Principles of Economics Icom Part 1 English Medium Chapter 12 Online Test

Sr	Questions	Answers Choice
1	According to classical theory of international trade, a country imports those goods from the other country which	A. Are durable B. Are standardised **C. Are produced comparatively at high cost** D. Are not produced in that country
2	Comparative cost theory is also called	**A. Theory of comparison cost** B. Theory of specialization of cost C. Theory of balanced cost D. Theory of specialization of production
3	Comparative cost theory was presented by	A. Marshall **B. Ricardo** C. Hecksher D. Ohlin
4	Absolute advantage theory was presented by	**A. Adam Smith** B. Prof Walker C. Ricardo D. Marshall
5	In comparative cost or comparative advantage theory, ratio is	A. 1x1 one good one country **B. 2x2 two goods two countries** C. 1x2 one good two countries D. 2x1 two goods one country
6	In which of the following condition theory of international trade is presented	A. Monopoly B. Duopoly C. Monopolistic competition **D. Perfect competition**
7	One of the following is not advantage of international trade	A. Provision of necessities of life **B. Imperfections of market** C. Provision of medicines & machinery D. Provision of necessities of defence
8	One of the following is not disadvantage of international trade	A. Dependence on production of limited goods B. Supply of goods injurious to health C. Bitter pill for political freedom **D. Development of civilization & culture**
9	International trade is based on the following except	A. Different factors of production are required for the production of different goods B. Factors of production exist in different ratios in different countries **C. Factors of production are in abundant quantity in different countries** D. Factors of production are in limited quantity in different countries
10	Factors of production are more mobile	A. In international trade **B. In the country** C. In both D. In none
11	In balance of payment are included	A. Visible items B. Invisible items **C. Visible and invisible items** D. Material items
12	In case of international trade, trade restrictions are usually	A. Limited B. More **C. Too much** D. None of three
13	One of the following is invisible item of balance of payment	A. Import of motor cars B. Exports of cotton **C. Expenditure of passengers**

		traveling by air D. Private investment in foreign country
14	Which of the following is not invisible trade	A. Expenditure on education in other country B. Expenditure on imported machinery C. Expenditure of passengers traveling by air D. Expenditure of goods carried by a ship
15	Balance of visible goods of a country mean	A. Quantity of imports & exports B. Value of imports & exports C. Value of imported & exported goods and services D. Value of imported & exported services
16	" International balance of payment is all that transaction for which either foreign exchange is spent or received." This definition is stated by	A. Prof. Marshal B. Prof.Samuelson C. Prof. Ricardo D. Prof. Hicks
17	The trade that takes place between the individuals living in different areas of a country is called	A. Domestic trade B. International trade C. Foreign trade D. Regional Trade
18	The trade that takes place between the inhabitants of two countries is called	A. Domestic trade B. International trade C. National trade D. Regional Trade
19	The systematic record of the money value of visible exports and visible imports of one year of country is called	A. Balance of trade B. Balance of payment C. International balance D. External balance
20	The systematic record of visible and invisible exports and imports of a country in one year is called	A. Balance of trade B. Balance of payment C. External balance D. Internal balance
21	Which one of the following is included in balance of trade	A. Visible goods B. Invisible goods C. Visible & invisible goods D. All the three
22	Which one of the following is included in balance of payment	A. Visible goods B. Invisible goods C. Visible & invisible goods D. Non material goods
23	One of the following is not included in the causes of deficit in balance of payments of a country	A. Increase in exports B. Increase in imports C. Unfavourable terms of trade D. Occurance of inflation
24	One of the following is not included in the methods of removing deficit in balance of payments of a country	A. Increase in exports B. Increase in imports C. Devaluation of currency D. Decrease in the quantity of money
25	In which year international monetary fund was established	A. 1941 B. 1944 C. 1945 D. 1947
26	Balance of payment of a country is favourable when its	A. Receipts are more than payments B. Receipts are less than payments C. Receipts are equal to payments D. None of three
27	Balance of payment of a country in unfavourable when its	A. Receipts are more than payments B. Receipts are less than payments C. Receipts are equal to payments D. None of three
28	Balance of payment of a country is balanced when its	A. Receipts are more than payments B. Receipts are less than payments C. Receipts are equal to payments D. None of three
29	Advantages of international trade are	A. One B. Two C. Three D. Many

		D. Many
30	Foreign exchange is used in	A. Local trade B. Regional trade C. Domestic trade D. International trade
31	Because of devaluation of currency of a country, its exports	A. Decrease B. Increase C. Remains constant D. Go on changing
32	In order to improve the balance of payment the foremost try is to increase	A. Imports B. Exports C. Production D. Savings
33	International Monetary fund is	A. Local B. Regional C. National D. International
34	The trade transaction between the individuals of different areas of a country is called	A. Local trade B. Regional trade C. Domestic trade D. International trade
35	In between how many countries international trade takes place under comparative cost theory	A. Two B. Three C. Four D. Many
36	Which economist explained the absolute difference of cost of two good between two countries	A. Malthus B. Adam Smith C. Ricardo D. J.S Mill
37	Which economist has stated the definition of balance of payments	A. Robbins B. Kindleberger C. Marshall D. Keynes
38	According to comparative cost theory conditions ------------ in goods and labour market exist	A. of monopoly B. of duopoly C. Monopolistic competition D. of perfect competition
39	The exchange of goods and services from country to country is called	A. Foreign B. National trade C. Corporate trade D. Domestic trade
40	Balance of payments is annual statistical record of	A. Visible goods B. Invisible goods C. Foreign loans D. Visible and invisible goods
41	The record of visible and invisible items on international account is called	A. Balance of payment B. Balance of trade C. Balance of budget D. Capital account
42	The base of international trade theory of Devid Ricardo is	A. Absolute advantage B. Comparative cost C. Cheaper cost D. Low cost
43	The base of international trade theory of Adam Smith is	A. Absolute advantage B. Comparative cost C. Cheaper cost D. Low cost
44	A system where the goods are exchange with goods is known as:	A. Monetary system B. Barter System C. Coins system D. Goods system
45	A system where the goods are exchanged with money is known as:	A. Monetary system B. Barter system C. Coins system D. Modified system
46	Difficulties in barter system:	A. Lack of double coincidence of wants B. Lack of storing value C. Lack of common measure of value D. All of these
		A. Robbins

47	"Money is what money does" is the statements of:	B. Marshall C. Hicks D. Keynes
48	If currency can converted into gold, it is called:	A. Convertible paper money B. Inconvertible paper money C. Bank Money D. Both a and b
49	If the face value of a coin is equal to the value of metal used in:	A. Legal money B. Token money C. Standard money D. Both b and c
50	If the face value of a coin is greater than the value of metal used in:	A. Legal money B. Token money C. Standard money D. Both b and c
51	Money which can be converted into cash money is known is:	A. Near money B. Paper money C. Legal tender money D. Token money
52	The most appropriate definition of money was given by:	A. F.A.Walker B. Keynes C. Pigou D. Crowther
53	Quantity theory of money was introduced by:	A. Fisher B. Marshall C. Crowther D. J.S Mill
54	Quantity theory of money was introduced in an equation by:	A. Fisher B. Marshall C. Crowther D. Tausigg
55	The relation between quantity of money and value of money is:	A. Positive B. Negative C. Direct D. Inverse
56	The relation between quantity of money and price is:	A. Positive B. Negative C. Direct D. Inverse
57	Quantity theory of money was criticized by:	A. Marshall B. Sameulson C. Keynes D. Both b and c
58	The term "inflation" means:	A. Rapid increase in price level B. Decrease in price level C. General increase in price level D. Both a and c
59	Deflation means:	A. Rapid increase in price level B. General decrease in price level C. General increase in price level D. Both a and c
60	When general price level increases due to increase in aggregate demand, it is known as?	A. Stagflation B. Hyper inflation C. Demand pull inflation D. Cost push inflation
61	When general price level increases due to increase in cost of production, it is known as ?	A. Stagflation B. Hyper inflation C. Demand pull inflation D. Cost push inflation
62	When there is inflation attached with high unemployment level, it is called ?	A. Stagflation B. Hyper inflation C. Demand pull inflation D. Cost push inflation
63	Inflation can be controlled by:	A. Fiscal policy B. Monetary policy C. Trade policy D. Both a and b
64	Recent international depression was appeared in:	A. 1936 B. 1990 C. 2005 D. 2008

65	The first great depression was appeared in:	A. 1934 B. 1930 C. 1932 D. 1936
66	Cheque is which kind of money:	A. Credit money B. Paper money C. Standard money D. Legal money