

Unit-XIII

Practice Questions

01. Match the following and select the correct response

- | | |
|----------------------------|------------------------------|
| A) Balance of payment | 1. Unilateral transfer |
| B) Current account | 2. Change in reserve |
| C) Capital account | 3. Principle of Double entry |
| D) Official Settlement a/c | 4. Portfolio Investment |

- A) 2,4,1,3 B) 1,2,3 4 C) 3,1,4,2 D) 4,3,2,1

02. In General , a primary reason why nations involves in International trade is because

- A) Some nations prefers to produce one thing while other produce another.
- B) Resources are not equally distributed among all trading nations
- C) Trade enhances opportunities to accumulate profit
- D) Interest rate are not identical in all trading nations

03. Which one of the following is a non – tariff barrier:

- A) Transit Duties
- B) Foreign Exchange regulations
- C) Customs taxes
- D) Countervailing Duties

04. Which of the following is not stated as the purpose of IMF:

- A) To help in the development of less developed countries
- B) To Promote international monetary cooperation
- C) To facilitate the expansion and balance growth of international trade
- D) To Promote exchange rate stability and orderly exchange rate arrangement

05. The Asian Development bank has been set up by

- A) The World Bank
- B) International Monetary Fund
- C) United Nation
- D) India, Japan and China

06. Which organization publishes the “ World Economic outlook”?

- A) The World Bank
- B) WTO
- C) WEF
- D) IMF

07. Which of the following is not included in the current account section of the BoP?

- A) The Import of goods and services
- B) Government grants
- C) Capital flow
- D) The export of goods and services

08. Which of the following is characterized by “Rich countries Club”?

- A) IBRD
- B) ADB
- C) IFC
- D) IMF

09. The affiliates of the World Bank are:

I) IMF II) IDA III) IFC IV) MIGA

- A) I and II B) II, III and IV C) I, II and III D) All of the above

10. According to prof. Kindleberger, the effects to tariffs are

1. Protective effect 2. Revenue effect 3. Income effect 4. Expenditure effect

- A) 1 and 2 only B) 1, 3 and 4 only C) 1, 2 and 3 D) all of the above

11. The Most common types of Import duty is the

- A) ad valorem tariff B) Specific duty C) compound tariff D) Sliding scale duties

12. The basic objectives of the IMF are

- A) the elimination of existing exchange control
- B) The establishing and maintenance of currency convertibility with stable exchange rate
- C) The extension of multilateral trade and payment

Codes

- A) A and B only B) B and C only C) A and C D) All of the above

13. Who among the following enunciated the concepts of single factorial terms of trade?

- A) Jacob Viner B) J S Mill C) taussig D) G S Dorrance

14. Who helps their member countries in eliminating or minimizing the short period disequilibrium in their BoP?

- A) IBRD B) WTO C) IMF D) ITO

15. Which of the following is not a type of terms of trade

- A) Net Barter ToT
B) real cost terms of Trade
C) income terms of trade
D) None of the above

16 . Autonomous items are related to those transaction which ?

- A) Are not determined by motives of profit
B) Are not concerned with the equilibrium status of BoP
C) Both A and b
D) Neither A nor B

17. In which of the following categories are economic transactions of Balance of Payment?

- A) Visible Items
B) Invisible Items
C) Capital Transfer
D) All of the above

18. Which of the following item is shown on the debit side?

- A) Transfer receipts in the form of gift from foreigners
- B) Transfer payment to foreigner
- C) Borrowing from abroad
- D) Exports of Goods and services

19. Tariffs are an example of:

- A) An expenditure switching policy
- B) An expenditure reducing policy
- C) An expenditure expanding policy
- D) An expenditure stabilization policy

20. Which of the following is not the objective of World Bank?

- A) To provide long run capital to member countries
- B) To induce long run capital investment for BoP equilibrium
- C) To ensure implementation of development projects
- D) To promote exchange stability.

21. Formula to find out income terms of trade:

- A) $P_x/p_m * 100$
- B) $P_x/Q_x * 100$
- C) $Q_x * P_x/ P_m * 100$
- D) Q_x/Q_m*100

22. Automatic adjustment of BoP disequilibrium can be brought about by variation in

- A) Internal Prices
- B) External Prices
- C) Income
- D) Expenditure

23. Which of the following does not come under payment side in India's BoP account

- A) Import of goods B) Import of Services C) Export of goods D) Investment abroad

24. The Study of International Trade is concerned with

- A) Balance of trade
B) Terms of Trade
C) Equilibrium in BoP
D) International Payment

25. Match List I and List II

List I	List II
A) WTO	- 1. Provide loans to avoid short term BoP
B) IDA	- 2. Multilateral Trade negotiation body
C) IMF	- 3. Sanction of Soft Loan
D) IBRD	- Provide loan for reconstruction and development

Code:

- A) 2, 3, 4, 1 B) 2, 3, 1, 4 C) 3, 2, 4, 1 D) 3, 2, 1, 4