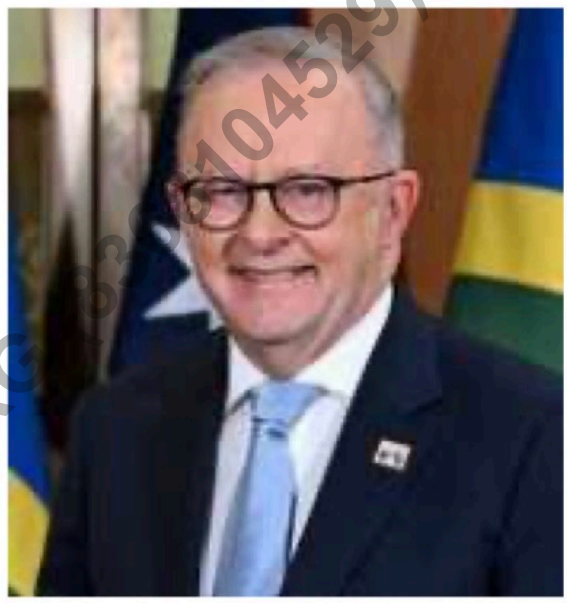
SHAURYA SSD TRG (8368104529)

Solomon Islands and Australia ink deal on security partnership

Reuters
SYDNEY

Australia and Solomon Islands signed a security pact on Wednesday that makes Canberra the country's defence partner of choice, marking a shift for the Pacific archipelago that signed a similar deal with China only four years ago.

Under the deal, Australia will support the expansion and development of Solomon Islands' police and border force, while Honiara will deny any request from a foreign power to establish military or security bases on its territory, the leaders of the countries said in a joint statement.



Anthony Albanese

"Australia is proud to be the Solomon Islands' main security partner, and that's a responsibility that we take seriously," Australian Prime Minister Anthony Albanese said told a press meet in Canberra. The pact is a victory for Canberra, which is battling China for influence in the region.

AHEAD OF HASINA'S PLANNED RETURN

Bangladesh tightens border security, deploys more forces

Press Trust of India
Dhaka, November 25

BANGLADESH BEEFED up security across several districts, deploying 108 platoons of border paramilitary force, including 56 in deposed prime minister Sheikh Hasina's home district Gopalganj, as political tensions mount over her planned return next month.

There have been incidents of violence, including arson attacks targeting trains, buses and banks, across Bangladesh in the last many days surrounding the 79-year-old politician's possible return. Hasina has been staying in India since fleeing Dhaka in August 2024 following a student-led uprising that toppled her government. Police blamed activists of Awami League and its affiliated organisations for several of the incidents.

The heightened security comes amid fears that Hasina's supporters could intensify violence and sabotage in the coming days. Awami League, whose activities have been banned, is promoting a lockdown programme for November 29 and 30 through online platforms, adding to concerns over a possible escalation of tensions.

In a press statement on Wednesday, the Border Guard Bangladesh (BGB) announced the deployment of 108 platoons in seven districts "to maintain law and order, ensure public safety and deal with any untoward situation", news portal *bdnews24.com* reported. Of them, 56 platoons have been deployed in Gopalganj amid persistent unrest, the BGB said.

Gopalganj, a stronghold of Awami League, has witnessed incidents of violence, arson and vandalism in recent days. Around 2,000 police personnel and 10 BGB platoons, along with personnel of the Special Response Battalion, were deployed in the district last week.

According to BGB statement, 18 platoons have been deployed in Dhaka, six in Narayanganj, 18 in Gazipur, two in Mymensingh, three in Chattogram and one in Cox's Bazar districts.

"In addition, four platoons of BGB members have been kept on alert for deployment," it said.

The deployment has been made on the instructions of the Home Ministry, with BGB personnel coordinating with the respective district administrations and other law enforcement agencies, the *Prothom Alo* newspaper reported.

Govt hikes wages of garment workers

Dhaka: Bangladesh raised the minimum monthly wage for entry-level garment workers Wednesday by 36% to 17,000 takas ($136) from 12,500 takas after weeks of protests closed factories and disrupted production as workers demanded the minimum wage be doubled.

The workers took to the streets, fought with police and attacked factories for weeks as they demanded better wages. The garment industry is Bangladesh's main sector to earn foreign currency through exports, mostly to US and Europe. **AP**

SAURYA SSB TRC (9368104599)

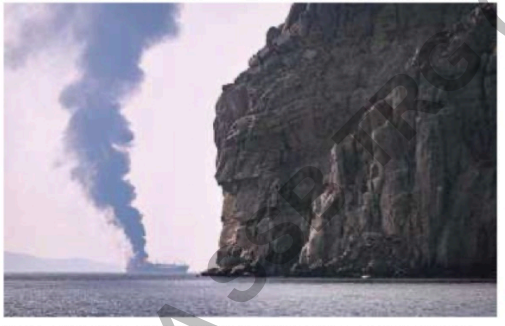
Iran says ships hit mines in Hormuz, warns vessels to coordinate passage

Tehran says it is not concerned about U.S. blockade as there has been a significant increase in cargo through other borders, and that the government is seeking to rein in prices; military has deployed 'new systems' to strengthen control of Hormuz

Reuters
DUBAI

Two oil tankers struck naval mines, exploded and caught fire in the Strait of Hormuz on Wednesday, Iran's Revolutionary Guards Navy said in a statement carried by state media. The statement said the vessels had been attempting to transit an unauthorised route through the waterway.

In a separate statement on Wednesday, Iranian Army spokesperson Mohammad Akraminia said the military had deployed new systems and upgraded existing ones to strengthen surveillance and control of the strait. He warned that vessels passing through without coordinating with Iranian forces had faced greater risks and struck mines in recent weeks.



Smoke rises from a burning liquefied petroleum gas tanker in the Strait of Hormuz off the Musandam Peninsula, Oman. AP

Tehran has told Washington it will not restore normal shipping through the Strait of Hormuz until its demands are met, including the lifting of a U.S. naval blockade of Iranian ports and an end to the war on all fronts.

Under a proposal conveyed through Qatari mediators, Tehran offered to reopen the waterway within 48 hours of Washington meeting its conditions.

Iran's first vice president said on Wednesday Tehran was not concerned about a US naval blockade as there had been a significant increase in cargo through other borders, and that the government was seeking to rein in price rises.

Iran is facing one of its worst inflation surges in decades, driven by the nearly nine-month-old Iran war, with a particularly sharp rise in food prices.

"The increase in the unloading and clearance of goods through non-southern borders sends the message that we are not concerned about the enemy's naval blockade," Mohammad Reza Aref said.

Strategic goods reserves were strong and supplies plentiful, he added, without giving any figures.

In a separate meeting, President Masoud Pezeshkian said the government was seeking to direct more budget resources and energy savings towards improving living standards in poorer communities.

SHAURYA SSB/TRG (8368104529)