During the last two decades, India's trade with East European countries in general and with U.S.S.R. in particular increased tremendously which is indicative of the emergence and development of new trends in India's foreign trade. India's exports to East European countries rose from Rs. 45 crores in 1953-54 to Rs. 10,050 crores in 1978-79. The 'Sixties' and 'Seventies' witnessed a considerable growth of mutual relations between the countries having different economic and social systems as a result of which the share of the socialist countries of Eastern Europe in the world trade grew from 4 per cent to 10 per cent. The trade between the socialist countries and the developing countries is said to be highly dynamic, for the socialist countries of Eastern Europe have been increasingly giving importance to foreign trade in re-structuring their productive capacities, based on equitable international division of labour. The developing countries on the other hand expanded markets not only for their primary products but also for their labour intensive manufactures. They are also looking for sources of supply machinery, equipment and technology. In the context of the new international economic order, they would like to see that they are treated on equal
footing in trade and commercial matters and are able to preserve their sovereignty over their natural resources, increase their trade in manufactures and ensure greater transfer of developmental resources. They have these expectations from all the countries of the world and use these criteria to evaluate their gains from trade and economic relations with the socialist countries. There appears to be no basic conflict of interests between the objectives of the socialist countries and the developing countries. Trade expansion between these two groups over the last three decades showed that it could not be sustained without a comprehensive set of supplementary and complementary relationships.

India in her quest for comprehensive and rapid economic development, had discovered in East Europe responsive and reliable friends to help her advance in this direction. The process of trade was an effective part of Indo-C.M.E.A. economic ties. The novel feature of payment, easy terms and ready response to the needs of a developing country without any attempt at political or economic exploitation of any kind went a long way in fostering India's rapid and sound economic progress. The greatest changes were brought in the means of production and in the means of labour. The assortment of machines, equipment, apparatus and tools become more varied. Even the large and advanced countries find it very difficult and
economically disadvantageous to organise their own production of all these goods of the latest technological level. The external economic ties with these countries became a vital condition for extending reproduction. This is specially typical of India which due to her lop-sided economic specialisation has one or more items for export. An essential condition for reproduction is the constant adequate influx from these countries of machinery, fuel, raw materials and food which are in short supply or are non-existent. Export-oriented enterprises or those which process the imported raw materials sustain the employment of large part of the gainfully employed population and hence account for an essential share of the national income.

These are several reasons for the growing role of external ties and international cooperation for India. Her progress was retarded chiefly due to the poor development of her economy and economic structure, the narrow and lop-sided specialisation of her production, the scarcity of her own resources for capital investment and the long colonial dependence and exploitation by foreign monopoly capital, the absence or shortage of equipment and the technical experience. It is now realised that India should not go through the stages of industrial development of the present industrialised countries,
that her economy should have a modern scientific and technical basis and that the scientific and technological revolution is necessary condition for overcoming the gap in the level of development. In view of this it is quite opportune to analyse and assess the trends of the economic assistance of more developed East European countries and their experience on a bilateral and multilateral basis. The thesis attempts to study how far could trade relations with East European countries account as a pre-condition for India's progress.

As experience of the present study shows, not always and not all receipts of money from outside quarters promote the economic development and meet the interests of the countries receiving aid. Foreign aid whether on an international multilateral or bilateral basis, should first of all facilitate the accumulation of national resources and the rational and most effective employment of funds which should constitute the basis for development. In this connection East Europe has played and is still playing significant role to the economic upgrading of India and other developing countries.

In the context of Indo-East European trade relations, the thesis highlights the aspects like growing importance of trade with socialist countries, distinctive feature of East-European economies and markets, pattern of India's
trade with socialist countries, analysis of trade with East-Europe, assessment of gains and problems of trade with this region.

I must express my gratitude to Dr. (Mrs.) Sumittra Chisti, Professor, I.I.F.T., New Delhi, for her expert and sound advices which proved to be of immense help towards construction of the structure of my thesis. I am also thankful to the constituents of different libraries, embassies, Chambers of Commerce, the concerned ministries of the Government of India and the Delhi School of Economics who liberally assisted me in my endeavour. I am indebted to the authors of the various books and journals which I have widely quoted to vindicate numerous points of my thesis. I am indeed very grateful to Mr. Harbans Singh, a Marxist intellectual who was kind enough to go through my thesis and to offer his scholarly critical comments. In the end I offer my deep gratitude and sincere regards to my Supervisor Dr. K.N. Tandon without whose inspiration and guidance, this thesis would not have seen the light of the day.

KANDUR,
10th Sept. 1981

Deepankar Mukherjee.