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US Trade Deal Failure: New FTAs Can Cushion Impact, Says RBI Chief

RBI Governor Sanjay Malhotra stated that new Free Trade Agreements (FTAs) and export diversification can mitigate the impact of a potential failure to finalize the India-US trade deal.

This news discusses the potential economic consequences for India if a trade deal with the US is not finalized, and how other strategies like new FTAs and export diversification can help.

KEY EXAM POINTS

- **Reserve Bank of India (RBI)** Governor **Sanjay Malhotra** addressed a press conference in **Mumbai** on **October 7, 2026**.
- He stated that a failure to finalize a **trade deal** between **India and the U.S.** could have "some **negative impact**" on the **Indian economy**.
- Governor Malhotra highlighted that a string of recent **trade agreements** could **cushion the fallout** from any additional **U.S. tariffs**.
- **Diversification** of India's **export markets and products** was also cited as another buffer against a potential **tariff shock**.
- The **RBI chief** emphasized the importance of exploring new **Free Trade Agreements (FTAs)** to mitigate **economic risks**.

DID YOU KNOW..!?

The **Reserve Bank of India (RBI)** is India's **central bank**, established on **April 1, 1935**, under the **Reserve Bank of India Act, 1934**.

A **Free Trade Agreement (FTA)** is a pact between two or more countries to **reduce barriers** to **imports and exports** among them.

Tariffs are **taxes** imposed on **imported goods and services**, designed to protect **domestic industries** or generate revenue.

Export diversification involves **expanding the range** of goods and services a country exports and the markets it sells to, **reducing reliance** on a few products or destinations.

The **RBI Governor** is appointed by the **Central Government** for a term of **three years**, which can be extended.

India has signed various **FTAs** with countries like **UAE**, **Australia**, and is negotiating with the **UK and EU**.

REVISION FLASHCARD

RBI chief: New FTAs and export diversification can cushion US trade deal impact.

Syllabus Relevance: High

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