

INDIA'S RISING IMPORT TARIFFS SINCE 2014 UNDER THE MAKE IN INDIA POLICY TO REDUCE DEPENDENCY ON FOREIGN GOODS

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1. Abstract

Since the launch of the “Make in India” initiative in September 2014, the Government of India has implemented higher import tariffs as a key strategy to reduce dependence on foreign goods, support local industries, and boost domestic manufacturing. This approach contrasts with the trade liberalization policies that were introduced after India's 1991 economic reforms. This study examines India's import tariff policies since 2014, assessing their impact on lowering import dependence and enhancing domestic production, while also addressing unintended outcomes such as rising trade deficits, conflicts with the World Trade Organization (WTO), and retaliatory measures from trade partners.

Key Findings: The average import tariffs in India increased more than double, from around 7% (trade-weighted) in 2014 to 12% in 2023-24, with the simple average rising from 13% to 18.1%. Tariffs were raised on about one-third of over 12,000 tariff lines. Despite these increases, merchandise imports grew from \$450 billion in 2014 to \$678 billion in 2023-24. The trade deficit with China reached \$99.2 billion in 2024-25, while manufacturing's contribution to GDP remained approximately 17%, well below the target of 25%. The mobile phone sector was the most successful, with domestic production rising from \$3 billion to \$26 billion, a 767% increase, and imports falling by 65%. However, sectors like medical devices, defence equipment, and advanced chemicals showed limited progress even with tariff protection. Several major disputes emerged, including a WTO ruling against India on ICT tariffs in April 2023. Although the tariff increases provided short-term benefits to certain domestic industries, the broader goals of reducing import dependence and promoting sustainable manufacturing growth have not been achieved. A more balanced approach combining targeted tariff increases with essential structural reforms is suggested.

Keywords: Make in India, Import Tariffs, Trade Policy, Manufacturing, Production Linked Incentive (PLI), Trade Deficit, World Trade Organization (WTO).

2. Introduction

2.1 Background

The connection between trade policies and industrial growth has always been a central topic in conversations about economic progress.

India's experience clearly shows how trade policies have developed over time. After gaining independence in 1947, India followed an inward-focused strategy called import substitution industrialization (ISI), which involved high tariffs, quotas, and tight control over industries. This changed significantly in 1991 when the country started economic reforms, leading to a decline in tariffs. By 1997, tariffs had dropped from around 80% to about 30%, and by 2009, they had come down further to approximately 13%.

In 2014, the government introduced the “Make in India” program with the aim of making India a major global manufacturing hub. The plan wanted to increase the share of manufacturing in India's GDP from

15% to 25% by 2025. To do this, the program focused on simplifying rules, improving infrastructure, allowing more foreign direct investment (FDI), and offering government support. However, it also led to an increase in import tariffs across various sectors.

2.2 Theoretical Framework

This study is based on two main theoretical ideas.

The Infant Industry Protection Theory, started by Hamilton (1791) and List (1841), says that temporary help through tariffs can allow domestic industries to gain economies of scale and learning-by-doing benefits, which are needed to compete globally. The increase in tariffs under the “Make in India” initiative follows this idea—creating a protected market for domestic manufacturers to build their skills before facing international competition. However, the theory states that this protection should be temporary and must be paired with improvements in productivity.

Strategic Trade Theory, developed by Brander and Spencer (1985) and Krugman (1986), argues that in markets where competition is not perfect, governments can use trade policies to transfer benefits from foreign to domestic firms.

India's targeted tariff increases in sectors like mobile phones, solar panels, and electronics show efforts to gain benefits from major foreign producers, especially Chinese companies. The study also uses Endogenous Tariff Theory (Stigler, 1971; Olson, 1965), which explains how strong domestic producer groups can push for protection, even when consumer benefits are reduced.

2.3 Problem Statement

There is a clear contradiction: even after more than a decade of rising import tariffs, the manufacturing sector makes up about 17% of India's GDP, which is the same as it was in 2013-14. Trade deficits have reached a high point, and imports from China have grown instead of decreasing. Merchandise imports increased from \$450 billion in 2014 to \$678 billion in 2023-24, while the trade deficit with China reached \$99.2 billion in 2024-25. Exports as a share of GDP dropped from 25.2% in 2013-14 to 22.7% in 2023-24, and goals for creating industrial jobs have not been met.

2.4 Research Questions

- Q1) What has been the level and spread of import tariff increases since 2014 across different sectors?
- Q2) How effective have these tariff rises been in decreasing reliance on imports and helping local manufacturing?
- Q3) Why have rising tariffs not managed to slow the growth of overall imports, especially from China?
- Q4) What international trade disputes have occurred, and how have they impacted India's trade relationships?
- Q5) What structural problems are preventing the success of tariff-based import substitution policies?

2.5 Objectives

To record and examine the rise in import tariffs since 2014; to evaluate the effectiveness of tariff increases in reducing import dependence and supporting domestic manufacturing; to assess the unexpected effects

on trade deficits, competitiveness, and international trade relationships; to explore international trade disputes and retaliatory actions; to find out structural limitations and policy challenges; and to create evidence-based policy recommendations.

3. Literature Review

3.1 Competing Evidence on Tariff Effectiveness

The academic literature offers differing views on how effective tariffs are in industrial policy.

Evidence Supporting Tariff Effectiveness: Rodrik (2004) and Wade (1990) point to successful examples of strategic trade policies in East Asian countries, where selective protection along with performance conditions helped industries grow and improve. The electronics sectors in South Korea and Taiwan show how protecting new industries can lead to competitive export industries, especially when supported by strong institutions. Lin and Chang (2009) suggest that all major industrial nations have used protective measures during their development, implying that tariffs can still be a valid policy tool.

Evidence Questioning Tariff Effectiveness: Krueger (1978), Bhagwati (1988), and the World Bank (1993) provide counterarguments from Latin American and South Asian countries, where import substitution led to inefficiencies, rent-seeking, and limited technological progress.

The “East Asian Miracle” studies suggest that those successful cases used protection along with export discipline, avoiding the problems of long-term protection. Beason and Weinstein (1996) found that Japan's industrial policy did not significantly boost sectoral productivity, raising doubts about the effectiveness of targeted protection.

Specific India Literature: Panagariya (2008) explains that India's protectionist policies before 1991 led to the “Hindu rate of growth” (3.5%) and minimal industrial diversification. However, Chaudhuri et al. (2021) note that India's recent tariff increases might have different effects, given greater global value chain integration and the shift of investment to “China+1” strategies. Ahluwalia (2019) argues that India's manufacturing slowdown is due to structural issues like poor infrastructure, labour regulations, and skill shortages, which tariffs alone cannot resolve.

3.2 The China+1 Context

Research on global value chain changes emphasizes the “China+1” strategy, where companies are looking for alternate manufacturing sites to reduce reliance on China (UNCTAD, 2021).

India's tariff policy can partly be seen as taking advantage of this strategy, creating a protected market to attract firms moving away from China. However, Baldwin and Lopez-Gonzalez (2015) warn that tariff escalation can lead to “inverted tariff structures,” where final products face higher duties than their components, possibly supporting assembly while not encouraging deeper manufacturing.

3.3 Research Gap

Although there is a lot of information on India's tariff history and manufacturing performance, very few studies have thoroughly examined how specific tariff increases affect sectoral outcomes in India after 2014.

Few analyses combine WTO dispute information with domestic policy assessments to understand the trade tensions caused by tariff escalation. This study addresses this gap by using a mixed-method approach that looks at tariff changes, sectoral production data, and international dispute records.

4. Research Methodology

4.1 Research Design

This study uses a mixed-method convergent parallel approach (Creswell & Plano Clark, 2011), integrating both quantitative and qualitative methods.

The quantitative part involves examining tariff data, import statistics, and manufacturing performance using descriptive statistics and trend analysis. The qualitative part looks at policy documents, government statements, WTO dispute records, and views from different stakeholders. The results from both types of analysis are compared and discussed in the Discussion section.

4.2 Data Sources

Tariff Data: Information from the Central Board of Indirect Taxes and Customs (CBIC) and the World Trade Organization (WTO) tariff databases.

Trade Data: Data from the Directorate General of Commercial Intelligence and Statistics (DGCI&S), Reserve Bank of India (RBI), UN Comtrade, and the World Integrated Trade Solution (WITS) database.

Manufacturing Data: Information from the Ministry of Statistics and Programme Implementation (MOSPI) and the Annual Survey of Industries (ASI). **Dispute Records:** Data from the WTO dispute settlement database. **Policy Documents:** Government policy papers, guidelines for the Production Linked Incentive (PLI) scheme, and speeches delivered during budget sessions.

4.3 Sector Selection

Sectors were chosen through purposive sampling (Patton, 2002), with a focus on those that have seen significant increases in tariffs: Electronics and Information Technology, Steel and Metal Products, Power Generation Equipment, Chemicals and Pharmaceuticals, and the Automotive Sector.

This selection aimed to capture different levels of success in tariff outcomes—high, moderate, and limited—to enable a comparative analysis of the factors affecting the effectiveness of tariffs.

4.4 Analytical Framework

Step 1: Tariff Analysis – Reviewing all tariff increases since 2014 and calculating changes in both simple average and trade-weighted average tariffs.

Step 2: Import Analysis – Assessing the impact of tariffs on the volume and types of imports.

Step 3: Manufacturing Performance Analysis – Evaluating industry growth through production value, employment levels, and contributions to GDP.

Step 4: International Trade Dispute Analysis – Examining trade disputes and their effects.

Step 5: Policy Evaluation – Determining the effectiveness of policies using a balanced scorecard approach.

Step 6: Recommendation Formulation – Suggesting policy recommendations based on the findings.

4.5 Limitations

Data Limitations: Some import data for 2025-26 are estimates, and employment figures from the PLI scheme are approximate.

Attribution Challenges: It is methodologically difficult to separate the impact of tariffs from other policies such as the PLI scheme, FDI liberalization, and infrastructure investment. **Sectoral Generalization:** Findings from the selected sectors may not apply equally to all industries affected by tariffs.

5. Results and Analysis

5.1 Tariff Escalation Timeline (2014-2026)

The tariff escalation under the Make in India initiative has been gradual and focused on specific sectors.

In 2014, the program started with initial increases in Basic Customs Duty (BCD) on electronics and textiles, raising them from 0% to 5-10%. In 2015, the Phased Manufacturing Programme (PMP) raised the BCD on mobile phones from 0% to 6%. By 2016, the BCD on mobile phones further increased to 12%. In 2017, anti-dumping duties on steel were introduced. In 2018, a 25% safeguard duty was imposed on solar cells and modules. In 2019, the BCD on mobile phones reached 20%, and that of printed circuit boards (PCBs) also rose to 20%. The Production Linked Incentive (PLI) scheme for 10 sectors was launched in 2020, bringing in multiple duty increases. In 2021, customs duties on auto components and medical devices were raised by 5-15%. In 2022, the BCD on solar modules reached 40%, while that on solar cells was 25%. In 2023, there was selective duty rationalisation on EV components.

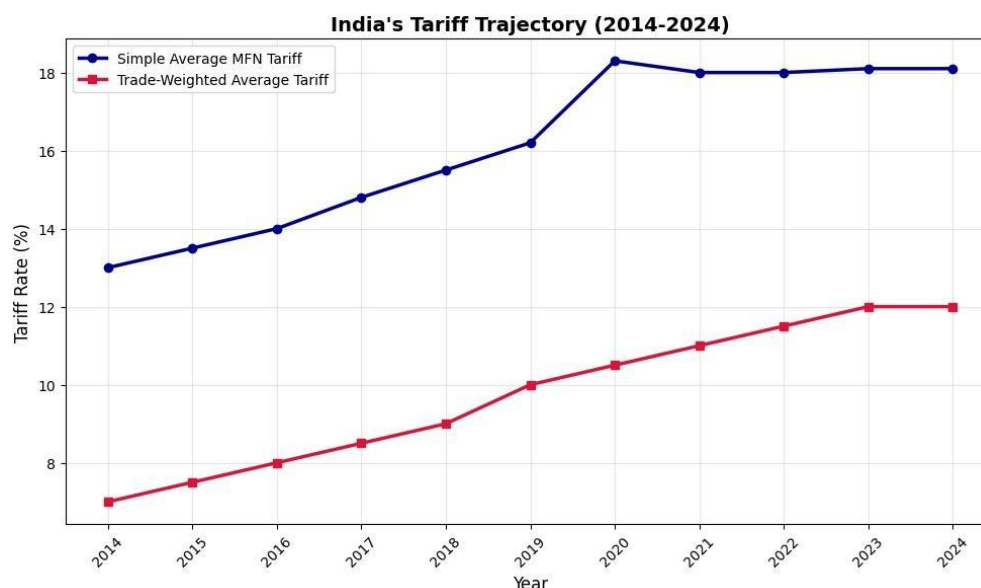


Figure 1. India's Tariff Trajectory (2014–2024): Simple Average MFN Tariff vs. Trade-Weighted Average Tariff. Author's illustration based on CBIC and WTO tariff data.

5.2 Sector-Wise Tariff Analysis

The analysis shows that different sectors experienced varying levels of tariff increases.

Mobile phones saw the biggest increase, with BCD rising from 0% to 20%, which helped in reducing imports significantly, seeing domestic production grow from \$3 billion to \$26 billion. Solar modules saw an increase from 0% to 40%, with domestic output rising from 10% to 65% of the market. Steel flat products increased from 7.5% to 15%, resulting in an output rise from 88 million tonnes to 145 million tonnes. Auto components increased from 7.5% to 15%, but some gaps remain. Textiles and apparel increased from 10% to 20%, with exports growing by 18%. Toys had the highest increase, from 10% to 60%, leading to a 70% drop in imports. Medical devices saw a rise from 0% to 7.5%, but import dependence remains at 75%. Defence equipment increased from 0% to 15%, but limited success was seen due to ongoing technology challenges.

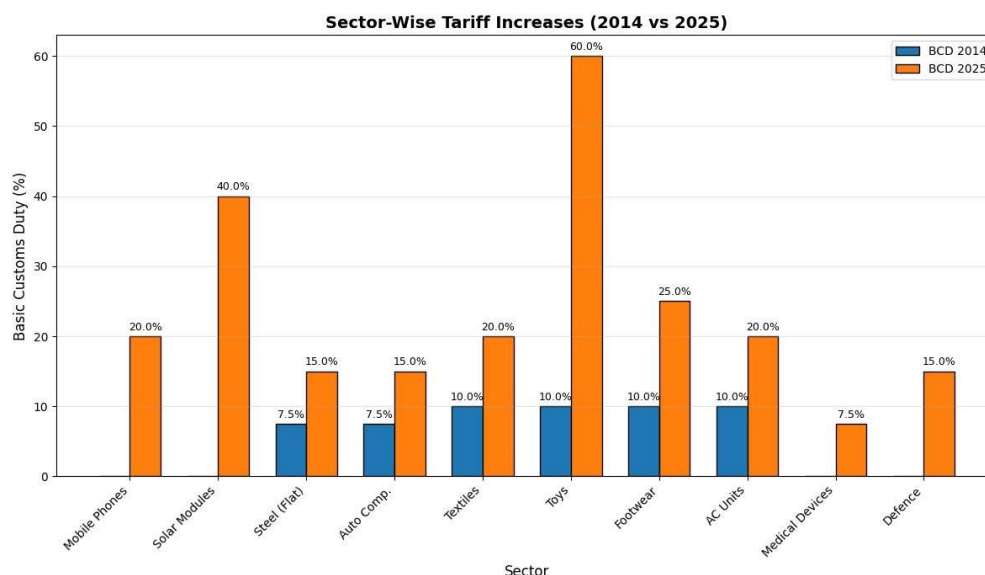


Figure 2. Sector-Wise Tariff Increases, Basic Customs Duty 2014 vs. 2025. Author's illustration based on CBIC customs notifications.

5.3 Trade Impact Assessment

The trade impact assessment shows a significant reduction in imports in various sectors.

Mobile phone imports fell from \$8.0 billion in FY15 to \$2.8 billion in FY26, a 65% decline, while domestic output grew by 767%. Solar cells and modules imports fell 44% from \$0.9 billion to \$0.5 billion, with domestic output growing 1,200%. Toys imports dropped 70% from \$0.7 billion to \$0.21 billion, with output rising 180%. Steel flat products imports declined 31% from \$7.5 billion to \$5.2 billion, with output growing 65%. Air conditioners imports fell 29% from \$1.2 billion to \$0.85 billion, with output growing 120%.

5.4 PLI Scheme & Tariff Policy Linkage

The PLI scheme has played an important role in supporting the tariff policy.

In the mobile phone sector, with an outlay of ₹41,000 crore, ₹38,000 crore was committed to investment, resulting in a 767% rise in production and the creation of 160,000 jobs. In the pharmaceuticals sector, with an outlay of ₹15,000 crore, ₹12,000 crore was invested, leading to a 32% production increase and the creation of 80,000 jobs. In the solar PV modules sector, with an outlay of ₹4,500 crore, ₹3,900 crore was invested, causing a 1,200% production increase and the creation of 30,000 jobs. In the auto and auto

components sector, with an outlay of ₹25,938 crore, ₹22,000 crore was invested, leading to a 28% production increase and the creation of 120,000 jobs.

5.5 Policy Evaluation Framework

Strengths: The mobile and electronics sector saw a major increase in domestic production. The toys sector saw a 70% reduction in imports. Solar capacity increased 12 times. Steel output increased by 65%. The PLI and tariff policies worked together to attract investment. Employment was created in labour-intensive manufacturing sectors.

Weaknesses: The trade deficit increased despite higher tariffs. Reliance on capital goods and semiconductors remains high. High tariffs increased costs for industries using these inputs. There is a risk of retaliation from trade partners. Technology gaps persist in defence and specialty chemicals. Benefits to the informal sector are limited.

Opportunities: The China+1 strategy contributed to increased FDI in electronics and pharmaceuticals. Efforts are being made to build semiconductor manufacturing facilities. The shift towards electric vehicles is developing domestic battery supply chains. Green hydrogen production equipment is being promoted. Free Trade Agreements with the UAE, Australia, and the UK are being pursued. Digital manufacturing is being adopted.

Risks: There is a risk of WTO disputes due to tariffs exceeding agreed limits. Higher consumer goods prices could result. Smuggling and misdeclaration remain issues. FTA partners may seek similar market access. Over-protection might reduce innovation incentives. Global supply chain issues could get worse due to tariffs.

5.6 Policy Scorecard

The policy scorecard rates effectiveness at 3.5/5 (Moderate-High), efficiency at 2.8/5 (Moderate), equity at 2.5/5 (Moderate-Low), sustainability at 3.0/5 (Moderate), and policy coherence at 3.8/5 (Moderate-High), giving an overall rating of 3.1/5 (Moderate).

5.7 India vs G-20: Tariff Competitiveness (2024)

India's simple average Most Favoured Nation (MFN) tariff at 18.1% is much higher than that of all other G-20 countries.

China has a rate of 7.5%, the United States at 3.4%, the European Union at 5.1%, Brazil at 11.2%, Mexico at 7.8%, Turkey at 6.5%, Russia at 10.2%, South Africa at 13.3%, Australia at 4.0%, Canada at 3.0%, Japan at 3.8%, South Korea at 6.5%, and Indonesia at 5.0%. This high level of tariffs makes India one of the most protected major economies in the world.

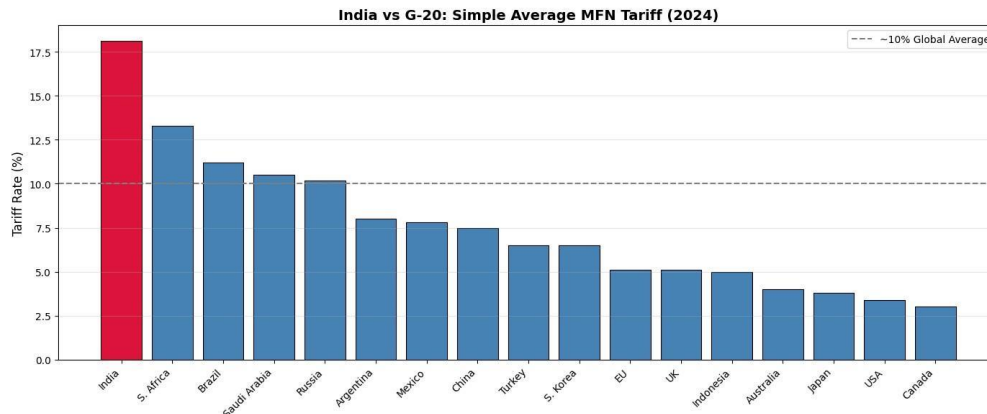


Figure 3. India vs. G-20: Simple Average MFN Tariff (2024). Author's illustration based on WTO and WITS tariff data.

6. Discussion

6.1 Integration of Findings: Linking Tariff Increases to Structural Constraints

The data shows an unexpected situation: even though average tariffs have nearly doubled and one-third of all tariff lines have seen increases, imports have not decreased and manufacturing's share of GDP has not risen.

To explain this, we need to look at the underlying structural issues that affect how effective tariffs are.

Infrastructure Deficits: India's logistics performance index (LPI) is 3.4 in 2023, which is lower than China's 3.7 and Vietnam's 3.3. Additionally, power costs in India are 20 to 30% higher than in neighbouring countries. These cost problems continue despite tariff protection, making it harder for protected industries to compete.

Labour Market Rigidities: India has a complex system of over 44 central and more than 100 state labour laws. These rules lead to compliance costs that amount to 10–15% of formal sector wages (World Bank, 2023), which discourages the growth of formal employment.

Technology Gaps: India spends only 0.7% of GDP on R&D, compared to 2.4% in China. This lack of investment in research and development limits the technological upgrades needed for protected industries to become more competitive in the long run.

Value Chain Incompleteness: For example, in the case of mobile phones, higher tariffs reduced the import of finished products but led to an increase in the import of components like semiconductors and displays. This shows that tariffs can shift dependency rather than eliminate it.

6.2 Major Findings

Magnitude of Tariff Escalation: India's average import tariff has more than doubled, rising from about 7% (trade-weighted) in 2014 to 12% in 2023–24. Tariffs were raised on one-third of over 12,000 tariff lines. The electronics and ICT sectors experienced the greatest increases in tariffs.

Mixed Sectoral Outcomes: Mobile phone production increased from \$3 billion to \$26 billion, a 767% rise, and imports dropped by 65%. Solar manufacturing capacity expanded by 1,200%, and China's share of

solar imports fell from over 90% to 56%. Toy imports also dropped by 70%. Steel production increased by 65%, reaching 145 million tonnes. However, medical devices still rely heavily on imports, defence equipment continues to face technology challenges, and specialty chemicals have not changed their import trends.

Macroeconomic Contradiction: Even with higher tariffs, merchandise imports grew from \$450 billion to \$678 billion. The trade deficit with China reached \$99.2 billion in 2024–25, and China's exports to India increased by 25% in March 2025 alone. Manufacturing's share of GDP remained at 17%, the same level as in 2013–14.

6.3 Explanations for the Tariff-Import Contradiction

Economic Growth and Demand: India's annual GDP growth of 6–8% has created continuous demand for imports that tariffs alone cannot reduce.

Input Dependencies: Goods like mobile phones require imported semiconductors and displays; solar energy depends on imported wafers; steel production relies on coking coal. Higher tariffs on these inputs raise production costs, which partially offset the benefits of protection.

Inelastic Demand: For goods with no domestic alternatives, such as advanced medical devices and defence technology, higher tariffs increase prices without reducing import volumes.

Smuggling and Misdeclaration: Higher duties encourage illegal trade through misdeclaration, underpricing, and smuggling.

Limited Supply Response: In sectors where domestic production is not yet strong enough, tariffs simply shift profits to local importers or producers without increasing the overall supply.

6.4 International Trade Tensions

The WTO ruled against India over its ICT tariffs in April 2023 (WTO, 2023), with the EU initiating consultations in November 2024 (European Commission, 2024). The U.S. has imposed preliminary duties of 126% on solar imports. China filed a WTO complaint against India's PLI schemes in 2023. These disputes have limited India's policy choices and increased the risk of retaliation.

6.5 Structural Limitations

Infrastructure and Logistics: High electricity costs, poor last-mile connectivity, and inefficient ports increase production costs, which counteract the benefits of tariff protection.

Labour Market Challenges: Restrictive regulations, skill shortages, and the dominance of the informal sector hinder protected industries from scaling up production.

Technology and Innovation Gaps: Low R&D spending, weak links between industry and institutions, and limited technology adoption prevent necessary productivity improvements for long-term competitiveness.

Value Chain Gaps: Incomplete domestic value chains mean that even when final products are locally made, they still rely on imported components.

SME Limitations: PLI schemes and tariff benefits have largely gone to large companies instead of smaller firms.

Regulatory Complexity: Frequent clearances, compliance requirements, and policy uncertainty increase the cost and difficulty of doing business.

6.6 Comparison with Existing Literature

The findings align with classic Import Substitution Industrialization (ISI) literature (Prebisch, 1950; Bhagwati & Desai, 1970) but also show the criticism raised in the 1970s–80s (Krueger, 1978; Bhagwati, 1988). The success in sectors like mobile phones and solar supports the “export discipline” argument (World Bank, 1993)—protection combined with performance-based requirements can be effective, but protection alone is not enough. The limited progress in areas like medical devices, defence, and chemicals shows that infant industry protection has diminishing returns when there are technology gaps or weak domestic capabilities. This study adds to the literature by documenting how India's tariff escalation from 2014–2024 fits patterns seen in other developing countries, while also showing how the “China+1” context offers a unique opportunity that needs to be better utilized in policy.

7. Conclusion

7.1 Summary of Findings

Since 2014, there has been a significant increase in tariffs, with average rates more than doubling. Tariffs have been raised on one-third of the more than 12,000 product categories. The highest increases have been seen in the electronics and information and communication technology sectors. The impact on different sectors has varied—mobile phones, solar energy, and toys have seen significant success; steel, textiles, and auto parts have had moderate progress; whereas medical devices, defence equipment, and advanced chemicals have not seen substantial improvements.

Despite the increase in tariffs, merchandise imports have grown from \$450 billion to \$678 billion, with the trade deficit with China reaching \$99.2 billion. The contribution of manufacturing to GDP has remained at 17%, similar to the level from 2013-14. Trade tensions have intensified, including World Trade Organization rulings, U.S. retaliatory tariffs, and complaints from China. Structural issues such as inadequate infrastructure, rigid labour markets, technology gaps, incomplete value chains, exclusion of small and medium enterprises, and complex regulations have limited the effectiveness of the tariffs.

7.2 Connection to Research Questions and Objectives

This study directly addresses all five research questions. The first question was answered by documenting the substantial increase in tariffs across different sectors. The second question revealed that the effectiveness of tariffs varies significantly—high in some sectors like mobile phones, solar energy, and toys; moderate in others like steel and auto components; and limited in sectors such as medical devices, defence equipment, and advanced chemicals. The third question identified four key mechanisms that contribute to continued import growth: economic demand, dependency on inputs, inelastic demand, and smuggling. The fourth question documented major trade disputes that have constrained policy space. The fifth question highlighted structural challenges that hinder structural transformation. All six objectives of the study have been fully addressed through tariff documentation, assessment of effectiveness, evaluation of unintended effects, investigation of disputes, identification of limitations, and development of policy recommendations.

7.3 Theoretical Contributions

This study contributes in three important ways to the theoretical literature. First, it highlights the importance of complementary policies alongside tariffs in supporting infant industry protection, aligning with Rodrik's (2004) view of “policy bundles.” Second, it challenges the idea that strategic trade policies can drive structural transformation by showing that rent shifting alone is insufficient when domestic capabilities are weak and value chains are concentrated. Third, it supports the theory of endogenous tariffs by explaining how concentrated producer interests can lead to the persistence of high tariffs, despite the loss of consumer welfare.

7.4 Final Conclusion

The study finds that although the increase in import tariffs has provided short-term benefits to some domestic industries, it has not achieved the broader objectives of reducing reliance on imports and promoting sustainable growth in manufacturing. The continued rise in imports despite higher tariffs, the stagnation in manufacturing's contribution to GDP, the record trade deficit, and the growing trade disputes all indicate that tariffs alone cannot drive structural transformation in manufacturing. India faces a critical policy challenge: how to protect domestic industries while maintaining competitiveness in a rules-based global trading system. The success in mobile phones, solar energy, and toys demonstrates that tariffs can be effective when supported by complementary policies. However, protection often leads to inefficiency, rent-seeking, and reduced competitiveness. A balanced strategy for Viksit Bharat 2047 should include targeted, strategic tariffs along with structural reforms in infrastructure, labour markets, technology adoption, and value chain development.

7.5 Policy Recommendations

For Policymakers: Implement a strategic and differentiated tariff policy focusing on sectors with high domestic demand, existing capabilities, and achievable technological goals. Strengthen complementary policies such as infrastructure investment, labour reforms, increased R&D spending (targeting 1.5% of GDP), value chain development, and support for small and medium enterprises. Ensure compliance with WTO rules by observing bound tariff levels and designing subsidy programs that align with international regulations. Adopt a strategic approach to Free Trade Agreements, focusing on market access while protecting sensitive sectors. Develop monitoring and evaluation systems to track imports, production, employment, and competitiveness.

For Businesses and Investors: Concentrate on sectors that have shown success and benefit from the Production Linked Incentive (PLI) scheme. Build supply chain resilience by diversifying suppliers and developing local alternatives. Stay informed about policy changes and engage with policymakers. Diversify export markets to minimize the risks associated with trade tensions.

For International Trading Partners: Engage constructively, recognizing India's concerns about its industrial policies. Understand the domestic context that influences tariff decisions. Collaborate on shared challenges such as the development of renewable energy, electronics, and pharmaceuticals. Continue to explore business opportunities in India's large market despite the presence of tariffs.

7.6 Directions for Future Research

Future research should explore sector-specific case studies to better understand the mechanisms of success and failure. It should also include firm-level analysis of how businesses respond to changes in tariff policies. Evaluating the Production Linked Incentive scheme in different sectors affected by tariffs is important. Assessing the impact of tariff changes on consumer welfare across different income groups should be considered. Additionally, future studies should examine the China+1 strategy, analyze compliance with WTO rules and trade tensions, and undertake long-term research on the conditions that support sustainable manufacturing growth.

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