

Role of International trade in Economic development

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International Trade –

According to Robertson, international trade is an engine of growth.

According to Haberler, International trade has made a tremendous contribution to the development of less developed countries in 19th and 20th centuries.



Role of International trade –

International trade plays an important role in increasing the production of any country. ... In countries where home market is limited it is necessary to sell product in Other countries.

Some roles of International trade in Economic development are as follows :



1) Increase in investment

International trade encourages the businessmen to increase the investment to produce more goods. So the rate of investment increases.

2) Foreign investment

International trade provides incentives for the foreign investors, besides local investment, to invest in those countries where there is a shortage of investment



➔ 3) Reduction of Poverty –

Trade is central to ending global poverty. Open trade also benefits lower-income households by offering consumers more affordable goods and services. Integrating with the world economy through trade and global value chains helps drive economic growth and reduce poverty—locally and globally.



4) Market expansion -

International trade plays an important role in increasing the production of any country. The foreign trade is remarkable factor in expanding the market and encouraging the producers. In countries where home market is limited it is necessary to sell product in other countries.

5) Foreign exchange earning

Foreign trade provides foreign exchange that is used to remove the poverty and for other productive purposes.



6). Educative Effect of Trade:

International trade can serve as a vehicle for the dissemination of technological knowledge.

A deficiency of knowledge can be a biggest handicap in the development of a country and this deficiency can be effectively removed through contact with more advanced economies i.e. by making possible through foreign trade

Thus help in bringing about technological and industrial revolution



7) Healthy Competition:

International trade also helps in economic development by providing healthy competition and keeping in check inefficient monopolies. The more competitive an economy is, the more efficient it will be.

8) Efficient Use of Means of Production:

International trade, it is felt, provides better ground for efficient use of various resources due to its comparative advantages.



9) Easy flow of capital

- **International trade facilitates international short term and long term flow of capital between countries.**

10) Stabilization of prices

International trade can deal with problem of internal inflation or deflation.



THANK YOU

