

**The Byramjee Jeejeebhoy College of Commerce Business
Economics Sem VI Sample MCQs**

Sr. No.	Question	Option 1	Option 2	Option 3	Option 4	Correct Answer
1	Trade between two countries is called	Internal trade	Intra-Country	Intra-State Trade	International Trade	4
2	According to Classical economists, ___ is the reason for a country to specialise in the production of a commodity	Internalisation	Cost differences	International Division of labor	Special Commodities	3
3	International trade is the result of an advantage country possesses in producing a particular commodity at a _____	Lower Cost	Equal cost	Higher cost	Constant Cost	1
4	Absolute difference in Cost is explained by _____	David Ricardo	Adam Smith	J.S.Mill	Alfred Marshall	2
5	According to Adam Smith, international trade is advantageous for all participating countries only if they enjoy ___ difference in	Comparative	Equal	Absolute	Unequal	3
6	Who said the following, " The essence of international trade is not the absolute difference in cost but a comparative	Adam Smith	David Ricardo	J.S.Mill	Alfred Marshall	2
7	Ricardian theory has ___ countries and ___ commodities	3,2	2,3	2,4	2,2	4
8	Which of the following is NOT an assumption of Comparative Cost Advantage Theory?	Perfect Competition	Increasing return to scale	Perfect Mobility of labor within	Homogeneous labor	2
9	Comparative Advantage is expressed in	Absolute	Variable	Cost ratios	Marginal	3
10	If import prices rise more than export prices, terms of trade have _____	improved	deteriorated	increased	advanced	2
11	If $T_c = 125/150 * 100 = 83.33$ then T-O-T have worsened by	0.155	0.16	0.1666	0.167	option 3
12	The limitations of Commodity terms of trade gave rise to _____	Net barter terms of	gross barter	single factoral	double factoral	2
13	A favourable terms of trade indicates ___ imports for given exports	more	less	lower	same	1
14	_____ is equally important as price of exports	Income from exports	Production level of exports	amount of labor from export	raw materials used for	1
15	A decline in price would increase exports if demand is _____	inelastic	elastic	constant	fluctuating	2
16	_____ introduced the concept of Gross barter terms of trade	Adam Smith	Alfred Marshall	F W Taussig	David Ricardo	3
17	Single factoral terms of trade take in to account	Export and import prices	Changes in efficiency of factors producing export	Changes in demand for imports	Changes in demand for exports	2

18	Two countries can gain from foreign trade if	Cost ratios are different	Price ratios are different	Both cost ratios and price ratios are	Tariffs are different	3
19	J.S.Mill brought in ___ factor to explain terms of trade	cost	demand	supply	quality	2
20	Reciprocal demand is	Mutual demand of two countries to each	Mutual supply	price of export and import	Investment	1
21	The developing Countries it is argued usually	Enjoy Favourable terms of	Suffers from adverse	have better income	have better bargaining	2
22	If the deficits in a country's BOP persists for a long time it is a case of :	Structural disequilibrium	Fundamental	Cyclical disequilibrium	temporary disequilibrium	2
23	Disequilibrium in the BOP caused by changes in the demand or supply relations of exports or imports or both refer to :	Cyclical disequilibrium	Short Run disequilibrium	Structural disequilibrium	Fundamental disequilibrium	3
24	Which of the following is not a non monetary measure to correct the	Tariff	Import quotas	Export promotion	Devaluation	4
25	TRIMS include measures to :	Treat foreign investment on par with domestic	Remove quantitative restrictions	Treat foreign investment on par with domestic	Remove qualitative restrictions	3
26	Pick out the one which is not true of GATS :	Services and service activities are covered	National treatment to members	No market access to service supplier's	No discrimination between service	3
27	Pick out the feature which is not true of the Agreement on Agriculture.	Reduce domestic subsidies	reduce export subsidies	Increase tariffs	Increase trade in agricultural	3
28	Along with the world bank and _____ WTO is the third economic pillar of world-wide dimensions.	International economic	International Monetary	International Development	International funding organisation	b
29	TRIPS (trade-related aspects of intellectual property rights) agreement is administered by	world bank	united nations organization (WTO)	World trade organization (WTO)	United nations conference on trade & development	c
30	Who is most recently appointed the Ambassador & Permanent Representative of	JS Deepak	TS Deepak	Anwar Hussain	Brajendra Navnit	d
31	Which of the institutions is not a part of the world bank community?	IFC	IDA	WTO	IBRD	c
32	Which of the following categories of agricultural subsidies are allowed under	Green box	Blue box	Red box	Amber box	a
33	The _____ declaration recognised that the TRIPs agreement should protect public	Brazil	Doha	Bandung	Singapore	b

34	TRIMs deals with _____	Foreign investment	Foreign aid	Services	Goods	a
35	_____ refers to the rate at which the transaction take place at a future date.	Forward exchange	Arbitrage	Spot exchange	Hedging	1
36	_____ refers to the process of buying and selling a foreign currency in two different market at same time.	Arbitrage	Speculation	Spot exchange rate	Hedging	1
37	Transactions in the foreign exchange market are carried out are termed as _____.	fixed rate	forward rate	exchange rate	Hedging	3
38	Demand for foreign exchange varies _____ with the exchange rates.	Direct	Negative	inversely	positive	3
39	The -----is the largest market in the world.	foreign exchange market	NSE	BSE	NASDAQ	1
40	The countries of the world are following the exchange rate system.	fixed	flexible	restrictive	strict	b
41	_____ is a feature of the foreign exchange market which enables an investor to earn	cost	Leverage	revenue	profit	b
42	_____ has enabled faster growth of the foreign exchange market.	Technology	Leverage	Internaltrade	exchange rate	a
43	_____ function refer to the function of converting one currency into another.	Arbitrage	booking	asking	hedging	4
44	_____ are authorized to deal in foreign exchange transactions.	Moneylenders	Money launderers	Commercial banks	RRBs	3
45	Investment in financial assets like shares or bonds abroad will ____ - the demand for	incae	decrease	keep constant	fluctuate	1
46	A _____ country requires more foreign	developing	developed	hermit	restrictive	a
47	Services rendered by the domestic country to foreign counter parts increase the _____ of foreign exchange.	supply	demand	manufacture	produce	1
48	_____ enables an investor to earn high returns while minimizing capital risks.	Liquidity	Reserves	Returns	Leverage	4
49	Trading in foreign exchange has become fast and simple due to _____.	Simple procedures	Geographical	Improved technology	Bullet trains	2
50	The currency used for international transactions irrespective of the importing or exporting country's currency is called _____.	Soft currency	Bitcoin	Vehicle currency	value currency	3