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The rapid growth of India's trade with the Soviet Union and other East European Countries draws one's attention to its role in her economic development. This study aims to consider India's rapidly growing trade with these countries in the context of the relationship of growth through trade. In 19th century, the international trade played a crucial role in promoting the economic development of 'new' countries, well-endowed with the favourable socio-economic advantages. The growth was transmitted from Britain, to her 'peripheral' areas through the enormous increase in the demand of Britain for the primary products of these countries and huge foreign private capital invested in them. The significance of such a pattern of growth through the export of raw materials and food stuffs has practically disappeared since the First World War due to the progress of technology in the advanced economies, changes in the structure of their demand for the primary products of underdeveloped countries, development of synthetic substitutes, increasing protection for domestic agriculture and the restrictive trade policies adopted by them.

The economic growth of the industrially advanced countries did not help the production of primary products of the underdeveloped countries by increasing their demand for them. Their demand for primary products is income inelastic and tending to decline. Consequently, the underdeveloped countries faced
serious foreign exchange problems in the process of industrialization. The import requirements of the underdeveloped countries in order to finance their programmes of industrial development exceeded the export proceeds which had remained stagnant and they faced a chronic deficit in their balance of payments. These trends in world trade compelled the underdeveloped countries to search for new avenues for their exports. The centrally planned economies were at such stage of their development that they were in need of developing trade relation with the underdeveloped countries and therefore, the trade between the two blocs has increased to a considerable extent.

India also occupies a prominent position from the developing countries so far as the trade of the developing and the centrally planned economies is concerned. Persistent foreign exchange problems and developmental needs compelled India to seek new markets for her exports of crude products. The Soviet Union and other East European Countries because of their economic necessity purchased an increasing quantity of our traditional products and also some of the products from the new units set up. They have also provided adequate assistance in establishing the some steel plants and building up some power stations. India's trade with these countries has expanded strictly on the principles of equality of trade partners, their mutual benefit and avoidance of discriminatory measures as far as possible.

India's trade with these countries is being carried on through the conclusion of bilateral trade and payments agreements are made in terms of inconvertible agreements. Payment
Indian rupees which has enabled India to save enormous amount of foreign exchange and use it for financing her economic development. The increasing export of our traditional products to the Soviet Union and other East European Countries has helped India to stabilize the prices of her traditional products in the traditional markets or at least avoid a decline. Moreover, the rapidly rising demand of these countries for sophisticated goods new being produced in India has strengthened the industrial base and improved the employment opportunities in our engineering and manufacturing industries.

The contention of the critics that India's trade with the Soviet Union and other East European Countries is not advantageous to India has been examined in terms of the possibilities of India's trade expansion with this bloc without entering into bilateral trade and payments agreements, prices of exports we are receiving from and the prices of imports we are paying to them, terms of trade and the expansion of our trade with these countries at the cost of our traditional markets. The unit values calculated of our exports to and imports from the Soviet Union-major trade partner from this bloc viz-a-viz to advanced countries of the world do not support the arguments given against the rapidly increasing and fruitful India's trade with these countries. Terms of trade calculated has also found to be in favour of India.

The substantial expansion in India's trade with the Soviet Union and other East European countries, the economic necessities of both the trade partners and their increasing
demand for our engineering and other manufacturing products make it logical to concentrate on the background of India's trade with these countries. And, as India's trade with this bloc is becoming increasingly conducive to her economic growth the possibilities of further strengthening our trade relations with these countries have to be explored.