

This question paper contains 2 printed pages.]

Your Roll No. ....

1880

A

**PGDIM / II Sem.**  
**Paper 6 – ECONOMIC ENVIRONMENT**  
**AND POLICY**

Time : 3 Hours

Maximum Marks : 70

*(Write your Roll No. on the top immediately  
on receipt of this question paper.)*

*All Sections are compulsory.*

*Attempt any two questions from each Section.*

**SECTION –A**

(Marks : 10)

Answer any two of the following in brief :

1. Discuss various issues of concern to developing countries like India, arising out of WTO agreements. 5
2. Describe the new foreign trade policy. 5
3. Explain why a Balance of payments function has a positive slope and each point above it shows a surplus while each point below it shows a deficit. 5

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**SECTION- B**

(Marks : 20)

Answer any *two* of the following :

4. Describe the instruments of monetary policy. How do they work and what are their limitations ? 10
5. What is meant by the fixed exchange rate system ? Is the fixed or flexible exchange rate system more advantageous for an economy ? 10
6. Discuss the causes of problems in India's balance of payments. What measures can be adopted to strengthen a country's BOP ? 10

**SECTION - C**

(Marks : 40)

Answer any *two* of the following .

7. How does fiscal policy work to make a Balance of payment adjustment ? Is a contractionary or expansionary fiscal policy better to correct an adverse BOP ? Give reasons. 20
8. What are non- tariff barriers ? Show diagrammatically the welfare effects of a quota . 20
9. The new economic policy is a policy of liberalisation, privatisation and globalisation. Discuss. 20