PREFACE

In the present complex world, foreign trade has assumed such huge proportions that we cannot think of a world devoid of commercial processes. At the present juncture nobody is self-sufficient and mutual dependency is the order of the day. In an economy like India where the size of the market is limited by low level of income and growth is inhibited by constraints of growth in investment, foreign trade constitutes an important means of accelerating growth and sustaining development. An attempt has been made in this thesis India NAFTA Economic and Trade Relations to show how important trade and investment relations are for India.

India since her independence has grown economically. There is a change in its structure and direction of trade. USA has emerged as its very important trading partner not only by providing imports but giving a large market for its exports. There has been increase in the exports to NAFTA and imports from NAFTA. The NAFTA countries like USA and Canada are not only important from trade point of view but are also big investors for India. Both the countries have been providing economic assistance to India from time to time for different projects. Country wise growth rates have been estimated by using the log linear function.

In our present study attempt has been made to estimate gains from trade to both the trading partners with the help of net barter terms of trade. The study also attempts to calculate instability index for NAFTA countries. Export instability has been measured as the coefficient of unexplained variations obtained from the estimated exponential time trends. To determine, which commodities/trading partners have contributed excessively to the instability, export instability by commodity and trading partners has been calculated. And finally to determine the future trade prospects, the potentialities of trade between India - USA, India - Canada and India - Mexico has been calculated by using semi log function.

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(RACHITA CHAUHAN)