



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SETUP BY AN ACT OF PARLIAMENT)

BHUJ BRANCH OF ICAI (WIRC)

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Chairperson's Communique



Dear Esteemed Members & Students

Warm greetings to each one of you!

As we move forward into the vibrant month of May, I feel proud to share the spirit of enthusiasm, learning, and togetherness that continues to define the ICAI Bhuj Branch. It is your active participation and commitment that makes our branch a hub of professional excellence and collective growth.

We have done Student Activities in the month of April 2025 like How to ACE CA Exam in association with WIRC, Branch level Pitch desk & Debate competition.

This month, we have thoughtfully curated a range of activities aimed at enriching both the professional knowledge and well-being of our members and students. Some of the key programs planned for May 2025 include:

- CPE Seminar on EPF Compliances
- We have Planned Virtual Joint Program with Pimpri Chinchvad Branch on the topic of GST on real estate & construction sector
- Awareness Session on Renewal Procedures for Trusts under 12A & 80G
- Special Seminar on the Income Tax Bill 2025, graced by the presence of the Income Tax Officer as our Chief Guest
- Sports Day - Promoting fitness, networking, and stress relief among members
- Motivational Session on the Healing Process - Focusing on mental and emotional well-being
- Proposed Orientation Course (OC) Training for Intermediate Students - Subject to achieving the required minimum registrations under the Bhuj Branch

Chairperson's Communique

I also got the opportunity to serve as a moderator in PSEC for daily virtual Yog Session. I request all members to join the session from Monday to Friday 7am to 7:45 am & On Saturday+Sunday 9 am to 9:45 am. These classes are on a daily basis so kindly join for self-mental health & physical health.

These initiatives reflect our commitment not just to professional development, but also to personal wellness and student empowerment. I sincerely encourage every member and student to participate actively and take full advantage of these opportunities.

I also take this moment to express my gratitude to the managing committee, resource persons, and volunteers whose hard work brings these programs to life. Let us continue to walk this path of progress, learning, and service—upholding the values and dignity of our profession.

Wishing you and your loved ones a month filled with health, happiness, and meaningful growth.

Warm regards,
CA Bhargav N Shankarwala
Chairperson, ICAI Bhuj Branch

TEAM BHUJ BRANCH

CA BHARGAV N. SHANKARWALA - CHAIRPERSON
CA MANISHA JOSHI - VICE CHAIRPERSON
CA KAPIL THACKER - SECRETARY
CA MEET PITHADIYA - TREASURER
CA MAHMADARIF MEMON - WICASA CHAIRPERSON
CA SHAHID MEMON - MEMBER

Different types of orders in market

CA Jigar Kshatriya B.Com., ACA

What if Mutual Funds were traded on Stock exchanges. Is it possible? Yes. Exchange Traded Funds (ETFs) are a type of fund whose units are traded on stock exchanges. Simply put, ETFs are baskets of securities (Indices) that are traded, like individual stocks, on an exchange.



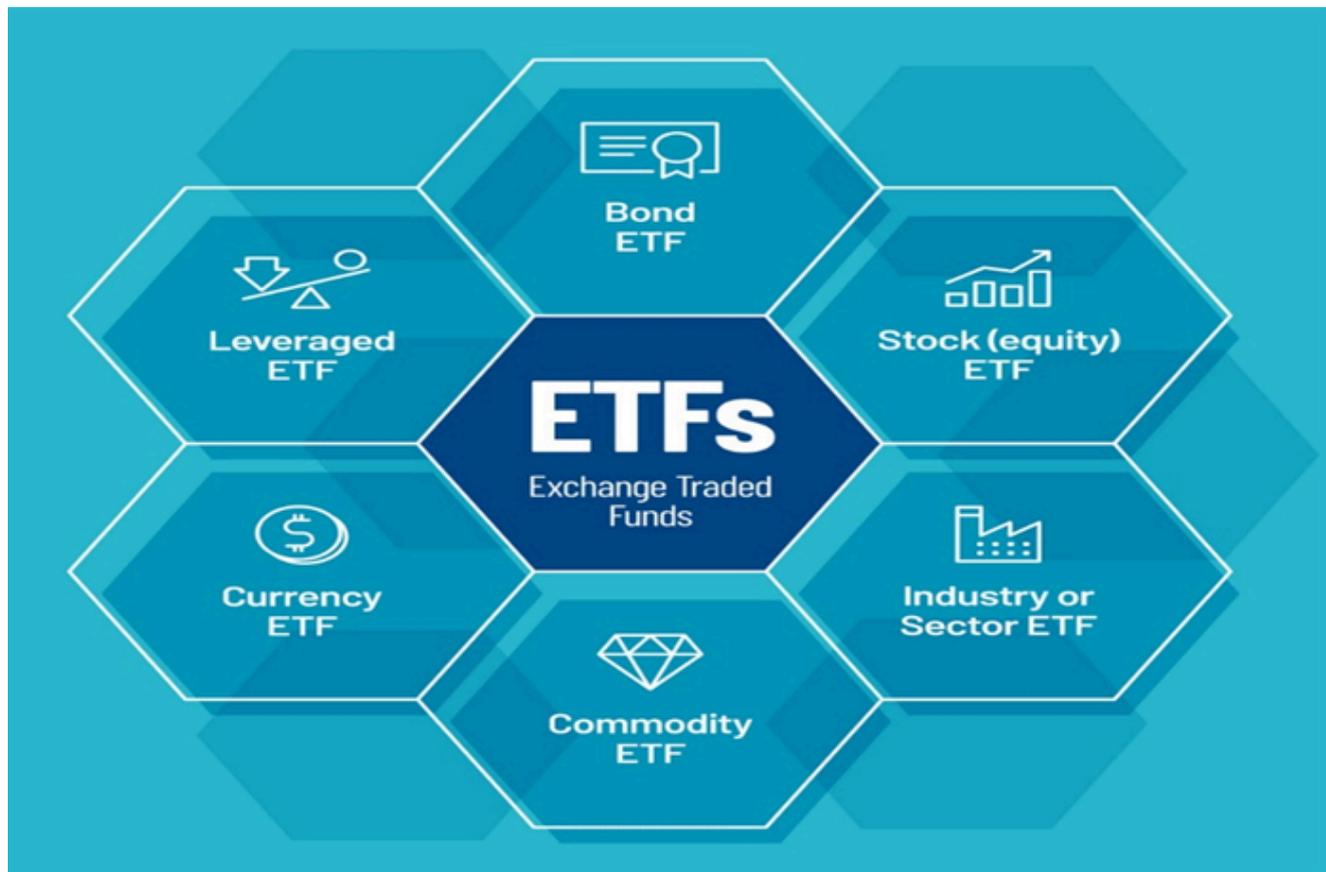
ETFs are often passive investment options that track the performance of an underlying index or asset. These funds have benefits of both worlds Mutual Funds & Equity. ETFs are considered a safer product for risk averse and first-time investors who want market linked returns.



Mutual Funds have been around for a century. ETFs are a relatively new entrants in investment arena. The first ETF launched in India by NipponIndia Mutual fund was the Nifty BeES ETF. It tracks the Nifty 50 index and was listed in 2002. The ETF was listed on NSE on January 8, 2002 and day one witnessed trading of Rs.1.30 crores on NSE. The assets under management of ETFs in India is now at Rs.3.16 lakh crores (end of May 2021), witnessing more than 13.8 times increase in five years, as compared to Rs.23,000 crores (end of April 2016).

Key Differences between ETF & MF are given in following table:

| Differences | ETF | Mutual Fund |
|------------------------------|--|---|
| Trading And Liquidity | ETFs are traded on the stock exchange like any other stock, making them more liquid. | Mutual funds can only be bought or sold at the end of the day at the NAV price. |
| Cost Structure | ETFs have lower expense ratios. | Mutual funds have higher management fees.e. |
| Investment Approach | ETFs are passively managed, which means the fund mirrors a particular index, making them less risky and transparent. | Mutual funds are actively managed, which means fund managers invest in securities based on their analysis and market outlook. |
| Minimum Investment | ETFs allow investors to start with smaller amounts. | Mutual funds typically require a higher minimum investment. |
| Diversification | ETFs offer more targeted investments that mirror a particular index. | Mutual funds offer more diversification options and exposure to a broader range of securities. |



Various Types of Exchange Traded Funds:

- **Index ETFs:** These are funds that are designed to track a specific index.
- **Bond/Fixed Income ETFs:** These funds are designed to provide exposure to nearly every type of bond available.
- **Commodity ETFs:** These funds are designed to track the price of a certain commodity, such as gold, Silver, Copper, oil, etc.
- **Foreign market ETFs:** These funds are designed to monitor non-Indian markets such as Japan's Nikkei Index or Hong Kong's Hang Seng Index. Recently, Ace Investor Vijay Kedia had invested in China through these kinds of ETFs.
- **Inverse ETFs:** These funds are designed to profit from a drop in the underlying market or index. These ETFs are very popular in US markets.
- **Currency ETFs:** These funds are designed to profit from either a single currency, like the US dollar, or a basket of currencies. Some ETFs that invest in overseas markets may already 'hedge' against currency risk.

Risks of ETFs

- **Liquidity risk:** Liquidity is the ability to turn an investment into ready cash quickly, with no loss in value. Low liquidity of an ETF s can lead to higher trading costs or difficulty in buying or selling the ETF.
- **Settlement dates:** ETF sales will not be settled for two days after the transaction; this implies that, as the seller, your money from an ETF sale is theoretically unavailable to reinvest for two days.

GST Updates – Notifications, Circulars, Order, Instructions, RoDs, Press Releases For the month of April 2025

-CA Deep Koradia B.Com., FCA, DISA(ICAI)

| Sr No | Notification No | Category | Date | Description | Keyword / Reference/ Comment | Citation |
|-------|-----------------|-------------|------------|--|--|---------------------------------|
| 1 | 03/2025 | Instruction | 17-04-2025 | Instructions for processing of applications for GST registration | Detailed Instruction has been issued to Proper Officers on not to demand any vague or additional documents apart from this Instruction (Earlier Instruction No 03-2023 has been suspended) | Click Here - |

Indian Companies and Sectors Poised to Benefit from US-China Trade Tariffs.

-CA Jagdish Hirani M.Com., FCA,

1. Executive Summary

This report analyzes the potential beneficiaries within the Indian equity market should the United States impose tariffs on goods imported from China in the future. Several key sectors in India stand to gain a competitive advantage, including textiles and apparel, electronics, pharmaceuticals, machinery and engineering goods, leather products, furniture, toys and games, ceramic products, aluminum, and rubber products. Prominent publicly listed companies within these sectors are identified as potential investment opportunities. While the imposition of tariffs on China could lead to increased export volumes and revenue for Indian companies, investors must also consider potential challenges such as reciprocal tariffs, increased competition from other nations, and supply chain disruptions. This report provides a detailed analysis of these opportunities and risks, concluding with investment considerations for sophisticated investors seeking to capitalize on the evolving global trade landscape.

2. Current India-USA Trade and Competition with China

Overview of India's Major Exports to the USA:

India's export basket to the United States demonstrates significant depth and dynamism, extending beyond traditional items. In 2023, the top commodities exported from India to the USA included pearls, precious stones, metals, and coins, valued at \$10.17 billion.¹ Following closely were electrical and electronic equipment, reaching \$9.89 billion.¹ Pharmaceuticals also constituted a major export, amounting to \$7.55 billion.¹ Other significant exports included mineral fuels, oils, and distillation products at \$6.52 billion, and machinery, nuclear reactors, and boilers at \$5.99 billion.¹ Notably, in FY 2024, pharmaceuticals topped the list at \$10.89 billion, followed by pearls and precious stones at \$10.19 billion.² This indicates a strong and consistent performance in these high-value sectors.

Beyond these leading categories, India's export portfolio to the US encompasses a wide array of products. Medical appliances and accessories, including surgical disposables and face masks, accounted for \$7.44 billion in exports.³ Refined petroleum also played a crucial role, with exports valued at \$4.9 billion.³ The cultural significance and exceptional craftsmanship of Indian jewellery ensured a steady export flow, reaching \$3.6 billion.³ Agricultural products, particularly rice, with exports of \$1 billion, also contribute significantly.³ Automotive components, chemicals, and petrochemicals represent other important segments, with export values of \$800 million and \$600 million, respectively.³ Telecom instruments also emerged as a key export, reaching \$2.2 billion in FY 2024 and \$1.66 billion in January 2025 alone.²

The US is India's largest trading partner, with bilateral trade totaling approximately \$100 billion as of October³ and reaching \$85.5 billion in exports from India in 2023.⁴ India maintains a trade surplus with the US, with exports totaling \$87.2 billion in 2023 and over \$77 billion in 2024 up to the report's timeframe, while imports from the US were lower.² This established and diverse export base, coupled with a favorable trade balance, suggests that Indian industries already possess a degree of competitiveness in the US market. Sectors such as drugs and pharmaceuticals, pearls and precious stones, and telecom instruments, with over 30% of their turnover linked to the US market, highlight the strong reliance and integration of these Indian industries with the American economy.² This existing foundation positions India favorably to capitalize on any reduction in competition from China.

● Major Chinese Exports to the USA:

China's export profile to the United States in 2023 was dominated by electrical and electronic equipment, reaching a substantial value of \$124.52 billion.⁵ This highlights China's role as a global manufacturing hub for these products. Machinery, including nuclear reactors and boilers, followed as a significant export at \$88.98 billion.⁵ Other notable exports included furniture, lighting signs, and prefabricated buildings at \$30.66 billion, toys, games, and sports requisites at \$29.36 billion, and plastics at \$23.25 billion.⁵ Articles of apparel, both knit or crocheted and not knit or crocheted, also represented significant export values at \$18.90 billion and \$12.91 billion, respectively.⁵ Vehicles other than railway or tramway contributed \$18.26 billion, and articles of iron or steel amounted to \$13.20 billion.⁵ Optical, photo, technical, and medical apparatus reached \$11.92 billion, while footwear, gaiters, and the like were valued at \$9.47 billion.⁵ Organic chemicals (\$7.43B), articles of leather (\$6.61B), and even pharmaceutical products (\$2.20B) were also part of China's export basket to the US.⁵ Globally, China's exports in electrical machinery and equipment reached an even more staggering US\$804.5 billion.⁶

The sheer volume and diversity of China's exports to the US underscore its position as a major global supplier across numerous sectors. This dominance is further emphasized by the fact that in 2023, China's global exports reached \$3.4 trillion, with the United States receiving \$502 billion, or nearly 15% of that total.⁷ Traditional manufacturing sectors like home appliances (19%), textiles (17%), and optical/medical instruments (17%) show notable US market share for Chinese exports.⁷ This extensive trade relationship indicates the significant impact that potential US tariffs on Chinese goods could have on global supply chains and competitive dynamics.

● Direct Competition in the US Market:

A direct comparison of India's and China's major exports to the US reveals several key sectors where both countries compete. In the realm of electrical and electronic equipment, both nations are significant exporters.¹ Given the vast difference in export value, with China's exports being substantially higher, any tariffs imposed on Chinese electrical goods could create a significant opportunity for India to capture a larger share of the US market. Similarly, both India and China export substantial amounts of machinery to the US.¹ Tariffs on Chinese machinery could level the playing field and allow Indian manufacturers to become more competitive.

The textile and apparel sector represents another area of direct competition. While both countries are major players in the US market, India's potential advantage in terms of tariff rates could lead to a shift in market share.¹ In pharmaceuticals, although India's export value to the US is considerably higher than China's, China still maintains a presence, and any tariff advantages for India could further solidify its position.¹ Leather goods also see competition from both countries, where India's potential lower tariff burden could offer an edge.¹ While China's furniture exports to the US far exceed India's, India has a presence in this market, and tariffs could help increase its share.¹ The toy and game sector is heavily dominated by China, but the significant tariff increases on Chinese toys present a substantial opportunity for Indian manufacturers to gain market share.¹ In ceramic products, China is a major exporter, while India's share is smaller, suggesting potential for growth for India if tariffs are applied.¹ Even in aluminum, where China's export value is higher, India is also a supplier, and the impact of tariffs warrants careful analysis.¹ The level of competition varies across these sectors, but the overarching theme is that US tariffs on Chinese goods could disrupt the existing balance and create pathways for Indian companies to enhance their presence in the lucrative US market.

3. Indian Sectors with Enhanced Export Potential

●Textiles and Apparel:

India's textile exports to the USA, valued at \$10.05 billion in 2023-24 and accounting for 28% of India's total textile exports, primarily consist of apparel.⁸ Should the US implement universal and reciprocal tariffs, India's textile and leather sectors could gain a notable advantage. The potential 27% tariff on Indian exports is lower than those that could be levied on major competitors such as Vietnam (46%), Sri Lanka (44%), Bangladesh (37%), and China (54%).⁸ This tariff differential could significantly enhance the price competitiveness of Indian textiles and apparel in the US market, potentially leading to increased orders and a larger market share. Experts anticipate that in the medium to long term, India has a substantial opportunity to expand its presence in the US, as the high tariffs faced by Chinese textile exporters (54%) could make their products less attractive to American buyers.⁸ The US imports a significant \$80 billion worth of apparel annually, with China currently holding the largest share (21%), followed by Vietnam (19%), Bangladesh (9%), and India (6%).⁸ This vast market presents a considerable opportunity for Indian manufacturers to increase their export volumes if they can capitalize on the tariff advantage. India's established strength in cotton and synthetic fiber production provides a solid foundation for scaling up its textile and apparel exports to meet the potential increase in demand from the US.¹⁰ However, to fully realize this potential, the Indian textile industry will need to address existing challenges related to scaling production, ensuring consistent quality and compliance with US standards, and navigating potential retaliatory measures from China in other key markets.⁸ While the prospect of a 26% reciprocal tariff on Indian textiles (as reported by some sources) could initially pose a challenge by increasing costs, the relative advantage over competitors facing even higher tariffs suggests a net positive impact on India's export competitiveness in the long run.¹¹ Brokerage reports, such as those from Ventura Securities, also highlight the textile sector as a key beneficiary of this trade dynamic, identifying companies like Welspun Living, Indo Count Industries, Gokuldas Exports, Kitex Garments, and KPR Mills as potential gainers.¹³

●Electronics:

India's electronics exports to the US are poised to become significantly more competitive, potentially 20% cheaper than those from China, if the US were to remove tariffs on a range of consumer electronics.¹⁵ This scenario would place India and Vietnam at a major tariff advantage over China in the US market, with zero tariffs compared to China's existing duties (reciprocal tariffs were reportedly removed for China under this specific scenario).¹⁵ India's mobile phone exports alone have witnessed a remarkable surge, crossing Rs 2 lakh crore in FY24-25, marking a 55% jump from the previous fiscal year and indicating a rapidly expanding domestic manufacturing base.¹⁵ While China currently holds dominant positions in US imports of computers (35%) and telecom apparatus (43%), India's share, though smaller, is on a growth trajectory.¹⁶ Overall, India's electronics exports reached \$29.12 billion in FY 2023-24, demonstrating a substantial 23.6% year-on-year increase.¹⁷ The US represents a massive market for electronics, with annual imports exceeding \$250 billion, of which a significant 30% still originates from China.¹⁵ This vast market presents a considerable opportunity for India to increase its export share if tariffs on Chinese electronics make Indian products more cost-effective. Government initiatives like the PLI scheme are playing a crucial role in attracting investments and boosting electronics manufacturing within India, further enhancing its export potential.¹³ The potential cost advantage over China due to favorable tariff structures and robust government support positions India as an increasingly viable alternative for US companies seeking to diversify their electronics supply chains. Brokerage reports also highlight electronics manufacturers like Dixon Technologies as potential beneficiaries of this shift.¹⁹

●Pharmaceuticals:

Indian pharmaceutical exports have been largely exempted from the newly announced US tariffs, providing a significant advantage in a crucial market.²¹ India is a cornerstone of the global pharmaceutical supply chain, supplying approximately 40% of all generic drugs used in the United States.²² The US stands as the largest single market for Indian pharmaceutical exports, with a value of \$8.7 billion in FY24.²² This tariff-free access gives Indian drugmakers a distinct competitive edge over other Asian exporters, particularly China and Vietnam, whose pharmaceutical exports might face higher duties under revised US trade policies.²² In the first 11 months of FY24, India's pharmaceutical exports to the US surged by 15%, reaching \$7.83 billion, underscoring the strong and growing demand for Indian medicines in the American market.²³ While China also exports pharmaceuticals to the US, with a value exceeding \$2 billion in 2023 5, the tariff exemption for India, coupled with its established reputation for cost-effective and high-quality generic drugs, means that Indian pharmaceutical companies are exceptionally well-placed to maintain and potentially expand their market share as the US seeks to reduce its reliance on China for essential medicines. The potential imposition of high US tariffs on Chinese pharmaceuticals is also expected to create a substantial market opportunity for Indian companies to increase their exports of both drug formulations and active pharmaceutical ingredients (APIs).²³ Major Indian pharmaceutical companies such as Sun Pharmaceutical Industries, Dr. Reddy's Laboratories, and Aurobindo Pharma are frequently highlighted in brokerage reports as potential beneficiaries of these evolving trade dynamics.¹⁴

● Machinery and Engineering Goods:

The imposition of high tariffs by the US on imports from China is anticipated to create favorable conditions for Indian exporters in the engineering and machine tools sectors.²⁶ Notably, India emerged as the fourth-largest beneficiary when the US previously implemented higher duties on Chinese goods during President Trump's first term.²⁷ Sectors such as agriculture, engineering, machine tools, garments, textiles, chemicals, and leather are identified as potential gainers.²⁶ Specifically within engineering goods, India's auto component industry is optimistic about sustaining an annual export growth rate of 20-30% to the United States, as Chinese manufacturers in this sector face higher tariff barriers.²⁸ For crucial auto components like fasteners, wheels, rims, and gears, India's landed costs in the US are already significantly lower, by 25-30%, compared to those from China.²⁸ Furthermore, India's overall exports of machinery, including nuclear reactors and boilers, to the US reached \$5.99 billion in 2023, indicating a substantial existing trade volume that could be expanded.¹ This existing cost competitiveness in certain engineering sub-sectors, combined with the likelihood of increased tariffs on Chinese goods, positions Indian manufacturers to capture a larger share of the US market. However, it is important to consider the potential impact of reciprocal tariffs that the US might impose on Indian engineering goods, which could partially offset these gains.²⁰

● Other Potential Sectors:

○ Leather Goods: Indian manufacturers anticipate revenue growth in the US market for leather goods due to lower tariff rates compared to competitors in China, Vietnam, and Bangladesh.²⁹ The US accounts for a significant portion of India's leather exports, indicating an established demand.

○ Furniture: The US imposition of tariffs on furniture from China, Mexico, and Canada presents an opportunity for Indian furniture exporters to increase their shipments to the American market.²⁶ Indian furniture, known for its diverse and unique designs, could attract US consumers seeking alternatives.³⁰ Moreover, India holds a cost advantage in wooden furniture compared to China due to lower tariffs on wooden products.³¹

○ Toys and Games: The steep tariffs imposed by the US on Chinese toy imports are viewed as a "golden opportunity" by Indian toy exporters.³² US buyers are increasingly looking for alternative suppliers to reduce their dependence on China, and India is emerging as a viable option. The US toy market is substantial, offering significant potential for growth in Indian exports.

○ Ceramic Products: As China is a leading exporter of ceramic products to the US, potential tariffs on Chinese ceramics could open doors for Indian manufacturers to expand their presence in the American market.³⁸ While India's current share of the global ceramic product trade is small, the large import volume of the US suggests a significant opportunity for growth.

○ Aluminum: Despite facing existing US tariffs on aluminum imports, India's position as a low-cost producer, driven by the availability of high-quality bauxite reserves, could provide a competitive edge if tariffs on Chinese aluminum, another major exporter to the US, increase.⁴⁰ This could be particularly beneficial for exports of aluminum conductors, a key product for India.¹⁸

○ Rubber Products: The US is a major global importer of rubber, and India is a significant producer with a robust domestic supply chain.⁴⁶ Geopolitical developments and ongoing trade disputes have positioned India as a reliable alternative supplier to the world market, suggesting potential for increased rubber product exports to the US if tariffs impact other major exporters like China.⁴⁷

| Sector | Prominent Publicly Listed Companies |
|---------------------------------|---|
| Textiles and Apparel | Arvind Limited ¹⁴ , Raymond Limited ³ , Alok Industries Limited ¹⁹ , Bombay Dyeing and Manufacturing Company Limited ⁸⁷ , Vardhman Textiles ¹⁴ , Welspun India ¹³ , Page Industries ²⁵ , KPR Mills ¹³ , Gokuldas Exports ¹³ , Kitex Garments ¹³ , Trident ²⁵ , Indo Count Industries ¹³ |
| Electronics | Dixon Technologies ¹⁵ , Havells India Ltd ¹⁷ , Wipro Consumer Care and Lighting ⁹³ , Tata Elxsi Ltd ⁹³ , HCL Technologies Ltd ⁹³ , Bharat Electronics Limited (BEL) ²⁵ , V-Guard Industries Ltd ⁹⁴ , CG Power and Industrial Solutions Ltd ⁹⁴ , ABB India Ltd ⁹⁴ , Siemens Ltd ⁹⁴ , Waaree Energies Ltd ²⁰ |
| Pharmaceuticals | Sun Pharmaceutical Industries ²⁵ , Dr. Reddy's Laboratories ²⁵ , Cipla Limited ⁹⁸ , Aurobindo Pharma ¹⁴ , Lupin Limited ²⁵ , Zydus Lifesciences ⁹⁸ |
| Machinery and Engineering Goods | Bharat Forge ³ , Motherson Sumi Systems/Samvardhana Motherson International Ltd ³ , Sona BLW Precision Forgings ¹⁴ , Pricol Ltd ¹⁰⁸ , Sansera Engineering Ltd ¹⁰⁵ , Lumax Auto Technologies Limited ¹⁰⁸ , Elgi Equipments ²⁰ , AIA Engineering ²⁰ , Tata Motors ²⁵ |
| Leather Goods | Liberty Shoes Ltd ¹¹⁰ , Relaxo Footwear Ltd ¹¹⁰ |
| Furniture | Godrej Industries (Godrej Interio) ¹¹³ , Nilkamal Ltd ¹¹⁵ |
| Ceramic Products | Kajaria Ceramics Ltd ¹¹⁶ , Somany Ceramics Ltd ¹¹⁶ , Cera Sanitaryware Ltd ¹¹⁶ |
| Aluminum | Hindalco Industries ⁴³ , National Aluminium Company Limited (NALCO) ⁴⁴ |
| Rubber Products | Balkrishna Industries ¹⁰⁵ , Apollo Tyres Ltd ¹²⁴ , CEAT Ltd ¹²⁴ , JK Tyre & Industries Ltd ¹²⁴ , MRF Ltd ¹²⁴ |

5. Revenue and Profitability Impact Analysis

● The imposition of US tariffs on Chinese goods could lead to varying impacts on the revenue and profitability of Indian companies. In the textiles and apparel sector, while a reciprocal tariff of 26% on Indian exports could initially increase costs, the higher tariffs faced by competitors could ultimately drive increased demand and potentially higher revenues for companies like Arvind, Vardhman Textiles, and Welspun India.¹¹ The ability of these companies to scale production and maintain competitive pricing will be crucial in translating increased demand into higher profitability.

● Electronics manufacturers such as Dixon Technologies and Havells stand to gain significantly from potential US tariffs on Chinese electronics. The possibility of Indian electronics becoming 20% cheaper than Chinese alternatives could lead to a substantial increase in export orders and revenues.¹⁵ Furthermore, discounts on components offered by Chinese suppliers facing reduced US demand could improve the profitability of Indian electronics manufacturers.⁵¹

● Indian pharmaceutical companies, already benefiting from tariff exemptions in the US market, are likely to see stable or increasing revenues. The potential for US companies to diversify their supply chains away from China could further boost demand for Indian pharmaceuticals, especially generic drugs supplied by major players like Sun Pharma and Dr. Reddy's Labs.²² While the sector might face non-tariff barriers and potential future tariff actions, its overall outlook remains positive.

● The impact on auto component manufacturers like Bharat Forge and Motherson Sumi is more nuanced. While higher tariffs on Chinese components could increase demand for Indian alternatives, the potential 25% tariff on auto imports by the US could negatively affect the earnings of these companies, with potential declines ranging from 5% to 30%.⁵² The extent of the impact will depend on the companies' ability to pass on these costs and the overall demand for automobiles in the US market. Companies with existing manufacturing facilities in the US might be better positioned to mitigate these negative effects.⁵³

● Aluminum producers like Hindalco and NALCO might face challenges due to increased US tariffs on aluminum imports. However, India's low-cost production advantage could provide some buffer against these negative impacts.⁴⁰ These companies might need to explore alternative markets to offset any potential decline in exports to the US.¹⁸

● Similar analyses will need to be conducted for other sectors like leather goods, toys, furniture, ceramics, and rubber products, taking into account the specific tariff scenarios, competitive landscapes, and company-specific factors to project the potential impact on their revenue and profitability.

6. Domestic Demand Spillover Benefits

● The ongoing US-China trade tensions and the potential imposition of tariffs could lead to a reconfiguration of global supply chains, which might indirectly benefit certain sectors within India through increased domestic demand. As international companies seek to diversify their manufacturing bases away from China, India could emerge as an attractive destination for foreign direct investment.

This could lead to the establishment or expansion of manufacturing facilities in India, catering not only to export markets but also to the growing domestic demand.⁵⁰ For instance, the electronics sector might witness increased domestic demand as more global players set up production in India, leading to a greater availability of products in the local market.⁵⁰

- Furthermore, Chinese companies facing higher tariffs in the US might intensify their focus on other large markets like India. This could result in increased competition within the Indian domestic market across various sectors, potentially leading to downward pressure on prices. However, it could also present opportunities for Indian manufacturers to partner with Chinese firms for technology transfers or access to specific components. For example, Chinese companies facing reduced demand in the US might offer discounts on electronics parts to Indian manufacturers, potentially lowering their production costs and making them more competitive in the domestic market.⁵¹

- Sectors heavily reliant on imports from China, such as certain segments of the electronics and pharmaceutical industries, might also see a push towards greater domestic manufacturing if global supply chains are disrupted or become more expensive due to tariffs.⁵⁹ Government incentives and policies aimed at promoting self-reliance could further encourage this shift towards domestic production. While the primary focus for many Indian companies in the context of US-China trade tensions remains on capitalizing on export opportunities, these potential spillover benefits to domestic demand could provide an additional layer of growth for certain sectors. However, it is important to note that realizing these benefits might require addressing existing challenges such as the shortage of skilled labor and continued dependence on foreign inputs in some high-tech manufacturing areas.⁵⁶

7. Challenges and Downside Risks

- Despite the promising opportunities for Indian companies arising from potential US tariffs on Chinese goods, several challenges and downside risks warrant careful consideration by investors. One significant risk is the possibility of India losing out to other Asian competitors, such as Vietnam and Taiwan, which have already demonstrated a greater ability to capitalize on the US-China trade tensions thus far.⁸ These nations might be better positioned in terms of manufacturing capacity, infrastructure, or trade agreements to absorb the demand diverted from China.

- Another crucial factor to consider is the potential negative impact of the reciprocal tariffs imposed by the US on various Indian exports. The reported 26% reciprocal tariff could significantly increase the cost of Indian goods entering the US market, thereby reducing their competitiveness and potentially offsetting some of the benefits gained from tariffs on China.¹¹ The specific impact will vary across sectors depending on the tariff rates and the price elasticity of demand for Indian products in the US market.

- Indian manufacturing's vulnerability to supply chain disruptions, particularly its reliance on Chinese components for key sectors like electronics and pharmaceuticals, presents another significant challenge.⁵¹ If the US-China trade war leads to disruptions in the supply of these critical components, Indian manufacturers could face increased costs, production delays, and difficulties in meeting export orders.

● The possibility of China resorting to countermeasures, such as devaluing its currency or rerouting its exports to the US through third countries, to regain competitiveness in the American market also poses a risk to Indian companies hoping to benefit from tariffs.⁷⁹ Such actions could undermine the intended advantages for Indian exporters.

● Furthermore, the duration and ultimate extent of the US-China trade tensions remain uncertain, and policy changes could rapidly alter the landscape of global trade.⁵⁷ Investors should be prepared for potential shifts in tariffs and trade relationships that could impact the profitability and prospects of Indian companies.

● Beyond these broad risks, specific sectors face their own unique challenges. For instance, the textile industry might see reduced overall consumption in the US due to higher prices caused by tariffs, and there is a risk of China flooding other markets with its textile exports, intensifying competition for Indian players.⁸ The automotive component sector could experience a significant hit to earnings if the imposed tariffs lead to lower US demand for vehicles.⁵² Aluminum producers might face lower export volumes and prices due to increased tariffs.¹⁸ The steel sector could see a surge in cheap imports from China if those exports are diverted from the US and European markets.⁶⁰ The medical device industry in India faces non-tariff barriers in the US, such as high regulatory approval costs and lengthy timelines, which could hinder its ability to fully capitalize on any reduction in Chinese competition.²¹

8. Review of Existing Analyses

● Various financial institutions and research firms have offered their analyses on the potential impact of US-China trade tensions on the Indian market. Oxford Economics suggests that India's gains from the trade war have been limited compared to other Asian economies, indicating that simply the imposition of tariffs does not automatically translate to significant benefits for India.⁶¹ This highlights the importance of India's own competitiveness and policy responses.

● In contrast, the Global Trade Research Initiative (GTRI) posits that US tariffs on China could create short-term export opportunities for India in sectors like textiles, leather, engineering, and electronics. However, GTRI emphasizes that India needs to take proactive steps to strengthen its export ecosystem and streamline compliance procedures to fully capitalize on these opportunities.⁸³

● Brokerage firm Ventura Securities offers a more optimistic outlook, viewing India as a key beneficiary of the shifting global manufacturing landscape due to relatively mild tariffs imposed on India compared to other major trading partners.¹³ They highlight sectors like textiles and electronics as particularly well-positioned to gain.

● ICRA expects a mild downside risk to India's GDP growth due to the US tariffs but suggests that the lower reciprocal tariff on India compared to some other Asian countries might limit the negative impact on overall exports.⁷¹

● Other reports, including those from Equitymaster, identify specific Indian stocks in sectors such as textiles, pharmaceuticals, and chemicals that could potentially benefit from the US-China trade war by gaining market share in the US due to increased costs for Chinese products.¹⁴ ICICI Direct's sector-wise analysis also points to a mixed bag of impacts, with some sectors like pharmaceuticals potentially seeing minimal disruption while others like automobiles and auto components could face significant headwinds.²⁰

● Insight: The existing analyses present a range of perspectives, from cautious optimism to concerns about limited gains and potential negative impacts. This divergence underscores the complexity of the issue and the multitude of factors that will ultimately determine the extent to which Indian companies and sectors benefit from US-China trade tensions.

9. Conclusion and Investment Considerations

The potential for Indian companies and sectors to benefit from future US tariffs on Chinese imports is significant, particularly in sectors like textiles and apparel, electronics, pharmaceuticals, machinery and engineering goods, leather products, furniture, toys and games, ceramic products, aluminum, and rubber products. The imposition of tariffs on China could create a price advantage for Indian exporters in the US market, leading to increased demand and potentially higher revenues. However, investors must exercise caution and consider the various challenges and risks involved. Reciprocal tariffs imposed by the US on Indian goods could offset some of these benefits, and increased competition from other nations also vying for a larger share of the US market remains a crucial factor. Additionally, supply chain disruptions, especially India's reliance on Chinese components in certain sectors, could pose challenges.

Given this complex landscape, investors should focus on companies with a strong existing export presence in the USA, diversified product portfolios to mitigate sector-specific risks, efficient supply chain management capabilities, the ability to scale production to meet increased demand, and a strong financial position to weather potential economic headwinds. Continuous monitoring of the evolving US-China trade policies, global economic trends, and the performance of the identified Indian companies and sectors will be essential for making informed investment decisions. While the opportunities for growth are apparent, a selective and diligent approach is crucial to navigate the uncertainties and capitalize on the potential benefits of this evolving global trade scenario.

NOTE- Stock Name Mentioned above are education purpose only.

DUE DATES CALENDAR

| DATE | COMPLIANCE |
|----------------|--|
| 7th May 2025 | TDS/TCS Payment for May 2025 |
| 10th May 2025 | GSTR-7, GSTR - 8 |
| 11th May 2025 | GSTR 1 (Monthly) for April 2025 |
| 13th May 2025 | GSTR-6, IFF |
| 15th May 2025 | Provident Fund (PF) & ESI Returns and Payment for April 2025 |
| 15th May 2025 | TCS Return for January-March, 2025 |
| 20th May 2025 | GSTR 3B for April 2025 (Monthly) |
| 25th May 2025 | PMT-06 for April, 2025 |
| 30th May 2025 | Form LLP 11 for FY 2024-25 |
| 31st May, 2025 | TDS Return for January-March, 2025 |
| 31st May, 2025 | Form 10BD |

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