# Science & Technology · GS - III

**Discuss the potential benefits and challenges of mergers between technology-driven companies operating in different sectors, with reference to the proposed merger of Tesla and SpaceX.**

| EXAM YEAR | PAPER | SUBJECT |
|---|---|---|
| DAILY PRACTICE 21/10/2026 | GS - III | Science & Technology |

| MARKS | WORD LIMIT |
|---|---|
| 10 | ~150 words |

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## Answer Hint

**Corporate mergers, technological convergence, research and development, economies of scale, innovation, corporate governance, shareholder interests, competition regulation, financial risks.**

## Model Answer

### Introduction

The proposed merger of Tesla, an electric vehicle and clean-energy company, and SpaceX, an aerospace company, highlights the growing convergence of technology across different industries. Such mergers can create opportunities for innovation but also raise regulatory and governance concerns.

### Main Body

#### Potential Benefits

1. Technological innovation: Combining expertise in batteries, artificial intelligence, energy storage and aerospace technology could encourage new innovations.

2. Economies of scale: Sharing research facilities and resources may reduce costs and improve efficiency.
3. Business expansion: Technological integration could create new products and business opportunities.

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**Key Challenges**

1. Corporate governance: Concentrated control may raise concerns about accountability and independent decision-making.
2. Regulatory scrutiny: Authorities may examine competition, market concentration and compliance with sector-specific regulations.
3. Financial risks: Differences in business models and investment priorities could affect shareholders.
4. Operational complexity: Managing companies across distinct sectors may create integration challenges.

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## Conclusion

Cross-sector mergers can accelerate innovation and improve resource utilisation. However, their success depends on sound corporate governance, transparent valuation, effective risk management and appropriate regulatory oversight.

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