

**Sixth Semester B.A. LL.B. (Five Years Course) (CBS) Examination**  
**ECONOMICS—VI**  
**Optional Paper—5**

Time : Three Hours]

[Maximum Marks : 80

**N.B. :—** (1) Attempt all Sections. Section A consists of 10 marks. Section B consists of 30 marks.  
 Section C consists of 40 marks.

- (2) Follow the instructions given in each Section.  
 (3) Marks are indicated against each question.

**SECTION—A**

1. Choose the correct alternative (any **TEN**) :— 1×10=10
- (i) The export of a commodity at below cost or at a lower price abroad than domestically is called \_\_\_\_\_.  
 (a) Dumping (b) Selling  
 (c) Underselling (d) Undercutting
- (ii) An area where all barriers are removed among members but each nation retains its own barrier is called \_\_\_\_\_.  
 (a) Restricted area (b) Free trade area  
 (c) Members area (d) None of these
- (iii) When a lower cost import from outside the customs union is replaced by higher cost import from a member, it is called \_\_\_\_\_.  
 (a) Trade creation (b) Member trade  
 (c) Trade diversion (d) Trade surplus
- (iv) Developing nations complain that \_\_\_\_\_.  
 (a) Their terms of trade deteriorate  
 (b) Their export proceeds are very unstable  
 (c) The present international monetary system favours developed countries  
 (d) All of the above
- (v) The balance of payments is defined as \_\_\_\_\_.  
 (a) An annual report of all the imports and exports of a country  
 (b) A record of the flow of income from India to other countries  
 (c) A systematic record of all economic transactions between the residents of the reporting and foreign countries during a given period of time  
 (d) None of the above.
- (vi) A favourable balance of trade of a country implies that \_\_\_\_\_.  
 (a) Imports are greater than its exports (b) Exports are greater than its imports  
 (c) Both imports and exports are equal (d) Rising imports and falling exports

- (vii) An economic transaction is entered in the balance of payments as a credit if it leads to \_\_\_\_\_.  
 (a) The receipt of payment from foreigners  
 (b) A payment to foreigners  
 (c) Either the receipt of payment or the making of payment.  
 (d) Neither the receipt of payment nor the making of a payment.
- (viii) India resorted to devaluation of its currency for the first time in \_\_\_\_\_.  
 (a) 1947 (b) 1949  
 (c) 1951 (d) 1962
- (ix) The main primary products in the exports of underdeveloped countries are \_\_\_\_\_.  
 (a) Industrial products (b) Agricultural Commodities  
 (c) Marine products (d) All of the above
- (x) International Bank for Reconstruction and Development is popularly known as \_\_\_\_\_.  
 (a) Credit Bank (b) EXIM Bank  
 (c) World Bank (d) None of these
- (xi) A tariff generally means, a tax imposed on \_\_\_\_\_.  
 (a) Imports (b) Exports  
 (c) Customs (d) All of these
- (xii) India's deficits in the balance of payments can be better described as \_\_\_\_\_.  
 (a) Development deficits (b) Sustenance deficits  
 (c) Non-productive deficits (d) Consumption deficits
- (xiii) The most important of the non-tariff trade barriers are \_\_\_\_\_.  
 (a) Quotas (b) Health regulation  
 (c) Transport regulations (d) Labelling and packing regulations
- (xiv) The term 'Protectionism' in international trade refers to \_\_\_\_\_.  
 (a) Free trade policy (b) Restricted trade policy  
 (c) Semi-restricted policy (d) All of the above
- (xv) The necessary and sufficient condition for trade between two countries is the \_\_\_\_\_.  
 (a) Differences of equal cost (b) Differences of absolute cost  
 (c) Differences of comparative cost (d) None of these

### SECTION—B

**Note :—** Both the questions in this Section are compulsory.

2. Answer the following (Distinguish between) (any **THREE**) :—

5×3=15

- (a) Free trade policy and protection policy.  
 (b) Balance of payments and balance of trade.  
 (c) FEMA and FERA  
 (d) Current account and capital account.

3. Write short notes on the following (any **THREE**) :—

5×3=15

- (a) Importance of foreign trade.
- (b) Different types of foreign capital.
- (c) Causes of Increasing role of multinational corporations in India.
- (d) Overvalued Exchange rate.

### SECTION—C

**Note** :— Answer the following (any **FIVE**) :—

8×5=40

- 4. Bring out the broad changes in the level, composition and direction of Indian exports and imports since liberalisation in India.
- 5. Discuss the export promotion measures of the Government of India.
- 6. Discuss the reasons for the adverse balance of payments position of India in recent years.
- 7. What are the causes of India's recent foreign exchange crisis ?
- 8. Critically evaluate import policy.
- 9. Analyse the impact of Foreign Aid on India's Economic Development.
- 10. Suggest measures to control the harmful impact of MNCs and other foreign companies on Indian Economy.
- 11. What are the features of GATT ?