Indian Economy · GS - III

Discuss how the proposed India-European Union Free Trade Agreement can reshape India's trade relations and economic opportunities. Examine the major challenges associated with its implementation.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 30/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Market access; export diversification; services trade; foreign investment; regulatory standards; MSMEs; trade competitiveness; implementation challenges

Model Answer

Introduction

The proposed India-EU Free Trade Agreement represents a significant development in India's external economic engagement. It aims to deepen trade and investment relations between two major economic partners.

Economic Opportunities

- **Export expansion:** Preferential market access can improve the competitiveness of Indian textiles, pharmaceuticals, engineering goods and other products.
- **Services sector:** Greater access to European markets can benefit India's IT, business and professional services.
- **Investment:** The agreement may encourage European investment in manufacturing, renewable energy and technology.
- **Supply-chain diversification:** Stronger economic cooperation can reduce excessive dependence on limited markets.

Implementation Challenges

Differences in environmental and labour standards, regulatory compliance, agricultural sensitivities and competition from European imports may create difficulties for domestic industries.

Way Forward

India should strengthen product quality, support MSMEs, improve regulatory capacity and establish effective safeguards for vulnerable sectors.

Conclusion

The agreement can deepen India-EU economic integration, provided its implementation ensures balanced market access, domestic competitiveness and inclusive growth.

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