PREFACE
The present study is an attempt to analyze India's rapidly increasing trade with the Soviet Union and other East European Countries and its role in her economic development. International trade played an instrumental role in the development of the peripheral areas of Britain through the enormous increase in the demand of British economy for primary products of the underdeveloped countries and the foreign private capital, attracted by trade opportunities, found in them. The favourable relationship of trade and growth disappeared after the first World War due to the inelastic demand of the advanced countries for the primary products of the underdeveloped areas and the restrictive trade policies adopted by them. Most of the underdeveloped countries became independent and their developmental needs substantially increased their import requirements over the export proceeds which remained stagnant. Consequently the underdeveloped countries faced chronic trade deficits in their balance of payments and acute foreign exchange problems compelled them to seek new markets for their exports.

The persistent foreign exchange problems and the immediate need of financing her programme of industrial development, compelled India to explore new markets for her exports. The Soviet Union and other East European Countries were found good markets as they were looking forward for developing their trade relations with the developing countries like India because
of their developmental needs. They purchased substantial quantity of our traditional products in return for the capital goods and equipment they supplied to us for our programme of industrial development. They also provided adequate assistance in establishing some industrial plants and building up some power stations. Recently, they have purchased considerable quantities of other manufactured goods and have thereby improved the employment opportunities in our industries. Moreover, India's trade with these countries is bilateral and the payments are made in Indian rupees which enable her to save large amount of foreign exchange. The growing trade with this area has mostly been in favour of India and conducive to her economic development.

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