

# Risk, Resilience, and Reform: Banking the Future of Indian Exports

■ Earth News Political Desk

In the uneasy choreography of global trade, where alliances shift as swiftly as market sentiments, tariffs have once again emerged as instruments of both policy and pressure. The recent escalation of duties imposed by the United States on a broad swathe of imports—including those from India—signals more than a routine trade adjustment. It reflects a deeper re-ordering of economic priorities, where resilience, strategic alignment, and domestic political imperatives increasingly trump the orthodox logic of free trade.

For India, this development lands at a moment of considerable export ambition. Having steadily expanded its global trade footprint, the country now finds one of its most vital commercial arteries—the United States—partially constricted. With exports to the US touching approximately US\$86.5 billion in 2025, and a significant portion now subject to sharply higher tariffs, the implications are immediate, complex, and far-reaching.

Yet, as history often demonstrates, disruption and opportunity are rarely strangers. At the heart of India's response lies a critical but sometimes underappreciated institution: its banking system. No longer mere conduits of credit, Indian banks stand prepared to play a transformative role in helping exporters navigate this turbulent phase.

## A Trade Relationship Under Strain

India's economic rise has been closely tied to its expanding export base. In the fiscal year 2024–25, the country recorded total exports of over US\$820 billion, with merchandise exports alone accounting for nearly US\$437 billion. The United States, as India's largest bilateral trading partner, has been central to this growth story.

Over the past five years, exports to the US surged from US\$49.3 billion in 2020 to US\$86.5 billion in 2025—a testament to India's growing competitiveness in sectors ranging from electronics and pharmaceuticals to textiles and engineering goods. Imports, too, rose significantly, underscoring the deepening interdependence between the two economies.

This trajectory now faces a serious test. The imposition of tariffs—reportedly affecting exports worth over US\$48 billion—threatens to disrupt established supply chains and undermine price competitiveness. For many exporters, particularly those operating on thin margins, the shift could be destabilising.

But to understand the full picture, one must look beyond the immediate numbers and examine the underlying forces shaping this policy turn.

## The Changing Grammar of Global Trade

The current wave of tariffs cannot be dismissed as a transient bout of protectionism. It is, rather, symptomatic of a broader transformation in how nations approach trade.

Traditionally, global commerce has been explained through the "gravity model," where trade flows are determined by economic size and geographical proximity. Larger economies trade more, and closer countries trade more easily. However, the

post-pandemic world has rewritten these rules.

Supply chain disruptions during COVID-19 exposed the fragility of hyper-globalised production networks. Geopolitical tensions—from the US-China trade conflict to the Russia-Ukraine war—further underscored the risks of overdependence on specific partners. In response, advanced economies have embraced strategies such as "friend-shoring" and "near-shoring," prioritising reliability over efficiency.

In this recalibrated framework, tariffs serve a strategic purpose. They are deployed not merely to protect domestic industries but to reshape the geography of global production. By making imports costlier, they incentivise domestic manufacturing or redirect supply chains towards politically aligned nations.

India, despite being a strategic partner to the US, finds itself navigating this new

financial buffers and heavy reliance on export orders, these businesses face a dual challenge: declining demand and tightening cash flows.

For many such firms, the US is not just a market—it is the anchor around which their entire business model revolves. A sudden disruption in orders can cascade into delayed payments, inventory build-ups, and operational stress.

## Banks in the Line of Fire

As exporters grapple with these pressures, the ripple effects inevitably reach the banking sector.

Indian banks have significant exposure to export-oriented industries through instruments such as pre- and post-shipment credit, invoice discounting, and working capital loans. When export cycles are disrupted, these financial arrangements come under strain.

Delays in receivables can lead to liquidity mismatches, increasing the risk of loan

remains accessible even as uncertainties rise.

Equally important is the expansion of risk management tools. By offering hedging instruments such as forward contracts, options, and swaps, banks can help exporters navigate currency volatility while generating new revenue streams.

Partnerships with institutions like the Export Credit Guarantee Corporation (ECGC) can further strengthen this ecosystem. By insuring loans against foreign buyer defaults, such collaborations enable banks to lend with greater confidence, particularly in new and emerging markets.

## Diversification: The Strategic Imperative

If there is one lesson that stands out from past trade disruptions, it is the importance of diversification.

India's recent trade agreements—with countries such as the United Arab Emirates and Australia—offer a pathway to reduce

new geographies, ultimately reinforcing India's global position.

International examples echo this pattern. Brazil, Turkey, and China have all responded to tariff shocks with a combination of diversification, domestic strengthening, and financial support mechanisms.

The common thread in these experiences is clear: resilience is built not by resisting change, but by adapting to it.

## The Road to 2047

The current disruption aligns with a broader national aspiration—the vision of transforming India into a developed economy by 2047.

Achieving this goal requires more than incremental adjustments. It calls for a structural shift in how India engages with global trade.

Investments in logistics, digital infrastructure, and research and development are essential. So too is the integration of MSMEs into global value chains, supported by access to finance and technology.

For banks, this is both a challenge and an opportunity. By aligning their strategies with national priorities—such as "Make in India" and production-linked incentives—they can play a catalytic role in driving growth.

The adoption of advanced technologies, including artificial intelligence for risk monitoring, can further enhance their capacity to respond to emerging challenges.

## Beyond Lending: A Strategic Partnership

Perhaps the most significant shift lies in redefining the role of banks themselves.

In an era of heightened uncertainty, exporters need more than capital—they need guidance, flexibility, and partnership. Banks, with their expertise in international finance and risk management, are uniquely positioned to provide this.

From facilitating compliance and certification to enabling access to new markets, their role extends well beyond traditional lending.

In doing so, they not only safeguard their own balance sheets but also contribute to the broader resilience of the economy.

## Conclusion: Turning Headwinds into Momentum

The recent tariff hikes are a reminder of the unpredictable nature of global trade. They expose vulnerabilities, test resilience, and compel adaptation.

For India, the immediate challenges are undeniable. Key export sectors face pressure, and financial risks have risen. Yet, the foundations remain strong—a diversified economy, a robust banking system, and a growing global presence.

The task ahead is not merely to weather the storm but to harness it. By embracing innovation, strengthening financial support mechanisms, and pursuing strategic diversification, India can transform this moment of disruption into one of opportunity.

In this endeavour, Indian banks will be central actors—not just as financiers, but as architects of resilience.

As the contours of global trade continue to evolve, one thing is clear: those who adapt fastest will define the future. India, if it plays its cards right, has every chance of being among them.

**“The latest tariff shock from the United States is more than a disruption to India's export momentum—it is a stress test of the country's economic adaptability. While sectors such as electronics, textiles, and gems and jewellery face immediate pressure from shrinking demand and tighter margins, the deeper story lies in how India chooses to respond. Export dependence on a single dominant market has revealed structural vulnerabilities that can no longer be ignored. In this moment of uncertainty, Indian banks emerge as pivotal actors. Their role is no longer confined to extending credit; they must actively enable resilience through flexible financing, risk mitigation tools, and support for market diversification. By backing exporters as they explore new geographies and move up the value chain, banks can help convert short-term strain into long-term strength. The challenge, therefore, is not merely to absorb the shock, but to use it as a catalyst—to build a more diversified, competitive, and future-ready export economy.”**

terrain—caught between opportunity and vulnerability.

## Sectoral Fault Lines: Where the Pain Will Be Felt

The impact of these tariffs will not be uniform. Certain sectors—particularly those heavily reliant on exports to the US—are likely to bear the brunt.

The electronics and electrical goods sector, a cornerstone of India's manufacturing ambitions, faces a significant setback. With exports nearing US\$16 billion, the sector had positioned itself as a viable alternative to established Asian manufacturing hubs. Higher tariffs could erode this competitive edge, making Indian products less attractive to American buyers.

The gems and jewellery industry presents an equally stark picture. Employing over a million workers and exporting nearly US\$10 billion worth of goods to the US, the sector is deeply intertwined with American consumer demand. A slowdown here would ripple across employment hubs such as Surat and Jaipur.

More vulnerable still are micro, small, and medium enterprises (MSMEs) in textiles and engineering goods. With limited

defaults. Currency volatility—often triggered by tariff announcements—adds another layer of complexity, affecting repayment capacities.

However, it is important to place these risks in perspective. Export credit constitutes less than one percent of India's total non-food bank credit. This limits the likelihood of a systemic banking crisis. Instead, the risks are concentrated—sector-specific and borrower-specific.

MSME clusters, in particular, emerge as areas of concern. Their dependence on bank financing, combined with limited access to alternative funding sources, makes them especially vulnerable.

## A Moment of Reckoning—and Reinvention

Yet, within this challenge lies a compelling opportunity for transformation.

Indian banks have traditionally played a supportive role in trade finance. Today, they are being called upon to evolve into strategic enablers of export resilience.

This shift demands a more nuanced approach to lending. Risk-based pricing, for instance, can allow banks to balance prudence with support—ensuring that credit

dependence on any single market. These agreements open doors to alternative destinations across Asia, the Middle East, and beyond.

Banks have a crucial role to play in this transition. By financing market expansion, supporting supply chain reconfiguration, and providing advisory services, they can help exporters pivot effectively.

This is not merely about survival; it is about repositioning India in the global trade landscape. Moving up the value chain—into sectors such as advanced electronics, specialised chemicals, and high-end manufacturing—can enhance both resilience and competitiveness.

## Learning From History

India has navigated similar challenges before—and emerged stronger.

In the 1990s, anti-dumping duties on shrimp exports forced a rethinking of aquaculture practices. The response was swift and strategic: upgrading quality standards, diversifying markets, and moving up the value chain.

Similarly, when textiles faced trade barriers in the early 2000s, exporters—supported by bank financing—expanded into

## THE COST OF MOVING ON

# Fukushima, Fifteen Years Later: Progress, Perception and the Price Paid

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On March 11, 2026, the world marks fifteen years since the Fukushima nuclear disaster—an event that once jolted global confidence in nuclear safety and raised unsettling questions about technological risk in even the most advanced societies. In the immediate aftermath, the catastrophe seemed to shatter long-held assumptions. If such a failure could occur in Japan—a nation synonymous with precision, discipline, and technological prowess—then the assurances of nuclear safety elsewhere appeared far less certain.

Yet, as the years have passed, something curious has happened to the memory of Fukushima. The disaster, once framed in stark terms of existential risk, has been gradually reinterpreted through a more optimistic lens. It is now frequently invoked not as a warning, but as a turning point—a costly but ultimately constructive episode from which the world has "learned." This narrative, polished and widely circulated by international agencies and nuclear authorities, presents Fukushima as a catalyst for stronger safety standards and improved preparedness.

But beneath this rhetoric lies a troubling question: who benefits from this framing of "lessons learned," and at what cost?

## From Catastrophe to Case Study

In the weeks following the disaster, images of hydrogen explosions, displaced families, and contaminated landscapes dominated global media. The crisis was initially cast as a modern echo of past nuclear tragedies—an alarming reminder of the technology's inherent risks. However, as investigations unfolded, the tone began to shift.

Institutions such as the International Atomic Energy Agency moved swiftly to analyze the causes and implications of the accident. Their reports emphasized

procedural shortcomings, regulatory gaps, and the need for more robust contingency planning. These findings were distilled into a series of "lessons"—technical, managerial, and institutional—that could be applied worldwide.

On the surface, this approach appears both rational and necessary. After all, learning from failure is central to improving safety. Nuclear energy, with its immense potential and equally significant risks, demands constant vigilance. Strengthening standards, revising protocols, and preparing for extreme scenarios are undeniably vital steps.

Yet, in transforming Fukushima into a repository of lessons, something essential risks being lost. The disaster is recast as a problem solved, a chapter concluded—rather than an ongoing human crisis.

## The Comfort of a Controlled Narrative

The language of "lessons learned" carries an implicit promise: that the worst is behind us, and that progress has been made. It reassures policymakers, industry leaders, and the public that the system is capable of self-correction. In this telling, Fukushima becomes evidence not of failure, but of resilience.

This narrative has been echoed across national and international platforms. Regulatory bodies highlight improved safety mechanisms; nuclear advocates point to enhanced preparedness; governments emphasize recovery and reconstruction. The message is clear: the system works, even when it falters.

But this framing also performs a subtler function. By focusing on technical improvements, it shifts attention away from the lived experiences of those directly affected. The disaster is depersonalized, reduced to a series of abstract lessons rather than a continuing reality.

Moreover, dissenting voices—particularly those questioning the safety of nuclear power or the adequacy of recovery efforts—are often marginalized. Con-

cerns about radiation exposure, long-term health risks, and environmental contamination are sometimes dismissed as exaggerated or politically motivated. In this way, the narrative not only simplifies the past but also narrows the scope of acceptable debate in the present.

## The Problem of "We"

Central to the discourse of lessons learned is the recurring use of a collective "we." It is a convenient shorthand, suggesting a shared global experience and a unified commitment to improvement. "We have learned," the narrative insists. "We are safer now."

## But who exactly is included in this "we"?

The answer, more often than not, excludes those who continue to bear the consequences of the disaster. For policymakers and industry leaders, Fukushima may indeed represent a valuable learning opportunity. For affected communities, however, it remains an unresolved trauma.

This discrepancy is not merely rhetorical. It has tangible implications for how recovery is defined and pursued. When the focus is on global lessons, local suffering can be overshadowed. The complexities of individual experiences are flattened into a single, coherent story—one that prioritizes progress over pain.

## Lives Disrupted, Futures Uncertain

The human toll of Fukushima is neither abstract nor confined to the past. At the height of the crisis, more than 160,000 people were forced to evacuate their homes, often with little more than what they could carry. Entire communities were uprooted, their social fabric torn apart in a matter of days.

For many evacuees, displacement became a prolonged reality. Temporary housing—cramped, impersonal, and isolating—replaced familiar neighborhoods. Children grew up in these provisional spaces, their formative years shaped by

uncertainty and loss.

Health concerns added another layer of anxiety. Parents worried about the potential long-term effects of radiation, particularly on their children. Reports of increased thyroid abnormalities, whether conclusively linked to the disaster or not, deepened these fears. In the absence of clear and universally trusted information, uncertainty itself became a burden.

The psychological impact has been equally profound. The strain of evacuation, financial hardship, and social fragmentation led to a rise in family breakdowns—a phenomenon sometimes referred to as "atomic divorce." These are not the kinds of outcomes that fit neatly into a narrative of resilience and recovery.

## Economic and Social Fallout

Beyond individual experiences, Fukushima has faced enduring economic challenges. Agricultural communities, once the backbone of the region, were particularly hard hit. Contamination fears led to a sharp decline in demand for local produce, even after safety measures were implemented.

Farmers who had cultivated their land for generations found themselves unable to continue their work. Decontamination efforts, while necessary, often rendered fields unusable or altered beyond recognition. The loss was not merely economic but deeply cultural—a severing of ties to land and heritage.

Tourism, too, suffered. The stigma associated with radiation deterred visitors, compounding the region's financial struggles. Even as official narratives emphasized recovery, many areas remained eerily quiet, their populations diminished and their future uncertain.

For those who chose—or were encouraged—to return, the reality was often sobering. Familiar streets had become sparsely populated; community networks had weakened or disappeared. The concept of "home" itself had been

fundamentally altered.

## Curated Recovery

In the years following the disaster, the Japanese government undertook significant efforts to promote reconstruction and revitalize the affected regions. Public events, symposiums, and media campaigns highlighted stories of resilience and progress.

These initiatives were not without merit. They provided a platform for individuals and communities striving to rebuild their lives, offering a sense of hope and continuity. However, they also revealed the selective nature of the recovery narrative.

Voices that aligned with the message of progress—artists, entrepreneurs, and residents expressing optimism—were prominently featured. Their stories became emblematic of Fukushima's revival. Meanwhile, those who raised concerns about ongoing risks or questioned the pace and direction of recovery were less visible. This imbalance was not accidental. By emphasizing unity and resilience, official narratives sought to counter negative perceptions and restore confidence. Yet, in doing so, they risked sidelining legitimate grievances and alternative perspectives.

Some evacuees, particularly mothers concerned about their children's health, reported feeling stigmatized for their caution. Criticism of government policies was sometimes framed as unpatriotic, creating a climate in which dissent was discouraged.

## The Politics of Memory

How societies remember disasters is never a neutral process. Memory is shaped by power, interests, and the need to construct coherent narratives. In the case of Fukushima, the emphasis on lessons learned serves a clear purpose: it reinforces confidence in nuclear technology and legitimizes its continued use.

This does not mean that the lessons themselves are invalid. On the contrary,

many of the reforms implemented since 2011 are essential. But the framing matters. When a disaster is primarily remembered for the improvements it inspired, the suffering it caused can fade into the background.

This selective memory has broader implications. It influences policy decisions, public opinion, and the direction of future energy strategies. By presenting Fukushima as a problem addressed and resolved, it becomes easier to advocate for the expansion or continuation of nuclear power.

At the same time, it raises ethical questions about whose experiences are prioritized and whose are overlooked.

## Beyond Lessons

Fifteen years on, Fukushima resists easy categorization. It is neither a closed chapter nor a simple success story. It is a complex, ongoing reality that defies the neat boundaries of policy reports and official narratives.

The language of lessons learned, while useful in certain contexts, is ultimately insufficient. It cannot capture the full scope of what was lost, nor can it adequately address what remains unresolved.

For many of those affected, Fukushima is not a lesson but a lived experience—one marked by displacement, uncertainty, and enduring scars. Their stories challenge the notion that disasters can be neatly packaged into opportunities for improvement.

If there is a lesson to be drawn, perhaps it lies not in the technical adjustments or managerial reforms, but in the need for a more honest and inclusive reckoning. One that acknowledges both progress and pain, both resilience and injustice.

Until then, the narrative of lessons learned will continue to ring incomplete—comforting, perhaps, for those at a distance, but hollow for those still living in the shadow of the disaster.

Export saga in an Age of Tariffs