

With Prime Minister's Office push, India finalises terms for US trade deal

US President Donald Trump said Tuesday that India was willing to cut tariffs, hinting at possible relief for India from sweeping US tariffs.

Written by [Ravi Dutta Mishra](#)

New Delhi | Updated: April 2, 2025 14:40 IST



President Donald Trump's tariff orders are to kick in on April 2. (Reuters/File)

A DAY BEFORE the US reciprocal tariffs kick in on April 2, India has agreed to the Terms of Reference for the Bilateral Trade Agreement with the US following an intervention from the Prime Minister's Office (PMO).

The ToR outlines the framework of the BTA and typically requires clearance from the highest political office before negotiations begin. "The PMO is keen on a [swift](#) finalisation of the deal," a senior government official told [The Indian Express](#).

Finalisation of the ToR was still pending on Saturday when US negotiators left India after four days of talks. Both sides are now ready for formal negotiations where India is expected to lower tariffs on American goods in exchange for US concessions, the government official said.

Story continues below this ad

US President [Donald Trump](#) said Tuesday that [India was willing to cut tariffs](#), hinting at possible relief for India from sweeping US tariffs. “I heard that India is going to be dropping its tariffs substantially. A lot of countries are going to drop their tariffs,” Trump said during a White House press briefing.

A query to the Commerce and Industry Ministry spokesperson did not elicit a response till late evening.

Read | [India-US trade deal: First tranche by Fall, but no relief yet on reciprocal tariffs](#)

Putting pressure on India and other trading partners, the United States Trade Representative (USTR) also raised a range of concerns in its report ‘Foreign Trade Barriers’ covering 29 major partner countries. As far as India is concerned, the concerns range from Internet shutdowns and dairy feed rules to restrictions on imports of agriculture and GM foods.

Ajay Srivastava, former Indian trade officer and head of the think tank Global Trade Research Initiative (GTRI), warned that while US is pressuring India to amend its trade policies to benefit American interests, New [Delhi](#) must assess each demand through the lens of its own national priorities, development goals, and cultural values.

Story continues below this ad

“Many of the proposed changes—in areas like agriculture, digital governance, and public health—pose serious risks to India’s ability to protect its small farmers, maintain food safety, uphold deeply rooted social norms, and secure its digital future. India is not opposed to reform or global cooperation, but any engagement must be fair, reciprocal, and respectful of sovereignty,” he said.

USTR flags barriers, from internet shutdowns to dairy feed rules

The USTR report criticised various Indian trade barriers, from “localised internet shutdowns that disrupt commercial operations” to regulations requiring that “dairy products intended for food must be derived from animals that have not consumed feed containing blood meal.”

“India requires that dairy products intended for food be derived from animals that have not consumed feed containing internal organs, blood meal, or tissues of ruminant or porcine origin, and that exporting countries certify to these conditions, which lack a discernible animal health or human health justification,” the report said.

Story continues below this ad

Also Read | [Trump says he’s ‘not joking’ about a third term. But can he run again?](#)

Highlighting possible US demands in the ongoing negotiations, the report flagged India’s regulations on the import of milk, pork, and fish products, stating that they require genetically modified (GM)-free certificates “without providing a scientific or risk-based justification.”

Indicating that Washington fears another China in the making, the report said the US has placed India on the ‘Priority Watch List’ due to inconsistent progress on intellectual property (IP) concerns. It highlighted the lack of specific laws for “trade secret protection” as a significant issue, along with long waiting periods for patent grants.

The US also raised concerns over India’s price caps on coronary stents and knee implants, arguing that they have not “kept pace with [inflation](#)” and do not account for “production costs” or innovation, and could discourage American companies from serving the market.

Agriculture, GM products, and import restrictions

The report reiterated a long-standing American concern over India's agricultural support programmes, which, according to the US, distort markets. However, Indian officials have argued that US subsidies for farmers are much higher compared to what India provides.

Story continues below this ad

The US also criticised India's restrictions on pulse imports, calling them opaque and unpredictable. It raised concerns over import controls on boric acid, claiming that approval processes favour domestic manufacturers.

Also Read | [ExplainSpeaking: Why Trump loves tariffs, and why he shouldn't](#)

The report also flagged ongoing tensions between Washington and New Delhi over genetically modified (GM) products, criticising India's slow, opaque, and politically influenced approval process for biotechnology.

"The Food Safety and Standards Act of 2006 includes specific provisions for regulating food products derived from genetically engineered (GE) products; however, as of December 31, 2024, FSSAI was still in the process of establishing its regulations. India's biotechnology approval processes are slow, opaque, and subject to political influences, and do not appear to take into account science-based approval processes for GE products in exporting countries," the report said.

Data localisation and digital trade barriers

The US has expressed concerns about data localisation requirements for payment service suppliers and banks.

Story continues below this ad

"In 2018, the Reserve Bank of India (RBI) implemented a requirement that all payment service suppliers store all information related to electronic payments by Indian citizens on servers located in India. RBI announced this rule without advance notice or input from stakeholders. In 2019, RBI stated that the requirement to store payments data locally also applied to banks operating in India. Foreign firms assert that the data storage requirement hampers the ability of service suppliers to detect fraud and ensure the security of their global networks," the report said.

"The United States continues to encourage India to adopt an 'open skies' satellite policy to allow consumers the flexibility to select the satellite capacity provider that best suits their business requirements and to promote market access for foreign satellite service providers," the report added. Incidentally, DOGE chief Elon Musk, a confidant of President Donald Trump, is a promoter of the Starlink satellite communication provider.

Also Read | [Gujarat offer for stents with USFDA nod: twice the price of stents approved by Indian regulator](#)

Concerns over India's patent regime

US concerns over India's patent regime include copyright piracy, particularly online, and issues with statutory licensing. In the field of patents, long waiting periods for patent grants, excessive reporting requirements, and concerns regarding patentability criteria were noted. The report added that the US continues to monitor restrictions on patent-eligible subject matter in Section 3(d) of the Indian Patents Act.

Story continues below this ad

“Concerns also exist regarding the protection of undisclosed test data and the lack of an effective mechanism for the early resolution of pharmaceutical patent disputes. Inadequate IP enforcement, delays in trademark opposition proceedings, and the lack of specific laws for trade secret protection are also significant concerns,” the report said.

High applied tariffs remain a sticking point

The USTR criticised India’s high applied tariffs on a wide range of goods, including vegetable oils, apples, maize, motorcycles, automobiles, flowers, natural rubber, coffee, raisins, walnuts, and alcoholic beverages. It noted that the gap between India’s WTO-bound and applied tariff rates allows the government to adjust tariffs unpredictably, creating uncertainty for US stakeholders.

“The Indian government has leveraged this flexibility, increasing tariffs on approximately 70 product categories in the 2019/2020 [budget](#) and on 31 categories in 2020/2021, including key US exports,” the report said.