

**TYBCOM (SEM VI)/PAPER CODE -11113/BUSINESS ECONOMICS**

**QUESTION BANK**

<b>Sr. No</b>	<b>Question</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Correct Option</b>	<b>Solution</b>
1	Ricardian comparative cost Theory can be extended or applied to which category?	More than two countries	Only two countries	Only to developed countries	Only to the Factors of production	<b>A</b>	<b>More than two countries</b>
2	Heckscher and Ohlin theory can be explained under which type of trading?	International trading	Regional trading	National trading	Commodity trading	<b>A</b>	<b>International trading</b>
3	Ricardian theory assumes perfect mobility of labour in which category?	Within the country	Between the countries	Between and within the countries	Depends upon the condition	<b>A</b>	<b>Within the country</b>
4	H-O theory can be extended to _____.	only Two countries	only Two commodities	many commodities and many countries	only Two factors of production	<b>C</b>	<b>many commodities and many countries</b>
5	According to H-O theory the international trade takes place due to the difference in?	Labour efficiency	Difference in product price	Better technology	Better resources	<b>B</b>	<b>Difference in product price</b>
6	What is the main cause of international trade according to modern theory?	Opportunity cost difference	Demand for commodities	Differences in relative commodity prices	Conditions of supply of commodity	<b>C</b>	<b>Differences in relative commodity prices</b>
7	The gross barter terms of trade considers _____.	Ratio of price of exports to that of imports	Ratio of volume of imports to exports expressed as percentage	Ratio of earnings from exports to that of imports	The ratio of cost of imports to that of exports	<b>B</b>	<b>Ratio of volume of imports to exports expressed as percentage</b>
8	Who developed single and double factorial terms of trade?	Prof. Taussig	Gustav Castle	David Ricardo	Jacob Viner	<b>D</b>	<b>Jacob Viner</b>
9	When single factorial terms of trade is multiplied by the index of the amount of this utility per unit of productive resources used in producing exports, which terms of trade is used?	Double factorial terms of trade	Real cost terms of trade	Income terms of trade	Single factorial terms of trade	<b>B</b>	<b>Real cost terms of trade</b>
10	The offer curve of a country is based on which factor?	Price of exports	Price of imports	Wholesale Price index	Relative prices of two commodities	<b>D</b>	<b>Relative prices of two commodities</b>

**TYBCOM (SEM VI)/PAPER CODE -11113/BUSINESS ECONOMICS**

**QUESTION BANK**

<b>Sr. No</b>	<b>Question</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Correct Option</b>	<b>Solution</b>
11	Which terms of trade can be defined on the basis of productivity of factors of production?	Double factorial terms of trade	Net barter terms of trade	Gross barter terms of trade	Income terms of trade	<b>A</b>	<b>Double factorial terms of trade</b>
12	Which of the following is the graphical representation of reciprocal demand?	Offer curve	Higher economic welfare	Leontief paradox	Increase in consumption curve	<b>A</b>	<b>Offer curve</b>
13	Who has given reciprocal demand concept in international trade?	JS Mill	David Ricardo	Alfred Marshall	Thomas Malthus	<b>A</b>	<b>JS Mill</b>
14	The aim of ABIF is to establish _____ in ASEAN.	Banking integration	Food security	Free labour market	Customs union	<b>A</b>	<b>Banking integration</b>
15	The Euro replaced the national currencies of 12 EU member nations in the year _____.	1945	1971	2008	2002	<b>D</b>	<b>2002</b>
16	_____ is not a legislating institution, but defines the EU's overall political directions and priorities.	European Council	European Parliament	European commision	European Investment Bank	<b>A</b>	<b>European Council</b>
17	ASEAN was formed in _____.	1947	1967	1987	1977	<b>A</b>	<b>1947</b>
18	Imposing of tariff, raises domestic prices causing fall in consumption of domestic goods is _____.	Protective effect	Revenue effect	Consumption effect	Terms of trade effect	<b>C</b>	<b>Consumption effect</b>
19	The Eurozone crisis was essentially a _____ crisis.	Political	Sovereign debt	Immigration	Terrorism	<b>B</b>	<b>Sovereign debt</b>
20	A tariff is a tax on _____.	Domestic goods	Foreign goods	quality of goods	services	<b>B</b>	<b>Foreign goods</b>
21	_____ is a type of non tariff barrier.	Export duty	Import Duty	Import quota	Specific duty	<b>C</b>	<b>Import quota</b>

**TYBCOM (SEM VI)/PAPER CODE -11113/BUSINESS ECONOMICS**

**QUESTION BANK**

<b>Sr. No</b>	<b>Question</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Correct Option</b>	<b>Solution</b>
22	Which of the following is an argument against trade policy?	Destruction of domestic industries	Balanced economic development	Independent countries	Less government intervention	<b>A</b>	<b>Destruction of domestic industries</b>
23	European Union is also known as _____.	NAFTA	GATT	European Commom Market	ASEAN	<b>C</b>	<b>European Commom Market</b>
24	Under free trade _____ benefit more.	Consumers	agents	Middleman	Producers	<b>A</b>	<b>Consumers</b>
25	Which of the following is not an objective of commercial trade policy?	To preserve foreign exchange reserves	To determine the rate of interest	To protect the domestic industries from foreign competition	To maintain favourable balance of payment	<b>B</b>	<b>To determine the rate of interest</b>
26	Which trade is also known as visible trade?	Balance of payment	Balance of trade	Profit and loss of business	Operating cost of business	<b>B</b>	<b>Balance of trade</b>
27	Which of the following are independent of other items in the balance of payment?	Accommodating transaction	Autonomous flow	Deficiency	Appreciation of export	<b>B</b>	<b>Autonomous flow</b>
28	Which of the following is the reason for increase in imports in a country?	Demonstration effect	Substitute effect	Cyclical disequilibrium	Trade policies	<b>A</b>	<b>Demonstration effect</b>
29	If the currency appreciates then how it will affect the export?	Export will becomes costlier	Export becomes cheaper	No effect upon exports	Imports will become costlier	<b>A</b>	<b>Exports will become costlier</b>
30	Expenditure reducing policies are also known as _____ policy.	Inflationary	Deflationary	Export import	Rate of interest	<b>B</b>	<b>Deflationary</b>
31	The _____ policy will lead to an increase in exports and fall in imports.	Deflationary	Inflationary	Expansionary	Expenditure fixing	<b>A</b>	<b>Deflationary</b>
32	Devaluation is used interchangeably with _____.	Depreciation	Appreciation	Inflation	revaluation	<b>A</b>	<b>Depreciation</b>

**TYBCOM (SEM VI)/PAPER CODE -11113/BUSINESS ECONOMICS**

**QUESTION BANK**

<b>Sr. No</b>	<b>Question</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Correct Option</b>	<b>Solution</b>
33	_____ is used to correct surplus in the balance of payments.	Revaluation	Devaluation	Inflation	Deflation	<b>A</b>	<b>Revaluation</b>
34	WTO came into existence on _____.	First January 1995	31st of December 2000	First January 1949	31st of December 2001	<b>A</b>	<b>First January 1995</b>
35	The _____ takes on a number of forms such as copyrights, patents, trademarks, geographical indications, industrial design, layout design and so on.	Trade Related Investment Measures	Agreement on Agriculture	Agreement on manufactured goods	intellectual property rights	<b>D</b>	<b>Intellectual Property Rights</b>
36	Prior to the _____ round there was no common set of rules and disciplines governing trade in services.	Uruguay	Bali	Doha	Tokyo	<b>A</b>	<b>Uruguay</b>
37	WTO incorporates proposals made by _____, who was the Director General of GATT	Arthur Dunkel	J M Keynes	Adam Smith	J S Mill	<b>A</b>	<b>Arthur Dunkel</b>
38	_____ is the largest, most liquid, round the clock operating market in the world which is not located in a single place.	Domestic Capital Market	Domestic money market	Domestic goods market	Foreign Exchange Market	<b>D</b>	<b>Foreign Exchange Market</b>
39	_____ are agents who speculate, i.e who buy and sell foreign currency with the intention of making a profit by taking the advantage of the changes in the rates of exchange.	Retail Clients	Speculators	Central Banks	Money changers	<b>B</b>	<b>Speculators</b>
40	The dealers in the wholesale foreign exchange market are also called as _____ price makers.	primary	secondary	intermediary	retail	<b>A</b>	<b>primary</b>
41	Export of goods and services generate _____ for foreign currency, in the exporting country.	supply	destruction	leakage	demand	<b>A</b>	<b>supply</b>
42	The _____ is determined at the point where the demand for foreign-exchange is equal to the supply of foreign-exchange.	Point of arbitrage	rate of interest	rate of returns	Equilibrium exchange rate	<b>D</b>	<b>Equilibrium exchange rate</b>

**TYBCOM (SEM VI)/PAPER CODE -11113/BUSINESS ECONOMICS**

**QUESTION BANK**

<b>Sr. No</b>	<b>Question</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Correct Option</b>	<b>Solution</b>
43	Export of capital and unilateral payments create a _____ for foreign currency.	injection	demand	supply	destruction	<b>B</b>	<b>demand</b>
44	After World War I, Gold standard was replaced by _____.	Silver Currency	Bronze currency	paper Currency	Gold currency	<b>C</b>	<b>paper Currency</b>
45	PPP theory is based on the _____.	Law of Demand	Law of Supply	Law of one Price	Law of variable proportions	<b>C</b>	<b>Law of one Price</b>
46	If there is inflation in India, with no price change in the USA, then the rupee will _____.	No change against dollar	Appreciate against	Depreciate against dollar	Constant	<b>C</b>	<b>Depreciate against dollar</b>
47	Free float exchange rate system under which the exchange rate is determined in the market by the _____.	forces of demand and supply	Government	RBI	IMF	<b>A</b>	<b>forces of demand and supply</b>
48	Full convertibility on current account was introduced with effect from _____.	June 15, 1995	July 20, 1993	October 25, 1997	August 20, 1994	<b>D</b>	<b>August 20, 1994</b>
49	India has adopted _____ Exchange rate system.	Fixed	Managed	Flexible	Unmanaged	<b>B</b>	<b>Managed</b>
50	The government or monetary authority intervenes to bring about the required stability in the exchange rate, it is called _____.	Fixed float	Dirty float	Managed float	Flexible float	<b>C</b>	<b>Managed float</b>