

# Daily Voice | India’s macro strength could cushion Trump tariff impact, says JM Financial’s Chaturmohta

*While immediate easing is uncertain, India’s strategic posture, emphasizing national interest, the UK FTA, and broader global engagement, could strengthen its negotiating position and open the door to phased tariff relief, said JM Financial’s Ashish Chaturmohta*

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Ashish Chaturmohta is the managing director & fund manager, Apex PMS at JM Financial

India’s goods exports to the US economy account for only 2-3% of India’s GDP. "If the 25% US tariffs persist, a modest downward revision of 20–30 basis points cannot be ruled out. Some loss in exports to the US could be offset by redirecting exports to other nations," said Ashish Chaturmohta, managing director & fund manager, Apex PMS at JM Financial in an interview to *Moneycontrol*.

According to him, India’s strong macro situation could limit the impact of Trump’s Tariff.

Looking ahead to the September quarter earnings, he believes there is room for optimism. "Easing inflation, the RBI’s accommodative stance including recent CRR cuts, and expectations of sustained economic momentum suggest potential for improved earnings," he said.

**Do you expect the current tariff rate of 25% to be reduced to 20–15% following the talks with the US scheduled in the second half of August?**

A reduction in the 25% US tariff to the 20–15% range is possible but will depend heavily on the outcome of bilateral talks scheduled for the second half of August. The US tariffs are driven not only by trade imbalances but also by concerns over India’s defence and energy ties with Russia.

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**Do you see full-year economic growth projections being revised downward in light of Trump’s tariff imposition?**

India’s goods exports to the US economy account for only ~2-3% of India’s GDP. India’s economy remains fundamentally resilient, underpinned by strong domestic demand and robust macroeconomic conditions. The RBI has retained its FY26 GDP growth forecast at 6.5%. However, if the 25% US tariffs persist, a modest downward revision of 20–30 basis points cannot be ruled out. Some loss in exports to the US could be offset by redirecting exports to other nations.

The recent INR weakness of approximately 3%, if it sustains, could also work to limit the tariff impact. India’s strong macro situation could also limit the impact of Trump’s Tariff. Overall, while some drag is possible, the extent will depend on how long the tariffs last and whether trade negotiations yield meaningful progress.

**Do you expect major policy changes in India aimed at boosting economic growth, which may be impacted by Trump’s policies?**

India is already pursuing significant structural reforms to support growth—including corporate tax reductions and front-loaded rate cuts by the RBI. The government also has fiscal room to scale up capital expenditure in priority sectors such as Rural, defence, infrastructure, and railways. If Trump’s trade policies such as higher tariff or protectionist measures begin to impact exports, foreign investment or supply chain then India can respond with targeted measures like renewed push for “Make in India” and Production-Linked incentives (PLIs) to reduced reliance on imports and attract global manufacturers.

With India-UK FTA deal in place, government’s strategic priority would be towards trade diversification especially with South East Asia, Africa and Europe. With comfortable inflation position, the RBI may coordinate by maintaining a Pro-growth stance through rate cuts or liquidity support.

**Do you think the equity market will shift its focus away from the tariff issue? What key factors should investors watch for during the remainder of the current year?**

While the tariff issue is a major short-term concern, equity markets tend to be forward-looking and may gradually shift focus toward domestic fundamentals and broader global trends. Tariff-related headlines will remain important, but market participants are likely to weigh them alongside key variables such as:

- Progress on India–US trade talks
- RBI’s monetary policy stance
- Key macro indicators: GDP, inflation, IIP
- Rural demand dynamics amid strong monsoons
- Domestic and FII flows
- Corporate earnings growth and festive season sales momentum

Investors should stay alert to global geopolitical shifts and trade disruptions, which could reintroduce volatility in the near term.

**What is your assessment of the June quarter earnings announced so far? Do you expect a similar performance in the September quarter?**

The June quarter earnings season, while still ongoing, indicates a modest mid-single digit growth in Revenue, EBITDA, and PAT for BSE 500 companies. Operating margins have remained stable at ~18.8% (ex-Financials), comparable to the same period last year. Sectoral performance has been mixed — with weakness in consumption-driven segments but notable strength in Industrial and Agri-related sectors.

Looking ahead to the September quarter, there is room for optimism. Easing inflation, the RBI’s accommodative stance including recent CRR cuts, and expectations of sustained economic momentum suggest potential for improved earnings. Additionally, the onset of the festive season should support demand, especially in consumption-oriented sectors. These factors, along with a favourable base from Q2FY26, position the BSE 500 for a possible return to double-digit earnings growth — assuming no major external disruptions.

**Is consumption heading toward a downturn?**

Despite steady GDP growth, consumption growth has been lagging as reflected in sluggish sales in sectors like two-wheelers and fast-moving consumer goods (FMCG), particularly in rural areas. However, we believe, the consumption sector is likely to revive going forward on the back of above-average rainfall and improved reservoir levels, which are expected to support agriculture and boost rural demand.

Additionally, government capital expenditure, combined with the gradual transmission of earlier rate cuts and tax incentives, is beginning to support overall demand. Thus, while consumption is under pressure currently, a turnaround is possible if rural sentiment and liquidity conditions improve.

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