

## Assignment No: - 2

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1. The BOP on current ac. does not include the following foreign stocks and bonds.  
→ Foreign stocks and bonds.
2. Capital account in BOP does not include the following.  
→ Gold.
3. Official reserve assets do not include.  
→ Algerian dinars.
4. Credit transaction in the balance of payment do not include.  
→ Investment and interest paid to foreign residents.
5. Balance of trade refers to difference between.  
→ countries exports and imports of goods only.
6. Which of the following is not one of the major group that make up the balance of payments.  
→ Profit account.
7. If a country imposes tariffs on imported goods then that country's balance of payment will very likely  
→ Improve.
8. Balance of payment is prepared by an economy.  
→ Yearly.



1. Importance of foreign trade in economic development.

→ Foreign goods is nothing but exchange of capital goods and services across the international borders

i. Foreign exchange earnings:-

Provides foreign exchange which can be used to remove the poverty and other productive purpose. India has achieved a good amount of foreign exchange because of foreign trade

ii) Increase in National Income:-

Foreign trade contributes to GDP. Foreign trade increases the sales of production and national income of country. To meet the foreign demand we increase the production on large scale as the result GNP also increases

Q2. Objectives of foreign Trade Policy 2015-20.

→ i) The foreign trade policy was unveiled on 1<sup>st</sup> April 2015 by Minister of commerce and industry Mrs. Nirmala Sitharam.

Objectives:-

i) The new 5 year foreign Trade policy 2015-20 provides a framework for increasing exports of goods and services as well as generation of employment and increasing value addition in country in keeping with 'Make in India'



iv) Under weight children:-

UWC higher in rural areas India at 38% as compared to urban India (29%). The prevalence of under weight children under five yrs. age 0-5.9 months, whose weights are less than 2 standard deviations below the median height for age groups in the international reference population is determined.

c) Vulnerability:-

The dimensions of poverty suggest increase in falling income and bad health, poverty ect. because of insecurity and lack of protection from violence crime, natural disaster etc. The plight of agricultural labour in rural area are those engaged in formal sector in urban area is worst because they can avail of the no protection either from income poverty or from health disaster.

3) Scarcity of capital:-

The capital formation in India is very low specially in less developed economies due to poverty most of the LDC's are caught in its various cycle of poverty and therefore the capacity to suit is