

# INTERNATIONAL BUSINESS

1. Bilateral arrangements instituted to restrain the rapid growth of exports of specific manufactured goods, are called
  - A. Administered protection
  - B. Voluntary export restraints
  - C. Imposed export restraints
  - D. None of the above
2. Which of the following is NOT true about the International Finance Corporation (IFC)?
  - A. IFC does not make its investments in partnership with the private investors from the capital exporting country.
  - B. The minimum investment that the IFC will make in an enterprise is fixed at \$10,000
  - C. Rate of interest in each case would be a matter of negotiations depending on the risk.
  - D. None of the above.
3. If a commodity X is subject to an import duty of 25% ad valorem, the nominal tariff is
  - A. 50%
  - B. 25%
  - B. 12.5%
  - D. 2.5%

4. An IMF member may purchase up to the full amount of its reserve tranche anytime

A. Without any condition

B. Subject only to the requirement of balance of payments need

C. Subject only to the requirements of development

D. None of the above

5: Which of the following are included in the permanent facility for specific purpose of IMF?

A. The compensatory and contingency financing facility.

B. The buffer stock financing facility

C. The extended facility

D. All of the above

6. India is not associated with

A. SAARC

B. NAFTA

C. BRICS

D. None of these

7. Consider the following

1. Tariff binding

2. Tariffication

3. Tariff cuts

4. Reduction in subsidies of domestic support  
which of the above are aspects of the Uruguay Round agreement on agriculture?  
A: 1, 2, and 3      C: 1, 3, and 4  
B: 2, 3 and 4      D: 1, 2, 3 and 4

8. According to the credit tranche policy of the IMF, credit is made available in

A. Five tranches, each equivalent to 20% of country's quota

B. Four tranches, each equivalent to 25% of country's quota

C. Ten tranches, each equivalent to 10% of country's SDRs

D. Four tranches, each equivalent to 25% of country's SDRs

9. The licence necessary to obtain foreign exchange to pay for the imports, is Called

- A. Foreign exchange licence
- B. Import licence ✓
- C. Quota licence
- D. None of the above

10. Which one is not international Institution?

- A. IMF
- B. IDA
- C. IBRD
- E. TRAI

11. The Uruguay Round Agreement deal with subsidies which are

- A. Prohibited subsidies
- B. Actionable subsidies
- C. Non-Actionable subsidies
- ✓ D. All of the above

12. Under which system of valuation, SDRs were valued in terms of 16 currencies, which were assigned specific weights?

- A. Standard basket valuation ✓
- B. Standard charted valuation
- C. Various currencies valuation
- D. None of the above

13. Mr. James a citizen of US arrived in India for the first time of 1st July, 2010 and left for Nepal on 15th Dec. 2010. He arrived to India again on 1st January, 2011 and stayed till the end of the financial year 2010-11. His residential status for the assessment year 2011-12 is

- A. Resident (Ordinarily resident)
- B. Not ordinarily resident ✓
- C. Non-resident
- D. None of the above

14. A tariff fails to restrict imports when the demand for imports is
- A. Perfectly price elastic
  - B. Price inelastic
  - C. Of unitary price elasticity
  - D. None of the above
15. Which barrier can be used against recession induced exports into the country?
- A. Quotas
  - B. Voluntary export restraints
  - C. Tariff
  - D. All of the above
16. The value of SDR tends to be more stable than that of any single currency in the "Standard basket valuation" because
- A. It is internationally accepted measure
  - B. It is a weighted average of the exchange rates of the five major currencies.
  - C. Both (A) and (B)
  - D. It is an imaginary currency.
17. Factor Endowment Theory of International Trade was propounded by
- A. David Ricardo
  - B. Bertil-Ohlin
  - C. J. S. Mill
  - D. C.P. Kindleberges
18. Balance of Payment can be made favourable if
- A. Exports are increased
  - B. Imports are increased
  - C. Devaluation of money
  - D. (A) and (C).
19. Which facility was established to provide assistance to members facing payments difficulties that are large in relation to their economies and their fund quotas?
- A. Supplementary Financing Facility (SFF)
  - B. Compensatory and Contingency Financing Facility (CCFF)

- B. Extended Fund Facility (EFF)
  - C. Bufferstock Financing Facility (BFF)
20. Quotas of all IMF members are reviewed at intervals of
- A. Five years
  - B. Not more than five years
  - C. Three years
  - D. Two years
21. What are the characteristics of the loans provided by the International Development Association (IDA) to member countries?
- A. They are on liberal terms with regard to the rate of interest
  - B. They are on liberal terms with regard to the period of repayment
  - C. They can be repaid in the currency of the member country
  - D. All of the above
22. Which of the following is the best example of Agreement between Oligopolists
- A. GATT
  - B. OPEC
  - C. WTO
  - D. UNIDO
23. Which type of subsidies are provided to industrial research and pro competitive development activity in disadvantaged regions?
- A. Prohibited subsidies
  - B. Actionable subsidies
  - C. Non-actionable subsidies
  - D. None of the above
24. Consider the following
- 1. Changes in quality
  - 2. Changes in compositions
  - 3. Tastes and preferences
  - 4. Price differences

Which of the above impose limitations in the use of price indices to measure the terms of trade?

A. 1 and 2

B. 2 and 3

C. 1,2 and 3

D. 1,2 and 4

25. The comparative cost Advantage theory was given by

A. David Ricardo

B. Adam Smith

C. Raymond Vernon

D. Michael E. Parter

26. India suffered from deficit balance both in trade and balance and not invisibles, hence took up a number of Steps to manage the problem. Which one is not appropriate for this?

A. Export control

B. Current Account Convertibility

C. Liberalised Export Policy

D. Unified Exchange Rate

27. Which of the following is true about the Board of Governors of IMF?

A. They meet once a year

B. They may vote by mail at other times except the annual meeting

☒ C. Both (A) and (B)

☐ D. They are elected annually

28. Which one of the following is true statement

A. A balance of trade deals with export and import of invisible items only.

☒ B. A balance of payment deals with both visible and invisible items.

C. The current account is not a component of balance of payment.

D. All of the above

29. In India --- has a predominant share in the debt market.
- Government Securities
  - Corporate Deposits
  - Corporate Equity
  - Global Depository Receipts
30. Which of the following is the criteria for approving an IDA credit?
- Poverty test
  - Performance test
  - Project test
  - All of the above
31. Which of the following is NOT true about the borrowings of IMF?
- The IMF may seek the amount it needs in any currency.
  - The IMF may seek the amount it needs from official entities.
  - The IMF may seek the amount it needs from private sources.
  - None of the above.
32. A country making use of the resources of the IMF is generally required to carry out an economic policy programme aimed at achieving a viable balance of payments positions over an appropriate period of time, which is known as
- Rationality
  - Conditionality
  - Relativity
  - Flexibility
33. The companies globalise their operations through defficient means
- Exporting directly
  - Licensing / Franchising
  - Joint venture
  - All of the above
34. Match List-I with List-II and select the correct answer using the codes given

below the lists:

- list
- International Finance Corporation I. 1956
  - Asian Development Bank II. 1966
  - International Development Association III. 1960

- |     |     |     |     |
|-----|-----|-----|-----|
| (A) | a   | b   | c   |
|     | III | I   | II  |
| (B) | a   | b   | c   |
|     | I   | III | II  |
| (C) | a   | b   | c   |
|     | I   | II  | III |
| (D) | a   | b   | c   |
|     | II  | III | I   |

35. How many countries have been undertaken to lend to IMF if there is need to cope with an impairment of the International monetary system?
- A. 11
  - B. 50
  - C. 15
  - D. 20
36. SDR's are popularly known as
- A. Currency Notes
  - B. Paper Gold
  - C. Silver Coin
  - D. Gold Coin
37. Each member of IMF, is assigned a quota expressed in
- A. Member country's currency
  - B. Dollar
  - C. Special Drawing Rights
  - D. None of the above
38. Every member of the IMF is required to subscribe to the fund an amount
- A. Equivalent to its quota
  - B. More than its quota
  - C. Less than its quota
  - D. Equivalent to its borrowings
39. In IMF, the Executive Board appoints the Fund's Managing Director who serves As
- A. Chairman of Executive Board
  - B. Chief of the operating staff of Fund
  - C. Both (A) and (B)
  - D. Auditor to the Fund
40. By which account of the IMF all its business in national currencies is conducted?
- A. General Account
  - B. Special disbursement account
  - C. World Bank Account
  - D. Drawing Account



41. The components of WTO are
- A. Ministerial conference
  - B. Disputes settlement body
  - C. Director General
  - D. All of the above
42. Which type of elasticity plays a crucial role in determining international trade.
- A. Elasticity of demand
  - B. Price Elasticity of demand
  - C. Income elasticity of demand
  - D. Cross elasticity of demand
43. The Fund's resources are provided through
- A. Permanent policies for general balance of payments purposes
  - B. Permanent facilities for specific purposes
  - C. Temporary facilities
  - D. All of the above
44. Suppose a Canadian firm imports bananas of \$ 1000 and sells them for \$ 2000 the effect on GDP would be
- A. The GDP will decrease by \$ 3000
  - B. The GDP will increase by \$ 3000
  - C. The GDP will increase by \$ 2000
  - D. The GDP will increase by \$ 1000
45. In independent India, the first major foreign exchange crisis occurred in the year
- A. 1955
  - B. 1956
  - C. 1969
  - D. 1991
46. DFEC Stand for
- A. Direct Foreign Exchange Control
  - B. Direct Finance Exchange Control
  - C. Duty Free Export Credit
  - D. Duty Free Exchange Credit

47. The IMF holds substantial resources in member's currencies and SDRs, as a result of
- A. Its borrowings from the World Bank
  - B. Members' payments of subscriptions
  - C. Borrowings from the developed countries
  - D. None of the above
48. A member in IMF, has a reserve tranche position in the IMF to the extent that its quota exceeds
- A. The borrowings of its currency in IMF
  - B. The IMF's holdings of its currency in the special disbursement account
  - C. The IMF's holding of its currency in the General Resources
  - E. None of the above
- ☐ 49. An international reserve asset created by the IMF taking into account the global need to supplement existing reserves is called
- A. Quota
  - B. International Monetary Right
  - C. Special Drawing Rights
  - D. None of the above
50. The IMF derives its finances from
- A. Resources in the General Resources Account
  - B. Resources in the Special Disbursement Account
  - C. Resources in the ESAF Trust
  - D. All of the above