TYBCOM
2019-2020
Sem-VI
Sample Questions

MODULE-1

1. An international trade is a trade between
   A) Two states
   B) Two countries
   C) Two regions
   D) Two firms

2. If a country enjoys an absolute advantage in the production of all commodities then also trade is possible”. Who said this?
   A) Adam Smith
   B) David Ricardo
   C) J.S Mill
   D) Alfred Marshall

3. Factor proportions theory is also known as the
   A) Classical theory
   B) Neo classical theory
   C) Heckscher- Ohlin theory
   D) Opportunity cost theory

4. Terms of trade means
   A) Ratio of goods exported & imported
   B) Ratio of prices of exports & imports
   C) Ratio of demand & supply
   D) Ratio of quality of exports & imports

5. The Single Factoral Terms of Trade concept is given by
   A) Alfred Marshall
   B) Bertil Ohlin
   C) Jacob Vinor
   D) David Ricardo

MODULE II

1. Infant industry argument' in international trade is given for:
   A) Temporary protection of new & upcoming industries in the domestic country
   B) Temporary protection of new industries in the foreign countries
   C) Permanent protection of domestic industries
   D) Tariff imposed on infant industries

2. The main difference between a tariff and a quota is a.
   A) A quota reduces the quantity of imports more than a tariff
   B) A tariff raises the price of imports more than a quota.
   C) A tariff does not harm foreign producers.
   D) A tariff generates government revenue, while a quota, unless it is sold, does not

3. Voluntary export restraint is a…..
   A) Tariff barrier
   B) Non-tariff barrier
   C) Restrain from any kind of exports
   D) Voluntary efforts to increase exports

4. The duty levied to nullify the effect of export subsidies is
   A) specific duty
   B) Ad valrem duty
   C) antidumping duty.
   D) countervailing duty

5. NAFTA is an example of :
   A) Economic union
   B) Custom union
   C) Trade bloc
   D) Free trade

MODULE III

1. Gifts and charities are a part of…….in a country's BOP.

A) Export
B) Import
C) Unilateral transfer
D) Short term borrowings

2. Devaluation of a currency means
A) Deliberate downward adjustment of a country's currency by the government.
B) Deliberate downward adjustment of a country's currency by the WTO
C) Deliberate upward adjustment of a country's currency by the government
D) Deliberate upward adjustment of a country's currency by the WTO

3. The main cause for fundamental disequilibrium is
A) Excess import for planned economic development
B) Natural calamities
C) Political disturbances
D) Effects of business cycle

4. Two fundamental principles of WTO are:
A) Most Favoured Nation & National treatment
B) Reducing poverty and inequality
C) Correcting BOP disequilibrium and interest rate
D) Labour rights and economic assistance to countries

5. WTO agreement deals with service sector is ……
A) TRIPS
B) TRIMS
C) GATT
D) GATS

MODULE -IV

1. Which market from the following is the primary price maker in the foreign exchange market?
   A) Retail market
   B) Wholesale market
   C) Rural market
   D) Urban market

2. Arbitrage refers to
   A) The act of exchange currency between two markets
   B) The act of purchasing the asset in other country
   C) The act of buying a currency in one market & selling it to another for profit
   D) The act of buying an asset in other country

3. The difference in the bid rate and the ask rate in the interbank quotation is called
   A) swap points
   B) Margin
   C) Spread
   D) Time lag

4. The …… states that exchange rates between any two currencies will adjust to reflect changes in the price levels of the two countries.
   A) theory of purchasing power parity
   B) law of one price
   C) theory of money neutrality
   D) quantity theory of money

5. The process of RBI to protects the economy against adverse economic shocks through use of monetary policy instrument is called …
   A) liberalization
   B) stabilization
   C) sterilization
   D) globalisation