

INDIA-US TRADE PACT

Import Tariffs on Agri Items to be Phased Out Over 10 Yrs

Govt says move will provide 'adequate adjustment space' for domestic players

Our Bureau

New Delhi: Tariffs on imports of several agricultural and intermediate products from the US will be phased out over a period of up to 10 years under the India-US trade pact, which would provide "adequate adjustment space for domestic players," the government said on Monday.

These include albumins, certain oils such as coconut oil, castor oil and cotton seed oil, hoofmeal, lard, stearin, modified starches, peptones and their derivatives, and plants and parts of plants, among others.

"Phased elimination of tariffs over up to 10 years has been adopted for certain intermediate prod-

ucts used by India's food processing industry and sourced from multiple countries," the government said in a statement, adding that the offer is categorised into immediate duty elimination, phased elimination (up to 10 years), tariff reduction, margin of preference and tariff rate quota mechanisms.

As per the statement, "additional structural duty relief ensures zero reciprocal duty access for \$1.04 billion under the exemption category. Within this, agricultural products valued at \$1.035 billion have been assured zero reciprocal tariff by the US."

"This provides stability and predictability for Indian agricultural exporters and ensures that key farm products continue to enjoy uninterrupted market access", it added.

It said highly sensitive agricultural sectors including meat, poultry and dairy products, GM food products, soyameal, maize and cereals remain fully protected under a carefully crafted ex-

emption category.

For select sensitive agricultural products such as parts of plants, olives, pyrethrum and oil cakes, the tariff reduction category has been applied to ensure that a measured level of duty protection continues.

In-shell almonds, walnuts, pistachios, and lentils, are some 'highly sensitive items' which have been liberalised under Tariff Rate Quotas (TRQs) where "limited quantities are allowed at reduced duties".

Immediate duty elimination has been offered only for select non-sensitive products that are already liberalised under other FTAs, it said. "Sensitive sectors such as automobiles have been liberalised through a combination of quota and duty reduction mechanisms. Medical devices have been addressed through long and staggered phasing schedules," the government said, adding that alcoholic beverages have been offered under tariff reduction along with minimum import price under the trade pact.

India turns to US for coking coal as Australia's dominance wanes

Shift predates India-US trade framework

SAKET KUMAR
New Delhi, 9 February

India's coking coal imports are rapidly shifting towards the US, away from Australia, which has traditionally been the largest supplier. The shift was underway well before the latest announcement of the India-US trade framework and underscores a structural change in India's energy sourcing strategy.

A *Business Standard* analysis of fresh commerce ministry data shows that while Australia remains the single largest supplier, its dominance has weakened sharply. Its share in India's coking coal imports declined to 43 per cent in

FY25 from 69 per cent in FY20 in volume terms. Australia exported 35.92 million tonnes (mt) of coking coal in FY20 which fell to 24.54 mt in FY25.

Over the same period, the US has emerged as a major supplier, with its share rising from 7.3 per cent to over 15 per cent in FY25, as US shipments to India doubled over five years.

The US exported 3.77 mt of coking coal in FY20, which rose to 8.47 mt in FY25. During the same period, Russia's share also rose to 7.75 mt from 1.1 mt.

The shift has taken place against the backdrop of India's continued dependence on imported coking coal. The country holds an estimated 37 billion tonnes of coking coal reserves, primarily in Jharkhand, with additional reserves in Madhya Pradesh, West Bengal, and

Fact sheet

57 mt
India's total
coking coal
imports in
FY25



- The change reflects a move to diversify sourcing and reduce price volatility
- Over-reliance on one supplier raises supply disruption and cost risks
- Coking coal notified as critical minerals last month to cut import dependence

43%

Australia's share in FY2, a drop from 69% in FY20

15%

US share in FY25, up from 7.3% in FY20

ucts, precious metals, and coking coal. The shift gathered pace even as the government sought to reduce vulnerability to imported coking coal. The coal ministry last month notified coking coal as a critical mineral, signalling the need to boost domestic production and secure supplies.

Analysts said the diversification reflects a deliberate effort by Indian buyers to reduce risks associated with supply concentration. "The shift reflects a conscious diversification strategy to reduce exposure to supply disruptions and price volatility linked to Australian coking coal exports," said Rajib Maitra, partner and sector leader at Deloitte South Asia.

Relying on a single geography exposes steelmakers to supply shocks caused by cyclones, mine disruptions, and periods of market tightness, which affect landed costs.

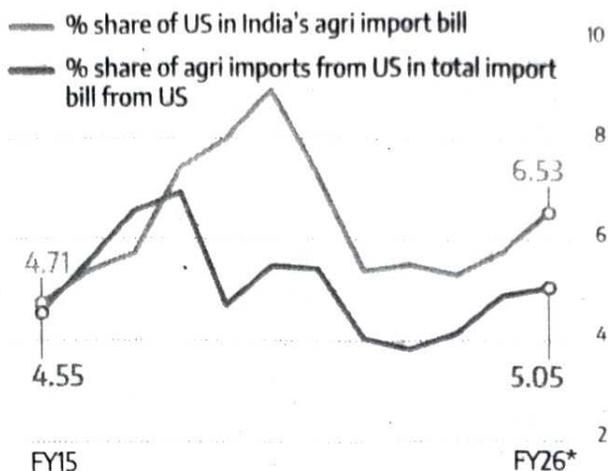
Chhattisgarh. However, around 95 per cent of the steel sector's coking coal requirement is met through imports, which rose to 57.07 mt in FY25 from 51.83 mt in FY20.

India's latest intent to purchase coking coal from the US under the proposed bilateral trade frame-

work comes against the backdrop of this diversification strategy, which has been in the works for some time. The India-US joint statement released on Saturday said India intends to purchase \$500 billion worth of US products over five years, including energy prod-

Agri goods imports from US at just 5%

Just 5 per cent of India's total imports comprise agricultural products. Of this, 6.53 per cent of India's agricultural imports came from the US in FY26 (April–December), the highest share since FY21. Agricultural products accounted for 5 per cent of India's total imports from the US during the first three quarters of FY26.



*Apr-Dec, Source: CMIE

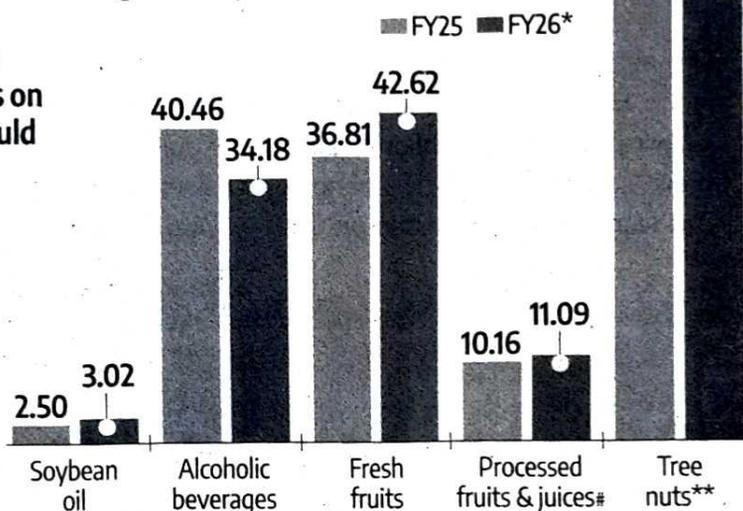
US a major exporter of nuts to India

Nearly two-thirds of India's imports of tree nuts came from the United States. US made for over 42 per cent of India's fresh fruit imports in FY26 (Apr–Nov). However, its share in India's imports of soybean oil and processed fruits and juices was significantly lower.

Share of US in India's imports of agri goods on which New Delhi would cut tariff (in %)

*Apr–Nov; **excludes cashews, Brazil nuts and coconuts; India's imports of dried distillers' grains, sorghum from the US were negligible.

Sources: Commerce dept, BS calculations



High tariffs on agricultural products

India's trade-weighted average tariff on agricultural products stood at 64.3 per cent in 2024. By comparison, tariffs on non-agricultural products were around seven times lower than those on agricultural goods.

Source: WTO

Trade-weighted MFN applied average tariff (in %)

Year	All products	Agricultural products	Non-agricultural products
2014	6.2	45.0	4.5
2015	7.0	47.2	4.9
2016	7.6	38.0	5.6
2017	7.5	34.8	5.5
2018	11.7	63.0	8.2
2019	10.3	60.7	8.0
2020	7.0	32.5	5.8
2021	12.6	63.3	9.4
2022	11.4	48.5	9.2
2023	12.0	65.0	9.0
2024	12.0	64.3	9.2

Lower US tariffs on Bangla textiles may impact India

NARAYANAN V
Chennai, February 10

THE LOWER US import tariffs on textiles and apparel exports from Bangladesh could mean more competition for Indian exporters though the impact may be limited as Bangladesh has capacity constraints.

The US-Bangladesh trade pact lowers the effective tariff to 19%, compared with 18% for Indian exports. "The tariff differential between India and Bangladesh has narrowed from 2% to 1%, which is a concern in a sector with thin margins," the Confederation of Indian Textile Industry (CITI) said.

Economist and former trade negotiator, Abhijit Das, pointed out that the India-US trade pact, by which reciprocal tariffs are down to 18%, would have enabled Indian exporters to increase shipments to the US whereas some competing nations such as Bangladesh, would face 19% and others, such as Vietnam, would face 20%.

However, the US-Bangladesh pact will bring down the reciprocal tariffs to zero, for a certain quota.

The size of the quota is not known, he said, but what is quite likely to happen is that the perceived tariff advantage, which India would have had over

CAPACITY CONSTRAINTS

■ US-Bangladesh trade pact lowers the effective tariff to

19%

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■ Tariff differential between India and Bangladesh has narrowed from **2% to 1%**, a concern for textiles sector because of thin margins

■ US-Bangladesh pact will bring down the reciprocal tariffs to zero, for a certain quota

■ Bangladesh is among the world's leading exporters of textiles to the US

Bangladesh of about one percentage point, gets reversed into a tariff disadvantage of 18%.

The US and Bangladesh on Tuesday agreed on a reciprocal trade framework under which Washington will allow a specified volume of textile and apparel exports from Bangladesh to enter the US at a zero reciprocal tariff rate.

CITI warned of short-term pressure on Indian spinning mills and cotton shipments, as Bangladesh — India's largest export market for cotton and yarn — may be prompted to step up purchases of US cotton and spin domestically.

India exported \$1.47 billion worth of cotton yarn (about 570 million kg) to Bangladesh in 2024-25.

About 20% of Bangladesh's garment exports and about 26% of India's cotton apparel exports are destined for the US. Bangladesh is among the world's leading exporters of textiles and apparel to the United States.

India and the US signed an interim trade agreement last week, under which tariffs on Indian textile and apparel exports were reduced from 50% to 18%, making India relatively more competitive than Indonesia (19%), Vietnam (20%), Bangladesh (20%) and China (40%). Prabhu Dhamodharan, convener of the Coimbatore-based Indian Textpreneurs Federation, however, said Bangladesh has capacity constraints.

Bangladesh exports about \$44 billion worth of garments annually, nearly 80% of which are cotton-based, implying yarn and fabric demand of around \$17-18 billion. "Its domestic spinning and fabric capacity can support only \$3-4 billion, leaving a structural gap," he said.

Bangladesh's spinning sector also cannot fully pivot to US cotton due to its entrenched exposure to Europe and the UK. "At best, only 20-25% of yarn and fabric demand can be met domestically. The rest will have to be sourced from India and Vietnam, subject to rules. In such a scenario, Indian yarn and fabric exports stand to benefit," Dhamodharan added.

Duty cut likely to step up pulses imports from US

SANDIP DAS

New Delhi, February 10

INDIA MAY STEP up imports of pulses such as yellow peas, lentils (masoor) and kidney beans from the US following duty cuts on "certain pulses" agreed to in the interim trade deal between the two nations, trade sources said.

At present, a small quantity of yellow peas, red and green lentils is imported from the US, where prices are higher by 5% to 10% compared to those offered by Canada, Russia and Australia. This makes imports of pulses from the US unremunerative, traders said.

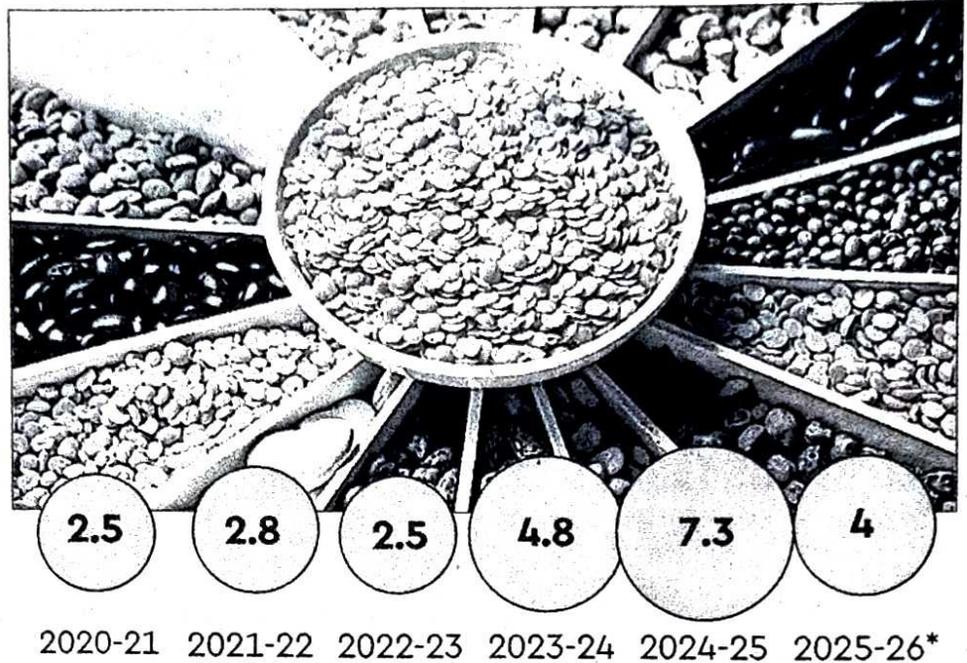
"India will eliminate or reduce tariffs on all US industrial goods and a wide range of US food and agricultural products, including dried distillers' grains (DDGs), red sorghum, tree nuts, fresh and processed fruit, certain pulses, soyabean oil, wine and spirits, and additional products," the fact sheet released by the White House stated.

The joint statement between India and the US made no reference to pulses imports. "Once we get clarity on the tariff, we assess whether to step up sourcing pulses from the US," an importer of pulses told *FE*.

Imports of tur and urad varieties of pulses are allowed duty-free until March 31, 2026. Cur-

TRADE LIBERALISATION

Import of pulses (in million tonne)



*projection

rently, the duty on yellow peas is 30% while on lentils, it is 10%. India imports about 18-20% of its annual consumption of pulses — tur, urad, masoor (lentils), yellow peas and Bengal gram from Canada, Russia, Brazil, Myanmar and Africa.

Yellow peas, used as substitutes of chana (gram) and lentils, are currently imported from Canada and Russia as domestic production is inadequate to meet the demand. Bengal gram is largely imported from Australia.

Trade sources said the US has been pressing for inclusion

of exports of lentils and yellow peas at zero duty to India for the last many years.

"India has maintained some of the highest tariffs on the United States, with tariffs as high as an average of 37% for agricultural goods and more than 100% on certain autos," according to the fact sheet.

Commerce Minister Piyush Goyal on Saturday mentioned "lentils" among the items that have been imported from the US for years and will see tariff cuts. In FY25, India's pulses imports rose by 46% to \$5.48 billion compared to 2023-24.

Tea Board mandates testing of all imports from May 1

Mithun Dasgupta

Kolkata

The Tea Board has mandated the compulsory testing of all tea import consignments from May 1, following complaints from the domestic industry over rising imports of cheap and inferior-quality teas.

In a directive issued on Tuesday, the Board said all imported tea must be tested in line with the prescribed standard operating procedure (SOP) to ensure quality compliance.

CHEAPER INFLOWS

Imports have been a persistent concern for planters, who say such shipments depress domestic prices and hurt growers.

Industry bodies have previously urged the government to impose a 100 per cent import duty on cheap tea imports, mainly from Nepal, Kenya and other African nations.

CRACKDOWN

The Tea Board said importers must hold a valid licence and submit shipment details — including tentative arrival date, warehouse information, number of containers and a proforma invoice detailing tea cost, freight and insurance — through the Tea Council portal.

An application fee of ₹11,120 plus GST per sample must be paid online while applying for a provisional import clearance certificate.

Importers are also required to upload images of

the packaging intended for re-export.

Upon arrival, a Tea Board official will, within 24 hours, draw two sets of samples from a randomly selected container out of every batch of five containers at the port.

NEPAL TEAS

Welcoming the move, Bijoy Gopal Chakraborty, President of the Confederation of Indian Small Tea Growers' Associations (CISTA), said the directive would curb the entry of poor-quality and non-FSSAI-compliant teas and check the practice of re-exporting substandard imports.

In the domestic market, Darjeeling tea faces stiff competition from Nepal-origin teas, which are priced up to 50 per cent lower.

India's cotton exports to Dhaka safe despite US deal

Business Line 12.02.2026

Vishwanath Kulkarni
Bengaluru

A majority of Indian cotton stakeholders feel that shipments of the natural fibre crop to Bangladesh will continue as usual, despite the US-Bangladesh trade deal. Only some think exports to the neighbouring country may get impacted.

Dhaka has traditionally been the largest buyer of Indian cotton, while as part of the deal, it is expected to source the cotton from US.

"I don't think our cotton exports to Bangladesh will be impacted due to our proximity. From the US and other places, it takes a minimum of 45 days for shipments to

reach Bangladesh, whereas from India, it takes 8 days. Their working finances are tight. Also, they have domestic consumption and they export to other markets like Europe, for which they need Indian cotton," said Vinay N Kotak, President, Cotton Association of India (CAI), the apex trade body.

LOGISTICS ADVANTAGE

"Only 25 per cent of Bangladesh's apparel export goes to US and 50 per cent to Europe. The only problem is that we have stopped exports through road. That may affect it. If road export is opened, then we may not have any issue. After the elections (in Bangladesh), things can improve," Kotak

Bangladesh has agreed to source US cotton as part of the deal, though it is the top importer of the Indian natural fibre

said. The US-Bangladesh trade deal may have better implications for the domestic cotton market, believes, Lalit Kumar Gupta, CMD, Cotton Corporation of India, currently the largest stockholder in the country.

"It should be better because we are also one of the cotton bales exporters to them. If their demand increases, certainly they will

import little bit cotton from us," Gupta said, adding that India has a lower logistic cost advantage to the neighbouring country when compared with other origins.

"We have also sold some cotton to the Bangladesh recently. We are selling the cotton also in export market." Gupta added.

CCI revised the domestic sale prices recently and has also set the floor price for exports.

"The export price is in line with our domestic price," Gupta added.

Ramanuj Das Boob, a sourcing agent in Raichur said, though the exports have slowed down, there is demand for cotton from Bangladesh, but at a lower

rate than the prevailing market price.

BRAZILIAN COTTON

However, Atul Ganatra, former President, CAI, said, "Cotton and cotton yarn exports to Bangladesh will get affected. Currently, they have been buying Indian and Brazilian cotton. But if they have to save that 18 per cent tariff, they will have to buy the US cotton. If they buy the US cotton, then why will they buy the Indian cotton or yarn."

Ganatra said India's cotton exports had already come down over the past few months because of the disturbance in the neighbouring country.

Moreover, Bangladesh is

getting Brazilian cotton at a cheaper at 68-69 cents per pound, which works out to ₹49,000-50,000 per candy (of 356 kg). "Why will they buy the Indian cotton at ₹55,000-56,000 levels," he asked.

Further, he said that the lower imports to Bangladesh may also impact the domestic prices.

"Against our estimates of 15 lakh bales (of 170 kg each), the overall exports this year may hardly be around 10 lakh bales," he added. CAI has estimated cotton exports for the 2025-26 season ending September at 15 lakh bales against previous year's 18 lakh bales.

Till January end, about 6 lakh bales have been exported.

Pulses imports drop sharply in FY26 on robust crop, stocks

SANDIP DAS

New Delhi, February 11

AFTER SETTING A record in FY25, India's pulses imports have dropped sharply in the current financial year, trade sources said, citing adequate carry-forward stocks and robust domestic crop prospects.

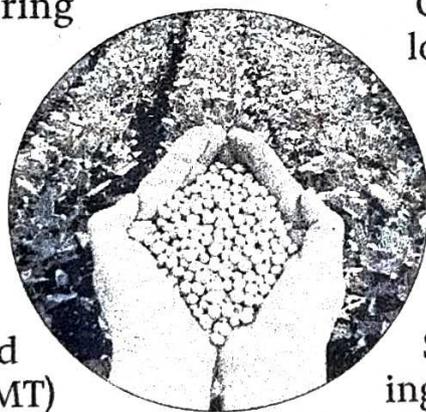
According to provisional data, in terms of volume, pulses imports during April-November 2025-26 declined by 23% to 3.26 MT compared to 4.22 MT during the same period last fiscal. India imported a record 7.3 million tonne (MT) of pulses in FY25.

"Overall imports of pulses in FY26 are likely to be just above 4.5 MT," Satish Upadhyay, secretary, India Pulses and Grains Association, told FE. Upadhyay said that during December 2025 and January 2026, about 0.7 MT of pulses have been imported.

The decline in value of pulses import has been rather sharp, as the country during the first eight months of FY26 has imported pulses valued at \$

2.06 billion, a 38% drop compared to imports of \$3.33 billion in April-November FY25. In FY25, the value of India's pulses imports rose by 46% to \$5.48 billion compared to 2023-24.

Official sources said that the cost of imports have declined by around 30-40% in the current year because of higher global output and low imports, thus pulling down the prices.



Global prices of yellow peas, mostly sourced from Canada and Australia, has been ruling around \$300/tonne against

\$400/tonne prevailing a year back. Similarly,

Bengal gram prices have declined to \$520/tonne from \$700/tonne in last one year. In terms of varieties, arhar (pigeon pea) and masur (lentil) imports during April-November FY26 declined by 5% and 24% to 0.94 MT and 0.4 MT, respectively compared to the same period in FY25.

There has been a 52% decline in import of yellow peas, used as substitute of chana (gram) to 0.75 MT in April-November, FY26 on-year.

Import of US crude in 2025 may be 2nd highest on record

Rishi Ranjan Kala

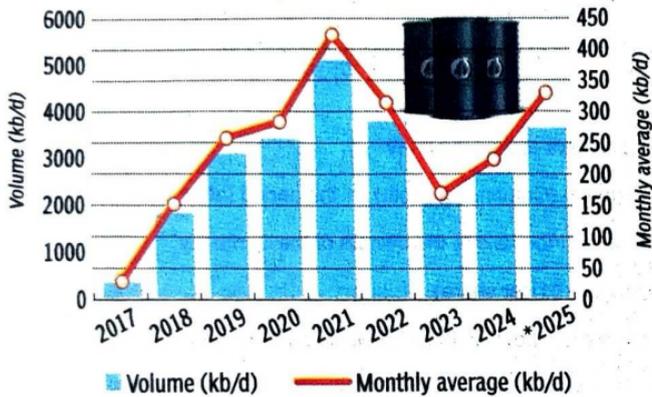
New Delhi

Amid pressure from the US on India to stop Russian crude oil imports, Washington's exports of the geopolitically-sensitive commodity to New Delhi are already set to hit the second-highest on record in CY2025.

According to the latest data from the US Energy Information Administration (EIA), cumulative US crude oil exports to India stood around 3,603 thousand barrels per day (kb/d) during the January-November 2025 period, averaging at roughly 327.55 kb/d per month. The export numbers for December 2025 are yet to be updated.

Currently, the 2025 ex-

India's crude oil purchases from the US



*Jan-Nov2025 Source: US Energy Information Administration

port volumes are the third-highest on record, after CY2021 (5,046 kb/d) and CY2022 (3,745 kb/d).

Refiners and analysts, however, said India has upped its crude oil purchases

from the US, and this year's numbers are expected to surpass the volume recorded in 2022.

RISING US SHARE

The rising US share carries

strategic value and supports diversification strategies. Higher energy imports from Washington will help narrow India's trade deficit with the US and fit into New Delhi's broader strategy of diversifying energy supply chains. The increase in crude trade also reinforces energy co-operation between New Delhi and Washington.

However, India's purchases of US crude oil, particularly WTI Midland and Eagle Ford grades, have limited upside. For instance, WTI Midland, a light (API 40-42), naphtha-rich crude, yields fewer middle distillates (diesel) than the medium and heavy sours Indian refineries are optimised for.

US crude grades may replace some volumes from West Africa, such as Nigeria,

which supplies light sweet crudes such as Bonny Light.

The longer voyage time (45-55 days) and higher freight costs compared with Middle Eastern and African grades curb competitiveness.

The elevated US presence in India's crude basket underscores the deepening strategic energy alignment between the two countries and supports India's broader diversification strategy balancing security, economics and geopolitics.

US tariff cuts likely to stabilise gherkin exports; EU gains to build gradually

Business Line

Tejaswini S
Bengaluru
16.02.2026

India's gherkin exports are expected to recover after the US reduced its additional tariff to 18 per cent in early February 2026, industry officials said.

The recovery follows a projected decline in CY2025 shipments. According to Crisil Intelligence's latest monthly dashboard, exports are estimated at 160.5 thousand tonnes in CY2025, compared with 163.8 thousand tonnes in CY2024, marking a drop of about 3.3 thousand tonnes. The fall was attributed largely to the earlier 50 per cent additional US duty.

The US accounts for nearly 30 per cent of India's shipments in the prepared gherkins segment. The higher duty affected more

than 90,000 small and marginal farmers engaged in contract cultivation.

Gherkins are small cucumbers harvested at an early stage, typically measuring 4-8 cm in length. They are usually pickled in vinegar or brine and sold in jars or cans.

EXPORTS BOOST

India exported 2,89,594.37 tonnes of prepared and preserved cucumbers and gherkins in FY25, valued at \$306.72 million, according to the Agricultural and Processed Food Products Export Development Authority, based on Directorate General of Commercial Intelligence and Statistics data.

The US initially imposed a 25 per cent reciprocal tariff on Indian imports in August 2025. On August 6, 2025, it announced an additional 25 per cent tariff on Indian



BIG CHUNK. The US accounts for nearly 30 per cent of India's shipments in the prepared gherkins segment

goods linked to India's energy purchases from Russia, which took effect on August 27, 2025.

TARIFF BURDEN

This raised the total tariff burden on most Indian exports to 50 per cent, one of the highest rates imposed by the US on any trading partner. Exporters said the 50 per

cent tariff disrupted trade flows.

"There was a reduction of around 10 per cent in volumes to the US due to the 50 per cent duties. Now, the duty has been reduced to 18 per cent. Volumes are expected to be restored, possibly within two months," said Pradeep Poovayya, Vice-President of the Indian

Gherkins Association. Exporters

Somanna Mukkatira Kaveriappa, Chief Executive Officer and Director of International Agricultural Processing Pvt Ltd (IAP), said Indian gherkins were already attracting duties of 7.7 per cent to 9.6 per cent before the reciprocal tariff. The 50 per cent duty was imposed on top of this.

"Even now, the 18 per cent remains an additional burden; so it has not returned to the earlier duty structure," he said.

If the 18 per cent tariff is stable, then business would be stable, he added.

Sandeep Rathour, plant manager at Koeleman India Pvt Ltd, said the impact was severe. "If we were exporting 100 containers earlier, we shipped barely 20 last year. The US market was almost

closed except for pending orders," he said.

HIGH EXPOSURE

Companies with high exposure to the US saw sharper declines. Kaveriappa said his company, which had over 60 per cent of its business in the US, saw volumes drop by more than 50 per cent during the tariff spike.

Exporters said the current 18 per cent duty still limits competitiveness against suppliers who face no duty in the US market.

The India-EU Free Trade Agreement seeks to reduce or eliminate tariffs on goods and services and was finalised on January 27. Exporters said there will be no immediate impact. "The duty reduction will happen in a phased manner. Nothing will happen in the next year," Poovayya said.

Rathour said Europe drives volumes but not margins. For most exporters, the US remains the preferred market for profitability. If tariffs in Europe are reduced to zero under the agreement, Indian suppliers could gain share from Turkey, he said.

KARNATAKA LEADS

Karnataka accounts for 60 per cent to 70 per cent of India's gherkin exports, followed by Tamil Nadu, Telangana and Andhra Pradesh.

While exporters expect US shipments to return to earlier levels under the 18 per cent regime, gains in Europe will depend on the timing and structure of tariff reductions under the trade pact. Emerging markets such as Mexico and Chile are also being explored.

The writer is an intern