

# India US trade deal: The much-delayed negotiations seem headed into the final leg. What lies ahead?

India US trade negotiations update: Trade negotiations had stalled after US President Donald Trump, on August 7, stepped up pressure on India and then doubled tariffs on India to 50 per cent citing India's purchase of Russian crude.

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India US trade deal: In the subsequent weeks and months, according to government officials, there seems to be a realisation in DC that India is unlikely to yield in the face of tariff threats, just as South Korea, Japan or the European Union did. (NYT File Photo)

**India US trade deal:** After much back and forth, the India-US trade deal is suddenly back on the agenda again. As a high-level Indian team of officials has landed in Washington to resume negotiations for the much-delayed trade deal, there are indications that the endgame seems near.

## High-level Delegation talks

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The India trade team is led by Commerce Minister [Piyush Goyal](#), and there are indications that something meaningful and concrete has been communicated by Washington [DC](#) with respect to the resolve on that side too to wrap up the festering deal.

To be sure, the two sides have been at this juncture months earlier too, and things can change at the spur of a moment. A draft of a deal was cleared at the official level by both countries months earlier, before an intervention by the White House to ostensibly extract more concessions from India effectively derailed the entire process. This eventually led to the talks falling through, followed by the subsequent chill in bilateral relations.

It is likely that [this time around](#), the visiting Indian side, which includes Rajesh Agrawal, a Special Secretary in the Department of Commerce and India's chief trade negotiator, [would be](#)

offering some additional concessions to sweeten the deal and package the deal in the context of furthering the strategic bilateral relationship. The view that 'India is not China' has consistently echoed in New [Delhi](#)'s policy circles, and is likely to be reaffirmed in these negotiations too, at least from the Indian side.

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The concessions to be offered by New Delhi could include big-ticket defence purchase commitments and plans for nuclear collaborations, duly quantified with a headline number in billions of US dollars. Some of these things are likely to have been discussed at the official level, given that the Indian delegation's visit comes days after an American team led by Assistant US Trade Representative for South and Central Asia Brendan Lynch's visited New Delhi earlier last week.

Trade negotiations had stalled after US President [Donald Trump](#), on August 7, stepped up pressure on India and then doubled tariffs on India to 50 per cent citing India's purchase of Russian crude. The US negotiators, who were expected to be in India on August 25, had then put off the visit.

## Messaging by India

In the subsequent weeks and months, according to government officials, there seems to be a realisation in DC that India is unlikely to yield in the face of tariff threats, just as South Korea, Japan or the European Union did. At the same time, New Delhi has repeatedly flagged its red lines and doubled down on the assertion that these would not be breached, even if that wrecked the prospect of any trade deal.

There are indications now that the Indian side expects the so-called reciprocal tariffs and the punitive secondary tariffs that followed to be removed in a single step and not two separate moves, and that these would then be replaced by a single tariff number. Also, there is expectation that the draft deal that was ready earlier would now be dusted off and form the

basis for these fresh negotiations, with some additional concessions thrown into the mix to clinch the deal.

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The timing of the H-1B visa decision by the Trump administration over the weekend is also being seen in some quarters as a possible negotiating plank, which is now an integral part of Trump's trade playbook, given that the only country affected in a major way by that decision is India. The positive inference for India here is that additional leverage is generally thrown into the mix when the Trump administration is gunning to get a deal done, as was the case with both South Korea and the EU deals.

While the move may be primarily aimed at pandering to the MAGA constituency that Trump is keen to appease, trade experts are inferring that the timing of the announcement alludes to the possibility of the decision having the potential of additional leverage against India, just like the secondary tariffs on account of Russian oil buys. The challenge for the Indian side would be to try and bring this non-tariff issue to the negotiating table too, at a time when the removal of the tariff blockade on goods and clinching a trade deal is really the primary task at hand.

### Mixed Signals

There have also been multiple public statements of affirmation in India that the tariffs would go. Last Thursday, Chief Economic Adviser V Anantha Nageswaran had said in [Kolkata](#) that additional US tariffs of 25 per cent on India levied over the purchase of Russian oil "won't continue beyond November 30". This has buttressed the belief that backchannel negotiations have been positive.

The signs of easing of the trade tensions had begun emerging as Trump earlier this month said India and America are "continuing negotiations to address the trade barriers", and that he was "certain" there would be "no difficulty" in the talks being successful. Just hours later, Prime Minister [Narendra Modi](#), in response to Trump's post, said both countries are "natural partners" and will "work together to secure a brighter, more prosperous future".

Right after that, though, the US asked G7 countries to step up pressure on countries buying Russian oil, to end the war in Ukraine, as per a joint statement released by the US Department of the Treasury. The statement said the US has received "commitments" from G7 countries to

increase sanctions pressure on buyers of Russian oil. China and India are the biggest purchasers of Russian oil.

India has meanwhile maintained that it will continue to buy Russian oil, with Finance Minister [Nirmala Sitharaman](#) saying earlier this month that “economic and commercial considerations” are behind India’s oil purchases. India is the world’s third-largest consumer of crude and depends on imports to meet nearly 90 per cent of its requirement. Earlier, Prime Minister Narendra Modi, during his Independence Day speech, said India “will not compromise” on the well-being of Indian farmers, fisherfolk and cattle keepers.

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