

**SHETH T.J. EDUCATION SOCIETY'S  
SHETH NKTT COLLEGE OF COMMERCE AND SHETH JTT COLLEGE OF ARTS,  
THANE**

**Department of Economics**

**T. Y. B. Com – Semester -VI**

**Multiple Choice Questions of Business Economics VI**

**Module -I - Introduction to International Trade**

1. It is argued that the developing countries usually .....
  - a. Enjoy favorable terms of trade
  - b. Suffer from adverse terms of trade
  - c. Have better income terms of trade
  - d. Have more income
  
2. Cultural changes due to international trade are .....
  - a. Positive
  - b. Negative
  - c. Positive and negative both
  - d. Always negative
  
3. The gain from trade are .....
  - a. Only economic gains
  - b. Economic and non-economic gains
  - c. Domestic gains
  - d. Rural benefits
  
4. An offer curve is a .....
  - a. Graphical representation of reciprocal demand
  - b. Same as supply curve
  - c. Graphical representation of reciprocal prices
  - d. Schedule of goods and services
  
5. Net barter terms of trade are criticized on the basis of .....
  - a. Excess consideration of quality of good
  - b. Neglect of productivity of inputs
  - c. Emphasis on price of the export and import
  - d. Neglect of quantity of product
  
6. The offer curves are ..... curves.
  - a. Demand
  - b. Supply

- c. Demand and Supply
  - d. Different from demand and supply curves
7. An international trade ..... consumption level of participating countries.
- a. Increases
  - b. Decreases
  - c. Stabilizes
  - d. Does not affect
8. An international trade increases welfare of ..... countries.
- a. Exporting
  - b. Importing
  - c. Both importing and exporting
  - d. Only backward
9. International trade results in ..... production due to specialisation.
- a. increased
  - b. reduction
  - c. no change in
  - d. rivalry
10. The gains from trade are ..... confined to economic aspects only.
- a. not
  - b. always
  - c. mostly
  - d. possibly
11. J. S. Mill introduced the theory of ..... Demand
- a. Derived
  - b. Rising
  - c. Reciprocal
  - d. Falling
12. Heckscher-Ohlin theory is based on ..... in both commodity and factor markets.
- a. Perfect competition
  - b. Monopoly
  - c. Oligopoly
  - d. Duopoly

### **Module -II - Commercial Policy**

13. The term free trade is used to describe..... trade policy
- a. a liberal

- b. a regulated
  - c. a domestic
  - d. a regional
14. .... is an argument of Free trade policy
- a. Infant industry
  - b. Diversification
  - c. Promotion of efficiency
  - d. Pauper labour
15. .... is an argument against Free Trade
- a. Destruction of domestic industries
  - b. Destruction of foreign industries
  - c. Protection of undeserving industries
  - d. Unemployment in export sector
16. A tariff is a ..... imposed on commodities that are traded across the national border of a country
- a. Subsidy
  - b. Tax
  - c. Price
  - d. Revenue
17. .... are usually groups of countries in specific regions that manage and promote trade in a region.
- a. Trade Blocs
  - b. Cooperative society
  - c. Commercial banks
  - d. Consumer society
18. The primary objective of any economic integration is to ..... the welfare of the people in the region.
- a. Compensate
  - b. Compare
  - c. Increase
  - d. Stabilize
19. Loss of sovereignty is one of the disadvantages of .....
- a. Social institutions
  - b. Economic integration
  - c. Political groups
  - d. Physical growth
20. European Union is a group of ..... countries.
- a. 20
  - b. 28

- c. 40
  - d. 10
21. Eurozone crisis started in the year.....
- a. 2008
  - b. 2000
  - c. 2015
  - d. 2020
22. .... was one of the reasons for Brexit.
- a. Gain of sovereignty
  - b. Economic opportunity
  - c. Social responsibility
  - d. Migration
23. The ASEAN was established on .....
- a. 8<sup>th</sup> October 1967
  - b. 8<sup>th</sup> August 1967
  - c. 10<sup>th</sup> June 1968
  - d. 20<sup>th</sup> December 1968
24. .... is one of the aims of ASEAN
- a. To promote Southeast Asian studies
  - b. To promote equality USA
  - c. To generate more employment in African countries
  - d. To stabilize prices in India
25. The ASEAN is a regional intergovernmental group of ..... Southeast Asian countries
- a. 16
  - b. 19
  - c. 20
  - d. 10

### **Module – 3 Balance of Payments and WTO**

26. Gifts & charities account are also known as \_\_\_\_\_ in balance of payments.
- a. Export
  - b. Import
  - c. Unilateral Transfer
  - d. Long term borrowing
27. Trade account of balance of payment is also known as \_\_\_\_\_ account.
- a. Current
  - b. Capital

- c. Visible
  - d. Invisible
28. Reducing the value of domestic currency in term of foreign is called \_\_\_\_\_.  
a. Deflation  
b. Tariff  
c. Exchange Control  
d. Devaluation
29. Unilateral flows in the balance of payments account related to \_\_\_\_\_.  
a. Capital Flows  
b. Foreign Direct investments  
c. Borrowings  
d. Grants
30. Autonomous capital flows \_\_\_\_\_ other items in the balance of payments.  
a. Are independent of  
b. Depend on  
c. Are related to  
d. Have impact on
31. The current account in the balance of payments \_\_\_\_\_.  
a. Is a total of all the visible items of trade  
b. Includes merchandise trade & services  
c. Always shows a surplus  
d. Includes autonomous accommodating flows
32. A deficit in India's balance of payments in recent times is due to \_\_\_\_\_.  
a. Fall in the price of crude oil  
b. Increase in exports as compared to imports  
c. Increase in imports as compared to exports  
d. Increase in capital inflows
33. When total exports are more than total imports the current account balance is in \_\_\_\_\_.  
a. Deficit  
b. Balance  
c. Surplus  
d. Both Deficit & Surplus

34. Foreign Direct Investment is included in \_\_\_\_\_.
- Trade account
  - Current account
  - Capital account
  - Fixed account
35. External borrowing is treated as \_\_\_\_\_.
- Accommodative Flow
  - Autonomous flow
  - Invisible flow
  - External flow
36. In the past several years, India's capital account balance was in \_\_\_\_\_.
- Surplus
  - Deficit
  - Equilibrium
  - Zero
37. The agreement on Agriculture does not aim at \_\_\_\_\_
- Increasing export subsidies
  - Improving market access
  - Reducing domestic subsidies
  - Reducing domestic support
38. The foreign exchange reserves in India does not include \_\_\_\_\_
- Special Drawing Rights
  - Foreign currency assets
  - Gold reserves
  - Fixed deposits

#### **Module 4 – Foreign Exchange Market**

39. \_\_\_ is the current exchange rate between two countries.
- Spot exchange rate
  - Forward exchange rate
  - Arbitrage
  - Speculation
40. The functions of foreign exchange market does not include
- Provision of facilities for transfer of funds

- b. Provision of short term finance for trade.
  - c. Provision of facilities for trading.
  - d. Provision of subsidies
41. Hedging operations helps \_\_\_\_ to cover the risks.
- a. Exporters
  - b. Importers
  - c. Speculators
  - d. Consumer
42. Hedging refers to \_\_\_\_\_.
- a. Foreign exchange speculation
  - b. Covering of foreign exchange risk
  - c. Acceptance of foreign exchange risk
  - d. Interest rate arbitrage
43. Demand for foreign currency is influenced primarily by \_\_\_\_\_.
- a. Size of export
  - b. Size of import
  - c. Size of saving
  - d. Size of investment
44. Forward market in foreign exchange market refers to \_\_\_\_\_ market
- a. Short term
  - b. Long term
  - c. Current
  - d. Short and long run
45. The main objectives of RBI's intervention in the Indian foreign exchange market are \_\_\_\_\_.
- a. To ensure safety of the country
  - b. To promote trade
  - c. To reduce income inequalities
  - d. To maintain exchange rate stability
46. Under the flexible exchange rate system exchange rate is determined by \_\_\_\_.
- a. The monetary authority
  - b. The price of gold
  - c. The demand & supply of foreign exchange
  - d. Commercial banks

47. Flexible exchange rate creates \_\_\_\_\_ in importers and exporters.
- Confidence
  - Safety
  - Uncertainty
  - Guarantee
48. Transactions in foreign exchange market have become quicker due to \_\_\_\_\_.
- IMF
  - World bank
  - Government initiatives
  - Advanced technology
49. PPP theory ignores capital flows on account of \_\_\_\_\_.
- Capital account
  - Trade account
  - Current account
  - Saving account
50. LERMS was introduced in India in \_\_\_\_\_.
- 1991
  - 1993
  - 2002
  - 2005