Indian Economy · GS - III

Examine how tariff measures influence India–US trade negotiations. How can India protect its economic interests while pursuing a mutually beneficial trade agreement?

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MARKS	WORD LIMIT
10	~150 words

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Answer Hint

Section 232, protectionism, tariff escalation, market access, WTO rules, negotiating leverage, export competitiveness, diversification of trade.

Model Answer

Introduction

India–US trade negotiations involve market access, tariff concessions and the interests of domestic industries. The use of tariffs as negotiating pressure can complicate efforts to reach a balanced agreement.

Impact of Tariff Measures

Tariffs can increase exporters’ costs, reduce competitiveness and create uncertainty for businesses. Measures justified on national security grounds under Section 232 of the US Trade Expansion Act of 1962 can also affect bilateral trade discussions.

India’s Negotiating Strategy

India should seek reciprocal and transparent concessions, protect sensitive sectors and use evidence-based assessments of domestic economic interests. Engagement through established bilateral mechanisms and consistency with applicable WTO obligations can strengthen its position.

India can also diversify export markets, improve domestic manufacturing competitiveness and deepen trade partnerships to reduce excessive dependence on any single market.

Conclusion

A durable India–US trade agreement should balance market access with legitimate domestic priorities. Strategic negotiations, economic resilience and predictable trade rules can help both countries achieve sustainable gains.

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