Indian Economy · GS - III

India's pursuit of trade agreements with major economic partners such as the European Union and the United States reflects its ambition to expand global trade integration. Analyse the opportunities and challenges associated with achieving the target of becoming a major export-driven economy.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 19/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Free Trade Agreements, export competitiveness, global value chains, market access, non-tariff barriers, MSMEs, manufacturing, trade deficit, services exports, trade diversification.

Model Answer

Introduction

India's ambition to expand exports and conclude trade agreements with major economies reflects its efforts to strengthen global economic integration and increase its competitiveness in international markets.

Opportunities from Trade Agreements

1. **Market access:** Reduced tariffs can improve the competitiveness of Indian goods and services in major markets.

2. **Investment inflows:** Predictable trade rules can attract foreign investment and encourage technology transfer.
3. **Global value chains:** Integration with international production networks can strengthen manufacturing and employment generation.
4. **Export diversification:** Trade agreements can expand opportunities for sectors such as pharmaceuticals, textiles, engineering goods and services.
5. **Strategic partnerships:** Economic agreements can deepen India's wider diplomatic and geopolitical engagement.

Major Challenges

1. **Non-tariff barriers:** Technical standards, environmental regulations and certification requirements can restrict market access.
2. **Domestic competitiveness:** Infrastructure costs, logistics bottlenecks and productivity gaps affect export performance.
3. **MSME vulnerability:** Smaller enterprises may face competition from larger international producers.
4. **Trade negotiations:** Differences over agriculture, intellectual property, data governance and market access can delay agreements.
5. **External uncertainty:** Geopolitical tensions and protectionist policies can disrupt global demand and supply chains.

Way Forward

India should improve logistics, strengthen export finance, support MSME technology adoption and diversify export destinations. Trade agreements must protect legitimate domestic interests while facilitating competitive integration.

Conclusion

Achieving ambitious export targets requires more than preferential market access. Sustained productivity improvements, manufacturing competitiveness and integration into global value chains are essential for durable export-led growth.