

Sr No	Question	Option 1	Option 2	Option 3	Option 3	Correct Option	Unit / MODULE
1	Trade between two countries can be useful if cost ratios of goods are .....	Equal	Different	Undetermined	Decreasing	2	1
2	Which of the following is NOT the assumption of Ricardian Theory of Comparative Cost?	Labour is homogeneous	Full employment exists in both the countries	Trade between two countries takes place on barter system.	There is no free trade.	4	1
3	In North, it takes 50 labor hours to produce cloth and 100 hours to produce grain. In South, it takes 200 labor hours to produce cloth and 200 hours to produce grain. Which of the following statements is true?	North should produce grain.	South has an absolute advantage in the production of both cloth and grain.	North has a comparative advantage in the production of cloth.	South has an absolute advantage in the production of grain.	3	1
4	Ricardian Theory is not applicable to the _____ as these countries are nowhere near full employment	Developing Countries	Developed countries	Neither A nor B	Both developing and developed	1	1
5	Absolute advantage is determined by	actual differences in labour productivity between countries	relative differences in labour productivity between countries	actual difference in capital productivity between countries	relative difference in capital productivity between countries	1	1
6	D.H. Robertson, proclaimed trade as an	Engine of Growth	Productivity improvement tool	Engine of production	Capital growth	1	1
7	Ricardian theory measures comparative cost in terms of.	money	input costs	labour hours	production	3	1
8	The Theory of Absolute Cost Advantage is given by	David Ricardo	Adam Smith	F W Taylor	Ohlin and Heckscher	2	1
9	Which theory holds that nations should produce those goods for which it has the greatest relative advantage?	The factor endowment theory.	The theory of comparative advantage	The theory of absolute advantage.	The theory of relative advantage.	2	
10	International trade increases the welfare of _____.	both exporting and importing countries	only exporting countries	only importing countries,	neither exporting nor importing countries	1	1
11	International trade is based on the idea that	Resources are more mobile internationally than goods	Resources are less mobile internationally than goods	Exports are more than imports	Imports are more than exports	2	1
12	Which trade theory holds that nations can increase their economic well-being by specializing in the production of goods they produce more efficiently than anyone else?	The theory of comparative advantage	The factor endowment theory.	The international product life cycle theory.	The theory of absolute advantage.	4	1
13	In country A, it takes 10 labor hours to produce cloth and 20 labor hours to produce grain. In country B, it takes 20 labor hours to produce cloth and 10 labor hours to produce grain. Which country should produce grain?	No country should produce grain.	A should produce	B should produce	Both A and B should produce grain.	3	1
14	The Heckscher-Ohlin theory of trade pattern assumes	Perfect competition in the product markets but not in the factor markets.	Perfect competition in the factor markets but not in the product markets.	Perfect competition in both factor & the product markets.	Unemployment in the labour market.	3	2
15	The Heckscher-Ohlin theory explains comparative advantage as the result of differences in countries'	Economies of large-scale production.	Relative abundance of various resources.	Relative costs of labor.	Research and development expenditures.	2	2
16	_____ 1954 study of U.S. trade patterns showed that U.S. exports were labour-intensive compared to U.S. imports, even though the U.S was widely regarded as a relatively capital-abundant nation.	Paul Samuelson's	Wolfgang Stolpher's	Staffan Linder's	Wassily Leontief's	4	2
17	Wassily Leontief used an input-output table to test the	Ricardian theory of comparative advantage	Heckscher Ohlin theory of comparative advantage	Linder theory of overlapping demand	Adam Smith's Theory of Absolute Cost	2	2
18	Which of these is not an assumption of the Stolpher-Samuelson theorem	There are two countries which trade with each other	There are two factors, labour & capital	Two commodities are produced	Two time periods, short term and long term	4	2
19	The PPF..... to the origin indicates increasing opportunity cost, in both the countries.	Convex	Concave	Both Concave and convex	Neither concave nor convex	2	2
20	According to the _____, the export of the product that embodies large amounts of the relatively cheap, abundant resource results in an increase in its price and income; at the same time, the price and income of the resource used intensively in the import-competing product decreases as its demand falls.	Ricardian equivalence theorem	Smithian equivalence theorem	Stolpher-Samuelson theorem	Bernanke-Greenspan theorem	3	2
21	According to Hecksher Ohlin theory, international trade takes place due to	Factor intensity and Capital abundance	Factor intensity and Factor abundance	Capital intensity and Factor abundance	Capital intensity and Capital abundance	2	2
22	The Theory of Reciprocal Demand is given by	W. W. Leontif	J.S.Mills	Paul Samuelson	Adam Smith	2	2
23	The Reciprocal Demand theory was put into graphic form by	Adam Smith	David Recardo	Marshall & Edgeworth	Haberler	3	2
24	According to the factor endowment model of Heckscher and Ohlin, countries heavily endowed with Capital will	Export products that are capital-intensive.	Import products that are capital-intensive.	Export products that are land-intensive.	Import products that are labour-intensive.	1	2
25	The offer curve of a country is based on .	price of exports	price of imports	relative prices of two commodities	supply of exports	3	2
26	Under monopolistically competitive industry firms produce products	Homogeneous	Differentiate	Quality	Inferior	2	3
27	International trade with product differentiation and monopolistic competition analyzed by _____	Solow	Lewis	Paul Krugman	Keynes	3	3

28	The exchange of manufacturers for food is called _____.	Intra industry trade	Inter industry trade	External trade	Foreign trade	2	3
29	The exchange of manufacturers for manufacturers is called _____.	Intra industry trade	Inter industry trade	External trade	Foreign trade	1	3
30	Foreign Direct Investment (FDI) does not occurs _____	When a firm in one country builds a new plant in second country	When a firm in one country open a factory in second country	When a firm in one country purchases an existing factory in second country	When a firm in one country purchases an existing factory within a country	4	3
31	_____ is one of the types of Foreign Direct Investment (FDI)	Mergers	Acquisitions	Both Mergers and Acquisitions	Induce investment	3	3
32	In 2018 _____ was the largest source of foreign investment in India	Mauritius	USA	France	Japan	1	3
33	In 2018 _____ was the second largest source of foreign investment in India	Mauritius	USA	Singapore	Japan	3	3
34	_____ is one of the demerits of FDI	Fear of monopoly	Exchange rate stability	Promotes export	Induce employment	1	3
35	As per the UNCTAD source 2018, among developing countries _____ continued to be the largest FDI recipient	India	China	Bangladesh	Pakistan	2	3
36	_____ is a network between a company and its suppliers to produce and distribute a specific product	Demand chain	Investment chain	Supply chain	Production chain	3	3
37	BPO is a method of subcontracting various non- primary business activities and business task to _____	First party vendors	Second party vendors	Third party vendors	Fourth party vendors	3	3
38	_____ is one of the instruments of trade policy	Patents	Tariffs	Trademarks	Copyright	2	4
39	GATT is replaced by _____	World bank	WTO	IMF	UNCTAD	2	4
40	_____ is one of the objectives of GATT	To eradicate hunger	To reduce maternal mortality rate	To ensure full utilization of world resources	To eradicate poverty	3	4
41	GATS deals with trade in _____	Patent	Copyright	Services	trademarks	3	4
42	GATS stands for _____	The general agreement on tariff in services	The general agreement on trade in services	The general association on tariff in services	The general association on trade in services	2	4
43	Currently there are _____ countries member of ASEAN	5	10	15	20	2	4
44	_____ is not the member of ASEAN	India	Myanmar	Vietnam	Cambodia	1	4
45	The motto of ASEAN is _____	One vision, one identity, one community	Not me but you	Being human	Enlighten the world	1	4
46	SAFTA launched by _____	SAARC	ASEAN	WTO	World Bank	1	4
47	_____ is a member country of SAARC	India	USA	Canada	UK	1	4
48	In 2007 _____ joined SAARC	Nepal	Sri Lanka	Bhutan	Afghanistan	4	4
49	SAFTA is an abbreviation for the _____	South Asian Free Trade Area	South American Free Trade Area	South Asian Free Trade Association	South American Free Trade Association	1	4
50	The term 'Intellectual Property Rights' does not covers _____	scientific works	Trademark	Industrial designs	Infrastructure	4	4