

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

Sr	Questions	Answers Choice
1	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
2	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
3	The exchange of goods and services from country to country is called	A. Foreign B. National trade C. Corporate trade D. Domestic trade
4	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
5	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
6	Quantity theory of money was introduced by:	A. Fisher B. Marshall C. Crowther D. J.S Mill
7	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
8	In balance of payment are included	A. Visible items B. Invisible items C. Visible and invisible items D. Material items
9	In which of the following condition theory of international trade is presented	A. Monopoly B. Duopoly C. Monopolistic competition D. Perfect competition
10	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
11	International Monetary fund is	A. Local B. Regional C. National D. International
12	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
13	The relation between quantity of money and value of money is:	A. Positive B. Negative C. Direct D. Inverse
14	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
		A. Stagflation B. Hyperinflation

15	When there is inflation attached with high unemployment level, it is called ?	B. Hyper inflation C. Demand pull inflation D. Cost push inflation
16	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
17	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
18	The relation between quantity of money and price is:	A. Positive B. Negative C. Direct D. Inverse
19	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
20	A system where the goods are exchange with goods is known as:	A. Monetary system B. Barter System C. Coins system D. Goods system
21	Because of devaluation of currency of a country, its exports	A. Decrease B. Increase C. Remains constant D. Go on changing
22	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
23	Advantages of international trade are	A. One B. Two C. Three D. Many
24	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
25	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
26	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
27	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
28	The most appropriate definition of money was given by:	A. F.A.Walker B. Keynes C. Pigou D. Crowther
29	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
30	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
31	The term "inflation" means:	A. Rapid increase in price level B. Decrease in price level C. General increase in price level

		<p>C. General increase in price level</p> <p>D. Both a and c</p>
32	One of the following is not included in the methods of removing deficit in balance of payments of a country	<p>A. Increase in exports</p> <p>B. Increase in imports</p> <p>C. Devaluation of currency</p> <p>D. Decrease in the quantity of money</p>
33	In between how many countries international trade takes place under comparative cost theory	<p>A. Two</p> <p>B. Three</p> <p>C. Four</p> <p>D. Many</p>
34	According to classical theory of international trade, a country imports those goods from the other country which	<p>A. Are durable</p> <p>B. Are standardised</p> <p>C. Are produced comparatively at high cost</p> <p>D. Are not produced in that country</p>
35	The base of international trade theory of Adam Smith is	<p>A. Absolute advantage</p> <p>B. Comparative cost</p> <p>C. Cheaper cost</p> <p>D. Low cost</p>
36	Which economist explained the absolute difference of cost of two good between two countries	<p>A. Malthus</p> <p>B. Adam Smith</p> <p>C. Ricardo</p> <p>D. J.S Mill</p>
37	One of the following is not advantage of international trade	<p>A. Provision of necessities of life</p> <p>B. Imperfections of market</p> <p>C. Provision of medicines &amp; machinery</p> <p>D. Provision of necessities of defence</p>
38	If the face value of a coin is greater than the value of metal used in:	<p>A. Legal money</p> <p>B. Token money</p> <p>C. Standard money</p> <p>D. Both b and c</p>
39	In order to improve the balance of payment the foremost try is to increase	<p>A. Imports</p> <p>B. Exports</p> <p>C. Production</p> <p>D. Savings</p>
40	Money which can be converted into cash money is known is:	<p>A. Near money</p> <p>B. Paper money</p> <p>C. Legal tender money</p> <p>D. Token money</p>
41	The trade that takes place between the individuals living in different areas of a country is called	<p>A. Domestic trade</p> <p>B. International trade</p> <p>C. Foreign trade</p> <p>D. Regional Trade</p>
42	Which economist has stated the definition of balance of payments	<p>A. Robbins</p> <p>B. Kindleberger</p> <p>C. Marshall</p> <p>D. Keynes</p>
43	One of the following is not included in the causes of deficit in balance of payments of a country	<p>A. Increase in exports</p> <p>B. Increase in imports</p> <p>C. Unfavourable terms of trade</p> <p>D. Occurance of inflation</p>
44	"Money is what money does" is the statements of:	<p>A. Robbins</p> <p>B. Marshall</p> <p>C. Hicks</p> <p>D. Keynes</p>
45	Balance of payment of a country in unfavourable when its	<p>A. Receipts are more than payments</p> <p>B. Receipts are less than payments</p> <p>C. Receipts are equal to payments</p> <p>D. None of three</p>
46	The systematic record of visible and invisible exports and imports of a country in one year is called	<p>A. Balance of trade</p> <p>B. Balance of payment</p> <p>C. External balance</p> <p>D. Internal balance</p>
47	Quantity theory of money was introduced in an equation by:	<p>A. Fisher</p> <p>B. Marshall</p> <p>C. Crowther</p> <p>D. Tausigg</p>
48	Recent international depression was appeared in:	<p>A. 1936</p> <p>B. 1990</p> <p>C. 2005</p> <p>D. 2008</p>

49	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
50	Balance of payments is annual statistical record of	A. Visible goods B. Invisible goods C. Foreign loans D. Visible and invisible goods
51	" 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
52	In which year international monetary fund was established	A. 1941 B. 1944 C. 1945 D. 1947
53	Absolute advantage theory was presented by	A. Adam Smith B. Prof Walker C. Ricardo D. Marshall
54	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
55	Inflation can be controlled by:	A. Fiscal policy B. Monetary policy C. Trade policy D. Both a and b
56	Cheque is which kind of money:	A. Credit money B. Paper money C. Standard money D. Legal money
57	Factors of production are more mobile	A. In international trade B. In the country C. In both D. In none
58	The first great depression was appeared in:	A. 1934 B. 1930 C. 1932 D. 1936
59	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
60	Quantity theory of money was criticized by:	A. Marshall B. Sameulson C. Keynes D. Both b and c
61	Comparative cost theory was presented by	A. Marshall B. Ricardo C. Hecksher D. Ohlin
62	A system where the goods are exchanged with money is known as:	A. Monetary system B. Barter system C. Coins system D. Modified system
63	The base of international trade theory of Devid Ricardo is	A. Absolute advantage B. Comparative cost C. Cheaper cost D. Low cost
64	Foreign exchange is used in	A. Local trade B. Regional trade C. Domestic trade D. International trade
65	In case of international trade, trade restrictions are usually	A. Limited B. More C. Too much D. None of three

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
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