Indian Economy · GS - III

Examine the significance of the India–New Zealand Free Trade Agreement for India's export competitiveness and bilateral economic relations. Discuss the challenges in translating improved market access into sustained export growth.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 20/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Zero-duty market access, export diversification, MSMEs, textiles, pharmaceuticals, agricultural exports, rules of origin, non-tariff barriers, trade balance, investment, services and mobility.

Model Answer

Introduction

The India–New Zealand Free Trade Agreement entered into force on **20 October 2026**, providing zero-duty access to New Zealand for Indian exports. It aims to strengthen bilateral trade, investment and economic cooperation.

Significance for India

1. **Export competitiveness:** Duty-free access can improve the price competitiveness of textiles, apparel, leather, footwear, pharmaceuticals and engineering goods.
2. **MSME opportunities:** Lower tariff barriers can help small businesses, artisans and women entrepreneurs explore new export markets.
3. **Trade diversification:** The agreement can reduce excessive dependence on a limited number of export destinations.

4. **Broader cooperation:** Provisions relating to investment, services and professional mobility can deepen economic engagement

Key Challenges

- **Non-tariff barriers:** Product standards, certification and regulatory requirements may restrict market access.
- **Limited awareness:** Smaller exporters may lack information, finance and distribution networks.
- **Compliance requirements:** Businesses must satisfy applicable rules of origin to claim preferential tariffs.
- **Market competition:** Sustained export growth requires competitive pricing, quality and reliable delivery.

Way Forward

India should strengthen export infrastructure, support MSMEs with trade information and credit, improve product quality and facilitate customs procedures.

Conclusion

The FTA creates significant opportunities, but its benefits will depend on exporters' readiness, regulatory compliance and India's ability to strengthen domestic competitiveness.

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