

# Emerging Global Economic Situation: Its Impact On India's Trade

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## **Abstract:**

*It can be observed from the present literature and the data that India's exports as well as imports, measured in US Dollars, have steadily increased over the past 23 years. However, the rate of increase has fluctuated from year to year, a couple of times being negative. Trade balance has mostly been in the negative. Its point out the several reasons for the trade movements, of which this paper attempts to consider the three major reasons viz India's complying with the WTO agreement and reducing its trade barriers and globalising in the true sense; depreciation of Rupee vis-a-vis US Dollar, thereby swelling the import bill while also raising the exports; and the recent global crisis namely the US sub-prime mortgage crisis, the European debt crisis. Japan too has been in a liquidity trap and perpetual recession for the past many years while UAE, our trading partners have had a political turmoil. Although the South-east Asian miracle countries achieved their goals by following the outward orientation model, going forward, various countries especially India, will need to choose between the 'inward-looking' approach to economic development and the 'outward orientation'. Inward-looking approach is more likely to help India achieve the much desired inclusive growth and uplift the masses at the bottom of the pyramid thereby reducing the sharp contrasts between the rich and poor leading India on a true 'development path', not just high growth trajectory. Needless to say, economic well-being is the stepping stone towards social development.*

**Keywords:** WTO, LPG Model, IMF, FDI, MNCs;

## **1. Introduction**

It is evident from the literature available, specifically books on Indian Economy, that India was a closed economy till the 1980s and attempted to attain growth and development through import substitution rather than export promotion, which is known as the

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