Indian Economy · GS - III

Discuss the significance of a proposed India–US trade agreement for India's economic growth and bilateral relations. What are the major challenges in concluding such an agreement?

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 16/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

India–US Strategic Partnership, Bilateral Trade Agreement (BTA), Tariff Reduction, Market Access, Export Competitiveness, Trade Deficit, Protectionism, Non-Tariff Barriers, Agriculture and Dairy Sector, Intellectual Property Rights, Supply Chain Resilience, Make in India, Atmanirbhar Bharat.

Model Answer

Introduction:

India and the United States are important economic and strategic partners. A proposed bilateral trade agreement can strengthen economic cooperation, improve market access and promote long-term growth.

Significance:

1. Export growth: Lower tariffs can improve the competitiveness of Indian textiles, pharmaceuticals, engineering goods and other exports in the US market.
2. Employment generation: Increased exports and investment can create jobs in manufacturing and services.
3. Foreign investment: Greater policy certainty can attract US investment in electronics, semiconductors, renewable energy and advanced technology.
4. Strategic partnership: Stronger economic ties can deepen cooperation in critical technologies and supply-chain diversification.

Major challenges:

1. Tariff differences: Disagreements over tariff levels and market access may delay negotiations.
2. Agricultural concerns: Opening India's agriculture and dairy sectors may affect domestic farmers.
3. Regulatory barriers: Differences in standards, intellectual property rules and digital trade regulations can create disputes.
4. Protectionism: Domestic political and economic priorities may limit concessions on both sides.

Conclusion:

India should pursue a balanced, mutually beneficial agreement that expands exports and investment while safeguarding farmers, domestic industries and national interests.

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