

The model results are sensitive, of course to a different extent, to the selected values of parameters. Therefore, in future, in order to see how the model responds to changes in values of some of the important parameters an elaborate sensitivity analysis need to be carried out. To get an idea about the stability of various parameters one needs to construct and calibrate a series of FSAMs.

The present study also points out the urgent need towards putting integrated efforts to construct a consistent database for the economy. To draw firm conclusions for the changed, liberalized scenario FSAMs have to be constructed for the recent years.

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**Title :** Planning for Trade: An Exercise in the I-O Framework for the Indian Economy.

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### Introduction

Liberalization of India's foreign trade sector was one of the main agenda of the New Economic Policy (NEP) which was introduced in June, 1991. The Indian economy is being opened up and a liberal trade regime is prescribed. The argument is that open economies lead to a more efficient allocation of resources. It is believed that an appropriate trade policy can help to push the economy to much higher levels of growth.

### India's Trade Policy

India's trade policy orientation, which was that of Import Substitution (IS) till about 1980, has since then gradually and rapidly after 1985 changed to Export Promotion (EP) through Import Liberalisation<sup>1</sup>. Planners feel that the import substitution policy which was pursued for a long time may no longer be relevant. It did protect the Indian industry and led to its diversification. However, it has not helped to correct our

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<sup>1</sup> Sen Sunanda and Upendra Das R. (1992).