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 - QuizTime:
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- Read the Below Instructions Carefully:
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- Mains Questions:
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 - Relevance to the UPSC Prelims and Mains syllabus under the following topics:

What is the news?

- With the European Free Trade Association (EFTA), India inked a historic Trade and Economic Partnership Agreement (TEPA) on March 10, 2024.
- This is **India's first trade deal with EFTA**, an international organization of Iceland, Liechtenstein, Norway, and Switzerland.
- The partnership will increase Make in India and give young talent chances. The FTA will allow Indian exporters to reach huge European and worldwide markets.
- Important regional group EFTA has growing prospects to improve international trade in goods and services. Europe's three economic blocks—EU, UK, and EFTA—are vital. Switzerland is India's largest EFTA trading partner, followed by Norway.

EFTA members: which countries?

- Iceland, Liechtenstein, Norway, Switzerland

A New Chapter: India Inks Trade Deal with European Free Trade Association (EFTA)

Unlocking Economic Potential:

EFTA-India TEPA is anticipated to launch a new era of economic cooperation between signatories. The agreement seeks:

- **Reduce tariffs:** This will lead to cheaper imports and exports, boosting trade volumes between India and EFTA countries.
- **Simplify customs procedures:** Streamlined processes will expedite the movement of goods across borders, reducing logistical costs and delays.
- **Enhance market access:** Indian and EFTA businesses will gain easier access to each other's markets, fostering investment opportunities and job creation.
- **Strengthen economic ties:** The TEPA lays the groundwork for deeper economic cooperation in areas like intellectual property rights, services trade, and government procurement.

Benefits for India:

This accord has great potential for India. How it benefits the nation:

- **Export growth:** Indian textiles, medicines, and agricultural products can benefit from easier market access in EFTA countries.
- **Foreign investment:** The TEPA can attract EFTA foreign direct investment to India, creating jobs

- and advancing technology.
- Technological collaboration: EFTA countries' technological expertise can boost India's technological development in numerous fields.
 - The pact diversifies India's trade partnerships, boosting its global trade leverage.

A Step Toward Cooperation:

- EFTA-India TEPA is a step toward economic integration between signatories. It allows future negotiations on services and digital trade, which the existing accord does not cover. Additionally, the pact can inspire similar trade arrangements with other European nations.

Challenges and Way Forward:

- The TEPA offers great potential, but it faces major obstacles. Indian companies may compete with cheaper EFTA imports. The government must assist these industries in adapting to the changing trade environment. For success, the agreement must be implemented smoothly and include appropriate conflict resolution methods.

Conclusion:

- The EFTA-India TEPA changed India's trading relations. This accord might yield huge economic gains for both sides. India and EFTA countries may form a robust and mutually beneficial economic partnership by addressing problems and seizing possibilities.

What is EFTA ?

- Four European countries—Iceland, Liechtenstein, Norway, and Switzerland—form the European Free Trade Association (EFTA) [1]. It functions alongside the EU, and all four member nations are part of the Schengen Area and European Single Market. However, they are not in the EU Customs Union.

A closer look at EFTA:

- **Formation:** Created in 1960 as an alternative for European countries unwilling or unable to join the EEC, the precursor to the EU.
 - **Members:** Iceland, Liechtenstein, Norway, and Switzerland.
 - **Function:** Promotes economic integration and free trade among member states.
-
- EFTA members participate in the European Single Market, allowing the free movement of goods,

services, people, and capital, but they are not part of the EU Customs Union, so there are tariffs on goods traded within the EU but tariffs on goods traded between EFTA and EU countries.

- Significance: EFTA has one of the largest FTA networks in the world, boosting trade outside Europe.
- Understanding EFTA's role is crucial to the India-EFTA TEPA. TEPA can speed trade processes and lower tariffs on specific goods sold directly between India and EFTA nations, even though they have access to the European Single Market for commodities.

How does this trade pact help Indian Make in India?

The India-EFTA Trade and Economic Partnership Agreement (TEPA) could boost Make in India in numerous ways:

Greater Market Access and Exports:

- The TEPA aims to remove or significantly cut tariffs on many items exchanged between India and EFTA nations. This makes Indian products more competitive in EFTA markets, which could boost Make in India exports.
- Make in India-targeted sectors: The agreement may emphasize textiles, medicines, and engineering goods. These Made in India exports can benefit from this targeted tariff reduction.

Attracting Investment and Tech Transfer:

- Investment opportunities: The TEPA can attract EFTA FDI to India. Make in India can encourage investments in Indian manufacturing plants.
- Technological collaboration: EFTA nations excel in technology. The agreement may encourage Indian and EFTA enterprises to collaborate, transferring technology and adopting new production methods. This improves Made in India product quality and competitiveness.

Boosting Domestic Industries:

- Import competition can spur Indian industries to increase efficiency, quality, and cost. This supports Make in India's goal of global industrial competitiveness.
- Consider local sourcing: Indian manufacturers may emphasize homegrown raw materials and components to compete. This can improve domestic supply chains and open new doors for Indian enterprises in these sectors.

However, there may be issues:

- Unfair competition: Cheap imports could cost Indian industry jobs and business closures if they are not prepared. The government must promote domestic industries and help them adjust to new

trade conditions.

- Increased access to imported items may lead some consumers to prefer them over domestically produced goods. By raising awareness and encouraging Made in India purchases, the government can fix this.
- Make in India has mixed results from TEPA. It boosts exports, investment, and technology, but it also increases competition. The TEPA must be well-planned, supported by policies, and focused on improving domestic capabilities to benefit Indian consumers and Make in India.



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Are you Ready!

Thank you, Time Out !

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General Studies

CURRENT AFFAIRS QUIZ

Read the Below Instructions Carefully:

- Click on - Start Quiz
- Attempt all questions (You can attempt or leave)
- After Attempting Last Question.
- Enter Name & Email
- Click on - Check Result
- Scroll down - Check out Solutions too.

Thank you.

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Category: **General Studies**

A possible challenge India could face because of this trade deal is:

- Needing to build more schools - Not directly related to the trade deal.
- Indian companies having to compete with cheaper products from EFTA countries

Fewer choices of chocolates in stores - Not necessarily impacted by the trade deal.

More traffic jams on the roads - Not directly linked to the trade deal.

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Category: **General Studies**

The new trade deal between India and EFTA countries might help India sell more of its:

Oil reserves

Made in India products

Mobile phone plans

European clothing brands

Prev

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Category: **General Studies**

Signing this deal with EFTA helps India by:

Giving India control over another country - Not the purpose of the trade deal.

Making India less reliant on just a few trading partners

Forcing everyone to use the same currency - Not part of the trade deal.

Stopping people from traveling between countries - The deal might even make travel easier in the future.

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Category: **General Studies**

In the future, India and EFTA countries might work together on:

- Banning the internet - Not likely an area of collaboration.
- Creating rules to protect new inventions
- Making everyone speak the same language - Not a focus of trade deals.
- Stopping people from traveling - The deal might even make travel easier in the future.

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Category: General Studies

Who are the members of European Free Trade Association (EFTA)?

- Iceland, Liechtenstein, Norway, and Switzerland.
- Iceland, Liechtenstein, Norway, and Spain.
- Iceland, Liechtenstein, UK, and Switzerland.
- Iceland, Lithuania, Norway, and Switzerland.

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Category: General Studies

This trade deal could help India's economy grow because:

- Taxes will increase - Not necessarily the outcome of the deal.
- It will be easier to buy and sell goods between India and EFTA countries
- Plane tickets will become more expensive - Not impacted by the trade deal itself.

○ People will spend less money - The deal might lead to more choices and potentially lower prices on some goods, but overall spending might increase.

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Finish

Check Rank, Result Now and enter correct email as you will get Solutions in the email as well for future use!

Check the Result

Your score is

0%

Restart quiz

Please Rate!

Send feedback

Mains Questions:

Below Mains Question

Write in Comment Section



Question 1:

Critically examine the potential benefits and challenges of the India-EFTA Trade and Economic Partnership Agreement (TEPA) for India's 'Make in India' initiative. (250 marks)

Model Answer:

The India-EFTA TEPA holds both opportunities and challenges for India's Make in India initiative.

Benefits:

- **Increased Market Access and Exports:** Reduced tariffs on Indian goods can make them more competitive in EFTA markets, potentially leading to a surge in exports, particularly for products prioritized under Make in India like textiles, pharmaceuticals, and engineering goods.
- **Attracting Investment and Technology Transfer:** The TEPA can attract foreign direct investment (FDI) from EFTA nations, leading to investments in manufacturing facilities within India and promoting domestic production under Make in India. Additionally, collaboration with technologically advanced EFTA countries can facilitate technology transfer and adoption of advanced manufacturing techniques in India, enhancing the quality and competitiveness of Made in India products.
- **Boosting Domestic Industries:** Increased competition from imports can incentivize Indian

manufacturers to improve efficiency, product quality, and cost-effectiveness, aligning with Make in India's goal of creating a globally competitive manufacturing sector. Additionally, Indian manufacturers might prioritize sourcing raw materials and components domestically to compete effectively, strengthening domestic supply chains and creating new opportunities for Indian companies.

Challenges:

- **Unfair competition:** Inadequate preparation for increased competition from cheaper imports could lead to job losses and business closures in certain sectors. The government needs to implement policies to support domestic industries and help them adapt to the new trade environment.
- **Focus on imports over domestic production:** Increased access to imported goods might lead some consumers to prioritize them over domestically manufactured products. The government can address this by promoting awareness and encouraging consumers to choose Made in India products.

Overall, the TEPA's impact on Make in India depends on effective implementation. Careful planning, government support for domestic industries, and a focus on enhancing domestic capabilities will be crucial to ensure the TEPA benefits both Indian consumers and the Make in India initiative.

Question 2:

Explain how the India-EFTA TEPA can contribute to India's economic growth and its position in the global trade arena. (250 marks)

Model Answer:

The India-EFTA TEPA has the potential to significantly contribute to India's economic growth and strengthen its position in the global trade arena:

- **Boost to Trade:** Reduced tariffs and streamlined customs procedures will facilitate increased trade volumes between India and EFTA countries, leading to economic growth through increased exports and imports.
- **Foreign Direct Investment (FDI):** The TEPA can make India a more attractive destination for FDI from EFTA nations. This will not only bring in additional capital but also create jobs and contribute to technological advancements in various sectors.
- **Diversification of Trade Partners:** The agreement allows India to diversify its trade partnerships, reducing dependence on traditional trading partners and mitigating risks associated with over-reliance on specific markets.

- **Global Trade Leverage:** The TEPA strengthens India's position in the global trade arena by showcasing its commitment to free trade and economic integration. This can pave the way for future trade deals with other countries and regions.

Additionally, the agreement can foster collaboration in areas like:

- **Intellectual Property Rights:** Streamlined IPR frameworks can encourage innovation and technology transfer, benefiting both Indian and EFTA companies.
- **Services Trade:** The TEPA can pave the way for future negotiations on trade in services, opening new avenues for Indian service providers in EFTA markets.

However, challenges need to be addressed:

- **Implementation:** Effective implementation of the agreement is crucial for reaping its benefits. Streamlined customs procedures and efficient dispute resolution mechanisms are essential.
- **Domestic Industry Support:** The government needs to implement policies to help domestic industries adapt to increased competition and capitalize on new opportunities presented by the TEPA.
- **Overall,** the India-EFTA TEPA presents a significant opportunity for India to enhance its economic growth and strengthen its position in the global trade arena. By addressing the challenges

and capitalizing on the opportunities presented by the agreement, India can leverage this trade deal for its long-term economic benefit.

Remember: These are just sample answers. It's important to further research and refine your responses based on your own understanding and perspective.

Relevance to the UPSC Prelims and Mains syllabus under the following topics:



Prelims:

- **General Science Paper (GS Paper I):** Current Affairs

Mains:

- **General Studies III (Mains):** Indian Economy and its relationship with the world: Here, you can analyze the economic implications of the TEPA in detail (Mains GS III):
- **Impact on trade:** Discuss how the TEPA can boost

exports, attract foreign investment, and diversify trade partnerships (Mains GS III).

- Challenges: Briefly mention potential challenges like increased import competition and the need for government support for domestic industries (Mains GS III).



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Hindi.*

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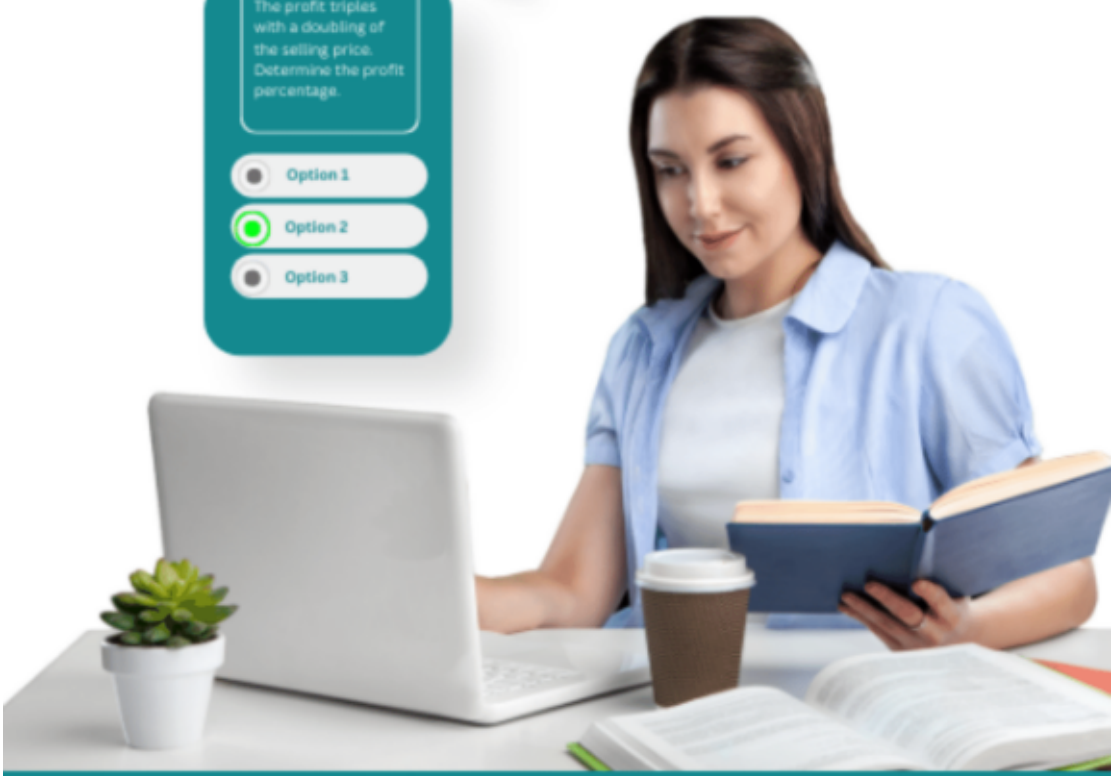
Quiz Time

The profit triples with a doubling of the selling price. Determine the profit percentage.

Option 1

Option 2

Option 3



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