

TYBCOM BUSINESS ECONOMICS SEM VI 50 MCQ +A1:F5A32A1A1:F5

Question	option 1	option 2	option 3	option 4	correct option (1,2,3,4,5)
Ricardo has taken which countries as example in comparative cost advantage theory?	Portugal	Germany	Britain	Russia	Portugal
Which factor of production has Ricardo taken in his theory?	Land	Labour	Capital	Entrepreneur	Labour
According to H-O theory the international trade takes place due to the difference in?	Labour efficiency	Difference in product price	Better technology	Better resources	Difference in product price
Gross barter terms of trade takes into account which factor?	income	Import	Investment	Foreign reserves	Import
Cultural changes due to international trade _____	Are always positive	Are always negative	Depends upon the situation	It can be both negative and positive	It can be both negative and positive
Foreign direct investment includes	Trade account	Current account	Capital account	Official reserve account	Capital account
Foreign investment is included in	Capital account balance	Trading account	Current account balance	Foreign exchange reserves	Capital account balance
When autonomous receipts are more than autonomous payments Which of the following is in its surplus?	Current account balance	Capital account balance	Balance of payment	Foreign exchange reserves	Balance of payment
Marshall and Edgeworth introduced a geometrical device to explain the gains from trade which is known as	Indifference curve	Isoquant curve	Balance of payment curve	Offer curve	Offer curve
The classical theory of international trade was given by which economist?	Heberler	David Ricardo	Hechscher	Marshall	David Ricardo
Under which Type of cost difference international trade will not take place?	Absolute	Comparative	Equal	Different	Equal
The classical theory of international trade is based on assumption of –	Money cost difference	Law of returns	Elasticity of demand	Labour cost of production	Labour cost of production
If the export price is greater than the import price, terms of trade will be	Favourable	Unfavourable	Neutral	Certain	Favourable
What is known as statistical discrepancy?	Overall balance	Errors and omissions	Payments	Unilateral payments	Errors and omissions
Which of the following are independent of other items in the balance of payment?	Accommodating transaction	Autonomous flow	Deficiency	Appreciation of export	Autonomous flow
What is the condition of balance of payment when there are accommodative payments?	Surplus	Deficit	Equilibrium	Independent	Surplus
According to IMF Long run disequilibrium is also known as	Fundamental disequilibrium	Cyclical disequilibrium	Structural disequilibrium	Seasonal disequilibrium	Fundamental disequilibrium
Which of the following is the reason for increase in imports in a country?	Demonstration effect	Substitute effect	Cyclical disequilibrium	Trade policies	Demonstration effect
What is known as unfavourable disequilibrium in balance of payment?	Payments are more than receipts	Payments are less than receipts	Payments are equal to receipts	Payment and receipts are independent	Payments are more than receipts
Which type of trading leads to more interaction between the countries?	Liberal trade	Restricted trade	Political interference trade	Cultural trade	Liberal trade
What is the other name of balance of trade ?	Merchandise Trade	Surplus trade	Invisible trade	Unilateral trade	Merchandise trade
In which account does short term borrowing will come in Balance of Payment?	Current account	Capital account	Official reserve account	Trading account	Capital account
Which transactions are usually shown separately under Monetary movement in Balance of payment ?	IMF transactions	Word bank transactions	WTO transactions	RBI transactions	IMF transactions
In which account are foreign exchange reserves are shown?	Current account	Capital account	Official reserve account	Trading account	Official reserve account
Which investment is divided into direct and portfolio investment ?	Foreign investment	Financial Investment	External investment	FDI investment	Foreign investment
Which one of the following factors Is responsible for terms of trade?	Change in prices	No change in technology	Economic development	No restriction of tariff	Economic development
Export of goods and services generate _____ for foreign currency, in the exporting country	supply	destruction	leakage	demand	supply
Import of goods and services generate _____ for foreign currency, in the importing country	demand	supply	destruction	injection	demand
The _____ of a currency is its price in terms of another currency or a group of other currencies	rate of interest	rate of returns	rate of exchange	rate of tax	rate of exchange

The _____ is determined at the point where the demand for foreign-exchange is equal to the supply of foreign-exchange	Point of arbitrage	rate of interest	rate of returns	Equilibrium exchange rate	Equilibrium exchange rate
Internationally, between 1875 and 1914 which standard monetary system was used to determine the exchange rates between currencies?	Silver Standard	Gold Standard	Platinum Standard	Bronze Standard	Gold Standard
Exchange rate determination was explained with the help of _____	Mint Parity Theory	Base rate	Moderate rate	purchasing power	Mint Parity Theory
After World War I, Gold standard was replaced by	Silver Currency	Bronze currency	paper Currency	Gold currency	paper Currency
Who developed Purchasing Power Parity theory?	Gustav Cassel	J.M. Keynes	Kenneth Arrow	Paul Samuelson	Gustav Cassel
In which year was the PPP theory developed?	1916	1917	1918	1919	1918
Which type of equilibrium is determined by PPP theory?	Short run Equilibrium exchange rate	Long run Equilibrium Exchange rate	Medium run Equilibrium Exchange rate	Temporary Exchange rate	Long run Equilibrium Exchange rate
PPP theory is based on the _____	Law of Demand	Law of Supply	Law of one Price	Law of variable proportions	Law of one Price
The parity of the purchasing powers of the currencies determines _____	Exchange rate	Equilibrium rate	Equal rate	Marginal rate	Exchange rate
The Purchasing Power Parity has two versions, Absolute version and _____	Qualitative version	Quantitative version	Relative version	Equivalent Version	Relative version
Which tariff has single column ?	Discriminatory tariff	Preferential tariff	Maximum tariff	Non-discriminatory tariff	Non-discriminatory tariff
Which of the following is an example of preferential tariff?	SAARC	NAFTA	WTO	UNO	NAFTA
Who imposes most favoured nation tag to their member countries ?	WTO	UNO	SAFTA	European union	WTO
Which tariff harms the economy if it runs for the long run?	Protective tariff	Revenue Tariff	Preferential tariff	Discriminatory tariff	Protective tariff
In which tariff is imposed on the physical weight or unit of a commodity that is imported or exported?	Specific tariff	Mixed tariff	Compound Tariff	Tariff quota	Specific tariff
Which of the following is a kind of protective tariff?	Anti-dumping tariff	Revenue tariff	Countervailing tariff	Retaliatory tariffs	Anti-dumping tariffs
Who gets benefited with redistribution effect in Tariff?	Consumers	Producers	Distributors	Government	Producers
Which of the following can improve and promote the economic welfare in the country?	Free trade	Protection	Tariff barriers	Increase in prices	Free trade
Which of the following is an argument against trade policy?	Destruction of domestic industries	Balanced economic development	Independent countries	Less government intervention	Destruction of domestic industries
Which of the following is the benefit to the protectionism?	Diversification	Protection to undeserving industries	Unemployment	In efficiency of resource allocation	Diversification
Which of the following is an example of protectionist policy?	Subsidies	Higher rate of taxes	High rate of interest	Less import duty	Subsidies