



17th International Input-Output Conference

TITLE: ROLE OF FOREIGN TRADE IN ACHIEVING MAXIMUM RATE OF GROWTH IN A BALANCED GROWTH MODEL FOR THE INDIAN ECONOMY

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KEYWORDS: FOREIGN TRADE GROWTH MODEL

PAPER CONFERENCE CODE: 195

FULL PAPER IN CD?: NO

ABSTRACT:

This paper attempts to establish a link between maximum attainable rate of growth and foreign trade sector of the Indian economy in the framework of balanced growth model. Using six input-output tables, the paper finds that the exports and the imports of the economy would have to rise manifold, for the economy to achieve the technologically given maximum rate of growth. The paper also identifies the 'exportable' and the 'importable' sectors for the Indian economy. Further, we examine the trade data for the decade of eighties (1983-84 being the latest input-output table available for the Indian economy) and try to test if the policy implications coming out of our study are correct.