

TYBCOM SEM VI SAMPLE QUESTIONS BUSINESS ECONOMICS

Serial Number	Module	Question	Option 1	Option 2	Option 3	Option 4	Correct Answer
1	I	Trade between two countries is called	Internal trade	Intra-Country trade	Intra-State Trade	International Trade	4
2	I	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	I	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	I	Absolute difference in Cost is explained by_____	David Ricardo	Adam Smith	J.S.Mill	Alfred Marshall	2
5	I	According to Adam Smith, international trade is advantageous for all participating countries only if they enjoy ___ difference in cost of production	Comparative	Equal	Absolute	Unequal	3
6	I	Who said the following, " The essence of international trade is not the absolute difference in cost but a comparative difference in cost."	Adam Smith	David Ricardo	J.S.Mill	Alfred Marshall	2
7	I	Ricardian theory has ___ countries and _____ commodities	3,2	2,3	2,4	2,2	4
8	I	Which of the following is NOT an assumption of Comparative Cost Advantage Theory?	Perfect Competition	Increasing return to scale	Perfect Mobility of labor within countries	Homogeneous labor	2
9	I	Comparative Advantage is expressed in _____	Absolute Cost	Variable cost	Cost ratios	Marginal Cost	3
10	I	England 1 unit wine = 1/2 unit cloth, Portugal 1 unit wine = 1 unit cloth. This is an example of	Comparative Cost	Absolute Cost	Relative Cost	Unequal Cost	1
11	I	Comparative Advantage theory is based on ___ value	Cost theory	Productivity theory	Quality theory	labor theory	4
12	I	No change in technology, no transport cost, constant returns to scale - these assumptions make the Comparative Cost advantage theory _____	Dynamic	Redundant	Static	Unacceptable	3

13	I	If a country enjoys an absolute advantage in the production of all commodities then also trade is possible". Who said this?	Adam Smith	David Ricardo	J.S.Mill	Alfred Marshall	2
14	I	According to H-O theory, International trade is, but a special case of ____ trade.	Inter-state	Intra state	Intra-Country	Inter-regional	4
15	I	H-o Theory is based on ____ value theory.	Partial	Semi-partial	General	Semi-General	3
16	I	H-O Theory is a ____ model	1 X 1 X 1	2 X 2 X 2	3 X 3 X 3	4 X 4 X 4	2
17	I	Commodity Y is Capital intensive if ____	$K_y / L_y = K_x / L_x$	$K_y / L_y < K_x / L_x$	$K_y / L_y > K_x / L_x$	$K_y > K_x$	3
18	I	If, England 1 wine = 1/2 cloth and if Portugal 1 wine = 1 cloth, this is an example of	Comparative advantage	Absolute Advantage	Similar Cost	Unequal Cost	1
19	I	If Commodity Y requires 2 units of capital and 2 units of labor and commodity X requires 1 unit of capital and 4 units of labor then Y is	Labor intensive	Labor specific	Capital Intensive	Capital Specific	3
20	I	Factor intensity is measured in ____ terms	Absolute Cost	Factor ratios	Relative Cost	Frequency of capital labor	2
21	I	Total amount of labor in Nation 1 is greater than labor in nation 2 if	$TK_1 / TL_1 > TK_2 / TL_2$	$TK_1 / TL_1 < TK_2 / TL_2$	$TK_1 / TL_1 = TK_2 / TL_2$	$TL_1 > TL_2$	1
22	I	Factor abundance can be explained using	Demand curve	Supply curve	Tangent	PPC	4
23	I	A nation is capital abundant if	$PK_1 / PL_1 < PK_2 / PL_2$	$PK_1 / PL_1 > PK_2 / PL_2$	$PK_1 / PL_1 = PK_2 / PL_2$	$PK_1 < PK_2$	2
24	I	Abundance of a factor makes it	Easy	More	Expensive	Cheap	4
25	I	$r_1 / w_1 < r_2 / w_2$ means	Nation 1 is capital abundant	Nation 1 is labor abundant	Nation 2 is capital abundant	Nation 2 has high wages	1
26	I	The rate at which goods are exchanged between two countries is called	Import price	Export rate	Foreign exchange	Terms of trade	4
27	I	The ratio of price of export to price of import is called	Import price	Export rate	Foreign exchange	Terms of trade	4
28	I	P_x / P_m is	Gross barter terms of trade	Net Barter terms of trade	Terms of trade	Commodity terms of trade	3
29	I	When many commodities are traded terms of trade is expressed as ____ of its export price to import price	sum	multiple	index ratio	index	3
30	I	If import prices rise more than export prices, terms of trade have ____	improved	deteriorated	increased	advanced	2

31	I	If $T_c = 125/150 * 100 = 83.33$ then T-O-T have worsened by	15.50%	16%	16.66%	16.70%	3
32	I	The limitations of Commodity terms of trade gave rise to ___	Net barter terms of trade	gross barter term of trade	single factoral terms of trade	double factoral terms of trade	2
33	I	A favourable terms of trade indicates ___ imports for given exports	more	less	lower	same	1
34	I	_____ is equally important as price of exports	Income from exports	Production level of exports	amount of labor from exports	raw materials used for exports	1
35	I	A decline in price would increase exports if demand is _____	inelastic	elastic	constant	fluctuating	2
36	I	_____ introduced the concept of Gross barter terms of trade	Adam Smith	Alfred Marshall	F W Taussig	David Ricardo	3
37	I	Single factoral terms of trade take in to account	Export and import prices	Changes in efficiency of factors producing export goods	Changes in demand for imports	Changes in demand for exports	2
38	I	Two countries can gain from foreign trade if	Cost ratios are different	Price ratios are different	Both cost ratios and price ratios are different	Tarifs are different	3
39	I	J.S.Mill brought in ___ factor to explain terms of trade	cost	demand	supply	quality	2
40	I	Reciprocal demand is	Mutual demand of two countries to each other's goods	Mutual supply	price of export and import	Investment	1
41	I	The developing Countries it is argued usually	Enjoy Favourable terms of trade	Suffers from adverse terms of trade	have better income terms of trade	have better bargaining power	2
42	I	Comparative advantage occurs whenthan other country .	A country has more population	A country can produce more goods	A country has a lower opportunity cost in the production of a good	A country has more product lines	3

43	I	A tariff-----	Increases the volume of trade	Reduces the volume of trade	Has no effect on the volume of trade	encourages foreign goods	2
44	I	Terms of trade of less developed countries are generally unfavourable because	They export primary goods	They export capital goods	They export few goods	They import few goods	1
45	I	According to J S Mill, equilibrium terms of trade is determined by _____ demand	Market	Aggregate	Effective	Reciprocal	4
46	I	Marshall and Edgeworth introduced a geometrical device to explain the gains from trade which is known as	Indifference curve	Offer curve	Isoquant	Demand curve	2
47	I	The concept of offer curves is associated with the names of	David Ricardo and	J S Mill and Alfred	Alfred Marshall and	Edgeworth and Pareto	3
48	I	The offer curve of a country is based on	Relative prices of	Price of exports	Price of imports	Volume of exports	1
49	I	Reciprocal demand is	Mutual supply of	Ratio of volume of	Ratio of earnings	Mutual demand of	4
50	I	In a free world in which no restrictions exist, international trade will lead to	Reduced real living standards	Reduced efficiency	Reduced real GDP	Increased efficiency	4
51	II	A commercial policy is a government policy related to _____.	Commercial transactions of private companies	Economic transactions across international borders	Commercial transactions of developed countries	Taxes	2
52	II	The classical economist Adam Smith was a champion of _____.	Protectionism	Free Trade	Trade Wars	Intra industry trade	2
53	II	The origin of protectionist policy can be traced back to _____.	Free trade era	Mercantilists days	Globalisation period	Brettonwoods system	2
54	II	Infant Industry Argument is justified for _____.	Protecting old industries	For enabling competitive efficiency of industries	For strengthening public sector	For allowing free trade	2
55	II	Pick out the wrong statement.	Tariffs are primarily levied to earn revenue.	Tariffs are levied to protect domestic industries.	Tariffs reduce the prices of the commodity on which it is levied.	Tariffs affect the income and employment.	3

56	II	Pick out the wrong statement.	Tariffs restrict trade	Import quotas have a direct effect in reducing imports	Voluntary export restraint is an example of tariff	An export subsidy is a government grant given to an export firm.	3
57	II	Economic integration means.	Application of tariffs	Removal of customs duties	Banning the movement of goods and services	banning trade	2
58	II	_____ is the highest form of economic integration.	Preferential trading system	Free trade union	Customs union	Economic union	4
59	II	The European Economic Community (EEC) was founded in 1957 under the treaty of _____.	Paris	Rome	Washington	Verailles	2
60	II	Pick out the feature which does not describe European Union.	Common currency	Elimination of customs duties on the movement of goods.	Independent policies for agriculture among member nations.	Creation of a European Social Fund to improve employment opportunities of workers.	3
61	II	European union was initially formed with _____ European countries.	27	28	6	5	3
62	II	Prime Minister _____ announced the government's intention that U.K. will not seek permanent membership of the European single market or the EU customs union after leaving the EU.	David Cameron	Trump	Narendra Modi	Theresa May	4
63	II	The referendum for Brexit was held on _____.	July 1st 2017	June 23rd 2016	September 1, 2017	July 23rd 2016	2
64	II	The full form of ASEAN is _____.	Association of South East African Nations	Association of South Europe Allied Nations	Association of South East Asian Nations	Association of Southern, eastern European Nations	3
65	II	ASEAN was formed with the signing of _____.	European declaration	American declaration	Asean declaration	Bangkok declaration	4

66	II	Pick out the wrong statement.	The objective of ASEAN is to achieve economic, political, social and cultural co-operation among its members.	U.K. is a member of ASEAN	There will be free movement of goods and services within ASEAN	ASEAN FTA will improve business competitiveness between the members.	2
67	II	The objective of commercial policy is / are _____.	increase trade relation	endanger domestic market	allow import of goods	Restrict exports	4
68	II	Under free trade _____ benefit more.	consumer	agents	middlemen	traders	1
69	II	Under free trade _____ will be higher.	wages	trade wars	civil wars	restrictions	1
70	II	Free trade is based on the principle of _____.	Comparative cost advantage	Comparative disadvantage	Production possibility advantage	Equal cost	1
71	II	Which of the following is not an argument for protectionism _____.	to protect infant industries	to increase the level of imports	to protect small industries	to improve the balance of payments	2
72	II	A tariff is a tax on _____.	domestic goods and services	foreign goods and service	quality of goods	None of the above	2
73	II	Protectionism _____	increase the quality of imports	decrease the government revenue	increase the government earnings from tax	decrease the government earnings from tax	3
74	II	Which of the following is an argument far free trade _____.	prevents monopolies	unfavourable terms of trade	unfavourable balance of payments	allows monopolies	1
75	II	The main objective of trade barriers are _____.	to discourage new industries domestically	to reduce unnecessary imports	to spend valuable foreign exchange	To allow free trade	4
76	II	_____ is a type of tariff barriers.	Em bargo	Ad–valorem duties	Product standard	Consular Formalities	2

77	II	_____ is a type of non – tariff barriers.	Import Quotas	Export duties	Import Duties	Specific Duties	1
78	II	An international trading company of the Government of India _____.	State Transport Corporation	State Service Corporation	State Trading Corporation	All of the above	3
79	II	Consular documents include _____.	Certificate of origin	Export certificates	Uncertified consular	Bills of exchange	1
80	II	Trade barriers are often called _____.	Free trade	Protection	Trade wars	Economic integration	2
81	II	Redistribution effect is called _____.	Revenues effect	Consumption effect	Productive effect	Transfer effect	4
82	II	Imposing of tariff, raises domestic prices causing fall in consumption of domestic goods is _____.	Protective effect	Revenue effect	Consumption effect	Terms of trade effect	3
83	II	_____ is the World's largest single market area.	European Union	India	Pakistan	Sri Lanka	1
84	II	At present, European Union consist of _____ member countries.	26	27	28	29	3
85	II	When an economy union involves unifying currency it becomes _____.	Customs Union	Trade Union	Economic and Monetary	Trade area	3
86	II	_____ is an official institution of the European Union.	European Council	European Parliament	European Commission	European Investment Bank	1
87	II	Euro is the official currency for _____ member countries of European Union.	16	17	18	19	4
88	II	The _____ is the single currency of the European Union.	dollar	euro	yen	pound	2
89	II	_____ is the second largest currency in the world.	Dollar	Euro	Yen	Pound	2
90	II	_____ became an ASEAN dialogue partner in 1995.	India	Pakistan	Sri Lanka	USA	1
91	II	Look East Policy has now transformed into a _____.	Act European Policy	Act East Policy	Act West Policy	East Asia Policy	2
92	II	The referendum for Brexit was held on _____.	23-Jun-16	23-Jun-17	23-Aug-17	23-Jun-18	1
93	II	ASEAN was formed in _____.	1947	1967	1977	1987	2

94	II	_____ is a statement of a systematic record of all economic transactions between one country and the rest of the world.	Deficit	Surplus	Balance of payments	Budget	3
95	II	Pick out the wrong statement.	Tariff restricts trade	Import quotas have a direct effect in reducing imports	Voluntary export restraint is an example of tariff barriers.	An export subsidy is a government grant given to an export firm	3
96	II	The consumption effect of tariffs forces consumers to_____.	increase their consumption due to tariffs.	pay lower price due to tariffs.	reduce their consumption due to tariffs.	depend on imports for consumption	3
97	II	Import embargo is an important retaliatory measure against_____.	dumping	exports	domestic production	domestic farmers	1
98	II	Which of the following Non – Tariff Barriers prevents free movement of capital between countries?	preferential government procurement	Exchange Controls	Domestic subsidies	Local content requirement	2
99	II	_____ is a measure under which a commodity of a specific volume or value is allowed to be imported in the country.	Voluntary Export Restraints	Combined duty	Import quota	Revenue tariff	3
100	II	Which of these are objectives of import quotas?	Correcting disequilibrium in the balance of payment	To allow dumping	To allow speculative activities	To allow excess supply in the domestic economy	1
101	III	In the _____ account, only transactions relating to goods are entered.	invisible account	Capital account	trade	Current account	3
102	III	_____ means a decline in the rate of exchange of one country in terms of another's.	Deflation	Tariff	Exchange Depreciation	exchange devaluation	3
103	III	Restrictions on the use of foreign exchange by the Central bank are called_____.	exchange controls	Official transfers	Foreign exchange reserves	LAF	1
104	III	_____ are duties levied on imports.	Tariffs	Deflation	exchange control	Quotas	1
105	III	Restrictions imposed on the quantity of imports is_____.	Surplus	Quotas	Balance	Tariffs	2
106	III	Balance of payment always_____.	Deficit	balances	Surplus	Equal	2
107	III	_____ term long run disequilibrium as fundamental disequilibrium.	Tariff	IMF	trade	WTO	2

108	III	WTO replaced _____ in 1995.	GATT	WTO	UN	UNESCO	1
109	III	TRIPs deals with _____.	intellectual property rights	Foreign investment	Foreign aid	Agriculture	1
110	III	Protection is made available for _____ years for patents.	20	30	10	40	1
111	III	The terms of _____ is 50 years.	copyright	Services	patent	Trademarks	1
112	III	The current account of balance of payment does not include :	Balance of visible trade	Import of services	Unilateral services	Foreign investment	4
113	III	Pick out the item which is not a part of unilateral transfers.	Gifts	Grants	Loan	Donation	3
114	III	Donations, grants, gifts and such other payments which do not have counter obligations are known as :	Grants	Aid	Unilateral flows	Bilateral flow	3
115	III	If the deficits in a country's BOP persists for a long time it is a case of :	Structural disequilibrium	Fundamental disequilibrium	Cyclical disequilibrium	temporary disequilibrium	2
116	III	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
117	III	Which of the following is not a non monetary measure to correct the disequilibrium in BOP ?	Tariff	Import quotas	Export promotion	Devaluation	4
118	III	TRIMS include measures to :	Treat foreign investment on par with domestic income	Remove quantitative restrictions	Treat foreign investment on par with domestic investment	Remove qualitative restrictions	3
119	III	Pick out the one which is not true of GATS :	Services and service activities are covered under GATS	National treatment to members	No market access to service supplier's	No discrimination between service suppliers	3
120	III	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 goods	3

121	III	In balance of payment account, all goods exported and imported are recorded in _____.	Capital account	Merchandise account	Invisible account	Current account	3
122	III	Gifts and charities account are also known as :	Export	Unilateral transfer	Import	Long-term borrowing	3
123	III	In BOP, total receipts must be equal to total _____.	payment	deficit	income	revenue	1
125	III	Reducing the value of domestic currency in term of foreign currency :	Deflation	Exchange control	Tariff	Devaluation	4
125	III	The current account in the balance of payments _____	is a total of all the visible items of trade	includes merchandise trade and services	always shows a surplus	includes autonomous and accommodating flows	2
126	III	Good performance on _____ has helped India to improve its current account balance in recent times.	trade account	invisible account	Capital account	reserves account	2
127	III	After covering deficits on current account, excess capital account receipts are added to _____.	IMF account	Official transfers	Foreign exchange reserves	Bank capital	3
128	III	Reducing public expenditure to correct BOP disequilibrium is a _____ measure.	Monetary	Fiscal	Special	Commercial	2
129	III	_____ is not a cause of deficit in balance of payments.	increase in import	fall in exports	capital outflow	capital inflows	4
130	III	Devaluation of a currency is brought about by the _____	World Bank	Asian Development Bank	International Finance Corporation	Government	4
131	III	When total exports are more than total imports then current account of balance of payment is in _____.	Deficit	Balance	Surplus	Unequal	3
132	III	_____ disequilibrium is chronic in nature.	Cyclical	Fundamental	Structural	Monetary	2
133	III	Expenditure switching policy is also known as _____.	Devaluation	Revaluation	Appreciation	Depreciation	1
134	III	_____ term long run disequilibrium as fundamental disequilibrium .	IMF	UN	WTO	World Bank	1
135	III	WTO replaced GATT and came into existence on	1 st January 1957	1 st January 1991	1 st January 1995	1 st January 1996	2

136	III	TRIPs stand for	Trade Related Investment Property Rights	Trade Related Investment Public Rights	Trade Related Intellectual Property Rights	Trade Related Investment in services	3
137	III	Under _____ the foreign investors will be given same rights as the national investor in the matter of investment.	TRIPs	TRIMs	GATs	AOA	2
138	III	GATs deals with trade in _____.	Services	patent	copyright	trademarks	1
139	III	TRIMs deals with _____.	Foreign investment	Foreign aid	Services	Goods	1
149	III	_____ agreement deals in trade in services	TRIMs	TRIPs	GATs	UNCTAD	3
141	III	The WTO agreements cover _____.	TRIPs	IMF	UNCTAD	ASEAN	1
142	III	WTO promote _____ trade.	bilateral	multilateral	unilateral	restricted	2
143	III	The only international organisation dealing with the global rules of trade between nations.	WTO	UN	IMF	World bank	1
144	III	Along with the world bank and _____ WTO is the third economic pillar of world-wide dimensions.	International eco	International Mon	International De	International fund in b	
145	III	TRIPs (trade-related aspects of intellectual property rights) agreement is administered by	world bank	united nations org	World trade org	United nations conf c	
146	III	Who is most recently appointed the Ambassador & Permanent Representantive of india to WTO?	JS Deepak	TS Deepak	Anwar Hussain S	Brajendra Navnit	d
147	III	Which of the institutions is not a part of the world bank community?	IFC	IDA	WTO	IBRD	c
148	III	Which of the following categories of agricultural subsidies are allowed under WTO?	Green box	Blue box	Red box	Amber box	a
149	III	The _____ declaration recognised that the TRIPs agreement should protect public health.	Brazil	Doha	Bandung	Singapore	b
150	III	TRIMs deals with _____.	Foreign investme	Foreign aid	Services	Goods	a
151	IV	_____ refers to the rate at which the transaction take place at a future date.	Forward exchange rate	Arbitrage	Spot exchange rate	Hedging	1
152	IV	_____ 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

153	IV	Transactions in the foreign exchange market are carried out as _____.	fixed rate	forward rate	exchange rate	Hedging	3
154	IV	Demand for foreign exchange varies _____ with the exchange rates.	Direct	Negative	inversely	positive	3
155	IV	When supply of foreign exchange is increased given the demand for foreign exchange, the rate of exchange _____.	decrease	increases	Direct	upward	1
156	IV	When demand for foreign exchange increases, the exchange rate _____.	increases	inversely	decrease	unrelated	1
157	IV	The relative version is considered to be _____ to absolute version.	superior	similar	selection of index numbers	inferior	1
158	IV	The relative version of the PPP theory is propounded by _____.	Gustav Cassel	Adam Smith	J.S.Mill	Alfred Marshall	1
159	IV	According to _____ theory, the exchange rate between two currencies is determined by their purchasing power.	Purchasing Power Parity	Balance of payment theory	Mint parity theory	Comparative advantage theory	1
160	IV	The _____ is the largest market in the world.	foreign exchange market	NSE	BSE	NASDAQ	1
161	IV	The countries of the world are following the exchange rate system.	fixed	flexible	restrictive	strict	b
162	IV	_____ is a feature of the foreign exchange market which enables an investor to earn high returns.	cost	Leverage	revenue	profit	b
163	IV	_____ has enabled faster growth of the foreign exchange market.	Technology	Leverage	Internal trade	exchange rate	a
164	IV	_____ function refer to the function of converting one currency into another.	Arbitrage	booking	asking	hedging	4
165	IV	_____ are authorized to deal in foreign exchange transactions.	Money lenders	Money launderers	Commercial banks	RRBS	3
166	IV	Investment in financial assets like shares or bonds abroad will _____ the demand for foreign exchange.	increase	decrease	keep constant	fluctuate	1
167	IV	A _____ country requires more foreign exchange.	developing	developed	hermit nation	restrictive	1

168	IV	Services rendered by the domestic country to foreign counter parts increase the _____ of foreign exchange.	supply	demand	manufacture	produce	1
169	IV	Unilateral payments received _____ the supply of foreign exchange.	increase	decrease	does not change	drastically changes	1
170	IV	_____ rate variations can affect the equilibrium exchange rate.	Birth	death	inflation	production	3
171	IV	Interest rate differentials _____ the exchange rate.	affect	improve	localise	neutralise	1
172	IV	The degree of _____ achieved affect the exchange rate.	education	health	growth	currency	3
173	IV	The purchasing power parity theory the difference in the quality of goods.	considers	appreciates	ignores	values	3
174	IV	The PPP theory _____ capital transfers.	considers	appreciates	ignores	values	3
176	IV	The _____ rate is determined by the demand for and supply of a currency.	spot	forward rate	option	futures	1
176	IV	The difference between bid price and ask price is the _____.	loss	profit	value	difference	2
177	IV	_____ exchange rate may be either at a premium or discount or at par.	spot	forward	current	option	2
178	IV	In a system of managed float there is less chance of speculation.	flexible	managed float	fixed	restrictive	2
179	IV	_____ is done to overcome uncertainties.	Arbitrage	Hedging	speculation	locking	2
180	IV	_____ is the opposite of hedging.	Arbitrage	locking	speculation	blocking	3
181	IV	The modern foreign exchange market functions in a system of _____.	Fixed exchange rate	Gold standard	Britton Wood system	Floating exchange rate	4
182	IV	Pick out the feature which is not true of the foreign exchange market.	Buying and selling of currencies	Largest market	High liquidity	Existence of a central market place	4
183	IV	In the determination of the exchange value of a currency, the first currency of a currency pair is called _____.	Price currency	Hard currency	Base currency	bitcoin	3
184	IV	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

185	IV	Pick out the feature which is not true of the foreign exchange market.	It is open 24 hours a day	Not one single entity can control the market	Huge market	It has limited geographical dispersion	3
186	IV	_____ enables an investor to earn high returns while minimizing capital risks.	Liquidity	Reserves	Returns	Leverage	4
187	IV	Trading in foreign exchange has become fast and simple due to _____.	Simple procedures	Geographical proximity	Improved technology	Bullet trains	2
188	IV	Pick out the feature which is not true of the foreign exchange market.	Huge trading volumes	Operates throughout the week	Presence of a risk element	Leverage enables to make profit	2
189	IV	The provision of foreign bills of exchange in international payments is an example of _____.	Transfer function	Credit function	Speculation	None of the above	3
190	IV	Transaction where the exchange of currencies take place on the same date is known as	swap transaction	ready transaction	spot transaction	value tomorrow	2
191	IV	Transaction in which exchange of currencies take place at a specified future date, subsequent to spot date is known as,	swap transaction	forward transaction	future transaction	non-deliverable forwards	2
192	IV	Transaction in which currencies to be exchanged the next day of the transaction is known as	value today	ready transaction	spot transaction	value tomorrow	4
193	IV	According to the Purchasing Power Parity theory, the rate of exchange between the currencies of two countries is determined by _____	their relative price levels	their import and export volumes	their import and export values	their relative capital movements	1
194	IV	Which of the following is not an assumption of the Purchasing Power Parity theory? _____	There are no trade barriers between countries	The price index for each of the two countries must be comprised of the same basket of goods	All the prices should be indexed to the same year	Changes in the exchange rate changes internal price level	4
195	IV	Exchange rate between two currencies is based on _____	purchasing power of two currencies	economic development of the two nation	political stability in the two countries	export - import in two countries	1

196	IV	Purchasing Power Parity Theory considers that goods in different countries are _____	differential	identical	superior	inferior	2
197	IV	Under IMF, the exchange rate system was _____	gold standard	currency board system	dollarization	EURO	1
198	IV	Under managed float, the central bank of a nation intervenes to _____ foreign currency.	only purchase	only sell	purchase and sell	auction	1
199	IV	Flexible exchange rate system, the exchange rate is determined by _____	Market forces	Central Bank	commercial bank	Scheduled Bank	1
200	IV	India has adopted _____ Exchange rate system.	Fixed	Flexible	Managed	Stable	3