Indian Economy · GS - III

Why should India's pursuit of economic self-reliance focus on improving industrial competitiveness rather than relying primarily on tariffs and subsidies?

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 28/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Atmanirbhar Bharat, structural reforms, productivity, logistics costs, power tariffs, ease of doing business, R&D, global value chains, export competitiveness

Model Answer

Economic self-reliance refers to strengthening domestic productive capacity while maintaining the ability to participate effectively in global trade. For India, achieving this objective requires globally competitive industries rather than prolonged dependence on protectionist measures.

Tariffs and subsidies may provide temporary support to domestic producers, but they cannot independently address structural weaknesses in manufacturing.

Why competitiveness-oriented reforms matter:

1. **Lower production costs:** Efficient logistics, affordable electricity and improved infrastructure reduce the cost of manufacturing.
2. **Regulatory simplification:** Predictable regulations and reduced compliance burdens encourage investment, entrepreneurship and formalisation.
3. **Technological advancement:** Greater investment in research, development and automation improves productivity and product quality.
4. **Skilled workforce:** Industry-oriented education and vocational training address skill shortages and support advanced manufacturing.

5. **Supply-chain resilience:** Strong domestic component industries and diversified import sources reduce vulnerability to external disruptions.
6. **Global integration:** Participation in global value chains expands export opportunities and facilitates technology transfer.

Initiatives such as the Production Linked Incentive (PLI) schemes, PM Gati Shakti and industrial corridor development can support these objectives. However, their effectiveness depends on complementary improvements in infrastructure, institutional capacity and innovation.

India should therefore adopt a calibrated trade policy that combines strategic protection with competition, export orientation and technological upgrading.

Ultimately, self-reliance should be measured by the ability of Indian industries to compete globally through efficiency, innovation and quality, rather than merely by reduced imports.

BECOME IAS
AI POWERED UPSC PREP