

**MCQs**

**Course Name: International Business Economics**

**Course Code: 4**

<b>Sr. No.</b>	<b>Question</b>	<b>Answer</b>
<b>1</b>	<b>Which of the following is international trade?</b> A. Trade between provinces B. Trade between regions C. Trade between countries D. (b) and (c) of above	<b>C</b>
<b>2</b>	<b>Theory of comparative advantage was presented by:</b> A. Adam Smith B. Ricardo C. Hicks D. Arshad	<b>B</b>
<b>3</b>	<b>Which is NOT an advantage of international trade:</b> A. Export of surplus production B. Import of defence material C. Dependence on foreign countries D. Availability of cheap raw materials	<b>C</b>
<b>4</b>	<b>If Japan and Pakistan start free trade, difference in wages in two countries will:</b> A. Increase B. Decrease C. No effect D. Double	<b>B</b>
<b>5</b>	<b>Trade between two countries can be useful if cost ratios of goods are:</b> A. Equal B. Different C. Undetermined D. Decreasing	<b>B</b>
<b>6</b>	<b>Modern theory of international trade is based n the views of:</b> A. Robbins and Ricardo B. Adam Smith and Marshall C. Hecksher and Ohlin D. Saleem and Kareem	<b>C</b>
<b>7</b>	<b>Foreign trade creates among countries:</b> A. Conflicts B. Cooperation C. Hatred D. Both (a) & (b)	<b>B</b>
<b>8</b>	<b>Net exports equal:</b> A. Exports x Imports	<b>C</b>

	<p>B. Exports + Imports C. Exports - Imports D. Exports of services only</p>	
<b>9</b>	<p><b>A tariff:</b> A. Increases the volume of trade B. Reduces the volume of trade C. Has no effect on volume of trade D. (a) and (c) of above</p>	<b>B</b>
<b>10</b>	<p><b>A tariff is:</b> A. A restriction on the number of export firms B. Limit on the amount of imported goods C. Tax and imports D. (b) and (c) of above</p>	<b>C</b>
<b>11</b>	<p><b>Dumping refers to:</b> A. Buying goods at low prices abroad and selling at higher prices locally B. Expensive goods selling for low prices C. Reducing tariffs D. Sale of goods abroad at low a price, below their cost and price in home market</p>	<b>D</b>
<b>12</b>	<p><b>According to Hecksher and Ohlin basic cause of international trade is:</b> A. Difference in factor endowments B. Difference in markets C. Difference in political systems D. Difference in ideology</p>	<b>A</b>
<b>13</b>	<p><b>All are advantages of foreign trade EXCEPT:</b> A. People get foreign exchange B. Nations compete C. Cheaper goods D. Optimum utilisation of country's resources</p>	<b>A</b>
<b>14</b>	<p><b>Two countries can gain from foreign trade if:</b> A. Cost ratios are different B. Tariff rates are different C. Price ratios are different D. (a) and (c) of above</p>	<b>D</b>
<b>15</b>	<p><b>International trade and domestic trade differ because of:</b> A. Trade restrictions B. Immobility of factors C. Different government policies D. All of the above</p>	<b>D</b>
<b>16</b>	<p><b>Terms of trade of developing countries are generally unfavourable because:</b> A. They export primary goods B. They import value added goods C. They export few goods D. (a) and (b) of above</p>	<b>D</b>
<b>17</b>	<p><b>Term of trade of a country show:</b></p>	<b>C</b>

	<p>A. Ratio of goods exported and imported          B. Ratio of import duties          C. Ratio of prices of exports and imports          D. (a) and (c) of above</p>	
<b>18</b>	<p><b>In a free trade world in which no restrictions exist, international trade will lead to:</b>          A. Reduced real living standard          B. Decreased efficiency          C. Increased efficiency          D. Reduced real GDP</p>	<b>C</b>
<b>19</b>	<p><b>Govt. policy about exports and imports is called:</b>          A. Monetary policy          B. Fiscal policy          C. Commercial policy          D. Finance policy</p>	<b>C</b>
<b>20</b>	<p><b>20. What would encourage trade between two countries:</b>          A. Different tax system          B. Frontier checks          C. National currencies          D. Reduced tariffs</p>	<b>D</b>
<b>21</b>	<p><b>Terms of trade" between two countries refer to a ratio of:</b>          A. Export prices to import prices          B. Currency values          C. Exports to imports          D. Balance of trade to balance of payments</p>	<b>A</b>
<b>22</b>	<p><b>22. What would encourage trade between two countries?</b>          A. Different tax system          B. Quality control          C. Reduced tariffs          D. Fixing import quotal</p>	<b>C.</b>
<b>23</b>	<p><b>23. It is drawback of protection:</b>          A. Consumers have to pay higher prices          B. Producers' get higher profits          C. Quality of goods may be affected          D. All of the above</p>	<b>D</b>
<b>24</b>	<p><b>It is drawback of free trade:</b>          A. Prices of local goods rise          B. Government loses income from custom duties          C. National resources are underutilized          D. (a) and (b) of above</p>	<b>B</b>
<b>25</b>	<p><b>Gold standard means:</b>          A. Currency of the country is made of gold          B. Paper currency is not used          C. Currency of the country is freely convertible into gold          D. (a) and (c) of above</p>	<b>D</b>
<b>26</b>	<p><b>Terms of trade of a country:</b></p>	<b>D</b>

	<p>A. Mean the trade agreement between trading countries          B. Is another name of exchange ratio of two currencies          C. Show the ratio between total export earnings and import bill of a country          D. Are determined by the price index of export and import goods</p>	
27	<p><b>Pakistan's terms of trade:</b>          A. Have risen over past few years          B. Have fallen over past few years          C. Always remain above 100          D. Are determined by federal govt.</p>	<b>B</b>
28	<p><b>Exchange value of Pak rupee against other currencies has fallen because:</b>          A. Our total exports are smaller          B. Our imports are more than exports          C. Exports are more than imports          D. Pakistan does not produce gold</p>	<b>B</b>
29	<p><b>29. This is an advantage of foreign trade:</b>          A. We can preserve our natural resources          B. New technology comes to the country          C. People need not go abroad          D. We can get foreign currencies</p>	<b>B</b>
30	<p><b>Rich countries have deficit in their balance of payments:</b>          A. Sometimes          B. Never          C. Alternate years          D. Always</p>	<b>A</b>
31	<p><b>David Ricardo presented the theory of international trade called:</b>          A. Theory of absolute advantage          B. Theory of comparative advantage          C. Theory of equal advantage          D. Theory of total advantage</p>	<b>B</b>
32	<p><b>Trade between two countries takes place when:</b>          A. Cost ratios of commodities are equal          B. Cost ratios of commodities are different          C. Cost ratios of commodities are high          D. Cost ratios of commodities are low</p>	<b>B</b>
33	<p><b>The theory explaining trade between two countries is called:</b>          A. Comparative disadvantage theory          B. Comparative cost theory          C. Comparative trade theory          D. None of the above</p>	<b>B</b>
34	<p><b>The theory explaining trade between two countries is called:</b>          A. Comparative advantage          B. Comparative bargain          C. Comparative trade          D. Comparative returns</p>	<b>A</b>
35	<p><b>If a country decreases the external value of its currency, it will affect:</b>          A. Volume of exports</p>	<b>D</b>

	B. Volume of imports C. General price level D. All of the above	
<b>36</b>	<b>In foreign trade, Protection policy means:</b> A. Restrictions on exports B. Restriction on transfer of foreign exchange C. Restrictions on imports D. All of the above	<b>C</b>
<b>37</b>	<b>Foreign trade has the advantage:</b> A. Trading countries get foreign exchange B. Can import scarce raw materials C. Can import machinery and technology D. (b) and (c) of above	<b>D</b>
<b>38</b>	<b>This is NOT an advantage of foreign trade:</b> A. We can get gold from abroad B. New technology comes to the country C. We can import goods which are in short supply in Pakistan D. We can made best use of natural resources	<b>A</b>
<b>39</b>	<b>Foreign trade:</b> A. Increases employment opportunities B. Increases international mobility of labour C. Increases competition D. All of the above	<b>D</b>
<b>40</b>	<b>Foreign trade:</b> A. Benefits developed countries B. Benefits underdeveloped countries C. Benefits democratic countries D. Benefits all countries	<b>D</b>
<b>41</b>	<b>Trade between two countries can be useful if cost ratios of goods are:</b> <b>A. Undetermined</b> <b>B. Decreasing</b> <b>C. Equal</b> <b>D. Different</b>	<b>D</b>
<b>42</b>	<b>Govt. policy about exports and imports is called:</b> A. Commercial policy B. Fiscal policy C. Monetary policy D. Finance policy	<b>A</b>
<b>43</b>	<b>Which of the following is international trade?</b> A. Trade between countries B. Trade between regions C. Trade between provinces D. Both (b) and (c)	<b>A</b>
<b>44</b>	<b>Market in which currencies buy and sell and their prices settle on is called the</b> A. International bond market B. International capital market	<b>C</b>

	C. Foreign exchange market D. Eurocurrency market	
<b>45</b>	<b>The margin for a currency future should be maintained with the clearing house by</b> A. The seller B. The buyer C. Either the buyer or the seller as per the agreement between them D. Both the buyer and the seller	<b>D</b>
<b>46</b>	<b>The following statement with respect to currency option is wrong</b> A. Foreign currency- Rupee option is available in India B. An American option can be executed on any day during its currency C. Put option gives the buyer the right to sell the foreign currency D. Call option will be used by exporters	<b>D</b>
<b>47</b>	<b>Dumping refers to:</b> A. Reducing tariffs B. Sale of goods abroad at low a price, below their cost and price in home market C. Buying goods at low prices abroad and selling at higher prices locally D. Expensive goods selling for low prices	<b>B</b>
<b>48</b>	<b>International trade and domestic trade differ because of:</b> A. Different government policies B. Immobility of factors C. Trade restrictions D. All of the above	<b>D</b>
<b>49</b>	<b>The term Euro Currency market refers to</b> A. The international foreign exchange market B. The market where the borrowing and lending of currencies take place outside the country of issue C. The countries which have adopted Euro as their currency D. The market in which Euro is exchanged for other currencies	<b>B</b>
<b>50</b>	<b>Which of the following theories suggests that firms seek to penetrate new markets over time?</b> A. Imperfect Market Theory B. Product cycle theory C. Theory of Comparative Advantage D. None of the above	<b>B</b>
<b>51</b>	<b>Transportation cost of trade affects:</b> A. pattern of trade B. boundaries between tradable and non-tradable goods C. Global supply chains D. all of the above	<b>D</b>
<b>52</b>	<b>Underlying the application of the monopolistic competition model to trade is the idea that trade:</b> A. increases market size B. allows companies to charge higher price	<b>A</b>

	C. increases consumer choices D. decreases the number of firms in an industry	
<b>53</b>	<b>A no-trade world will have which of the following characteristics:</b> A. Countries will have same relative endowments of production factors B. Consumers across countries will have identical and homogenous tastes C. There will be no distortions or externalities D. all of the above	<b>D</b>
<b>54</b>	<b>Which of the following trade policies limits specified quantity of goods to be imported at one tariff rate?</b> A. Quota B. Import tariff C. Specific tariff D. All of the above	<b>A</b>
<b>55</b>	<b>In the 2-factor, 2 good Heckscher-Ohlin model, the two countries differ in</b> A. Military capabilities B. labour productivities C. relative availabilities of factors of production D. tastes	<b>C</b>
<b>56</b>	<b>Since 1980s which of the following changes has happened in the world trade?</b> A. Share of "north-north" trade has decreased in total merchandise exports B. Share of "south--south" trade has increased in total merchandise eports C. share of agriculture produce has decreased in total merchandise exports D. all of the above	<b>D</b>
<b>57</b>	<b>In a quote exchange rate, currency that is to be purchase with another currency is called:</b> A. liquid currency B. foreign currency C. local currency D. base currency	<b>D</b>
<b>58</b>	<b>Holding an inventory have</b> A. buying cost B. selling cost C. opportunity cost D. exchange rate risk	<b>C</b>
<b>59</b>	<b>Today, important factor that result in augmentation in international bond market is</b> A. low interest rates B. high interest rates C. moderate interest rates D. all of above	<b>A</b>
<b>60</b>	<b>In the following quote: Spot USD 1 = Rs.45.6500/650 Spot September 100/150 September forward buying rate for dollar is</b> A. Rs.45.6800 B. Rs.45.6600 C. Rs.45.7500	<b>B</b>

	D. Rs.45.6500	
61	<p><b>The transaction where the exchange of currencies takes place two days after the date of the contract is known as</b></p> <p>A. ready transaction B. value today C. spot transactions D. value tomorrow</p>	<b>C</b>
62	<p><b>The transaction where the exchange of currencies takes place on the same date is known as</b></p> <p>A. tom B. ready transaction C. spot transactions D. value tomorrow</p>	<b>B</b>
63	<p><b>A Transaction in which the currencies to be exchanged the next day of the transaction is known as</b></p> <p>A. ready transaction B. value today C. spot transactions D. Value tomorrow</p>	<b>D</b>
64	<p><b>The transaction in which the exchange of currencies takes place at a specified future date, subsequent to the spot date is known as a</b></p> <p>A. swap transaction B. forward transaction C. future transaction D. non-deliverable forwards</p>	<b>B</b>
65	<p><b>One-month forward contract entered into on 22nd March will fall due on</b></p> <p>A. 21th April B. 22nd April C. 23rd April D. 24th April</p>	<b>D</b>
66	<p><b>Which of the following statements is true?</b></p> <p>A. Exchange exposure leads to exchange risk B. exchange risk leads to exchange exposure C. exchange exposure and exchange risk are unrelated D. none of the above</p>	<b>A</b>
67	<p><b>A currency future is not</b></p> <p>A. traded on futures exchanges B. a special type of forward contract C. of standard size D. available in India</p>	<b>D</b>
68	<p><b>Normally forward purchase contract booked should be used by the customer</b></p> <p>A. for executing the export order for which the contract was booked B. for any export order from the same buyer C. for any export order for the same commodity D. for any export order</p>	<b>A</b>



69	<p><b>The bank should verify the letter of credit/sale contract for booking a</b></p> <p>A. Forward sale contract B. Forward purchase contract C. Cancelling a forward contract D. None of the above</p>	<b>B</b>
70	<p><b>Under the forward exchange contract</b></p> <p>A. the exchange rate is determined on the future date A. B. the parties agree to meet at a future date for finalisation C. delivery of foreign exchange is done on a predetermined B. future date D. none of the above</p>	<b>C</b>
71	<p><b>The term risk in business refers to</b></p> <p>A. chance of losing business B. chance of making losses C. uncertainty associated with expected event leading to losses or gains D. threat from competitors</p>	<b>C</b>
72	<p><b>Derivatives can be used by an exporter for managing</b></p> <p>A. currency risk B. cargo risk C. credit risk D. all the above</p>	<b>A</b>
73	<p><b>Indirect quotation is also known as</b></p> <p>A. home currency quotation B. foreign currency quotation C. European quotation D. American quotation</p>	<b>B</b>
74	<p><b>In indirect quotation the principle adopted by the bank is to</b></p> <p>A. buy low only B. buy low; sell high C. buy high; sell low D. sell low only</p>	<b>C</b>
75	<p><b>In direct quotation the principle adopted by the bank is to</b></p> <p>A. buy low only B. buy low; sell high C. buy high; sell low D. sell low only</p>	<b>B</b>
76	<p><b>Direct quotation is also known as</b></p> <p>A. home currency quotation B. foreign currency quotation C. currency quotation D. American quotation</p>	<b>A</b>
77	<p><b>The difference between buying rate and selling rate is the gross profit for the bank and is known as the</b></p> <p>A. bid rate B. offer rate</p>	<b>C</b>

	C. spread D. swap	
<b>78</b>	<b>The selling rate is also known as</b> A. bid rate B. offer rate C. spread D. swap	<b>B</b>
<b>79</b>	<b>The buying rate is also known as the</b> A. bid rate B. offer rate C. spread D. swap	<b>A</b>
<b>80</b>	<b>The features of the commercial paper are</b> • <b>It is an unsecured instrument issued in the form of promissory note.</b> • <b>The highly rated corporate borrowers can raise short term funds through this instrument.</b> • <b>It is an additional instrument to the investing community.</b> • <b>All of the above</b>	<b>D</b>
<b>81</b>	<b>Which of the following is used for International Monetary Transfer?</b> A. RTGS B. NEFT C. SWIFT D. None of these	<b>C</b>
<b>82</b>	<b>One of the items is not related with e-banking</b> A. Demand draft B. SPMS C. ECS D. ATM	<b>A</b>
<b>83</b>	<b>What is OTP in credit card transaction?</b> A. Odd Transaction Password B. Owner is Trading Pass code C. One Time Password D. One Time Pin code	<b>C</b>
<b>84</b>	<b>Banking ombudsman may reject the complaint</b> A. immediately after receipt B. after hearing both parties C. at any stage D. None of the above	<b>C</b>
<b>85</b>	<b>Currency chest balance will be periodically verified by</b> A. Bank own officials B. RBI Officials C. Both (a) and (b)	<b>C</b>

	D. Officials of AG's office	
<b>86</b>	<b>Which of the following is not the fund-based business of commercial banks?</b> A. D.P. Operation B. Loans C. Deposits D. Depositing Bills	<b>A</b>
<b>87</b>	<b>India has been witnessing high rate of inflation because</b> A. Public expenditure and money supply both are continuously increasing. B. The agricultural and industrial sectors have not performed adequately. C. Both agricultural and administered prices have been hiked. D. All of the above	<b>D</b>
<b>89</b>	<b>Which one among the following has not started commercial banking?</b> A. SIDBI B. IDBI C. ICICI D. UTI	<b>A</b>
<b>90</b>	<b>Banking in India has its origin. as early as ___ period</b> A. Vedic B. Moughal C. British D. None of these	<b>C</b>
<b>91</b>	<b>Find out the odd one out of the following</b> A. State Bank of India B. Reserve Bank of India C. Union Bank of India D. Central Bank of India	<b>B</b>
<b>92</b>	<b>Which one of the statements</b> A. Institutional infrastructure facilities makes intelligence. B. STC is the chief canalizing agent for export and import of agriculture products. C. IIPO organizes trade fairs and exhibitions. D. Letter of credit does not indicate that the bank will pay the value of imports to the exporter.is not true?	<b>D</b>
<b>93</b>	<b>Reserve Bank of India is</b> A. an extension wing to ministry of finance, Government of India B. a body corporate having perpetual secession and a common seal C. an institution owned by Indian Banks Associations D. a private sector company	<b>B</b>
<b>94</b>	<b>he maturity period of Treasury Bill is</b> A. 91 Days B. 364 Days C. Both (a) and (b) D. None of these	<b>A</b>
<b>95</b>	<b>The powers of controllers of capital issues of India is now shifted to</b>	<b>B</b>

	<p>A. Ministry of finance B. SEBI C. AMFI D. Ministry of corporate office</p>	
<b>96</b>	<p><b>Which one is not finance company?</b> A. Hire-purchase finance company B. IRDA C. Mutual Benefit finance companies D. Loan companies</p>	<b>B</b>
<b>97</b>	<p><b>he most important reason for an investor to go for a bank deposit is</b> A. The credit worthiness of the bank B. The Bank does not invest in the securities C. The Bank offers a guarantee D. All of the above</p>	<b>A</b>
<b>98</b>	<p><b>Which one is not the part of Migration to new capital adequacy framework based on the three-pillar approach namely?</b> A. Minimum capital requirement B. Supervisory Review C. Market discipline D. Bookkeeping</p>	<b>D</b>
<b>99</b>	<p><b>Which of the following limits the power of credit creation by Commercial Bank</b> A. Fiscal Policy B. Banking Loan C. Business Possession D. None of the above</p>	<b>D</b>
<b>100</b>	<p><b>From which date have all banks started sharing their ATM force of cost for transactions?</b> A. January 1, 2009 B. April 1, 2009 C. July 1, 2009 D. September 1, 2009</p>	<b>B</b>