

Keshav Memorial Institute of commerce and sciences.

Question Bank- Foreign Trade

Bcom Hons/Gen- I Sem

Unit- I

Choose the correct answers:

1. Foreign trade is divided into _____

a. import trade b. Export trade c. entrepot trade d. All the above

2. Example of inspection agency

a. Coterna b. Cornea c. corolla d. cortex

3. Commercial invoice is actually a _____

a. Sellers bill of merchandise b. Buyers contract c. receipt of goods d. Export order

4. One of the purpose of bill of lading is _____

a. Document of title to the goods b. Evidence to customs c. claim for incentive d. Sanction by government

5. A qualified bill of lading is called as _____

a. Clean B/L b. Clause B\L c. approved B/L d. Cleared customs

6. Trans-shipment means _____

a. Multi modal transport b. Uses only train c. uses only road transport d. Uses only water transport

7. APTA stands for _____

a. Andhra Pradesh transport authority b. All party trade agreement c. Asia pacific trade agreement
d. Asian pact treaty agreement

8. Shipping bill is also called as _____

a. Bill of export b. Bill of import C. bill of trade d. Bill of ship

9. The foreign trade of country consists of

a. Inward and outward movement of goods b. Outflow and inflow of foreign exchange

c. trade between nations D. all of the above

10. Bill of lading refers to

- a. Restriction on trade
- b. Legal practice and rules
- c. Evidence of shipment of the goods
- d. None of the above

11. AWB refers to

- a. Acknowledgment of goods
- b. Title to goods
- c. Negotiable document
- d. All the above

12. Consular invoice is required by

- a. Kenya
- b. New Zealand
- c. Australia
- d. All the above

13. When goods are imported for reexporting trade is known as

- a. Export trade
- b. Entrepot trade
- c. Import trade
- d. None of the above

14. Inspection certificate is established by

- a. Authorized inspection agency in exporter country
- b. Inspection authority in importer country
- c. Authority at the port
- d. All the above

15. A document containing the detailed description of the package shipped is known as

- a. Package list
- b. Customs list
- c. Items insured
- d. None of the above

16. GR form refers to

- a. Customs invoice
- b. Bill of exchange
- c. Exchange control document
- d. None of the above

17. A bill of exchange includes

- a. Clean and documentary bills
- b. Sight bills
- c. D/P bills
- d. All of the above

18. The document setting out the terms and conditions of the lease of a vessel is known as

- a. Airway bills
- b. Usance bill
- c. Charter party bill
- d. None of the above

Fill in the blanks

1. Foreign trade involves a _____ degree of risk.

2. To be an acceptable document, the B/L must be _____.

3. When the exporter of goods pays the amount beforehand, it is known as _____.

4. If the purchaser and the seller belong to the same country and involved in business, it is known as _____.

5. Commercial invoice is the seller's bill for _____.

6. D/A bill means _____.

7. Certificate of origin means_____.
8. A document that certifies that the goods being exported are of good quality is _____.
9. Proof of contract between the shipping company and the exporter is _____.
10. The receipt provided by the airway company for the air cargo is known as _____.
11. _____ is defined as exchange of goods and services from one place to another.
- 12, certificate of inspection is also called as_____.
13. CO stands for_____.
14. _____ means importing of goods for the purpose of exporting them to other countries.
15. _____ is a document issued by the shipping company or his agent acknowledging the receipt of cargo on the board.
16. _____ is a document that guarantees the buyers payment to the sellers
17. Airway bill is also called_____.
18. _____ contains the reference details of shipment, amount of invoice to be receivable from overseas buyer, the time of payment to be effected, bank details etc.
19. a packing list is a document used in_____.
20. _____ is an order of goods from an overseas importer to a buying agent located in the exporting country.

Short Answers

1. Foreign trade
2. Bills of Exchange
3. Entrepot Trade
4. Types of Foreign trade
5. Commercial Invoice
6. Bill of Lading
7. Packaging List
8. Marine Insurance
9. Export
10. Import

ANSWERS

CHOOSE THE CORRECT ANSWERS

1. D 2. A 3. A 4. A 5. B 6. A 7. C 8. A 9. D 10. C 11. A 12. D 13. B 14. A 15. A 16. C 17. D
18. C

FILL IN THE BLANKS

1. High
2. Clean
3. Freight paid B\L
4. Inland trade
5. Merchandise
6. Documents on acceptance
7. Where the goods were produced
8. Inspection certification
9. Bill of lading
10. House airway bill
11. Trade
12. Pre-shipment inspection certificate
13. Certificate of origin
14. Entrepot trade
15. Bill of lading
16. a letter of credit
17. Air consignment note
18. Bill of exchange
19. International trade
20. An indent.

UNIT – 2

I) MULTIPLE CHOICE QUESTIONS :-

1. The difference between a nation export and import is []
 - (a) Equilibrium
 - (b) Balance of Payment
 - (c) Balance of trade

- (d) None of the above
2. Balance of payment (BOP) is for a particular period of time such as []
- (a) Usually a calendar year
 (b) Six months
 (c) One year
 (d) None of the above
3. BOP is based on []
- (a) Double entry book keeping system
 (b) Single entry book keeping system
 (c) No book of accounts
 (d) None of the above
4. Components of BOP []
- (a) Current account
 (b) Capital account
 (c) Unilateral payments account
 (d) All the above
5. India is a major exporter of all the following except []
- (a) Agro products (c) Petroleum
 (b) Chemicals (d) IT Services
6. Factors affecting balance of trade include all of the following except []
- (a) Productivity factors
 (b) Supply
 (c) Endowment factors
 (d) Trade barriers
7. Favorable balance of trade is also known as []
- (a) Equilibrium trade
 (b) Positive trade
 (c) Trade supply
 (d) None of the above
8. Favorable BOP is represented as []
- (a) $B_E = R_f - P_f$
 (b) $B_F = R_f > P_f$
 (c) $B_U = R_f < P_f$
 (d) None of the above
9. Secular disequilibrium is caused by []
- (a) Economic development
 (b) Exchange rates
 (c) Price changes
 (d) All of the above
10. Cash in bank, shares and debentures are the examples of []
- (a) Current Account
 (b) Capital Account

- (c) Liquid Assets Account
- (d) All of the above

11. Which of the following does not form part of current account under balance of payments? []

- (a) Exports and Imports of Goods
- (b) Exports and Imports of Services
- (c) Income Receipts and Payments
- (d) Capital Receipts and Payments

12. Which of the following pairs is not correctly matched with regard to balance of payment accounts? []

- (a) Income of Goods and Services – Debit in the Current Account
- (b) Receipts of Transfer Payments – Credit in the Current Account
- (c) Direct Investment receipt – Credit in the Capital Account
- (d) Portfolio Investment Payments – Debit in the Current Account

13. A Country is said to be in debt trap if _____ []

- (a) It has to abide by the conditionality imposed by the International Monetary Fund
- (b) It is required to borrow money to make interest payments on outstanding loans
- (c) It has been refused loans or aid by creditors
- (d) The World Bank charges a very high rate of interest on outstanding as well as new loans

14. Balance in capital account refer to the _____ []

- (a) Nation's net exports of goods and services
- (b) Nation's net exports of financial claims
- (c) Nation's net exports of International Official reserve assets
- (d) Nation's sum of net exports of goods, services and financial Claims

15. BOT refers only to the _____ []

- (a) Visible goods
- (b) Imports
- (c) Exports

(d) Finance

16. BOP is said to be in disequilibrium when it shares a _____ []

(a) Foreign Currency

(b) Minus

(c) Balance

(d) Either shares a deficit or surplus

ii) FILL IN THE BLANKS :-

- 1) Unfavorable balance of trade is also known as _____
- 2) Balance of payments enables the government to know about the _____ nation.
- 3) Unilateral transfers is another term for _____
- 4) Structural disequilibrium is caused by _____
- 5) Direct control is adopted by government to correct _____
- 6) A major import of India is _____
- 7) When the exports exceed imports, it is known as _____ balance of trade.
- 8) _____ influences the levels of exchange rate in a country.
- 9) Balance of payment can be represented the equation such as _____
- 10) Price changes, a major cause of disequilibrium in BOP is related _____
- 11) Inspection certificate is also known as _____
- 12) Marine Policy for a year is called as _____
- 13) _____ files the drawback shipping bill.
- 14) B/L is prepared on the basis of _____
- 15) A person who issues/writes a B/E is called as a _____
- 16) _____ is the difference between the total value of exports and the total value of imports of a country within a time period.
- 17) The Balance of Payment is record of a _____ with the rest of the world.
- 18) _____ is a statement that summarizes an economy's transactions with the rest of the world for a specified period of time.
- 19) The balance of payments, also known as _____
- 20) BOT stands for _____

Short Answers

1. BOP
2. BOT
3. Surplus BOP
4. Deficit BOP
5. Tariff
6. Any two differences between BOP and BOT
7. Equation of BOP
8. Devaluation
9. What do you mean by quota

10. Any two causes of disequilibrium in BOP

ANSWERS

MULTIPLE CHOICE ANSWERS

1.(c) 2. (a) 3. (a) 4. (d) 5. (c) 6. (b) 7. (c) 8. (b)

9. (a) 10. (b) 11. (d) 12. (d) 13. (b) 14. (b) 15. (a) 16. (d)

FILL IN THE BLANKS

- | | |
|------------------------------|---------------------------------------|
| 1) Trade deficit | 11) Certificate of Inspection |
| 2) International position | 12) Open Cover Policy |
| 3) Gifts | 13) Land Customs Authorities |
| 4) Structural change | 14) Mates Receipt |
| 5) Disequilibrium in BOP | 15) Drawer |
| 6) Petroleum | 16) The Balance of trade |
| 7) Favorable | 17) Country's transaction |
| 8) Balance of payments | 18) Balance of Payment |
| 9) $Y = C + I + G + (X - M)$ | 19) Balance of International payments |
| 10) Inflation of deflation | 20) Balance of trade |