

TOPIC: INTERNATIONAL TRADE – MCQ

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INTERNATIONAL TRADE

Q1. Trade between two countries can be useful if cost ratios of goods are:

- A. Undetermined B. Decreasing C. Equal **D. Different**

Q2. The term Euro Currency market refers to

- 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

Q3. Which of the following theories suggests that firms seek to penetrate new markets over time?

- A. Imperfect Market Theory B. Product cycle theory
C. Theory of Comparative Advantage **D. None of the above**

Q4. Dumping refers to:

- A. Reducing tariffs
B. Sale of goods abroad at a lower price, below their cost and price in their home market
C. Buying goods at low prices abroad and selling at higher prices locally
D. Expensive goods selling for low prices

Q5. International trade and domestic trade differ because of:

- A. Different government policies B. Immobility of factors
C. Trade restrictions **D. All of the above**

Q6. The margin for a currency future should be maintained with the clearing house by

- 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

Q7. The following statement with respect to currency option is wrong

- 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

Q8. Govt. policy about exports and imports is called:

- A. Commercial policy** B. Fiscal policy
C. Monetary policy D. Finance policy

Q9. Which of the following is international trade?

- A Trade between countries** B. Trade between regions
C. Trade between provinces D. Both (b) and (c)

Q10. Market in which currencies buy and sell and their prices settle on is called the

- A. International bond market B. International capital market
C. Foreign exchange market D. Eurocurrency market

Q11 made several rounds of bargaining through which tariffs have been reduced.

- GATT** **NAFTA** **IMF** **IBRD**

Q12 what occurs once Imported products are more than exported goods.

Trade deficit Trade barrier Trade surplus None

Q13 Trade between countries can indeed be useful if the price ratios of products are:

Different Decreasing Undetermined Equal

Q14 Which one of the following ideas implies that businesses seek to penetrate new marketplaces over time?

Product cycle theory Imperfect Market Theory
Theory of Comparative Advantage all of the above

Q15 Term Dumping called

- a. Tariffs should be cut to make more money.
- b. Buying goods at low prices in another country and selling them at a higher price here.
- c. Expensive goods are being sold at low prices.
- d. Sale of goods abroad at low a price, below their cost and price in the home market**

Q16 Global commerce and domestic trade differ because of:

Different government policies Trade restrictions
Immobility of factors **All of the above**

Q17 The margin for just a currency future should be retained with the clearing house by

The buyer The seller **Both the buyer and the seller** None

Q18 Which one of the following options is incorrect

- A. People who buy put options can sell the foreign currency at a certain price.
- B. It is possible to buy and sell American options on any day during its currency.
- C. Foreign currencies can be exchanged for Indian rupees in India.
- D. The call option will be used by exporters.**

Q19 The percentage of trade to GDP was just as high as _____ in 1913.

25 13 87 21

Q20 Trade around two or more different countries is called _____.

International Trade External Trade
Internal Business Unilateral Trade

Q21. Fifteenth century onwards, the European colonialism began and along with trade of exotic commodities, a new form of trade emerged which was called

- a) Silk Road trade **b) Slave trade**
- c) Triangle Trade d) Spice Trade

Q22. Which of the following is not a basis of international trade?

- a) Difference in National Resources b) Population Factor
- c) Economic Development **d) None of the above**

Q23. Which of the following are the types of international trade?

- a) Bilateral trade b) Multilateral trade
- c) Slave trade **d) Both a and b**

Q24. World Trade Organisation was formed on

- a) January 1, 1996
- b) **January 1, 1995**
- c) January 1, 1999
- d) January 1, 1994

Q25. World Trade Organisation earlier known as the

- a) **General Agreement for Tariffs and Trade (GATT)**
- b) General Arrangement for Tariffs and Trade (GATT)
- c) General Allowance for Tariffs and Trade (GATT)
- d) General Authority for Trade and Tariffs (GATT)

Q26. Which one of the following continents has the maximum flow of global trade?

- a) **Asia**
- b) North America
- c) Europe
- d) Africa

Q27. Choose the right answer from the four alternatives given below. (i) Most of the world's great ports are classified as:

- a) Naval Ports
- b) Oil Ports
- c) **Comprehensive Ports**
- d) Industrial Ports

Q28. The initial form of trade in primitive societies was called

- a) Primitive system
- b) Exchange system
- c) **Barter system**
- d) None of the above

Q29. Which of the following places still follow the barter system?

- a) **Jagiroad, Guwahati**
- b) Panikhaiti, Guwahati
- c) Both a and b
- d) None of the above

Q30. Which factor is not considered in the calculation of the Balance of Trade?

- a) Exports of goods
- b) Imports of goods
- c) Services trade
- d) **Government expenditures**

Q31. _____ refers to goods imported from one country and exported to another country.

- A. Third Party Trade
- B. Entrepot trade
- C. **Export Trade**
- D. EXIM Trade

Q32. International trade contributes and increases the world _____

- A. Population
- B. Inflation
- C. **Economy**
- D. Trade Barriers

Q33. The ratio of trade to GDP was as high as _____ in 1913.

- A. **22.1**
- B. 11.2
- C. 26.3
- D. 33.2

Q34. Free international trade maximizes world output through _____.

- A. Countries reducing various taxes imposed.
- B. **Countries specializing in production of goods they are best suited for.**
- C. Perfect competition between countries and other special regions
- D. The diluting the international business laws & conditions between countries.

Q35. Domestic company limits its operations to _____ political boundaries.

- A. International
- B. **National**
- C. Transnational
- D. Global

Q36. Trade between two or more than two countries is known as _____.

- A. Internal Business
- B. External Trade
- C. **International Trade**
- D. Unilateral Trade

Q37. _____ refers to the tax imposed on imports.

- A. Imported Tax
- B. **Tariffs**
- C. Subsidies
- D. Import Quotas

Q38. _____ means selling the products at a price less than the ongoing price in the market.

- A. Quota
- B. Tariff
- C. Subsidy
- D. **Dumping**

- Q39. _____ is the oldest International Trade theory.
- A. Country Similarity Theory B. Theory of Absolute Cost advantage
C. Product Life Cycle Theory **D. Mercantilism Theory**
- Q40. A voluntary export restraint is the opposite form of _____.
- A. Import quotas** B. International tariffs
C. Subsidies D. Dumping
- Q41. The international trade between _____ is like a vast game of beggar my neighbor.
- A. Exporter & Importer B. Two Countries
C. Two world wars D. Country's allies and enemies
- Q42. _____ is a group of countries that agree to abolish all trade restrictions and barriers.
- A. Common market B. Economic Union
C. Custom Union **D. Free Trade Area**
- Q43. EU stands for _____
- A. Export Union **B. European Union**
C. EXIM Union D. Export Unit
- Q44. The abbreviation SAARC stands for _____
- A. South American Association for Regional Cooperation
B. South African Association for Regional Cooperation
C. South ASEAN Association for Regional Cooperation
D. South Asian Association for Regional Cooperation
- Q45. The full form of WTO is _____
- A. World Tariff Organization **B. World Trade Organization**
C. Western Trade Organization D. World Transport Organization
- Q46. _____ was replaced by WTO on January 1, 1995.
- A. NAFTA B. IMF C. IRDB **D. GATT**
- Q47. In International Trade, Full form of NAFTA is _____.
- A. National American Free Trade Agreement
B. North Asian Free Trade Agreement
C. New Anti-Tariff Free Trade Agreement
D. North American Free Trade Agreement
- Q48. AFTA is _____.
- A. ASEAN Free Trade Area** B. American Free Trade Area
C. Asian Free Trade Area D. Agreement for Free Trade
- Q49. ASEAN stands for _____.
- A. The Association of Southeast American Nations
B. The Association of Southeast Asian Nations
C. The Agreement of Southeast American Nations
D. The Agreement of Southeast Asian Nations
- Q50. _____ was established by a multilateral treaty of 23 countries in 1947.
- A. WTO B. UN **C. GATT** D. NAFTA Answer: GATT
(The General Agreement on Tariffs and Trade)