

## Economics - ICom Part 2 Principles of Economics Chapter 5 Short Questions Preparation

Q1. What is multinational or transnationlal corporation.
<b>Ans 1:</b> A mutinational coporation or multinational enterprise or transnational cooporation is a corporation that manages production establishments or delivers services in a at least two countries.
Q2. Write four casues of deficit balance of payments.
Ans 1: 1- Decrease in exports 2- Increase in imports
Ans 2: 3- Unfavorable terms of trade 4- Inflation
Q3. Which are inivisible items of balance of payments.
Ans 1: 1- Rewards of the services of foreign companies.
Ans 2: 2- Expenditure on education in foreign countries.
Ans 3: 3- Expenditure on treatment i foreign countries.
Ans 4: 4- Expenditure on tourism
Ans 5: 5- Expenditure on political, cultural and trade delegates.
Q4. What is meant by W.T.O.
Ans 1: W.T.O is iinternational body which deals with the rules of interventional trade between nations. Its main objective are thes.
Ans 2: 1- To makeinternational trade free
Ans 3: 2- To eliminate allobstacles in the way of in internatioal trade. W.T.O. came into existence on 1st January 1995
Q5. Who did present the comparative cost theory of international trade.
Ans 1: Prof. Ricardo presented comparative cost or comparative advantage theory of international trade

Q6. Write six advantages of intenational trade.

Ans 1: 1- Acquisit	ion of foreign goods.
Ans 2: 2- Availabil	lity of goods in cse of shortage 3- Export of surplus production
Ans 3: 4- It causes	s international peace 5- Removal of monopolies
Ans 4: 6- Optimun	n use of productive resoruces.
Q7. When is balance	e eof payment surplus.
Ans 1: Balance of	payment is surplus when current account is surplus
Q8. Write a few disa	advantages of international trade.
Ans 1: 1- Depende	ence on productionof limited goods.
Ans 2: 2- Depende	ence on other countries.
Ans 3: 3- Internation	onal effects of inflation and deflation on the economy
Ans 4: 4- Loss to I	backward countries.
Ans 5: 5- Monopo	ly of developed countries on international market
Q9. Who did preser	nt classicial theory of international trade.
Ans 1: Classical th	neory of international trade was presented by Prof.Adam Smith and Richardo.
Q10. What is mean	t by deficit or unfavourable balance of payments.
	exports its visible and invisible goods of less value than the value of its imports of visible and invisible goods ayments willbe deficits or unfavourable.