Indian Economy · GS - III

Examine the economic and strategic significance of the proposed India–US trade agreement. What challenges could affect its finalisation and implementation?

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 15/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Bilateral Trade, Tariff Reduction, Market Access, Trade Deficit, Indian Exports, Services Trade, Agriculture, Manufacturing, Supply Chains, Strategic Partnership, Domestic Industry Protection.

Model Answer

Introduction:

India and the United States are important economic and strategic partners. A trade agreement could provide a framework for improving market access, reducing selected trade barriers and strengthening commercial ties.

Significance:

1. **Export growth:** Improved access to the US market could benefit Indian sectors such as textiles, pharmaceuticals, engineering goods and services.
2. **Investment:** Greater policy predictability may encourage investment and strengthen supply-chain cooperation.
3. **Economic partnership:** Trade cooperation can complement wider collaboration in technology, energy and strategic industries.

Challenges:

1. Differences over tariffs, agricultural access and regulatory standards may delay negotiations.
2. Pressure to reduce the US trade deficit could lead to demands for concessions from India.
3. Excessive concessions could expose sensitive domestic sectors to stronger competition.
4. Geopolitical disagreements and changing tariff policies may create uncertainty.

Way Forward:

India should pursue balanced market access, protect legitimate domestic interests, diversify export markets and establish clear dispute-resolution mechanisms.

Conclusion:

A mutually beneficial agreement should promote trade and investment while preserving policy flexibility and supporting inclusive, sustainable growth.

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