

**Question No.5 Write short notes on the following:  
(d) India's CIS trade relations**



**Solution:** India had enjoyed, since the first half of the 1950s, excellent economic and trade relations with the former USSR, till the beginning of the 1990s. Trade between the two countries was conducted under trade and payment agreements concluded from time to time. The agreements provided for balanced trade and bilateral clearing arrangements and the accounts were maintained in non convertible Indian rupees. Under such an arrangement not only did India-USSR trade grow substantially, but precious foreign exchange was conserved on both sides and each country was able to find market difficult to sell items in the other country. The disintegration of the Soviet Union meant end to the system of managed trade and exposure to competitive environment. After reaching a peak during 1990, India-USSR trade dropped dramatically in the next year. After the collapse of the Soviet Union and the emergence of the CIS countries, trade relations between India and the countries were reworked. Agreements/Protocols on trade and economic cooperation have been signed between India and most of the CIS countries. These agreements provide for trade in freely convertible currency, counter trade, barter trade or any other internationally recognised form of business cooperation and the prescribed clearing mechanism provided for the same.