



Balance of Payments

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Balance of Payments (BOP)

(O;ogkj'ks''k)

- Balance of Payment (BOP):-
- Balance sheet of countries international trade (import-export)
- Receipts and Payments
- Within one year transaction
- Visible as well as invisible transaction include
- Current Acc. & Capital Acc.

Disequilibrium in BOP

□ Import = Export → *BOP Equilibrium*

• $R = P \rightarrow$ *BOP Equilibrium*

• $R > P \rightarrow$ *Surplus in BOP (+)*

• $R < P \rightarrow$ *Deficit in BOP (-)*



Disequilibrium

Types of Disequilibrium:

- **There are, we have said, three types of disequilibrium:**
- (1) Cyclical disequilibrium,
- (2) Secular disequilibrium,
- (3) Structural disequilibrium (at the goods and the factor level).

Causes of Disequilibrium in BOP

(O;ogkj'ks"kkrrhy vlerksykph dkj.ks)

□ (Import ↑ Export ↓)

- A) Economic Causes: (आर्थिक कारणे)
 1. Development Expenditure (विकासावरील खर्च)
 2. Business Cycles (व्यापारचक्रे)
 3. Changes in import elasticity (आयात लवचीकतेतील बदल)
 4. External borrowing (बाह्य कर्ज)
 5. Inflation (चलनवाढ)
 6. Growth of population (लोकसंख्येतील वाढ)

□ Cont'd.

7. Demonstration Effect (izn'kZu izHkko)

8. Lack of investment from developed countries
(fodklhr ns'kkdMwu deh xqaro.kwd)

9. Name publicity (ukoykSfdd)

10. Economic inequality (vkfFkZd fo"kerk)

B) Non-Economic Causes: (vkfFkZdsrj dkj.ks)

1) Political Factors (jktdh; ?kVd)

2) Social Factors (lkekftd ?kVd)

MEASURES TO CORRECT BOF DISEQUILIBRIUM

(व्यवहारशेषातील तुटीला अर्थपुरवठा)

↑ ↓ ↑ ↓ ↑ ↓ ↑ ↓

A) Monetary Measures: (मौद्रिक उपाय)

1. Deflationary Policy (चलनसंकोच नीती)

$S_m \downarrow$ $Ad \downarrow$ $Price\ level \downarrow$ $export \uparrow$

$S_m \downarrow$ $level\ of\ income \downarrow$ $Ad \downarrow$ $import \downarrow \rightarrow$
 $BoP\ equilibrium$

2. Devaluation (चलनाचे अवमूल्यन)

legally decrease value of domestic currency in terms of foreign currency

$1\$ = 65\ Rs.$ \rightarrow devaluation $\rightarrow 1\$ = 67\ Rs.$

devaluation \rightarrow goods cheapen to other country \rightarrow
export \uparrow

3. Exchange Control (विनीमय नियंत्रण)

Central bank → government

→ *control on foreign exchange reserve* → *import* ↓

B) Non-Monetary Measures: (मौद्रिकेतर उपाय)

1. Tariff (जकात / प्रशुल्क)

tarrif → *dearer the import goods* → *import* ↓

2. Import Quota (आयात कोटा)

import quota → *limitation on import* → *import* ↓

3. Export Promotion (निर्यात प्रोत्साहन)

export duty ↓ *export subsidy* → *facility to exporter*
→ *export* ↑

4. Import Substitution (आयात पर्यायीकरण)

substitution for foreign goods → *increase domestic prod.*
→ *import* ↓