Indian Economy · GS - III

“Strong domestic economic growth does not automatically translate into superior export competitiveness or financial-market performance.” Discuss in the context of India's September 2026 emerging-market ranking relative to Vietnam. Suggest measures to strengthen India's external competitiveness.

EXAM YEAR	PAPER	SUBJECT
Daily Practice 27/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Vietnam's stronger export and equity performance highlights manufacturing competitiveness and capital-flow sensitivity. India needs export diversification, logistics reforms, stable macroeconomic fundamentals, deeper manufacturing, productivity gains and sustained investment.

Model Answer

India's loss of the top position in the Mint Emerging Markets Tracker to Vietnam in September 2026 highlights the difference between domestic economic resilience and relative market performance.

India's exports grew 23% year-on-year, compared with Vietnam's 39.5%, while Indian stock-market capitalisation declined 2.2% month-on-month against Vietnam's 2.7% increase. Vietnam also recorded stronger GDP growth during the reported period. These indicators affected India's relative ranking despite its stronger manufacturing purchasing managers' index and substantially higher import cover.

India's challenges include foreign portfolio outflows, currency pressures, elevated input costs and exposure to global energy prices. Vietnam benefits from export-oriented manufacturing and integration into global supply chains.

India should improve logistics, reduce compliance costs, diversify export markets, deepen domestic manufacturing, attract stable investment and strengthen workforce skills. Policy stability, technological upgrading and integration into global value chains are equally important.

Ultimately, India's objective should be sustainable competitiveness rather than short-term rankings, combining robust domestic demand with export growth, productivity and external resilience.

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