

INDIA-US GSP ISSUE: EXPORTS TROUBLE

Relevant for: International Relations | Topic: World Trade Organisation (WTO)

The US's generalized system of preferences (GSP), in place since 1976, has become [a point of contention](#) between Washington and New Delhi in recent times. The GSP, which is meant to promote economic development, allows duty-free treatment to goods from beneficiary countries. India is at the top of that list. But unsurprisingly, President Donald Trump sees the GSP as a means for other countries to rip off the US.

Now, he has lowered the boom, at least in part. Starting from Thursday, the US has scrapped GSP privileges for 90 items. India is likely to be the worst hit country, affected in 50 of these instances.

This could turn out to be particularly painful because given the affected items, small and medium sized businesses are likely to be the worst hit. They have already been having a tough time for a while now. It is now safe to conclude that demonetization hit them hard. There have been plenty of hiccups when it comes to the goods and services tax burden in this segment as well.

New Delhi should brace for more trouble on this front.

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