

PROGRAM : TYBCOM SEM-VI		PAPER : BUSINESS ECONOMICS				
SR. NO.	QUESTIONS	OPTION A	OPTION B	OPTION C	OPTION D	CORRECT OPTION/ANSWER
1	Ricardian comparative cost Theory can be extended or applied to which category?	More than two countries	Only two countries	Only to developed countries	Only to the Factors of production	<b>More than two countries</b>
2	Ricardian theory measures comparative cost in terms of which resource?	Money	Labour days	Cost of Raw Material	Cost of machinery	<b>Labour days</b>
3	Which of the following is the correct assumption of Ricardian theory?	Labour is homo- geneous and have same efficiency in all the countries	Labour is homo- geneous within the country	Labour differs in efficiency within the country	Labour producing same products have different efficiencies	<b>Labour is homogeneous within the country</b>
4	Ricardo has taken which countries as example in comparative cost advantage theory?	Portugal	Germany	Britain	Russia	<b>Portugal</b>
5	Commodity X is capital intensive if in its production	Capital and labour ratio is greater than that in commodity Y	Physical units of capital and labour are greater than in commodity Y	commodity X requires better technology than commodity Y	Capital and labour ratio is less than that in commodity Y	<b>Capital and labour ratio is greater than that in commodity Y</b>
6	Which assumption is included in international trade?	Factors of production move between the countries	Both factors and commodities move between the countries	Commodities move between the countries instead of factors	Commodities are not mobile between the countries	<b>Commodities move between the countries instead of factors</b>
7	Current account balance includes the following items	Visible and invisible items	Export and import of goods	Only invisible items	Only visible items	<b>Visible and invisible items</b>
8	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	<b>Balance of payment</b>
9	The classical theory of international trade was given by which economist?	Heberler	David Ricardo	Hechscher	Marshall	<b>David Ricardo</b>
10	The classical theory of international trade is based on assumption of-	Money cost difference	Law of returns	Elasticity of demand	Labour cost of production	<b>Labour cost of production</b>
11	Bertil Ohlin and E Hechscher are known for which international trade theory?	Traditional theory of international trade	Opportuniy theory of international trade	Modern theory of international trade	Inter regional theory of international trade	<b>Modern theory of international trade</b>
12	According to IMF Long run disequilibrium is also known as	Fundamental disequilibrium	Cyclical disequilibrium	Structural disequilibrium	Seasonal disequilibrium	<b>Fundamental disequilibrium</b>
13	Which of the following is the reason for increase in imports in a country?	Demonstration effect	Substitute effect	Cyclical disequilibrium	Trade policies	<b>Demonstration effect</b>
14	According to Harrod, "They buy what to them seems cheap and sell what to them seems ____"	satisfactory	scarce	dearer	available	<b>dearer</b>
15	What is the other name of balance of trade ?	Merchandise Trade	Surplus trade	Invisible trade	Unilateral trade	<b>Merchandise trade</b>
16	In which account does short term borrowing will come in Balance of Payment?	Current account	Capital account	Official reserve account	Trading account	<b>Capital account</b>
17	Which transactions are usually shown separately under Monetary movement in Balance of payment ?	IMF transactions	Word bank transactions	WTO transactions	RBI transactions	<b>IMF transactions</b>
18	Why do we keep the record of all the national and international transactions?	The more the international economic position of a country	To raise the revenut	To compare our country financial position	To increase the budget	<b>The more the international economic position of a country</b>
19	Who propounded absolute Difference in cost ?	Adam Smith	Alfred Marshall	David Ricardo	Malthus	<b>Adam Smith</b>
20	Generally which type of trade occurs in developed countries?	Enjoy favourable terms of trade	Suffers from adverse terms of trade	Equilibrium terms of trade	And depends upon the situation	<b>Enjoy favourable terms of trade</b>
21	What is the situation of India in balance of payment currently?	Deficit	Surplus	Dynamic	Static	<b>Deficit</b>
22	In past years India's non-visible Revenue has-	In deficit	In surplus	Stabilised	Variant	<b>In surplus</b>
23	_____ policies are used to reduce expenditure in the economy in order to reduce deficit in the balance of payments	Expenditure reducing	Expenditure switching	Expenditure increasing	Revenue increasing	<b>Expenditure reducing</b>
24	The WTO's agreement on _____ introduced intellectual property rules into the multilateral trading system for the first time	Trade Related aspects of Intellectual Property rights	Trade Related Investment Measures	Agreement on Agriculture	Agreement on manufactured goods	<b>Trade Related aspects of Intellectual Property rights</b>
25	The _____ takes on a number of forms such as copyrights, patents, trademarks, geographical indications, industrial design, layout design and so on.	Trade Related Investment Measures	Agreement on Agriculture	Agreement on manufactured goods	intellectual property rights	<b>Intellectual Property Rights</b>
26	_____ is an organisational setting within which individuals, Business units, governments and banks buy and sell foreign currencies	Foreign Exchange Market	Domestic goods market	Domestic money market	Domestic Capital Market	<b>Foreign Exchange Market</b>
27	_____ is a standard currency in the foreign exchange market which is internationally accepted	reserve currency	vehicle currency	domestic currency	special currency	<b>vehicle currency</b>
28	_____ is the largest, most liquid, round the clock operating market in the world which is not located in a single place	Domestic Capital Market	Domestic money market	Domestic goods market	Foreign Exchange Market	<b>Foreign Exchange Market</b>

29	_____ in the foreign exchange market comprise of people, international investors, MNCs, & others who need foreign exchange	Retail Clients	Foreign Exchange Dealers	Foreign Exchange Brokers	Central Banks	<b>Retail Clients</b>
30	_____ in the foreign exchange market act as the intermediaries between buyers and sellers of foreign currencies	Foreign Exchange Brokers	Central Banks	Retail Clients	Commercial Banks	<b>Foreign Exchange Brokers</b>
31	_____ are well established travel agents, department stores, hoteliers etc who are permitted to buy and sell foreign currency	Central Banks	Commercial Banks	Money changers	Arbitrageurs	<b>Money changers</b>
32	Telegraphic transfer, foreign bills of exchange, drafts etc. are used as _____ for transferring credit in the foreign exchange market	foreign currency	debit instruments	credit instruments	debit instruments	<b>credit instruments</b>
33	_____ are agents who speculate, i.e. who buy and sell foreign currency with the intention of making a profit by taking the advantage of the changes in the rates of exchange	Retail Clients	Speculators	Central Banks	Money changers	<b>Speculators</b>
34	Which of the given options is the objective of tariff?	To protect and support domestic countries	To decline the revenue	To reduce the employment in the country	Two waste the foreign exchange reserves	<b>To protect and support domestic industries</b>
35	What is compound tariff ?	Combination of compound tariff and quotas	Combination of Ad Valorem and Specific tariff	Direct and indirect tariff	Compound tariff and specific tariff	<b>Combination of Ad Valorem and Specific tariff</b>
36	Which economist has explained the effects of tariff?	Charles P Kindleberger	Keynes	Marshall	Edgeworth	<b>Charles P Kindleberger</b>
37	The tariff which is imposed by a trading partner on the country that initially imposes tariff on imports, to counter the effect of the tariff is called?	Retaliatory tariff	Countervailing tariff	Minimum Tariff	Discriminatory tariff	<b>Retaliatory tariff</b>
38	Which tariff has single column ?	Discriminatory tariff	Preferential tariff	Maximum tariff	Non-discriminatory tariff	<b>Non-discriminatory tariff</b>
39	Which of the following is an example of preferential tariff?	SAARC	NAFTA	WTO	UNO	<b>NAFTA</b>
40	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	<b>Specific tariff</b>
41	Which of the following is a kind of protective tariff?	Anti-dumping tariff	Revenue tariff	Countervailing tariff	Retaliatory tariffs	<b>Anti-dumping tariffs</b>
42	Which of the following is an argument against trade policy?	Destruction of domestic industries	Balanced economic development	Independent countries	Less government intervention	<b>Destruction of domestic industries</b>
43	Which of the following is the benefit to the protectionism?	Diversification	Protection to underserving industries	Unemployment	In efficiency of resource allocation	<b>Diversification</b>
44	Which of the following is an example of protectionist policy?	Subsidies	Higher rate of taxes	High rate of interest	Less import duty	<b>Subsidies</b>
45	Which one of the following is an argument for free trade? ..it promotes	foreign industries	efficient allocation of world resources	international trade and commerce	diversification of industries	<b>efficient allocation of world resources</b>
46	A system that makes it mandatory for domestic producers to use some proportion of domestic raw material is known as	Mixing quota	Global quota	Allocated quota	Import licensing	<b>Mixing quota</b>
47	Under free trade _____ benefit more	Consumers	agents	Middleman	Producers	<b>Consumers</b>
48	_____ is a type of non tariff barrier	Export duty	Import Duty	Import quota	Specific duty	<b>Import quota</b>
49	Trade barriers are often called _____	Free trade	Protection	both a and b	None of the above	<b>Protection</b>
50	Redistribution effect is called _____	Revenue effect	Consumption effect	Productive effect	Transfer effect	<b>Transfer effect</b>
51	Imposing of tariff, raises domestic prices causing fall in consumption of domestic goods is _____	Protective effect	Revenue effect	Consumption effect	Terms of trade effect	<b>Consumption effect</b>