

Q. The India - US discord over trade stems from a deep-seated desire of U.S. businesses to have a bigger footprint in the Indian economy. Discuss this statement in the context of present tariff war between India and USA.

Ans. The United States is one of the largest trading partners of India. But the bonhomie in trade nosedived with the US imposing unilateral tariffs on India products since 2018. After a patient watch of over an year, India too retaliated with increasing tariffs on 28 US products.

The US has resolved to take such steps because:-

- ① The new ^{US} Trump-era is engaged in all new trade war with major trading partners viz China & India etc. To have a US trade surplus.
- ② USA wants a greater footprint in Indian market which is evergrowing and India is pitted to be the most populous country by 2027.
- ③ US wants to be strategic in Indo-Pacific and to be important in Asian politics it has to have foothold in major Asian economies like China, India, Pakistan etc. With ^{the} China-US relations at nosediving and Pakistan on grey list, India appears to be the best bet for USA.

To settle the trade disputes :-

(1) Both countries can have meetings at various levels and fora to discuss out the shortfalls and come to a conclusion.

(2) The WTO dispute settlement mechanism can be employed.

(3) The US needs to shun its penchant of having trade surplus with all countries.

If every country vovs for trade surplus with every other country, there won't be any trade at all.

(4) The US must separate economic issues with political issues and shun the idea of sanctions, waivers and time limits. Such conditions are much of economic terrorism.