Indian Economy · GS - III

India's export growth reflects emerging opportunities in global trade, but sustaining export competitiveness requires more than expanding export volumes. Examine the structural reforms needed to strengthen India's position in global value chains.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 14/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Export diversification, merchandise and services exports, global value chains, domestic value addition, logistics costs, FTAs, MSMEs, quality standards, trade facilitation, manufacturing competitiveness.

Model Answer

Introduction

Export growth contributes to economic expansion, employment generation and foreign-exchange earnings. India's expanding electronics, engineering, petroleum and services exports reflect opportunities arising from global supply-chain diversification.

Structural Challenges

- **Low value addition:** Dependence on imported components can limit domestic gains from export expansion.
- **Logistics constraints:** High transportation costs and infrastructure bottlenecks reduce competitiveness.

- **MSME limitations:** Limited access to technology, finance and international markets restricts smaller exporters.
- **Market concentration:** Excessive dependence on a few destinations increases exposure to external shocks.

Way Forward

- **Manufacturing ecosystem:** Strengthen domestic component production, research and development and industrial clusters.
- **Trade facilitation:** Simplify customs procedures, improve ports and promote digital documentation.
- **Market diversification:** Utilise free trade agreements and explore emerging markets.
- **Quality and skills:** Improve standards compliance, workforce capabilities and technological adoption.

Conclusion

India must shift from export-volume expansion towards higher domestic value addition, innovation and diversified market access to achieve sustainable integration into global value chains.

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