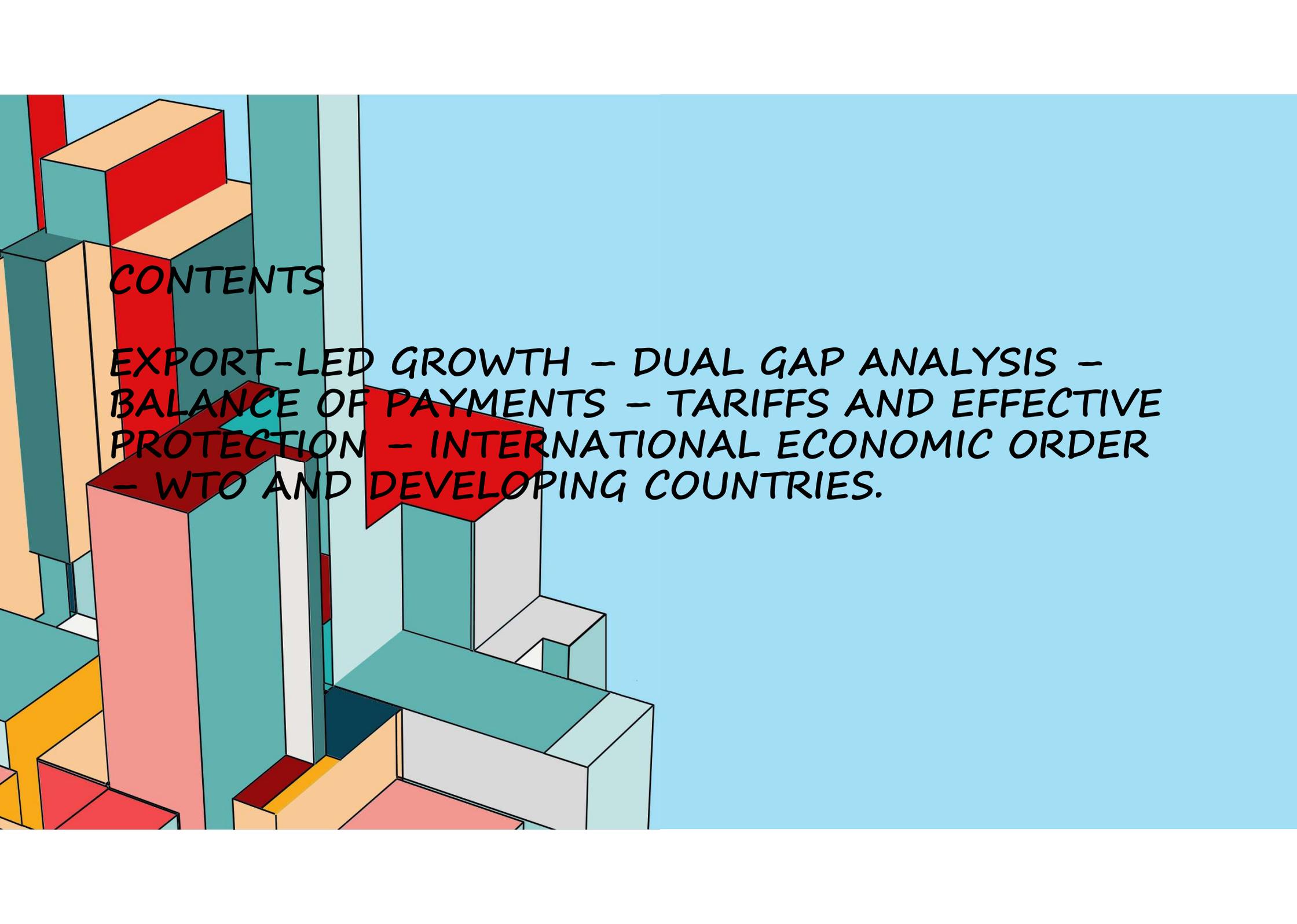




# ECONOMIC GROWTH AND DEVELOPMENT

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## CONTENTS

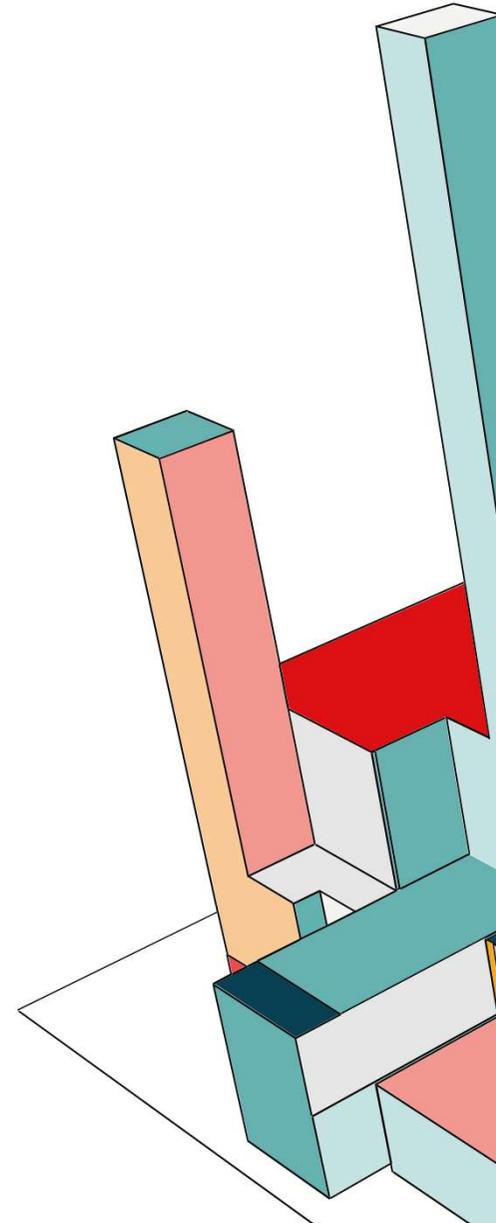
EXPORT-LED GROWTH – DUAL GAP ANALYSIS –  
BALANCE OF PAYMENTS – TARIFFS AND EFFECTIVE  
PROTECTION – INTERNATIONAL ECONOMIC ORDER  
– WTO AND DEVELOPING COUNTRIES.

# EXPORT LED GROWTH

**1. What is the primary goal of an export-led growth strategy?**

- a) Increase domestic consumption**
- b) Promote import substitution**
- c) Enhance economic growth through exports**
- d) Reduce foreign exchange reserves**

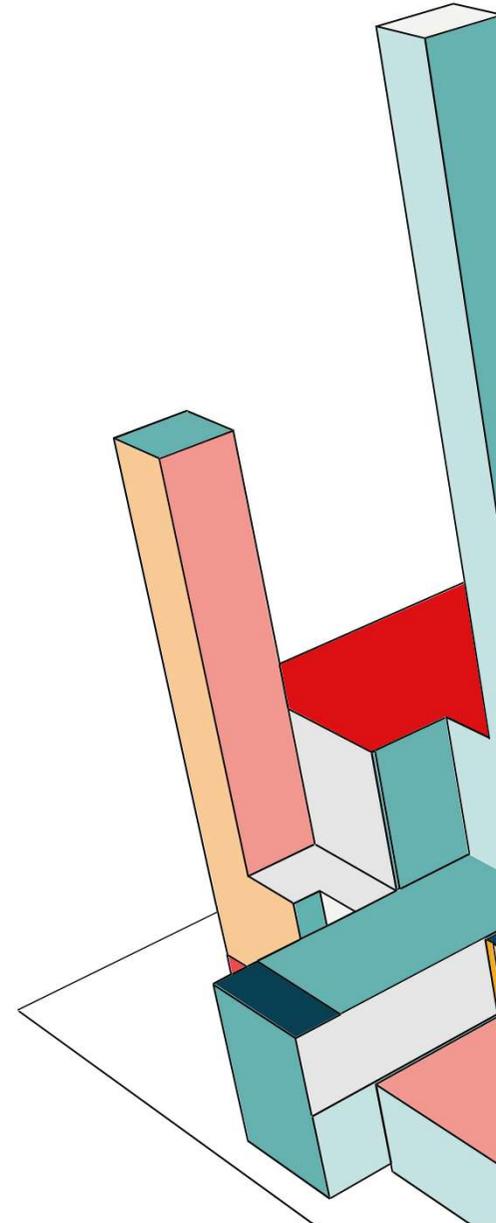
**✓ Answer: c) Enhance economic growth through exports**



**2. Which of the following countries is a well-known example of export-led growth?**

- a) Brazil
- b) South Korea
- c) India
- d) Nigeria

**✓ Answer: b) South Korea**



**3. Export-led growth primarily relies on which sector?**

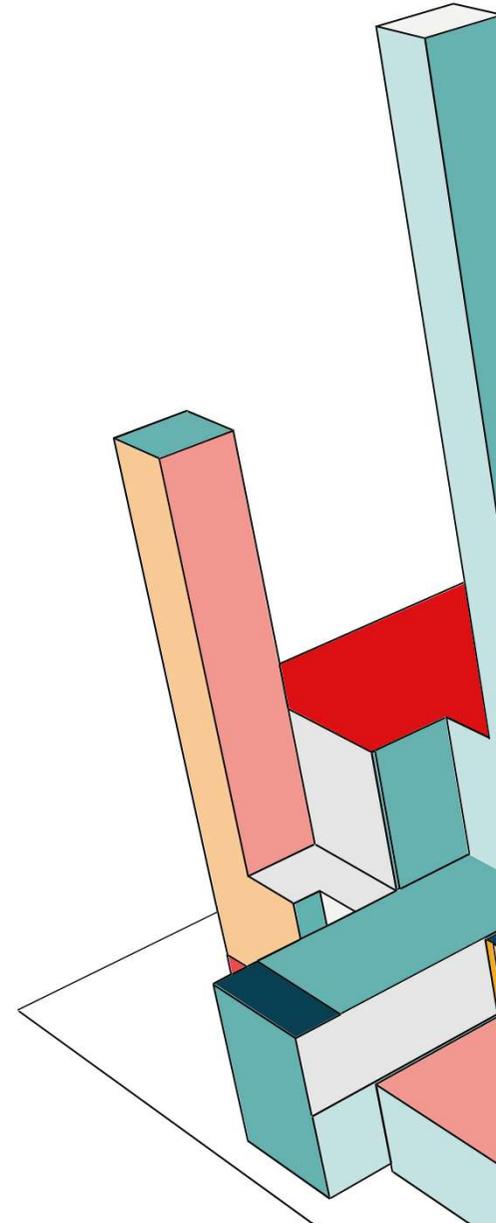
a) Agriculture

b) Services

c) Manufacturing

d) Mining

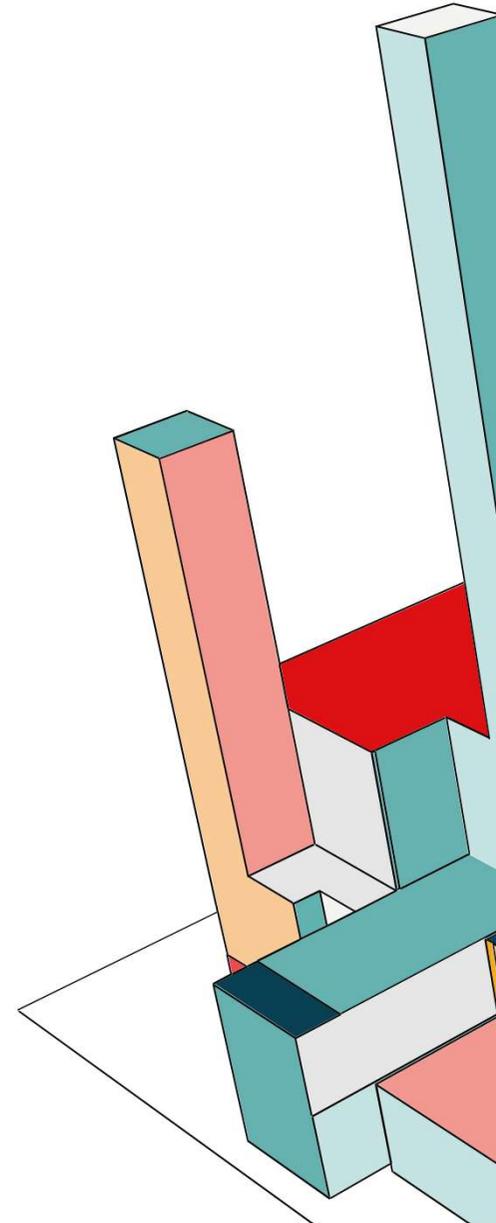
**✓ Answer: c) Manufacturing**



**4. Which economic theory supports export-led growth?**

- a) Mercantilism**
- b) Keynesian Economics**
- c) Comparative Advantage**
- d) Demand-Pull Inflation**

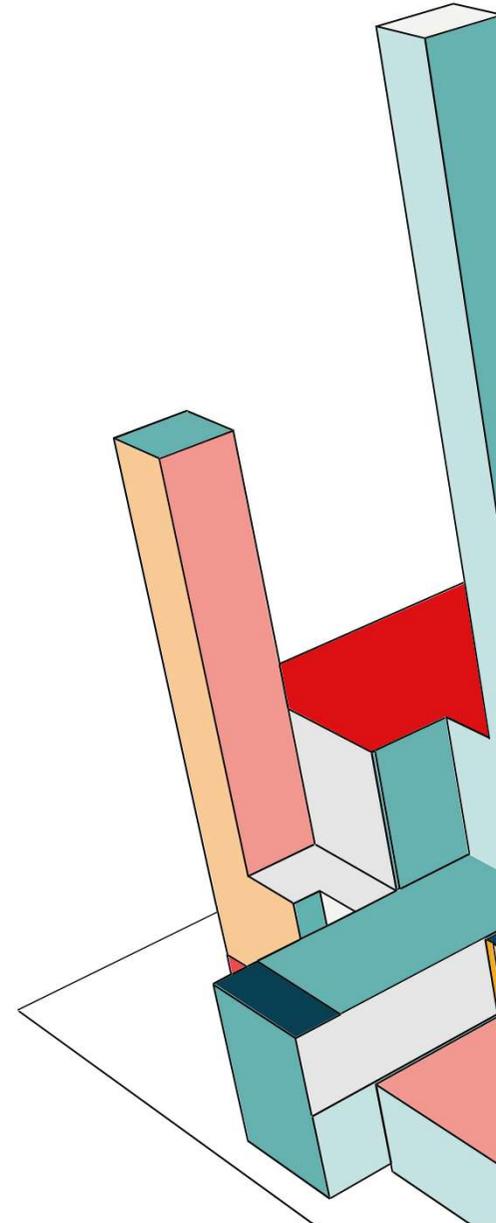
**✓ Answer: c) Comparative Advantage**



**5. One major risk of export-led growth is**

- a) High domestic inflation
- b) Over-dependence on global demand
- c) Lower foreign exchange reserves
- d) Increased government spending

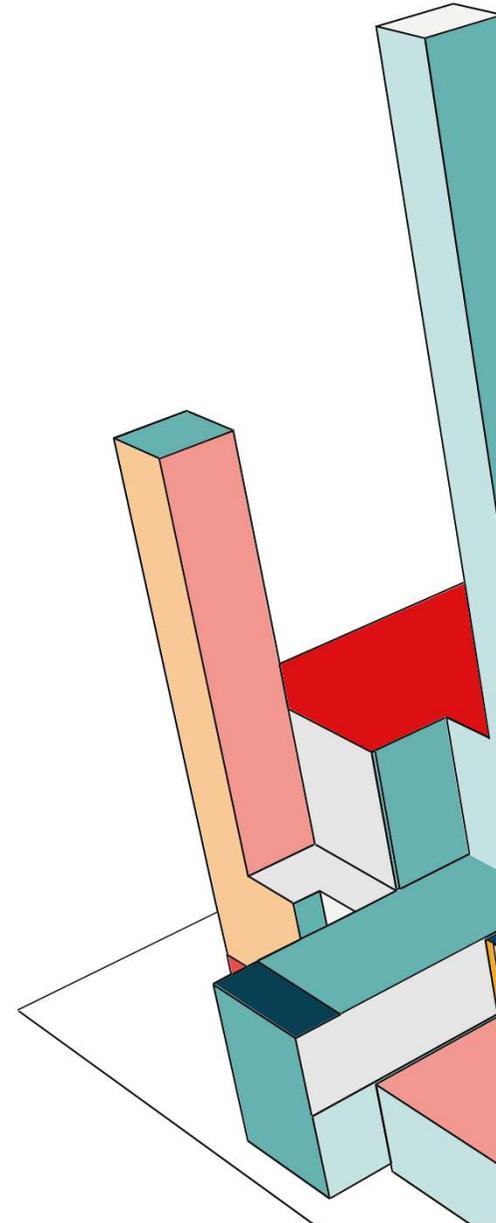
**✓ Answer: b) Over-dependence on global demand**



**6. Which of these is NOT a feature of export-led growth?**

- a) Market-driven production
- b) High government intervention
- c) Foreign Direct Investment (FDI) inflows
- d) Technology transfer from developed nations

**✓ Answer: b) High government intervention**



**7. Export-led growth is primarily based on the concept of**

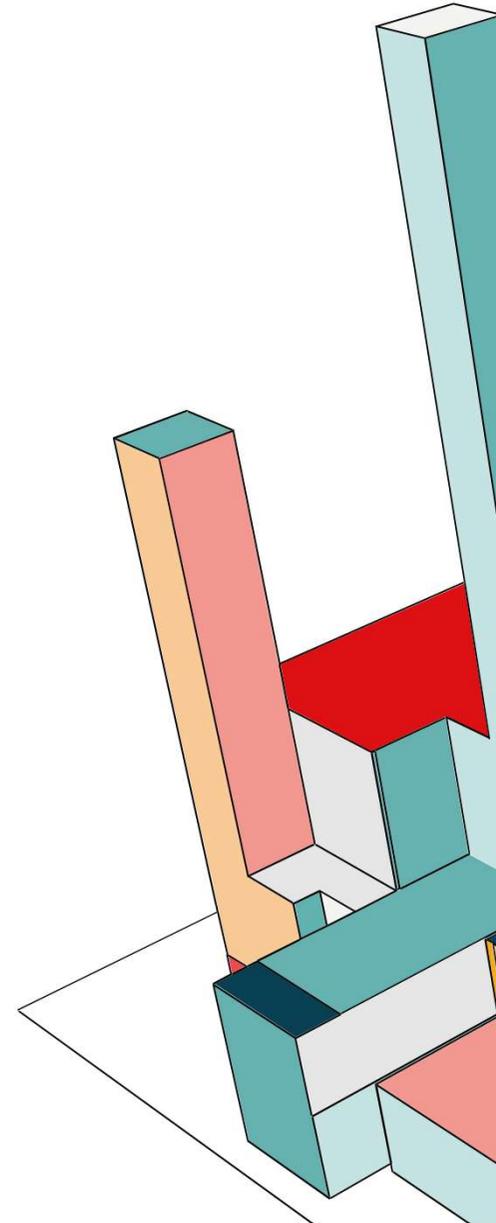
**a) Import substitution industrialization**

**b) Comparative advantage**

**c) High protectionist policies**

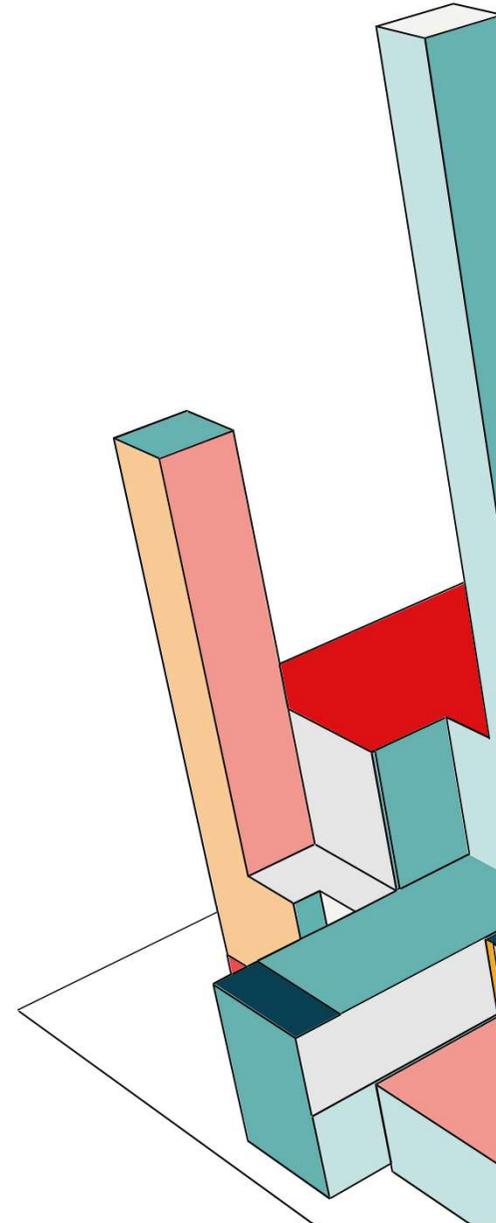
**d) Agricultural dependency**

**✓ Answer: b) Comparative advantage**



**8. Which of these is a common policy measure under export-led growth?**

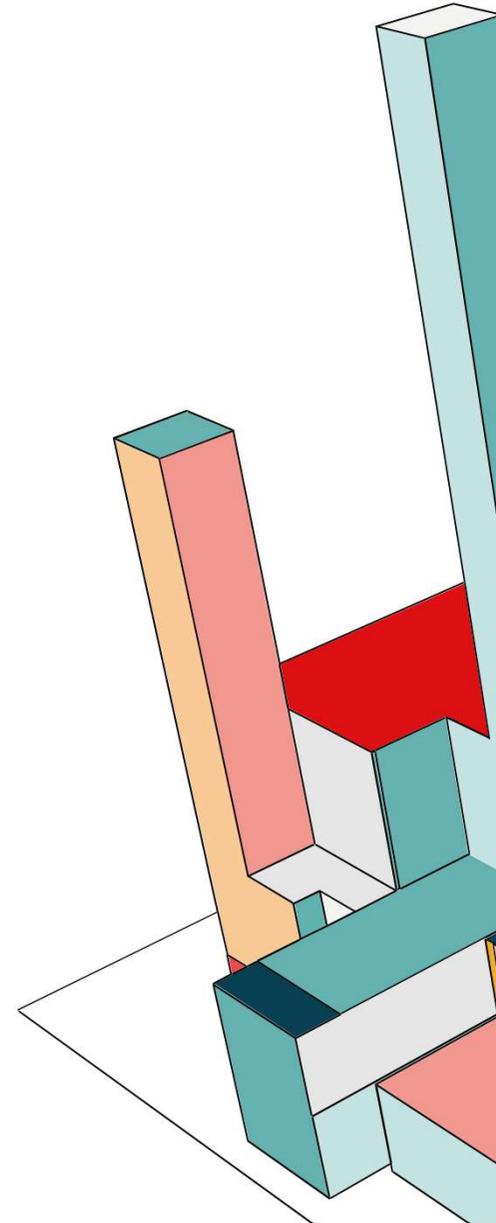
- a) High tariffs on imports
  - b) Currency devaluation to boost exports
  - c) Reduction in foreign trade
  - d) Limiting access to global markets
- ✓ **Answer: b) Currency devaluation to boost export**



**9. Which region is famous for successfully implementing export-led growth?**

- a) South America
- b) Middle East
- c) East Asia
- d) Sub-Saharan Africa

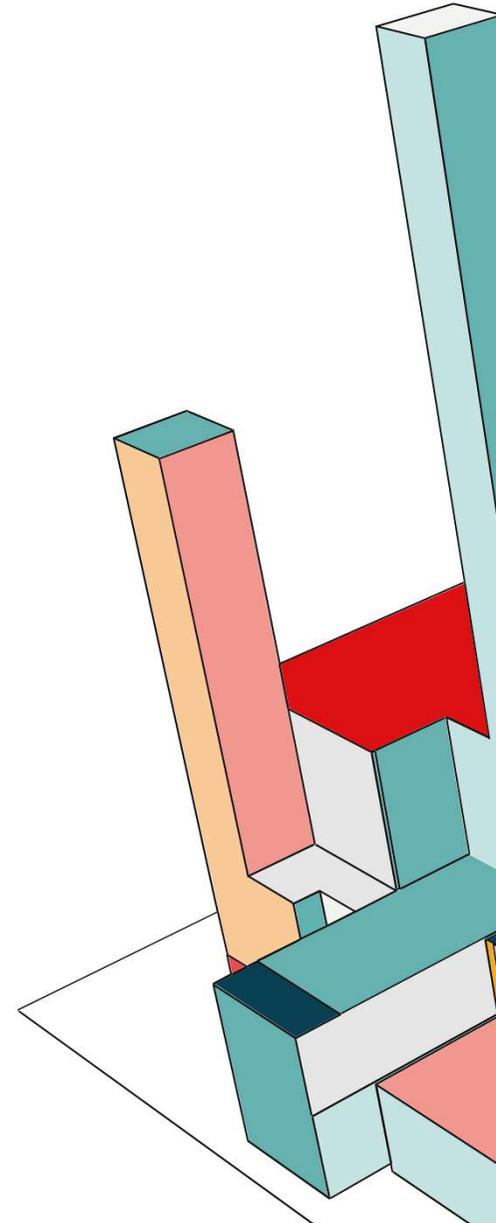
**✓ Answer: c) East Asia**



## 10. Export-led growth can lead to

- a) Reduced foreign exchange reserves
- b) High inflation
- c) Industrialization and job creation
- d) Increased trade barriers

✓ Answer: c) Industrialization and job creation

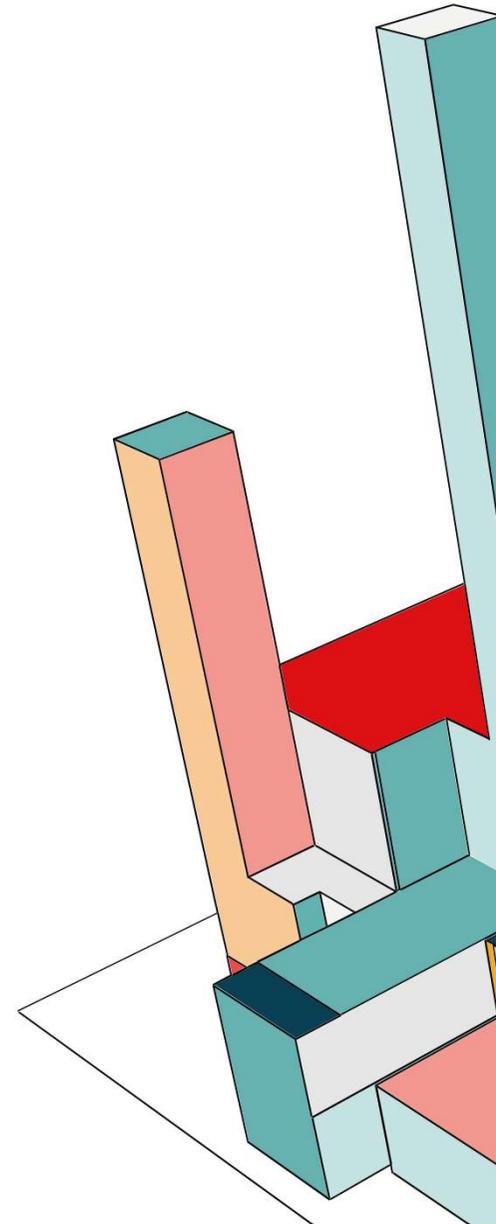


# DUAL GAP ANALYSIS

11. The Dual Gap Model is used to explain constraints on

- a) Agricultural production
- b) National defense spending
- c) Economic development
- d) Trade unions

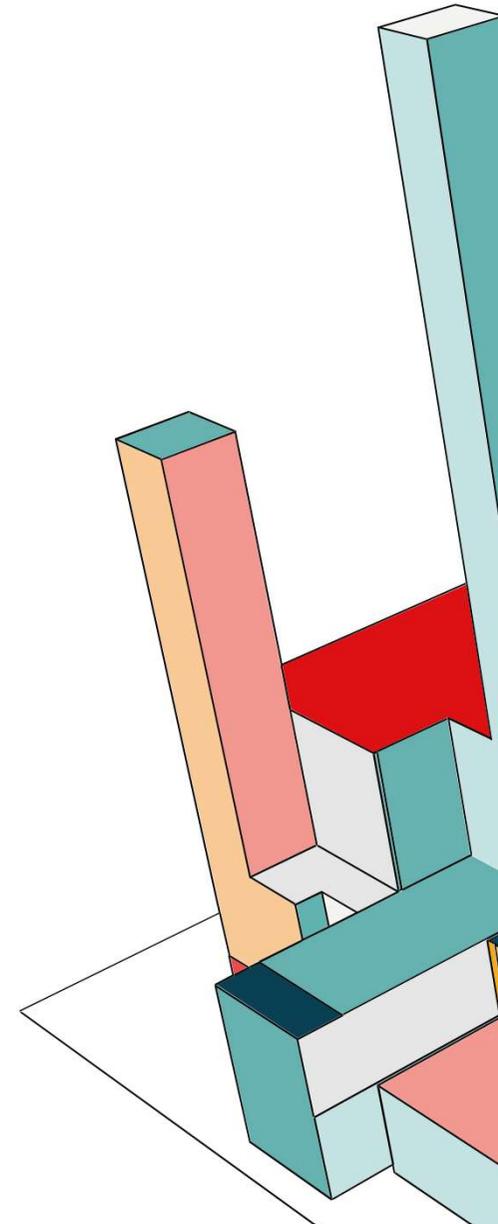
✓ Answer: c) Economic development



**12. Which two key shortages are addressed in the Dual Gap Model?**

- a) Labor and technology
- b) Savings and foreign exchange
- c) Capital and infrastructure
- d) Resources and entrepreneurship

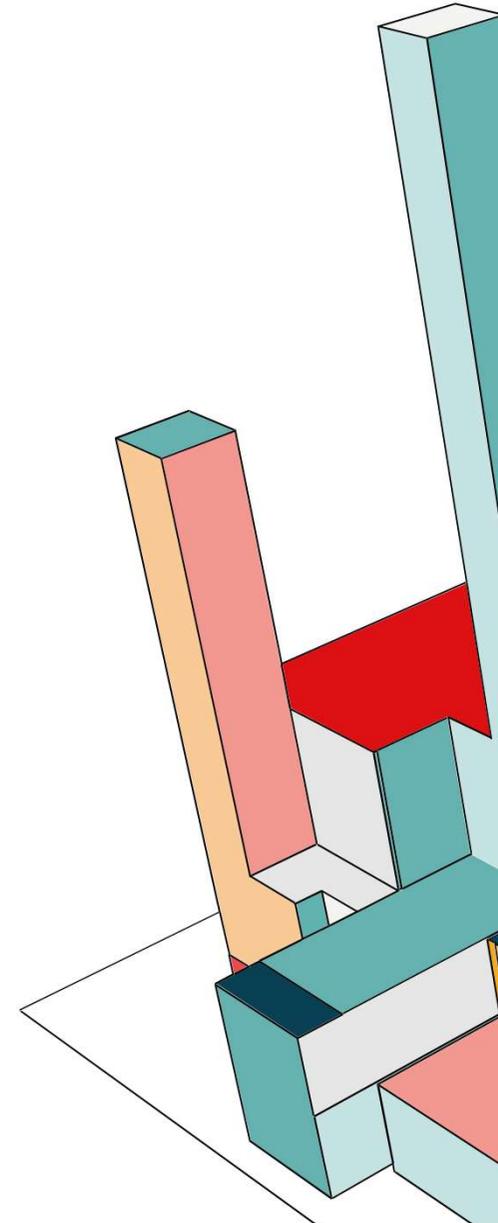
**✓ Answer: b) Savings and foreign exchange**



### **13. The Dual Gap Analysis suggests that developing countries lack**

- a) Adequate labor
- b) Both domestic savings and foreign currency reserves
- c) Sufficient government intervention
- d) Natural resources

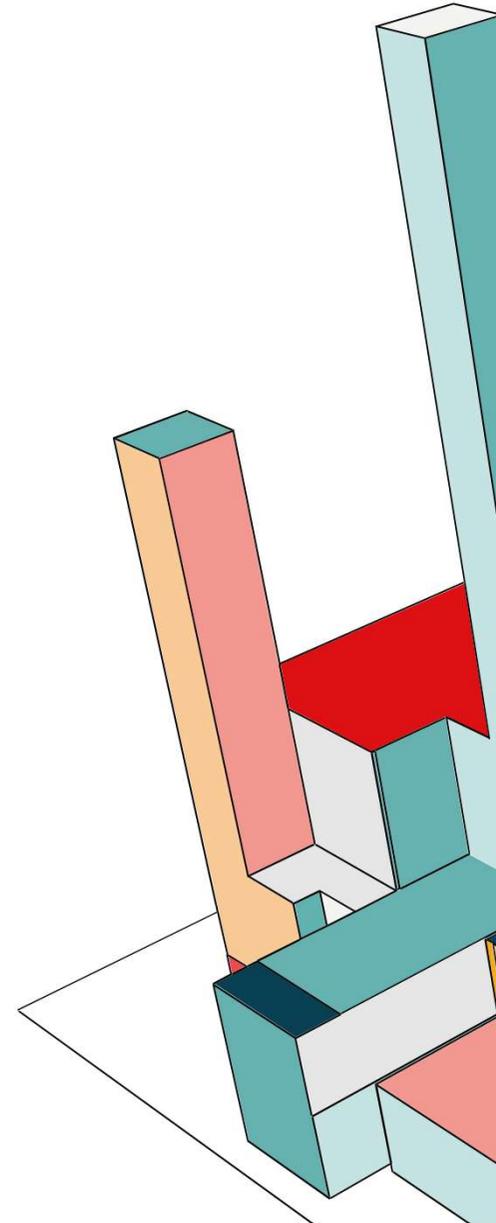
**✓ Answer: b) Both domestic savings and foreign currency reserves**



## 14. Who developed the Dual Gap Model?

- a) Arthur Lewis
- b) Chenery and Strout
- c) Karl Marx
- d) Milton Friedman

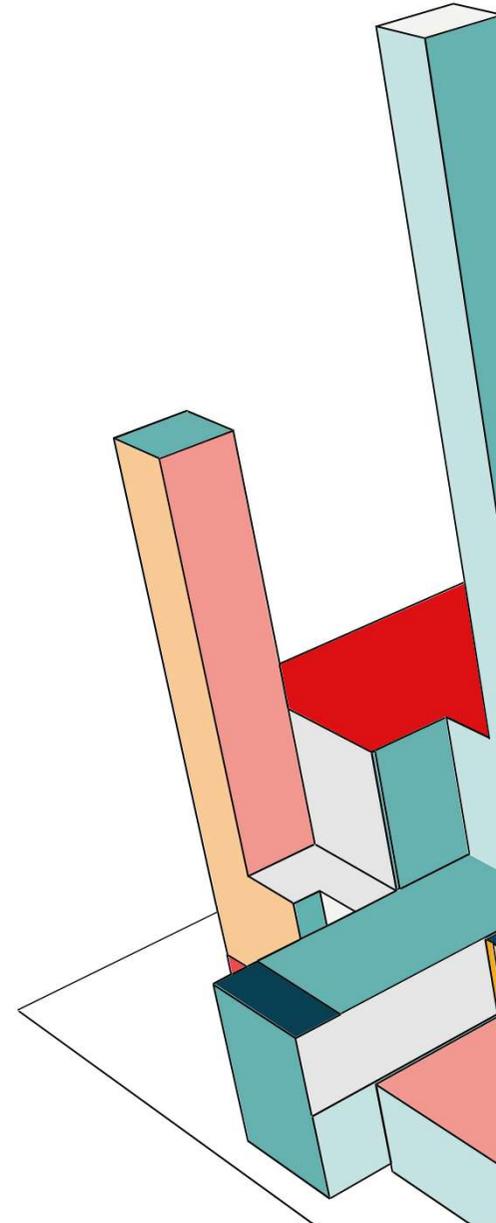
✓ Answer: b) Chenery and Strout



**15. The savings gap refers to the difference between:**

- a) Imports and exports**
- b) Government spending and taxation**
- c) Required investment and actual savings**
- d) Capital inflows and outflows**

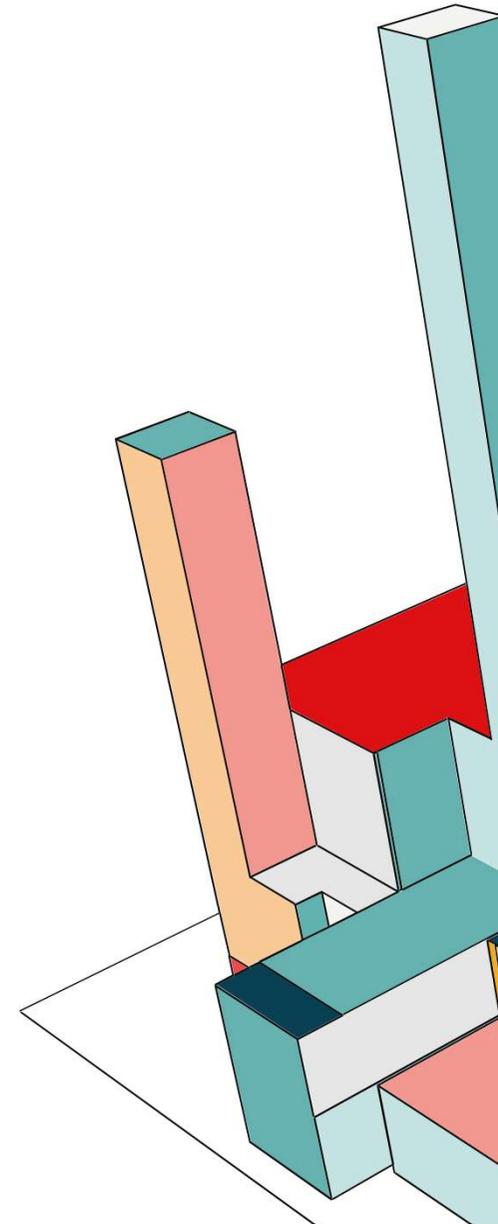
**✓ Answer: c) Required investment and actual savings**



**16. The foreign exchange gap arises when:**

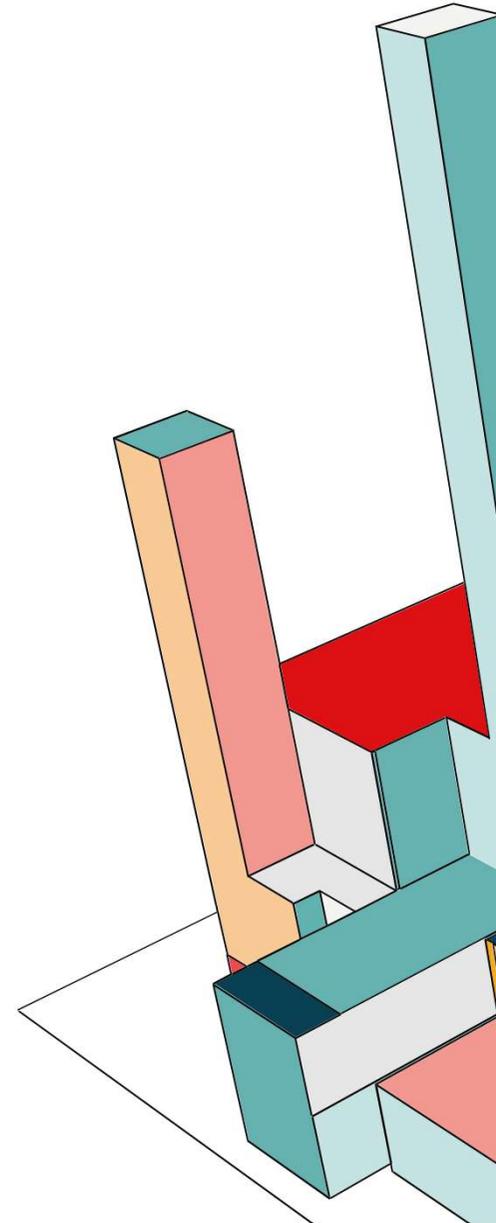
- a) Domestic investment exceeds foreign investment**
- b) Imports exceed exports**
- c) Tax revenue is lower than government spending**
- d) Savings are greater than investment**

**✓ Answer: b) Imports exceed exports**



**17. What is one possible solution to the foreign exchange gap?**

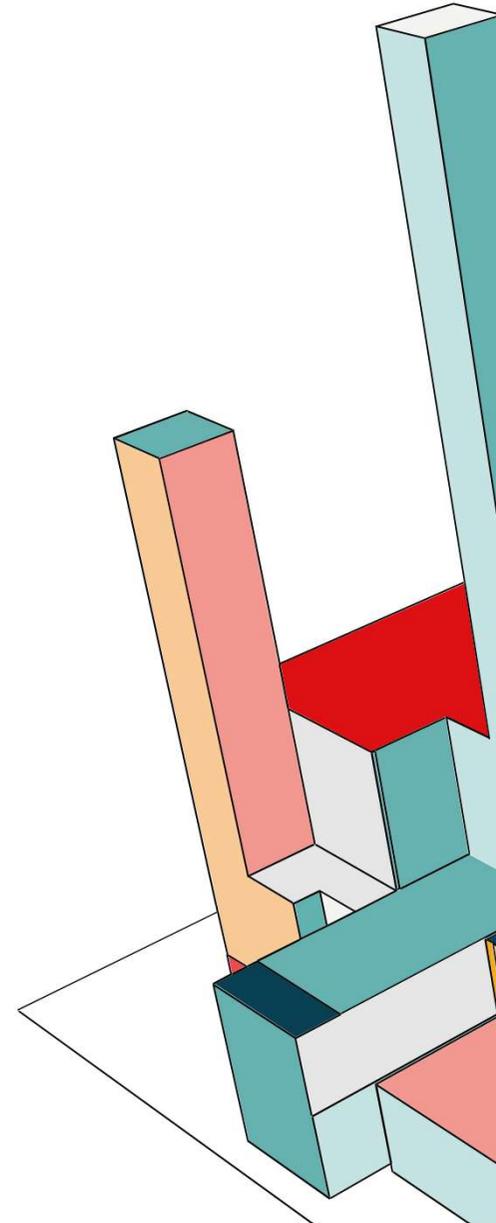
- a) Increasing domestic demand
  - b) Reducing foreign investments
  - c) Promoting exports and attracting foreign capital
  - d) Cutting government spending
- ✓ **Answer: c) Promoting exports and attracting foreign capital**



**18. Which of the following policies can help close the savings gap?**

- a) Reducing interest rates
- b) Encouraging domestic savings and investment
- c) Increasing government deficits
- d) Decreasing taxation on imports

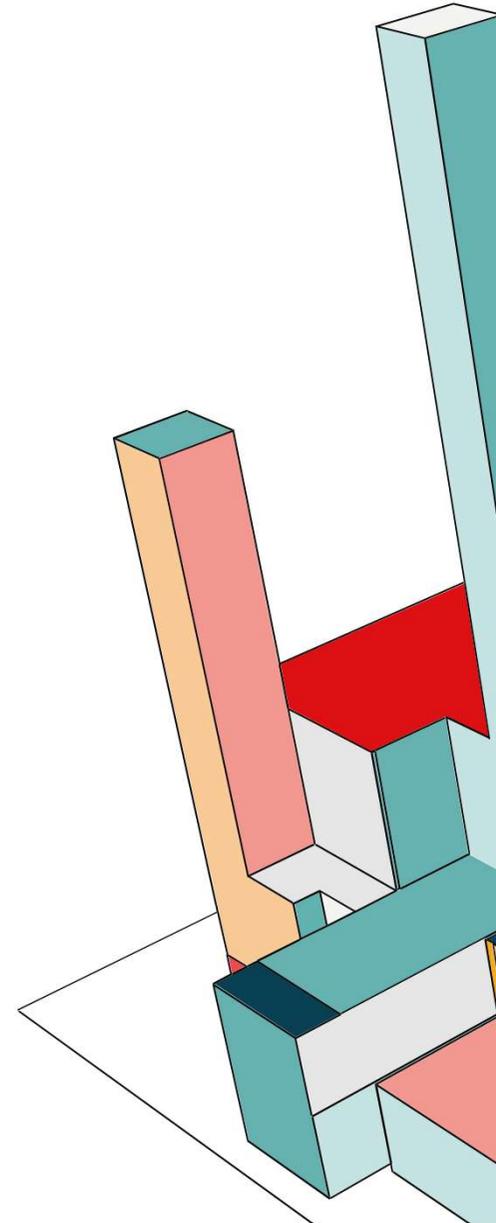
**✓ Answer: b) Encouraging domestic savings and investment**



**19. Developing countries face difficulty in financing economic growth due to:**

- a) High labor productivity
- b) Low investment and foreign exchange constraints
- c) Strong domestic banking systems
- d) A surplus in international trade

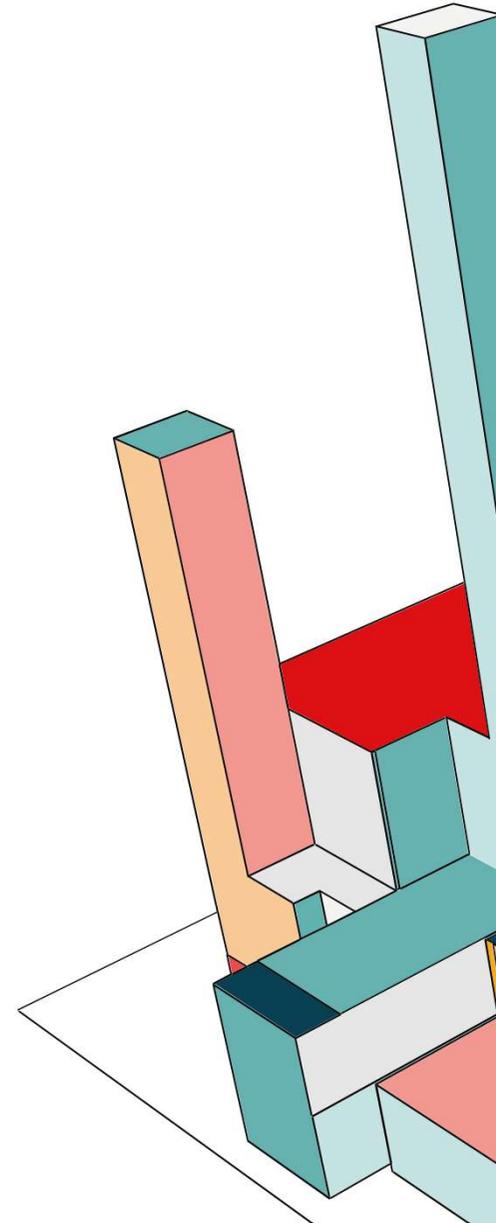
**✓ Answer: b) Low investment and foreign exchange constraints**



**20. One major criticism of the Dual Gap Model is that it:**

- a) Overestimates the role of agriculture**
- b) Ignores the impact of government policies**
- c) Assumes capital inflows are always beneficial**
- d) Focuses too much on industrialized economies**

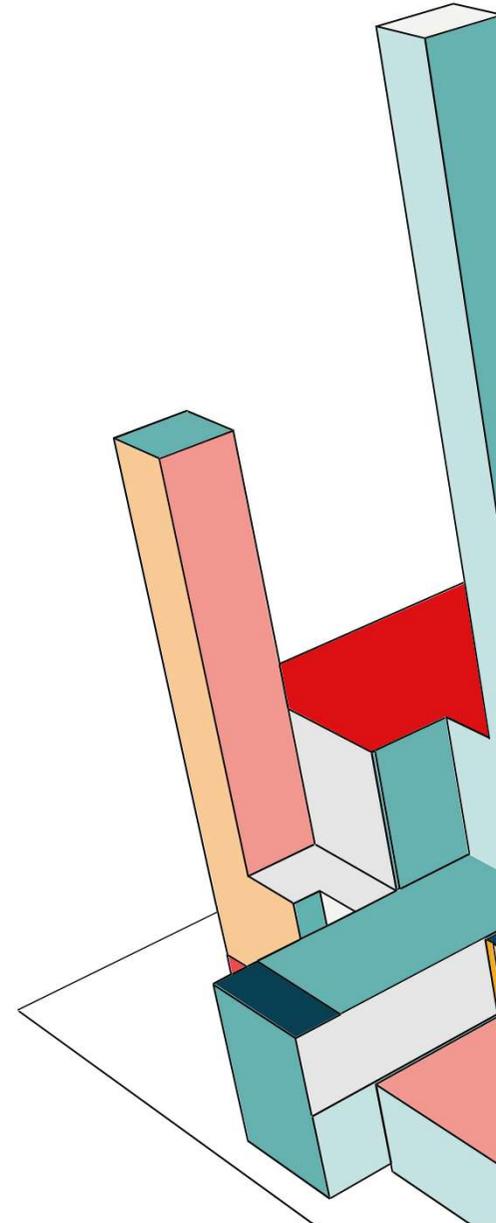
**✓ Answer: c) Assumes capital inflows are always beneficial**



## COMBINATION OF BOTH TOPICS

21. How can an export-led growth strategy help close the foreign exchange gap?

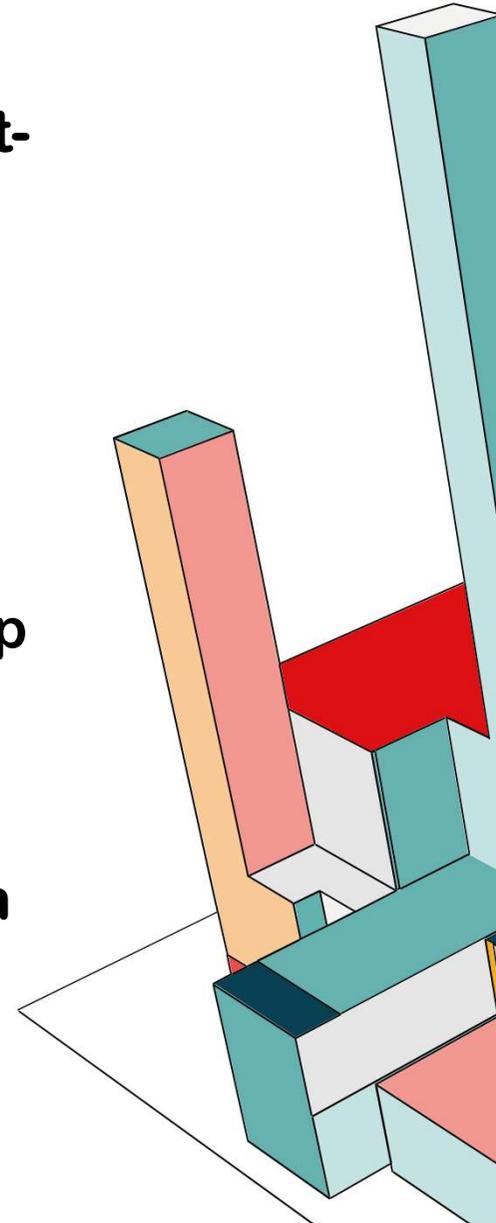
- a) By increasing import dependency
  - b) By boosting foreign currency reserves through exports
  - c) By discouraging foreign direct investment
  - d) By focusing only on domestic production
- ✓ Answer: b) By boosting foreign currency reserves through exports



## 22. What is a key link between Dual Gap Analysis and Export-Led Growth?

- a) Both emphasize protectionist policies
- b) Both rely on reducing imports
- c) Export-led growth can help bridge the foreign exchange gap
- d) Both discourage foreign capital inflows

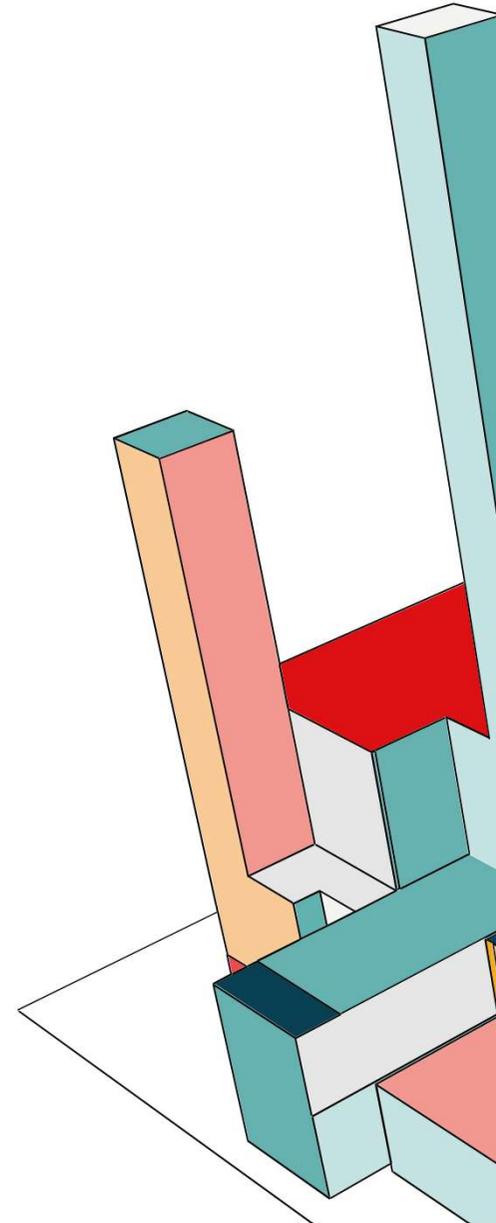
✓ Answer: c) Export-led growth can help bridge the foreign exchange gap



**23. A country with a large savings gap is likely to rely on:**

- a) Increased taxation**
- b) Foreign investment and aid**
- c) Domestic trade restrictions**
- d) Decreased exports**

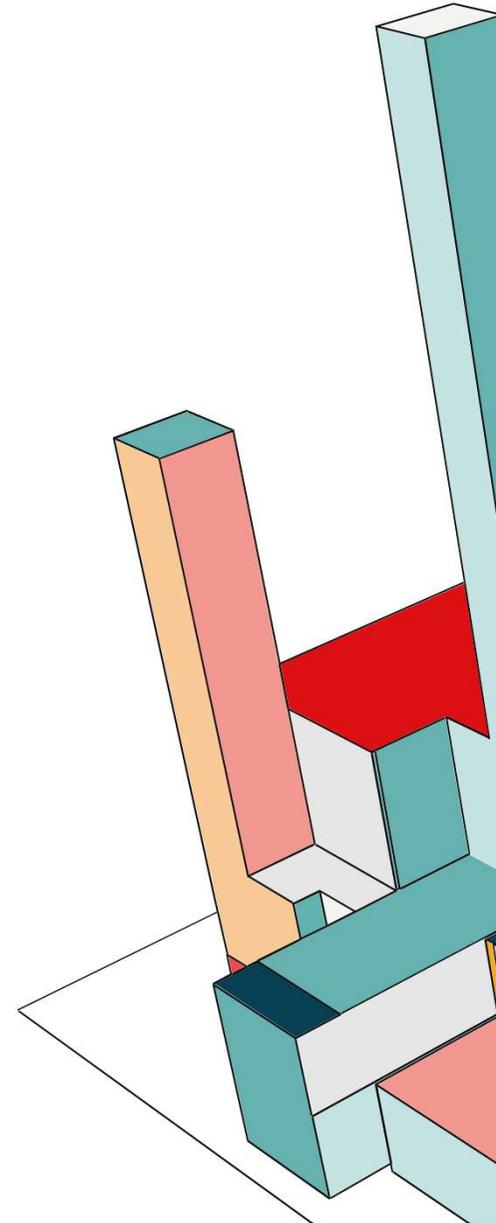
**✓ Answer: b) Foreign investment and aid**



**24. Which of the following can lead to an increase in foreign direct investment (FDI)?**

- a) High tariffs on exports
- b) Political instability
- c) Favorable business environment
- d) Currency depreciation

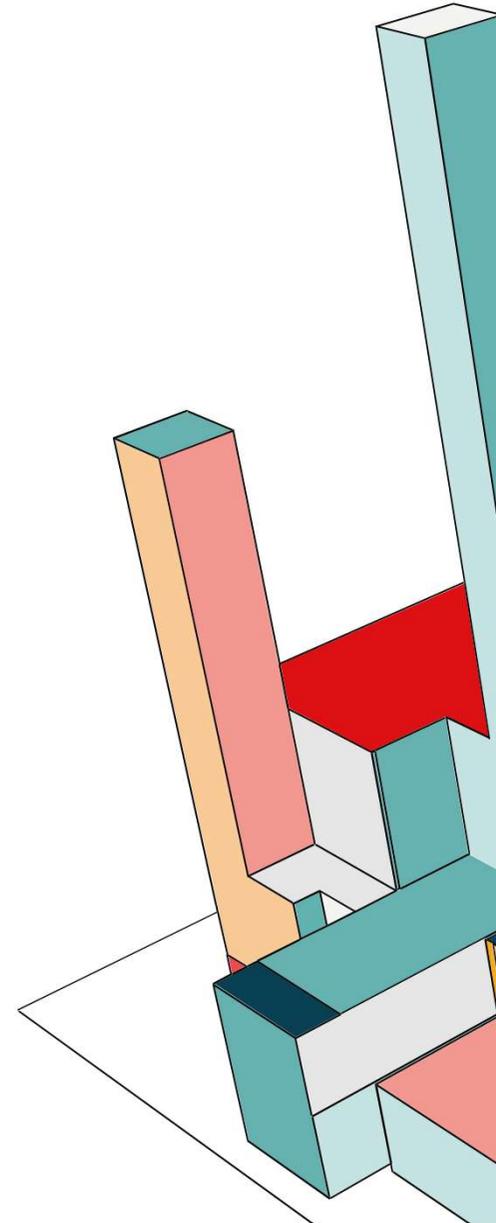
**✓ Answer: c) Favorable business environment**



**25. What role do international financial institutions play in bridging the savings gap?**

- a) Providing loans and financial assistance**
- b) Imposing trade restrictions**
- c) Reducing domestic employment**
- d) Increasing taxation**

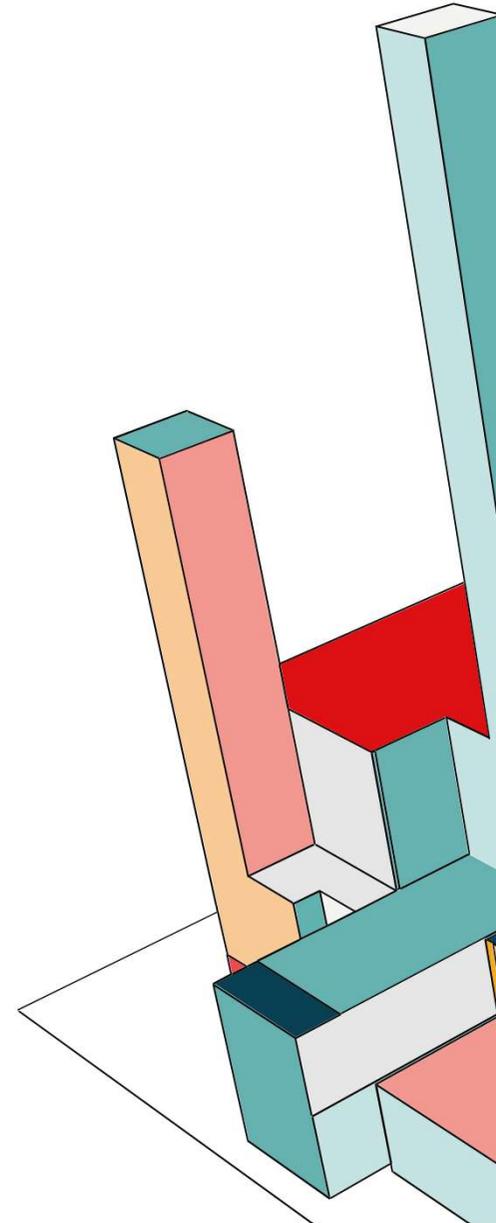
**✓ Answer: a) Providing loans and financial assistance**



**26. An overvalued currency can negatively impact export-led growth by:**

- a) Making exports more expensive**
- b) Increasing foreign exchange reserves**
- c) Lowering inflation**
- d) Encouraging trade liberalization**

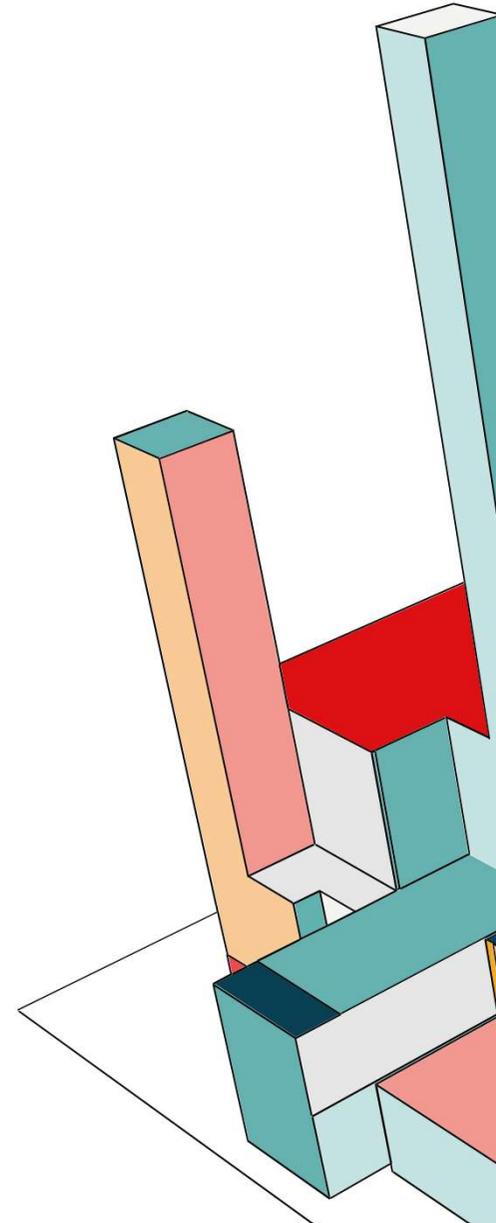
**✓ Answer: a) Making exports more expensive**



**27. Export-led growth can fail if:**

- a) There is weak global demand**
- b) The country invests in infrastructure**
- c) Foreign exchange reserves increase**
- d) Domestic industries become competitive**

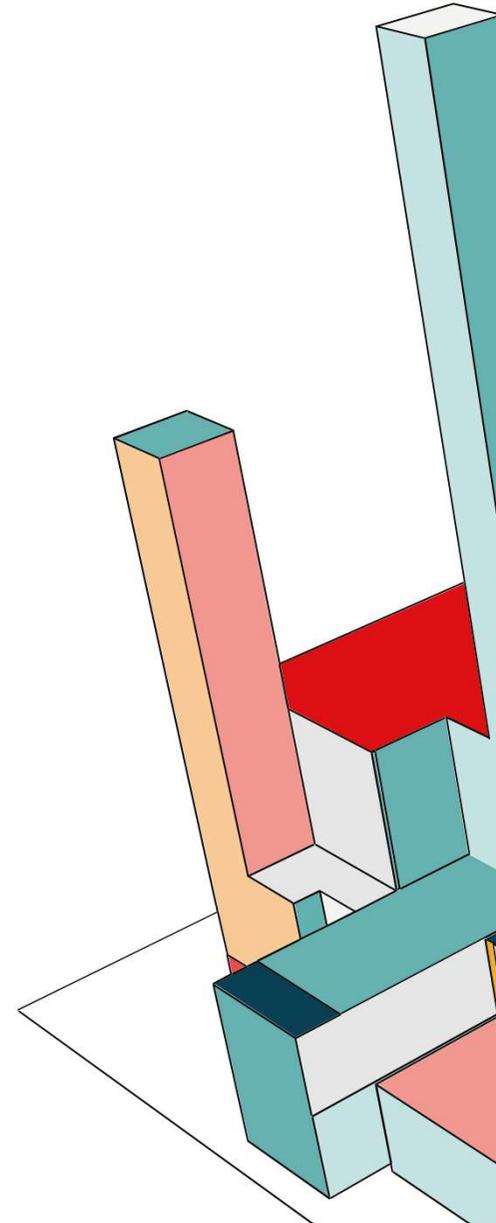
**✓ Answer: a) There is weak global demand**



**28. Which factor is most critical for export-led growth?**

- a) High import tariffs
- b) Efficient production and cost competitiveness
- c) Isolation from international markets
- d) Decreased foreign trade

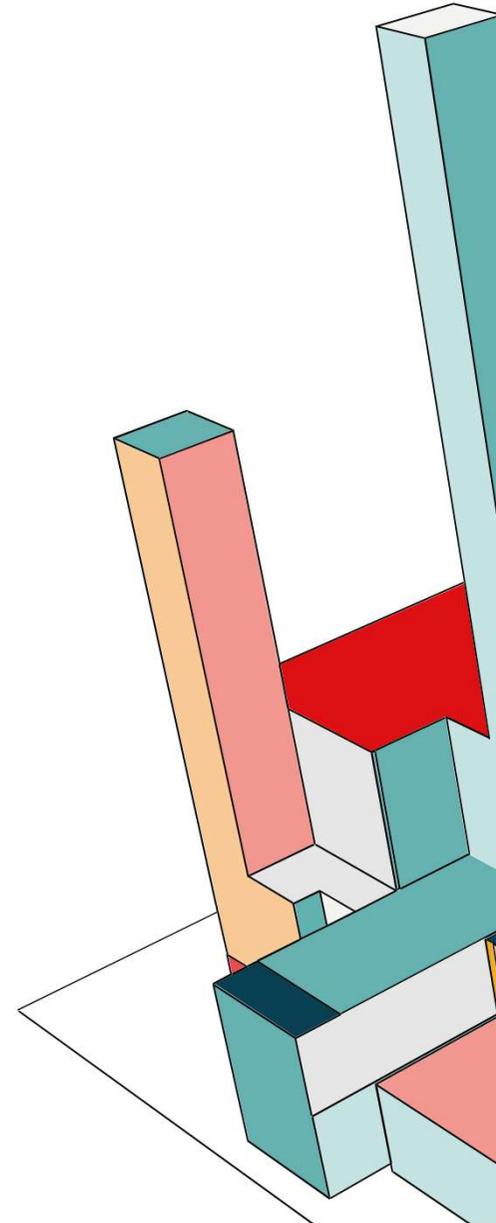
**✓ Answer: b) Efficient production and cost competitiveness**



**24. Which type of goods are commonly promoted in export-led growth?**

- a) Primary agricultural goods
- b) Manufactured and technology-intensive goods
- c) Raw minerals
- d) Non-tradable services

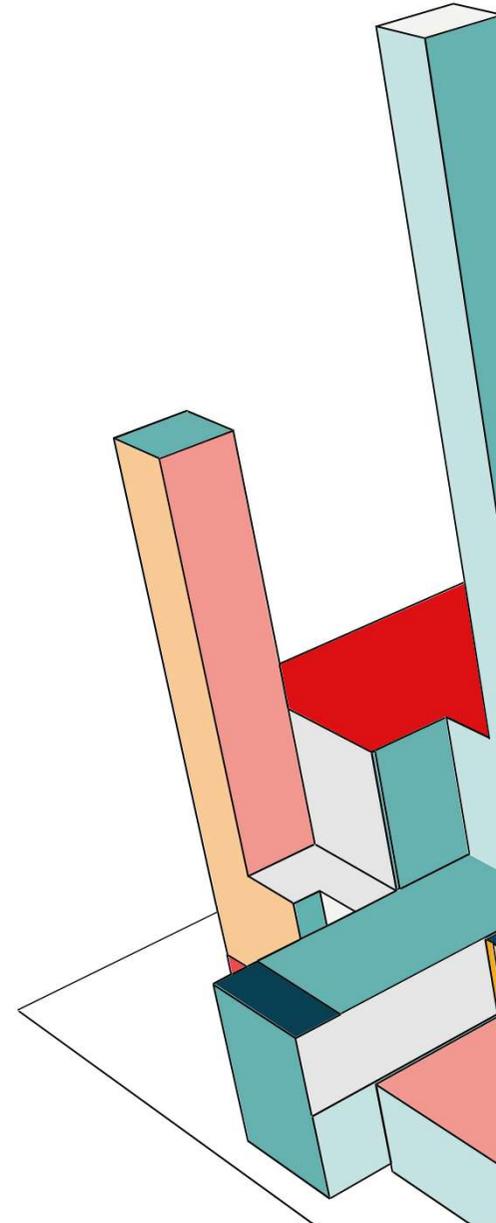
**✓ Answer: b) Manufactured and technology-intensive goods**



**30. A country facing both a savings gap and foreign exchange gap should focus on:**

- a) Reducing trade with other nations**
- b) Attracting FDI and promoting exports**
- c) Restricting capital inflows**
- d) Limiting investment in infrastructure**

**✓ Answer: b) Attracting FDI and promoting exports**



THANK  
YOU

