

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

Sr	Questions	Answers Choice
1	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. Occurrence of inflation
2	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
3	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
4	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
5	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
6	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
7	A system where the goods are exchanged with goods is known as:	A. Monetary system B. Barter System C. Coins system D. Goods system
8	The exchange of goods and services from country to country is called	A. Foreign B. National trade C. Corporate trade D. Domestic trade
9	Comparative cost theory was presented by	A. Marshall B. Ricardo C. Hecksher D. Ohlin
10	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
11	Which economist explained the absolute difference of cost of two goods between two countries	A. Malthus B. Adam Smith C. Ricardo D. J.S Mill
12	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
13	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
14	The base of international trade theory of Adam Smith is	A. Absolute advantage B. Comparative cost C. Cheaper cost

D. Low cost

15 Which economist has stated the definition of balance of payments

- A. Robbins
- B. Kindleberger
- C. Marshall
- D. Keynes

16 Quantity theory of money was introduced in an equation by:

- A. Fisher
- B. Marshall
- C. Crowther
- D. Tausig

17 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

18 Balance of payments is annual statistical record of

- A. Visible goods
- B. Invisible goods
- C. Foreign loans
- D. Visible and invisible goods

19 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

20 Absolute advantage theory was presented by

- A. Adam Smith
- B. Prof Walker
- C. Ricardo
- D. Marshall