Exploring Economic Wellbeing and Peace In India during Trade War and Geopolitical Turbulence

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Abstract

This paper will discuss and analyse the relationship between geopolitical turbulence and trade war on economic wellbeing and peace in India. The events analyzed will be under the timeline of 2018-2025 and to the present, encompassing events like the first wave of the US China trade war, India-China Galwan clash, Russia Ukraine war and after effects, US-India tariffs, Red Sea shipping crisis and a few more which had a significant impact on India. The paper seeks to answer the following research question: To what extent have geopolitical conflicts and trade disruptions influenced India's economic wellbeing and overall peace and stability? To address this question, the study employs a mixed-method approach, combining literature reviews with empirical data and analysis of statistical trade data obtained from sources such as the World Bank, International Monetary Fund (IMF), Reserve Bank of India (RBI), Ministry of Commerce and Industry, and other government databases. This paper will primarily focus on external turbulence that affects various indicators of economic wellbeing for instance, GDP, inflation, unemployment, household conditions and overall living standards of people in India. Towards the end there will also be a list of policy recommendations for India in order to mitigate future uncertainty and geopolitical shocks.

Research questions

How have trade conflicts re-shaped India's export composition?

Did India's protectionist response to the India-China Galwan clash succeed in reducing economic

dependency on China, and what trade-offs did this strategy inculcate in the short and long term?

How have maritime chokepoint disruptions transmitted into India's trade costs, supply chain stress, and energy security, given India's heavy import dependence on crude oil, LNG, and fertilizer inputs?

To what extent did Russia-Ukraine war-related sanctions affect India's inflation, currency stability, and import costs, and how did India's policy responses mitigate these effects?

How do regular Indian citizens perceive and experience the economic impact of geopolitical turbulence in their daily lives and does this lived experience align with secondary data collected?

How can India use its governmental capacity to mitigate the impact of external turbulence and trade war on Indian citizens?

Section 1: The effect of trade war on economic stability and peace

Subsection 1 - External trade war - US-China clash

In 2018, Donald Trump implemented a series of tariffs and trade restrictions against China. The reason he gave was unfair trade practices, intellectual property theft and a massive trade deficit. This trade dispute reflects a history of tensions between the two countries over trade imbalances

and tariffs. In retaliation to the US tariffs, China introduced new tariffs on American goods hence escalating the conflict between two of the largest economies in the world. The ramifications of the trade war caused significant volatility in stock markets and experts and politicians questioned the wisdom of President Trump's approach.

Year	Pharmaceuticals	Chemicals	Agricultural goods
2017 - 2018	$5,116.32 mil	$6,374.65 mil	$8,614.42 mil
2018 - 2019	$5,820.21 mil	$6,587.48 mil	$15,106.78 mil
2019 - 2020	$6,749.60 mil	$6,742.34 mil	$15,712.53 mil

(Exports to the US) Source - Author's computations

The US being the largest trading partner of India accounting for approximately 1/5th of our exports while India exports mainly pharmaceuticals, agricultural goods, engineering goods, textiles and chemicals to the United States out of which 3 sectors faced a significant increase in growth throughout the years 2017-2018 to 2019-2020. The increase is consistent with the possibility of trade diversion, whereby U.S. buyers sought alternative suppliers as tariffs increased the cost of Chinese imports. China and India have very similar export profiles which could have prompted the United States to switch producers from China to India due to the tariffs making Chinese goods less competitive hence increasing demand for Indian exports in major sectors like pharmaceuticals, chemicals and agriculture. These are the sectors with the most growth hence bringing in more money into the country, allowing local businesses in these fields to become more competitive and expand to international markets.

The data in the table shows a total increase of pharmaceutical exports from India to USA by 1633.28 million dollars which is a percentage increase of 31.92% resulting in an average annual growth of 14.81% during the US-China trade war period. Coming to the next commodity which is chemical exports, the total increase amounted to a value of 367.69 million dollars which is a percentage increase of approximately 5.77% resulting in an average annual growth of 2.85%. Specific goods calculated under the chemicals umbrella include organic chemicals, inorganic chemicals, fertilizers, essential oils, perfume, tanning or dyeing extractors etc. Moving on to agricultural exports, the total increase during this period amounted to a value of 7098.11 million dollars which is a percentage increase of 82.4% resulting in an average annual growth of 39.69%. Specific goods under agriculture include coffee, oil seeds, edible fruit and nuts, edible vegetables, cereals etc.

This data suggests that the significant increase in Indian exports to the United States specifically during the US-China trade war period of 2018 - 2020, that U.S may have in fact shifted their demand of the same commodities it used to source from China due to the similarity in export profiles in order to diversify and mitigate the tariffs resulting in higher demand for Indian exports in dominant fields such as pharmaceuticals and agriculture.

Subsection 2 - Bilateral trade conflict – U.S.–India tariff dispute

On April 2, 2025, as part of his global "Liberation Day" tariff actions, President Trump announced a 26% reciprocal tariff on Indian goods for which implementation was delayed twice, first to July 9 and then to August 1, to allow time for bilateral trade negotiations, during which a

flat 10% baseline tariff applied to India along with most other countries. Then, on July 30, 2025, Trump announced a revised 25% tariff on Indian goods. The reason claimed to be India having high tariff barriers and its continued trade in Russian oil and military equipment. The trade war escalated further when, on August 6, 2025, Trump signed a separate executive order imposing an additional 25% penalty tariff specifically targeting India's continued purchases of Russian oil, effective August 27, 2025. This brought India's cumulative tariff rate to 50% which is the highest amount imposed on any major U.S. trading partner at the time.

A few commodities such as pharmaceuticals, minerals, electronics were exempted from the US tariffs while commodities such as leather, shrimp, jewellery and other gems faced the US tariffs. To make sure whether the decline in exports was actually due to the US tariffs and no other factors such as supply chain disruptions, demand fluctuations, I compared the difference between pharmaceuticals (bulk drugs), a commodity not facing US tariffs and leather (footwear of leather), a commodity that was slapped with US tariffs. Data has been collected for a fair comparison before and after the tariffs were announced in the specific months of April to June in the years 2024-2025 and 2025-2026.

Category	Tariff status	Apr-Jun2024 - Apr-Jun2025	Apr-Jun2025 - Apr-Jun2026
Bulk drugs	Exempt	103.86 → 137.62 = +32.50%	137.62 → 158.97 = +15.51%

Footwear of Leather	Tariffed (50%-18%)	99.48 → 112.14 = +12.72%	112.14 → 94.09 = -16.09%

(Ministry of Commerce and Industry, Department of Commerce, Government of India, n.d. and authors computations)

This is a table showcasing some major commodities that India exports that faced the US tariffs and that were exempted from them under the umbrella of pharmaceuticals, leather and jewellery. Leather footwear exports were growing at 12.72% in the pre-tariff period but then reversed into a clean decline in growth of -16.09% during the year of the 50% tariffs hitting and even after it eased down to 18%. Bulk drugs however did decelerate but didn't actually go negative the way leather footwear did. The growth nearly halved from 32.5% to 15.51% which may suggest that the exemption may have cushioned the impact of uncertainty of whether the tariff applied to all Indian exports or not or the overall slowdown in trade relations. It didn't completely reverse into decline unlike leather footwear.

This doesn't necessarily mean that all pharmaceuticals had a similar effect but bulk drugs are a major representative of the commodity. I also included jewellery in this analysis in order to test this hypothesis with more than one commodity and prove that it's an outlier. Jewellery does not contradict this paper's hypothesis; it actually reinforces it. On the surface, jewellery exports reversed from a -19.85% decline in the pre-tariff period to +34.17% growth during the tariff period, seemingly running counter to the pattern seen in leather footwear. However, this clashes with a sharp global surge in gold prices through 2025-2026, as investors moved into gold as a safe-haven asset during the same geopolitical turbulence this paper examines. Since jewellery exports are recorded in dollar value rather than physical quantity, this price surge would inflate

export figures regardless of actual demand. This suggests the tariff's dampening effect on jewellery exports was still present, but overpowered by a stronger, independent price shock moving in the opposite direction.

Section 2: The effect of regional turbulence on economic wellbeing and peace

Subsection 1 - India China Galwan clash

The Galwan Valley clash happened on June 15, 2020 and became one of the deadliest confrontations on the India-China border in over four decades. The India-China Galwan Clash provoked India to use protectionist policies towards China, also to supposedly reduce their dependence on Chinese goods. India introduced policies like amending its Foreign Direct Investment (FDI) policy via Press Note 3 to mandate prior government approval for all investments from countries sharing a land border with India. Even though Press Note 3 was introduced before the Galwan clash in April 2020, partly in response to concerns arising from the pandemic; the Galwan clash reinforced India's broader restrictions and economic-security concerns regarding China including bans on hundreds of Chinese-linked mobile applications, beginning with 59 apps in June 2020, followed by further bans in September and November. Additionally, investigations were also launched against Chinese telecommunications companies like ZTE, Huawei, OPPO, Vivo and Xiaomi over allegations of tax evasion and money laundering. This accelerated India's motive toward self-reliance. These policies actually worked as local ‘Make in India’ tech initiatives got more opportunities and domestic alternatives such as Chingari and Trell experienced massive early surges in user adoption. In addition to this, to boost export capacity, India launched the ‘Production Linked Incentive scheme’ which was designed to

encourage local manufacturers of automobiles, pharmaceuticals and electronics. Moreover, Chinese observers do believe that in the past few years, India's 'Make in India' strategy has actually led to greater localisation in prudent areas, such as new energy vehicles, batteries, chemicals and pharmaceuticals. In electronic products, Indian-made mobile phones are a singular success of the ruling Narendra Modi government, as for years earlier, India hardly had any mobile manufacturing, but its the second largest mobile maker in the world today, after China. So overall, India's technology sector majorly improved from a conflict which most would assume to have deep economic downsides to India's economy, having proved long term positive effects, contributing to economic wellbeing and growth in India.

Revenue and Content Creator Setbacks

The impact on India economy wasnt all positive. The ban on Chinese apps resulted in significant financial hits for Indian creators. The top 100 TikTok influencers alone collectively lost an estimated Rs 120 crore in annual advertising revenue. Furthermore, regional workers employed by Chinese firms lost their jobs during office closures.

Impact on imports and exports

Chinese imports in India surprisingly increased by a significant amount from $65,212.25 million in the year 2020-2021 to $94,570.57 million in the year 2021-2022 with a very minimal increase in exports to China from $21,187.15 million to $21,259.79 million in the same period resulting in a trade deficit for India. This may have been the case despite protectionist measures due to the fact that reports suggested that New Delhi has been facing significant pressure from its own domestic automotive and electronics industry to ease restrictions on Chinese investments.

Chinese restrictions may have hindered access to Chinese capital and technology affecting startups and manufacturers. Reuters found that despite restrictions on Chinese firms, Indian automakers increasingly rely on Chinese EV technology through licensing agreements and supply partnerships. For example, Tata Motors partnered with China's Chery to accelerate its premium EV programme, demonstrating the industry's dependence on Chinese technology and expertise which proves that domestic industries still are dependent on Chinese inputs and technology.

Supply chain disruptions

Before the clash, India was deeply involved with Chinese supply chains. According to data from 2019, 70% of India's electronic components, 45% of consumer durables, 70% of Active Pharmaceutical Ingredients (APIs), and 40% of leather goods were imported from China. India holds the world’s third largest pharmaceutical industry out of which two thirds of its key ingredients are sourced from China. After imposing protectionist measures, manufacturing sectors like pharmaceuticals, electronics and automobiles experienced disrupted supply chains as these sectors were majorly dependent on Chinese imports. Several firms faced higher costs and delays in obtaining their inputs as they weren't prepared to face the sudden ban of Chinese factories and businesses that they were sourcing from. The policies introduced by India caused pharmaceutical chains to suffer majorly as Chinese factories were forced to shut down.

Overall, the India-China Galwan clash exposed India’s dependency on Chinese imports and forced India to employ protectionist measures to become more self-sufficient. Despite this,

India’s protectionist majorly suffered a negative hit in the short term as Chinese imports surged from $65 billion in 2020–21 to $94 billion in 2021–22 which is the exact opposite of what the protectionist policies aimed to achieve. The trade deficit widened, not narrowed. Sectors that suffered the most were the pharmaceutical industry and electronics as reports suggested that Chinese companies were reluctant to do business with India due to the uncertainty and an unpredictable business environment caused by this conflict. However, looking at it from the long term, India's ‘Make in India’ initiatives and schemes like the Design Linked Incentive (DLI) in 2021, Atmanirbhar Bharat Abhiyan launched by Prime Minister Narendra Modi in 2020 which prompts Indians to be self reliant, India Semiconductor Mission (ISM) 2.0 and many more to boost India's technology sector while it becoming the second largest mobile producer in the world as of 2026.

Section 3: The effect of global turbulence on economic stability and peace

Subsection 1 - Red Sea shipping crisis

The World Bank states that the Suez Canal handled approximately one-eighth of global shipping trade and roughly 30% of global container traffic. When the Houthis attacks on the Red Sea occurred since November 2023 freight and insurance costs have surged freight and insurance costs with many ships rerouting to Cape of Good Hope. The Red Sea is a sea link between Europe and Asia via the Suez Canal which accounts for 12% of the world’s commerce. The Suez Canal and the Bab al-Mandab Strait are key chokepoints on this route. The Bab El Mandab Strait ranks as the world’s fourth most important chokepoint for oil trade. Due to this crisis commodities like container cargo, oil and grains are majorly affected. Following the Gaza war of

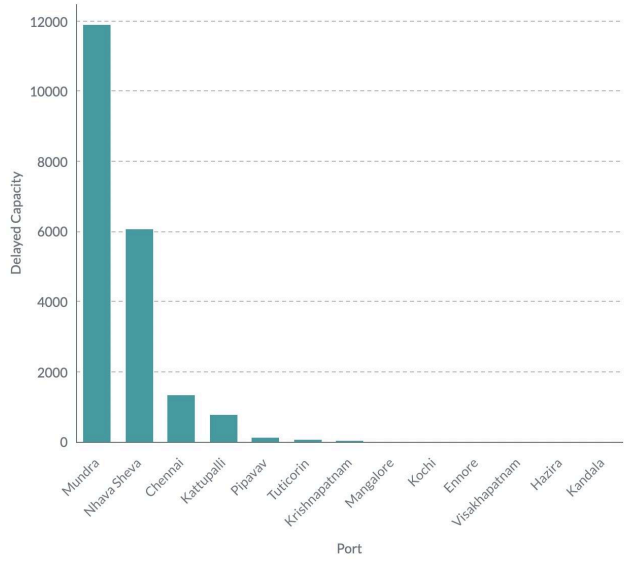
October 2023, threats by Houthi were again aimed at maritime shipping against vessels involved with Israel, the US and the UK.

80% of India's trade with Europe passes through the Red Sea. India has experienced a decline of 5.39% in its seafood exports due to the low consumer demand from the American, EU and UK markets due to high selling prices owing to the disruptions in the Red Sea. An assessment by Research and Information System for Developing Countries, New Delhi has pointed at a loss of US$ 30 billion owing to the Red Sea crisis. It has enumerated that Indian exports would experience a decline by 6.7 per cent as compared to the previous FY's US$ 451 billion for Indian exports. Indian ships have switched to the Cape of Good Hope which has resulted in an extra 15–20 days. India's petroleum exports to Europe has come down to approximately 250,000–300,000 barrels per day from 425,000 barrels per day in December 2023.27. A report by S&P Global Commodity Insights has shown that there has been a 65% rise in bunkering at Indian ports in 2024 due to the Red Sea crisis. The costs for the same at Indian ports and regular supplies from domestic refineries have contributed to this choice made by the re-routing ships.

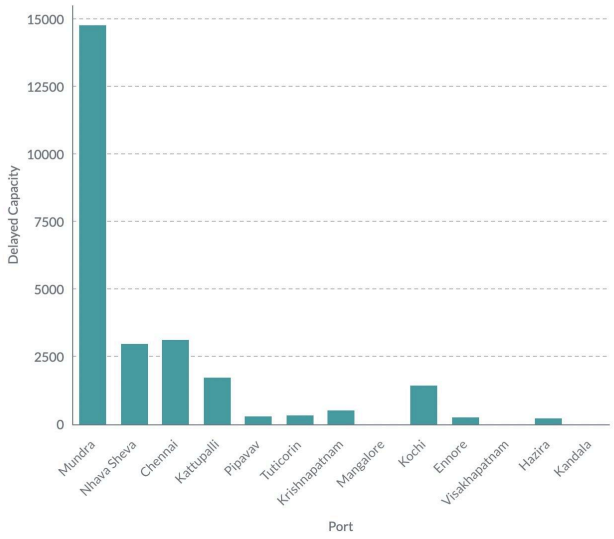
India's exports experienced challenges including huge rises in transportation costs. The cost of freight has increased by 233 % for exporters of Basmati rice, while delays and uncertainty are being experienced by farmers exporting perishable items like grapes. This situation had an impact on several different industries. Delays in providing pharmaceuticals that may save lives became a problem for the pharmaceutical business, which put crucial medical supplies at risk. Textile producers experienced two-month delays in European exports, resulting in missed deadlines and penalties. Steel shipments to Europe and the Middle East were delayed, prompting

fears about order cancellations. In addition, the auto sector was impacted by the rise in freight prices for imported raw materials and delays in delivering essential components.

Impact on Indian trade and supply chain



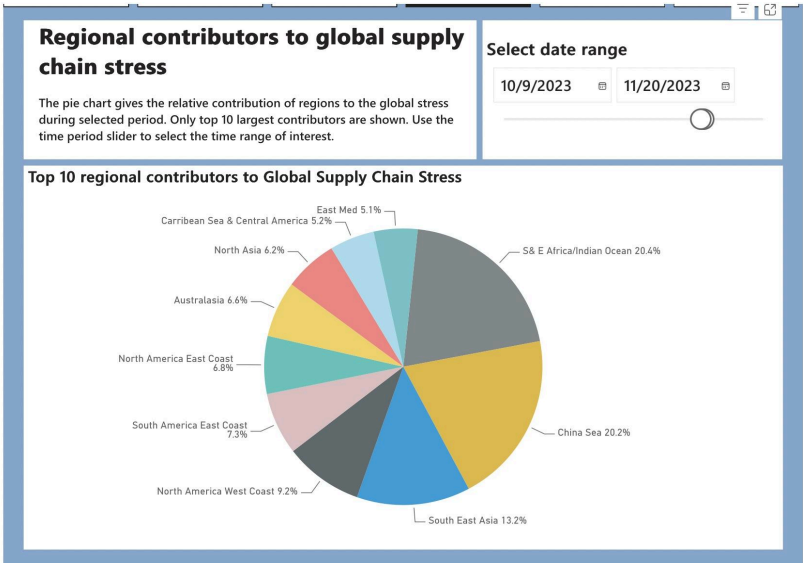
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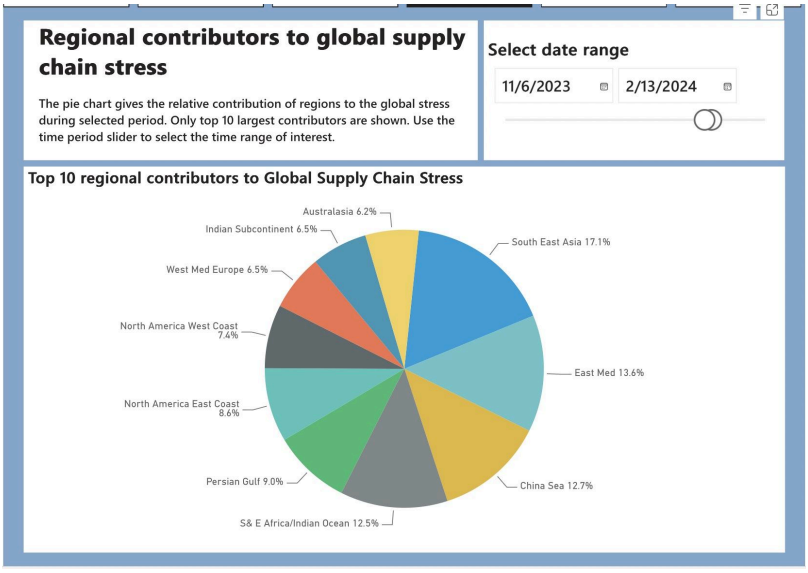


After

This is the before and after data of the port supply chain stress index of India consisting of 13 major ports. The timeline of ‘before’ is taken during the end of September 2023 to the end of October 2023 and the timeline of ‘after’ is taken during the beginning of November 2023 to the middle of February. Before the crisis, the total stress amounted to a total of 20,244.9 TEUs with approximately half the ports having 0 TEUs delayed and the highest 11,890.5 TEUs delayed at port Mundra. On the other hand, the ‘after’ condition shows a total system stress of 27,131.5 TEUs. Port Mundra had an increase of 24.2%, Chennai with 136.2%, Kattupalli with 127.8% and Port Kandla and Kochi with new signs of port stress. The overall stress observed is 34%. Mundra being India's largest container port on the Europe route was already stressed before the crisis which amplified further and new ports showing stress suggest eastern coast ports absorbed overflow traffic as operators scrambled for alternatives to disrupted western routes.

The Federation of Indian Export Organisations (FIEO) reported 25% of outbound Red Sea shipments were held back entirely. This directly explains why some ports like Nhava Sheva saw stress fall by 50.7% during the crisis. It wasn't actually efficiency but it was cargo sitting in warehouses rather than moving at all.





This is the before and after of the Red Sea Shipping crisis and how the impact is demonstrated among the Top 10 regional contributors to global supply chain stress. Stress from the East Mediterranean region rose from 5.1% to 13.6% of global supply chain stress which is an increase of 8.5%. The East Mediterranean is the direct entry point to the Suez Canal from the Red Sea. Additionally, the Indian subcontinent also entered the global top 10. Before this crisis, India did not even place anywhere in the top 10 at 6.5% which also explains the 34% increase in stress at Indian ports.

Subsection 2 - Russia Ukraine war sanctions

Due to the Russia-Ukraine war back in 2022, Russia was hit with multiple waves of heavy sanctions including price caps on Russian oil, ban on Russian-derived refined products entering EU from third countries, a ban on imports from Russia of liquified petroleum gas (LPG) and certain metal goods, such as propane, pig iron, copper and aluminium wires, foil, tubes and pipes, a ban on the provision of software services for enterprise management and industrial design reporting requirements for transfers of more than € 100 000 outside the EU etc according to the European Union's councils timeline.

Similarly, other sanctions like restrictions on third-world entities which imposed tighter export restrictions and specifically affected businesses that refine Russian crude and export petroleum products to Europe. The European Union also prohibited imports of refined petroleum products made from Russian crude from third-world countries such as India.

Additionally, the biggest immediate effect on India came through rising energy and commodity prices hence causing inflation. India, being heavily dependent on imported crude oil, was particularly exposed. Russia being one of the top oil and gas producers and India being heavily dependent on imported crude oil, India was particularly exposed. According to The Reserve Bank of India, India's CPI inflation averaged 6.7% in 2022–23, compared with 5.5% the previous year. RBI explicitly linked the elevated inflation to global commodity-price shocks associated with the war. This, in turn, affected household purchasing power because higher fuel and transportation costs fed into food and other goods.

The impact was also reflected in the survey data collected given how citizens perceived and experienced this turbulence, one respondent wrote, “The Russia Ukraine war affected most when it came down to everyday transportation as fuel prices increased , made us cut down on travel and usage of public transport like cabs” while most of them also correlated the war with higher inflation.

India’s import bill and trade balance also took a toll. Higher oil prices meant that India had to spend more out of its current account on imports, not to mention the global supply of wheat, edible oils, fertilizers and other commodities. Russia and Ukraine were important suppliers of several agricultural commodities, while fertilizer production is closely connected to energy prices. This global uncertainty caused investors to move towards safer assets like the US dollar hence causing depreciation pressure on the Indian rupee and capital outflows. A weaker rupee makes imports, especially oil, more expensive hence creating another inflationary factor. This, as a result, contributed to India's inflation in 2022-23.

However, we must note that India’s GDP did not actually collapse. Despite these shocks, India's GDP remained resilient and actually grew about 7% in the period of 2022-23, according to the Reserve Bank of India. The sanctions caused by the Russia-Ukraine war did increase oil and essential commodity prices, leading to inflation, import pressures and depreciation of the Indian currency and subsequently reduced household purchasing power and economic uncertainty in India. Despite this, India's purchase of discounted Russian oil and other government interventions did partially mitigate the negative effects of the same. This case study shows us that external turbulence doesn't always necessarily translate into economic collapse, but it also depends on the way India responds to the same.

Subsection 3 - Iran-US tensions

When the US and Israel began strikes on Iran on 28 February 2026, Tehran retaliated by closing the Strait of Hormuz, tampering the global economy. The Strait of Hormuz accounts for 20% of the world’s global LPG supply. It's also one of the world’s most critical maritime chokepoints, carrying around a quarter of global seaborne oil trade and significant volumes of liquefied natural gas and fertilizers.

With increased trade-restrictive measures and reduced trade agreements, global protectionism has proved to be resilient amid global turbulence in the past 4-5 years. According to Global Trade Alert, the number of new trade restrictions reached record highs during 2023–25, reversing decades of gradual liberalisation. In the first ten months of 2025 alone, more than 2,500 trade restrictions were imposed worldwide which was almost five times as many as during the same period in 2015. This has inevitably caused businesses to navigate through plenty of policy

uncertainty and the threat of restrictions and barriers. According to an article published by The World Bank, global trade policy uncertainty in the 2020s has averaged nearly 5 times the level of the 2000s.

Coming to how this correlates with the US Iran battle, India's supply of fuel and fertilizer got hampered due to the closure of the strait of Hormuz. In addition to this, India's fertilizer security is deeply tied to global supply chains. The country imports a significant share (~60%) of its diammonium phosphate (DAP) fertilizer, remains fully dependent on imported potash, and even domestic urea production relies heavily on imported liquefied natural gas (LNG). Nearly 50% of India's LNG and about 85% of its crude oil requirements are also met through imports. Due to protectionism running rampant in the world economy, diversification of these supply routes has become more costly and resulted in more limited options. After the Strait of Hormuz blockade, India had to source its oil from the US and Africa, though they came at higher costs. Not only did it take a toll on India's bank account, but LPG price hikes and high LPG costs in 'black' markets affected Indian migrants, transport workers. Numerous urban workers returned to India while they were driven out due to lay offs, especially in gas-dependent industries. For example, leather export workers in Kanpur faced loss of jobs due to reduced global trade. By April 2026, 1.3 million migrant workers which is 1 in 7 workers out of 9 million in the Gulf returned back to the Indian job market.

US Iran tensions also took a toll on residing Indian citizens. I conducted a survey with 120 respondents on the topic of the impact of geopolitical events on Indian citizens' peace and household spending patterns. When asked about which event had the biggest impact on them,

US-Iran/Israel tension had the most respondents affected with 35%, US trade war/tariffs with 25%, Fuel/oil/LPG price pass-through 23%, Stock market/investment volatility 18%, Job insecurity language 10%, Travel disruption 9%, Unprompted government/political commentary 8%. While all 7 events took place, people felt different levels of impact. Their lived experience is dominated by the US-Iran conflict's fuel prices surging. It could be said that geopolitical turbulence experienced by ordinary Indians is mainly through oil and fuel price shocks with trade tariffs a relatively secondary concern. One respondent wrote, "The US-Iran tensions affected me. The prices of LPG and oil were raised by 3x. This created a panic situation in most of the Indian places." Another wrote, "US Iran affected me the most because it causes a high degree of uncertainty in decisions that can impact the income flow and work expectation". It's safe to conclude US-Iran tensions played a significant impact on the mental peace of citizens residing in urban settings, specifically their quality of life including hampering travel plans, cutting back on savings and leisure expenses and overall frame of mind. It specifically affected homemakers and retired senior citizens with no security of employment. In addition to this, citizens felt the need to cut back on savings and investments, daily essentials like groceries, healthcare, travel plans, leisure purchases. The most prominent impact perceived was the rise in prices of fuel and LPG, adding to their daily costs. Business owners experienced uncertainty, reduced investment out of fear of stock market fluctuations. Salaried employees didn't necessarily experience job losses but fear of job security and concerns about future income. Students faced fears of being able to pursue education abroad and future investment in their higher studies.

Questionnaire findings

The online survey that I conducted (which was mentioned above) consisted of around 120 Indian citizens from different cities and states including major metropolitan cities such as Mumbai, Delhi and Bangalore. Participants' ages ranged from 18 to 50+ years and came from diverse occupational backgrounds including students, salaried employees, business owners, homemakers, retired individuals etc. Participants were from different states like Maharashtra, Karnataka, Haryana, Gujarat, Uttar Pradesh, specifically from metropolitan cities like Mumbai, Delhi, and Bangalore, however, almost half of the respondents were from Maharashtra. Here are the findings and conclusions of the same.

1) 91% of respondents definitely noticed rising prices in the past 2-3 years due to these events while 5% responded with ‘maybe’.

2) When asked if their household had to cut back on spending due to economic pressure from global disruptions (a select-all-that-apply question), 44.5% of respondents cut back on leisure and lifestyle spending, followed by 37.8% on savings and investments. Fewer respondents cut back on essentials: 11.8% on daily groceries, 8.4% on healthcare, and 6.7% on education expenses. However, 42.9% of respondents reported no cutbacks at all which suggests that the economic impact of these disruptions, while significant for many, was not felt across the sample. From the ones who did cut back, the pattern suggests an order of: discretionary and financial spending (leisure, savings) absorbed the largest cuts, while essential categories like healthcare and education were cut back by far fewer respondents. This points to households prioritizing protection of essential spending where possible, even as a substantial share of the sample experienced no need to cut back at all.

3) Effect of trade tensions showed 39% of respondents choosing ‘Yes, it indirectly affected’ and 10% choosing ‘Yes, it directly affected’.

4) When it came to the Indian government’s adequacy, only 34.7% of people agreed with their level of adequacy while 65% of respondents were either unsure or disagreed with their level of adequacy.

5) Uncertainty was the most common issue faced by respondents which then affected their investment decisions, consuming patterns, business exports etc. Trade wars were connected to uncertainty and income - The US–India and US–China trade tensions were commonly associated with:

- Currency fluctuations.
- Stock-market volatility.
- Imported electronics and technology prices.
- Export and IT-sector uncertainty.
- Reduced business spending.
- Delayed investment.
- Concerns about employment and future income.

The effects described were usually indirect. Respondents often said that uncertainty affected their clients, employers, investments or wider industry before affecting their own household income.

6) Household spending was adjusted defensively – The most visible spending responses were reductions or caution regarding:

- Saving and investment decisions.
- Leisure and lifestyle spending. For example, a respondent wrote, “Higher fuel bills have resulted in savings and reduced spending on Leisure and lifestyle, like dining out on weekends, vacations etc.”
- Vehicle use and fuel consumption.
- Luxury or non-essential goods.
- Major purchases.

Several respondents said that they had not experienced a direct loss of income but had become more cautious, delayed purchases or shifted money toward essential expenses. This suggests a precautionary behaviour mechanism due to uncertainty, which changes spending even when current income remains stable.

7) When asked to rate their sense of peace and security over the last 5 years given economic and geopolitical disruptions, the overall average was 3.25 out of 5.

8) According to my observation, people distinguish between “What makes me personally feel anxious?” and “What affects my wallet?”. There's a clear difference between emotional impact and monetary impact.

9) The most consistent theme was the perception that geopolitical turbulence affected household economic wellbeing through -

- Fuel and LPG prices. For example, a respondent wrote, “The fuel expense has raised up and affected my day to day budget on the larger side.”
- Groceries and essential goods.
- Transport and travel costs. For example, a respondent wrote, “Russia Ukraine war affected most when it came down to everyday transportation as fuel prices increased , making us cut down on travel and usage of public transport like cabs”.
- Imported goods and electronics.
- Healthcare expenses.
- Investment and mutual fund returns.
- Inflation and currency depreciation. For example, a respondent wrote, “Trade war and US Iran war has resulted in energy prices going up . This is having a direct impact on household inflation.”

The Russia–Ukraine war, US–Iran tensions, trade conflicts, and broader energy insecurity were frequently associated with inflation. Many respondents did not distinguish between direct effects and general inflationary pressures, so the responses demonstrate perceived association rather than proof of causation.

A few conclusions deduced from the survey findings include,

1. Economic transmission - Respondents experienced geopolitical turbulence majorly through indirect economic mediums, especially energy prices, inflation, currency movements, market volatility and uncertainty surrounding employment and income.

2. Precautionary consumption - Economic uncertainty appeared to influence household behaviour even where respondents did not report actual job loss. Participants described delaying purchases, reducing travel and leisure spending, limiting fuel use and becoming more cautious about investment.

3. The perceived effects differed by occupation and economic position - Business owners and respondents connected to exports, technology, markets or client spending appeared more likely to describe income uncertainty, while students and homemakers more often described price increases, future anxiety or changes in household consumption.

4. Energy-price concerns formed a central pathway connecting distant geopolitical events to household wellbeing. Fuel and LPG were frequently described as affecting transport, groceries, household budgets and discretionary spending.

5. Geopolitical turbulence in India, from the respondents' perspective, is experienced mainly through oil/fuel price transmission from the US-Iran conflict, not through tariff policy.

Trends by sub group -

1) Trends identified by occupation – Homemakers reported the highest anxiety (3.86/5) Retirees report the highest peace-disruption (4.00) despite average

anxiety, plausibly linked to fixed-income/interest-rate sensitivity that shows up repeatedly in their comments about savings.

The survey conducted did consist of respondents that were majorly from the middle class/ upper middle class and from urban metropolitan cities. Almost half of them were from Maharashtra hence it should not be generalized to all Indian citizens.

Policy Recommendations

Protect workers, not just exports

A lot of the events have shown to have an impact on India exports, like the trade wars which has an inevitable impact on the unemployment rate. If a tariff causes exports like leather to fall, the consequence isn't simply lower export figures but it is lower production which leads to layoffs hence lower household income and ultimately economic insecurity. India’s unemployment rate has increased in recent years making it harder for our youth to get stable jobs. In order to mitigate this, establishing worker transition mechanisms for industries experiencing external shocks and uncertainty for example, temporary income support schemes through government funding, re-skill development programmes, government-supported training for workers moving into expanding sectors, etc. This scheme doesn’t focus on handling lower export figures but looking after the welfare of the working class and Indian citizens who face the negative effects of these events in their day to day lives.

Strengthen India's ability to negotiate during trade shocks

India's 2025 U.S. tariff war showed that economic resilience alone may not be enough as different sectors were still affected as evidenced by this paper's comparison of goods exempted from the tariffs for example, bulk drug exports (which decelerated but stayed positive, +32.50% to +15.51%) against tariffed leather footwear exports (which reversed into outright decline, +12.72% to -16.09%). India should therefore consider treating trade negotiation capacity as a viable solution. India can also try to implement economic diversification along with proactive trade diplomacy. This can result in faster negotiation of bilateral and regional trade agreements to reduce over-reliance on any single market, as already recommended by the Parliamentary Standing Committee on Finance. Additionally, active negotiation of exemptions for strategically important export sectors such as jewelry, and closer coordination with affected industries so that sector-level data feeds directly into negotiating positions in real time rather than being visible only in hindsight.

Strengthen geographical diversification and redundancy in India's port infrastructure.

India's response to external shipping disruptions should focus not only on increasing aggregate port capacity but also on ensuring that capacity is distributed across multiple ports. The port-stress analysis conducted in this study indicates that Kandla and Kochi developed new stress signatures during the Red Sea shipping disruption, while eastern ports absorbed additional cargo. This demonstrates the value of maintaining alternative gateways capable of taking on diverted cargo when established shipping routes are disrupted by issues like these. India can therefore prioritize storage, cargo-handling and hinterland-connectivity capacity at strategically located ports that can provide effective alternatives during crises. This approach would complement the

government's existing Maritime Amrit Kaal Vision 2047 and PM Gati Shakti investments in port modernisation and connectivity.

Expand India's Strategic Petroleum Reserve capacity

As of March 2026, India's SPR was only 64% full (3.37 million tonnes against 5.33 million tonnes capacity), providing roughly 5-9.5 days of net import coverage against the International Energy Agency's recommended benchmark of 90 days. Carnegie Endowment analysed India's oil security strategy and concluded that India's current approach which is opportunistic diversification and limited reserves, remains to be inadequate against real supply disruptions, recommending India to expand its reserves, allow the participation of private or foreign bodies in reserve facilities, and keep long-term supply contracts to reduce price volatility.

Diversify crude and LPG sourcing geography, including overland/pipeline alternatives that bypass maritime chokepoints entirely.

Pipeline infrastructure diversification to bypass chokepoints like Hormuz, supplier geographic rebalancing away from over-concentration of transport in the Middle East, and also enables long-term supply contracts specifically to reduce the price volatility affecting household LPG costs.

Conclusion

This paper aimed to find out to what extent geopolitical conflicts and trade disruptions have influenced India's economic wellbeing and overall peace and stability for the past 7 years, taking critical events of all natures. The evidence across trade wars, regional conflicts, and global turbulence all arrive towards one answer: geopolitical shocks measurably affect India's economy and household sense of security, but they do not necessarily translate into systemic collapse and are heavily dependent on the way India responds.

At the macroeconomic level, India demonstrated genuine resilience. GDP grew roughly 7% through the Russia-Ukraine sanctions period despite elevated inflation (6.7% in 2022-23) and rupee depreciation; aggregate exports continued growing even through the 2025 US tariff episode, with exports to the rest of the world rising 5.5% as exposure to the American market fell. However, this resilience was not reflected in every way. The comparison between tariff-exempt bulk pharmaceutical exports (growth decelerating from 32.50% to 15.51%) and tariffed leather footwear exports (reversing from 12.72% growth into a 16.09% decline) demonstrates that sector specific damage still coexists with India's resilience and can make matters worse if not given attention to. The same pattern was seen in the India-China Galwan clash. Protectionist measures produced short-term costs like a widening trade deficit, disrupted pharmaceutical and electronics supply chains, lost creator revenue but at the same time it resulted in long-term benefits like India's rise to the world's second-largest mobile manufacturer.

The survey component of this study adds a layer that trade statistics alone cannot capture which is how Indian citizens actually experience this turbulence. Across 120 respondents, geopolitical shocks were felt overwhelmingly through indirect economic means like fuel and LPG prices, general inflation, and precautionary financial behavior, rather than through direct job loss or income collapse. Notably, US-Iran tensions dominated respondents' economic anxiety at 35%.

The finding that only 34.7% of respondents felt the government had adequately protected household economic wellbeing, alongside precautionary cutbacks to leisure and savings even absent direct income loss, further indicates that uncertainty itself is an important reason of affected household peace and security. In addition, it covered the 'peace' aspect of this paper by recording how respondants felt security and mental distress due to these effects and demonstrates how the economic wellbeing of India doesn't equal to economic peace.

Clubbing these findings together, I conclude that external geopolitical turbulence doesn't automatically resulting economic or social collapse in India, but it does impose unevenly distributed costs, and the scale of that damage is significantly controlled by India's capacity as an institution or nation to diversify, negotiate, and plan ahead of and during a geopolitical shock. As global protectionism and geopolitical volatility continue to be present and with trade restrictions reaching record highs through 2023-2025, India's ability to convert macroeconomic resilience into genuine household-level economic wellbeing and peace will depend less on whether shocks occur, which appears largely outside its control, and more on how quickly and precisely it can respond when they do.

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