Indian Economy · GS - III

Examine the potential benefits and challenges of an India–US trade agreement for India's economic growth and strategic partnership with the United States.

EXAM YEAR	PAPER	SUBJECT
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MARKS	WORD LIMIT
10	~150 words

Answer Hint

Market access, export competitiveness, foreign investment, employment generation, tariffs, non-tariff barriers, domestic industries, services trade, strategic autonomy, balanced negotiations.

Model Answer

Introduction

India and the United States have significant economic and strategic interests. A mutually beneficial trade agreement could strengthen commercial ties while supporting India's broader economic development objectives.

Potential Benefits

1. **Export opportunities:** Improved market access could benefit Indian sectors such as textiles, pharmaceuticals, engineering goods and services.

2. **Investment and employment:** Greater economic certainty may encourage investment, technological collaboration and job creation.

3. **Strategic partnership:** Stronger commercial links can complement cooperation in defence, critical technologies and resilient supply chains.

Key Challenges

Differences over tariffs, agricultural market access, regulatory standards and digital trade can complicate negotiations. Greater competition may also create adjustment pressures for certain domestic industries and workers.

Way Forward

India should pursue reciprocal market access, transparent dispute-resolution mechanisms and carefully designed safeguards for sensitive sectors. Support for small businesses, skill development and export diversification can help firms benefit from new opportunities.

Conclusion

An India–US trade agreement could advance economic growth and bilateral cooperation if its terms balance export opportunities, domestic development priorities and long-term strategic interests. Announcements and expressions of optimism should be distinguished from a formally concluded and implemented agreement.

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