



gIFT

**GULATI INSTITUTE OF
FINANCE AND TAXATION**

An Autonomous Institution of Government of Kerala

ROUND TABLE DISCUSSION

ON

**THE IMPACT OF U.S. PENAL TARIFF WITH A
SPECIAL FOCUS ON KERALA**



**22nd August 2025
10.00 AM-4.30 PM**



**Mascot Hotel
Harmony Hall
Thiruvananthapuram**



Background

The journey of globalization and multilateralism, which gained momentum with the formation of the WTO in 1995, has not been without challenges and reversals. But the unilateral decision of the US to impose reciprocal tariff on its trading partners that made WTO redundant while disbanding the postwar multilateral trading system, turned out to be an unprecedented setback to multilateralism with unpredictable consequences on the world trade and the global economy. Provoked by India's trade with Russia, especially oil imports, the highest tariff of 50% has been imposed on India that includes 25% reciprocal tariff and an additional penal tariff of 25%. Evidently India has been hit hard, along with Brazil, with a discriminating penal tariff. Although China's crude imports from Russia (\$62.3 bill) is much higher than that of India (\$52.73 bill) in 2024, tariff on China is only 30% as compared to 50% for India.

The U.S. is India's largest export destination (17% of total exports) for the export-dependent sectors like textiles, seafood, jewelry, and auto components, Pharma, electronics, and engineering goods among others and also a major source of FDI. Hence the impact of penal tariff induced trade and investment diversion from India to other countries with lower tariff and its implications on employment and GDP growth needs careful attention. Needless to say, these developments signal a fundamental rupture in the trajectory of USA-India commercial relations with its serious implications of India's merchandise trade, investment, employment and GDP growth. Beyond its immediate macroeconomic shocks, most visibly in slumping export orders and foreign exchange volatility, the policy's ripple effects may impact unevenly across India's heterogeneous economic landscape. At the national level, therefore, India faces a policy conundrum. Retaliatory tariffs, while politically relevant, risk escalating an already strained trade relation. At the same time, India's broader foreign policy calculus is under the microscope. Continued energy imports from Russia ensure stable domestic prices, but at the cost of USA's goodwill and transatlantic alignment. If forced to choose, New Delhi may have to reassess its energy diversification strategies.

Fiscal realities and WTO constraints narrow the menu of government responses, pressuring policymakers to focus on second-best strategies, expedited trade facilitation, targeted sectoral aid, and the acceleration of new free trade agreements, especially in the EU and Asia-Pacific. At the same time, there is a need with for sectoral diagnostics on account of trade and investment diversion engineering, electronics fisheries, spices, rubber, and IT/ITES exports for both vulnerability and opportunity alike.



Kerala stands at the intersection of trade vulnerability and diaspora dependency. Tariffs on fisheries, coir, textiles, tea, coffee and spices, among others, threaten the rural export economy, while parallel concerns such as potential tightening of U.S. immigration (H1B) policies amplify the risks. The 'double whammy' of reduced export demand and softened remittance inflows jeopardize state growth prospects, public finances, and social stability.

In this context, at the instance of Hon'ble Finance Minister of Kerala, Shri K N Balagopal, Gulati Institute of Finance and Taxation (GIFT), jointly with the Kerala State Planning Board is organizing a round table to deliberate on the potential impact of the US penal tariffs on Indian Economy in general and Kerala in particular. The round table aims to galvanize actionable ideas for strengthening our economic resilience in an era of shifting global alignments and politicized trade by bringing together different stakeholders from academia, industry and policy circles.

Objectives of the Roundtable

The objectives of the Roundtable is to deliberate on issues that include, but not limited to:

- Assess the direct and indirect impacts of the Trump penal tariffs on Kerala's export sectors, particularly agriculture, marine products, coir, and spice-based commodities.
- Engage with stakeholders—including commodity boards, export promotion councils, industry Associations, and policy think tanks—to evaluate preparedness and response strategies.
- Identify sector-specific risks and mitigation plans, especially for MSME-dominated export clusters.
- Discuss opportunities for trade diversification, value addition, and digital market access as strategic responses to trade realignments.
- To the extent that the adversely affected sectors needs to be supported by the state, the fiscal implications also needs to be deliberated.
- Develop policy recommendations to be submitted to the Government of Kerala and the Ministry of Commerce, Government of India.



Program

22nd August 2025 10.00 AM-4.30 PM

10:00 AM – 11:30 AM

Inaugural Session

Welcome	:	Prof. K. J. Joseph , Director, GIFT.
Chair	:	Prof. V. K. Ramachandran , Vice-Chairman, Kerala State Planning Board.
Inauguration	:	Shri. K. N. Balagopal , Hon'ble Minister for Finance, Government of Kerala & Chairman, GIFT.
About the Roundtable	:	Shri. K. R. Jyothilal IAS , Additional Chief Secretary (Finance), Government of Kerala.
Special Address	:	Shri. K. M. Chandrasekhar IAS (Rtd) , Former Cabinet Secretary & Distinguished Professor, GIFT.
Keynote Address	:	Shri. Rajesh Agrawal IAS , Commerce Secretary Designate, Government of India.
Presentation by the Kerala State Planning Board:		Prof. R. Ramakumar , Tata Institute of Social Sciences (TISS), Mumbai & Member, Kerala State Planning Board. Shri. V Namasivayam , Member Kerala State Planning Board Shri. C A Ruthu , Technical Assistant, Office of the VC, SPB, Kerala
Vote of Thanks	:	Dr. Saraf A. , Registrar, GIFT

11.45 AM: Tea Break

12.00 PM – 1:30 PM

Session 2

Chair: Shri. K. R. Jyothilal IAS, Additional Chief Secretary (Finance), Government of Kerala.

Speakers:

1. **Prof. Biswajit Dhar**, Distinguished Professor, Council for Social Development (CSD), New Delhi & Formerly at CESP, Jawaharlal Nehru University (JNU), New Delhi.
2. **Prof. Parthapratim Pal**, IIM Calcutta
3. **Prof. James Nedumpara**, CTIL and WTO India Chairholder
4. **Dr. K. N. Raghavan, IRS (Rtd)**, Secretary General, Seafood Exporters Association



5. **Shri. Alex K. Ninan**, Chair, FICCI KESC Task Force on Exports
6. **Prof. Murali Kallummal**, Professor at the Centre for WTO Studies, Indian Institute of Foreign Trade
7. **Shri. G Unnikrishnan**, General Manager, Kerala State Industrial Development Corporation (KSIDC).
8. **Shri. Munshid Ali**, Secretary, Kerala Exporters Forum
9. **Dr. A. B. Remashree**, Director, Spices Board
10. **Shri. Sanjith R**, Secretary General, The United Planters' Association of Southern India (UPASI)

Lunch Break

2.30 PM – 4:30 PM

Session 3

Chair: Prof. K. N. Harilal, Chairman, 7th State Finance Commission of Kerala

Speakers:

1. **Prof. C. Veeramani**, Director, Centre for Development Studies (CDS).
2. **Shri. V. Namasivayam**, Member, Kerala State Planning Board.
3. **Shri. Mathew Abraham K**, President, UPASI.
4. **Shri. Cherian M George**, Whole Time Director, Harrisons Malayalam Ltd. & Chairman - UPASI Tea Committee
5. **Shri. Prince Thomas George**, Chairman, association of planters, Kerala
6. **Shri. A. J Tharakan**, Former president, Seafood Exporters Association of India
7. **Shri. Anwar Hashim**, Abad group, former president Seafood exporters Association
8. **Dr. Sebastian Thomas**, Dy General Manager, KSIDC
9. **Shri. Mr P Ganesh**, Former Chairman, CII Kerala & Executive Director Glass & Glazing Systems Pvt Ltd
10. **Shri. Jojan Malayil**, Leading spices exporter
11. **Dr. Ram Mohan**, Director Marketing, Marine Products Export Development Authority
12. **Shri. B Sree Kumar**, former Secretary and Director, Marine Products and Export Development Authority & Consultant (Marketing and Export Development), Spices Board

Coordinators

Anoop S Kumar, Assistant Professor, GIFT

Kiran Kumar Kakarlapudi, Assistant Professor, GIFT



Gulati Institute of Finance and Taxation (GIFT), Thiruvananthapuram, Kerala, India formerly Centre for Taxation Studies (CTS), is an autonomous institute of the Government of Kerala recognized by the Indian Council of Social Science Research (ICSSR). It is conceived as a premier national institute to promote theoretically grounded empirical research with an interdisciplinary perspective to aid policy-making at the national and sub-national levels. The uniqueness of the Institute is its faculty having a background in Commerce, Economics, and Law. GIFT offers a Ph.D. program in Social Sciences focussing on Public Economics, affiliated with Cochin University of Science and Technology (CUSAT). GIFT conducts two other programs; Post Graduate Diploma in Goods and Service Tax (PGDGST) and the Research Capacity Building Program (RCBP) besides offering training for capacity building of different stakeholders including Government officials. GIFT brings out three publications; Kerala Economy (Quarterly) Kerala Tax Reporter (Monthly) and Weekly Updates on Finance, Taxation and the Indian Economy.

The Governing Body and Executive Committee of GIFT consist of Scholars of Eminence and Senior Administrators representing both the Central and State Governments. Shri K N Balagopal, Minister for Finance, Government of Kerala, is the Chairperson of the Institute.

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