

DECODING THE LATEST SCOTUS RULING IMPACT

What was Average Tariff for India When Tariff was @ 25 %

Tariff Rates Since April 2025	
Period / Date	Effective US Tariff Rate on Indian Goods (Overall / Key Changes)
April 2, 2025	26% total (10% baseline + 16% reciprocal)
April 9, 2025	10% (baseline only)
July 31 - August 6, 2025	25% → escalated to 50%
August 27, 2025 - February 1, 2026	50% (peak)
February 2, 2026	Reduced to 18%
February 6-20, 2026	18% (as per deal)
February 20-21, 2026	SCOTUS strikes down broad IEEPA tariffs → fallback to temporary 10% → 15% global tariff

Weightage Average Tariff @ 25 %			
Item	Exports to US (\$bn)	@25% Tariff rate	Tariff paid @25% (\$bn)
Textiles & RMG	7.8	25%	1.95
Engineering goods	9.2	25%	2.30
Chemical products	5.0	25%	1.25
Leather & footwear	1.9	25%	0.48
Plastic, rubber, handicrafts	2.8	25%	0.70
Marine products	3.9	25%	0.98
Gems & jewellery	4.0	25%	1.00
High end auto parts (Sec 232)	1.5	25%	0.38
Steel/aluminium/copper (Sec 232)	3.4	50%	1.70
Pharmaceuticals (exempt)	6.6	0%	0.00
Smartphones etc (exempt)	12.5	0%	0.00
Petroleum products (exempt)	4.2	25%	1.05
Agri, minerals, others (exempt)	3.0	0%	0.00
Total	65.8	—	11.79
Weighted avg tariff (%)	—	—	17.92%

Calculation of Trade Weightage Average Tariff under Different Tariff Rate : Scenario Analysis

Trade Weightage Average Tariff @ 18 %

Item	Exports to US (\$bn)	@18% deal Tariff rate	Tariff paid @18% (\$bn)
Textiles & RMG	7.8	18%	1.40
Engineering goods	9.2	18%	1.66
Chemical products	5.0	18%	0.90
Leather & footwear	1.9	18%	0.34
Plastic, rubber, handicrafts	2.8	18%	0.50
Marine products	3.9	18%	0.70
Gems & jewellery	4.0	18%	0.72
High end auto parts (Sec 232)	1.5	25%	0.38
Steel/aluminium/copper (Sec 232)	3.4	50%	1.70
Pharmaceuticals (exempt)	6.6	0%	0.00
Smartphones etc (exempt)	12.5	0%	0.00
Petroleum products (exempt)	4.2	0%	0.00
Agri, minerals, others (exempt)	3.0	0%	0.00
Total	65.8	—	8.30
Weighted avg tariff (%)	—	—	12.62%

Trade Weightage Average Tariff @ 15 %

Item	Exports to US (\$bn)	@15% Tariff rate	Tariff paid @15% (\$bn)
Textiles & RMG	7.8	15%	1.17
Engineering goods	9.2	15%	1.38
Chemical products	5.0	15%	0.75
Leather & footwear	1.9	15%	0.29
Plastic, rubber, handicrafts	2.8	15%	0.42
Marine products	3.9	15%	0.59
Gems & jewellery	4.0	15%	0.60
High end auto parts (Sec 232)	1.5	25%	0.38
Steel/aluminium/copper (Sec 232)	3.4	50%	1.70
Pharmaceuticals (exempt)	6.6	0%	0.00
Smartphones etc (exempt)	12.5	0%	0.00
Petroleum products (exempt)	4.2	0%	0.00
Agri, minerals, others (exempt)	3.0	0%	0.00
Total	65.8	—	7.28
Weighted avg tariff (%)	—	—	11.04%

Trade Weightage Average Tariff @ 10%

Item	Exports to US (\$bn)	@10% Tariff rate	Tariff paid @10% (\$bn)
Textiles & RMG	7.8	10%	0.78
Engineering goods	9.2	10%	0.92
Chemical products	5.0	10%	0.50
Leather & footwear	1.9	10%	0.19
Plastic, rubber, handicrafts	2.8	10%	0.28
Marine products	3.9	10%	0.39
Gems & jewellery	4.0	10%	0.40
High end auto parts (Sec 232)	1.5	25%	0.38
Steel/aluminium/copper (Sec 232)	3.4	50%	1.70
Pharmaceuticals (exempt)	6.6	0%	0.00
Smartphones etc (exempt)	12.5	0%	0.00
Petroleum products (exempt)	4.2	0%	0.00
Agri, minerals, others (exempt)	3.0	0%	0.00
Total	65.8	—	5.54
Weighted avg tariff (%)	—	—	8.42%

Internal

Item-Wise Comparative Analysis of India's Advantages vs. Peer Countries @ 15%

Item	US Tariff on India (Feb 21, 2026)	Key Peers	US Tariff on Peer (Approx. Effective, Feb 2026)	India's Comparative Advantage/Disadvantage
Textiles & RMG	15%	Bangladesh	19% (bilateral deal; some textiles 0% quota)	At par or slight edge (India's scale + PLI schemes); reverses prior crisis.
		Vietnam	20% (bilateral) + base MFN	At par; India's cost efficiencies help.
		Mexico	0% (USMCA qualifying)	Disadvantage vs. Mexico (nearshoring).
		China	15% + Section 301 up to 25%	Strong lead over China.
Engineering goods	15%	SE Asia (Vietnam/Thailand)	20% (Vietnam); 19% (Thailand)	Levels with SE Asia; advantage vs. China.
		Mexico	0% (USMCA)	Disadvantage vs. Mexico.
		China	15% + Section 301 up to 25%	Strong lead over China.
Electronics (exempt)	0%	China	0% base + Section 301 15-25%	Strong lead over China.
		Vietnam	0% (exempt similar)	Equals Vietnam.
		Mexico	0% (USMCA)	Neutral; India's PLI boosts edge.
Gems & jewellery	15%	Thailand	19% (bilateral)	Big lead; India dominates cutting/polishing.
		China	15% + Section 301 on some	Lead over China.
		Mexico	0-5% (USMCA preferences)	Slight disadvantage vs. Mexico.
Iron & steel/aluminium/copper	50% (Sec 232)	Mexico / Canada	0% (USMCA exemptions)	Major disadvantage vs. USMCA peers.
		China	50% (Sec 232) + Section 301	Slight advantage over China.
		Vietnam	25-50% (Sec 232)	Neutral/slight edge.
Leather & footwear	15%	China	15% + Section 301 up to 25%	Better placed than China (Super 301 equiv.).
		Vietnam	15-20%	At par; India's costs give edge.
		Bangladesh	19% (bilateral)	At par.

Item-Wise Comparative Analysis of India's Advantages vs. Peer Countries @ 15% Tariff

Item	US Tariff on India (Feb 21, 2026)	Key Peers	US Tariff on Peer (Approx. Effective, Feb 2026)	India's Comparative Advantage/Disadvantage
Marine products	15% (+8.2% CVD)	Mexico	0-5% (USMCA preferences)	Slight disadvantage vs. Mexico.
		Bangladesh	19% (bilateral)	At par.
		Ecuador	15% + CVD ~8%	Neutral (similar burdens).
		Vietnam	15-20%	Levels with Vietnam.
		China	15% + Section 301 on processed	Advantage vs. China.
Auto components (Sec 232)	25% (high-end parts)	Vietnam	25% (Sec 232)	Neutral vs. Vietnam.
		China	25% + Section 301 up to 25%	Advantage over China.
		Mexico	0% (USMCA)	Disadvantage vs. Mexico.
Organic chemicals	15%	China	15% + Section 301 up to 35%	Leads China.
		Vietnam	15-20%	Neutral/slight positive.
		Mexico	0-5% (USMCA)	Disadvantage vs. Mexico.
Pharmaceuticals (exempt)	0%	China	0% + Section 301 15-35%	Dominates vs. China.
		Vietnam	0% (exempt)	Equals but leads in volume/cost.
		Mexico	0% (USMCA)	Neutral.
Petroleum products (exempt)	0%	China	0-15% + Section 301 on refined	Advantage if penalties ease.
		Mexico	0% (USMCA energy preferences)	Neutral vs. Mexico.

	When Tariff Changes 25%-18%	When Tariff Changes 25% - 15%	When Tariff Changes 18%- 15%	When Tariff Changes 18%- 10%
Trade weighted Average Tariff Rate	17.92% to 12.62%	17.92% to 11.04%	12.62% to 11.04%	12.62% to 8.42%
Impact on GDP	18bps	23bps	6bps	15bps

- ❑ There could be a slight decline in US yields in short term. US inflation likely to be close to 2%
- ❑ Chances of Fed rate cuts will go up. DXY likely to weaken a bit
- ❑ Gold & silver prices likely to surge due to
 - ✓ Likely dollar weakness attributable to lower inflation and yields
 - ✓ Uncertainty about the new tax as it is for 150 days
 - ✓ Metals turning attractive due to lower interest rates
 - ✓ Central bank buying (geopolitical tensions also help)
- ❑ Higher uncertainty around US policies prompting trade partners to be skeptical
- ❑ Mid term elections could be a close call. If Republicans fall short uncertainty index will be much higher
- ❑ For India, the trade deal talks hangs in balance. For next 5 months the exact deal outcome likely unclear.

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