

**Multiple Choice Questions**  
**[304 SC-IB-01]**  
**[Import Export Documentation and Procedures]**

**Unit I**  
**Introduction to Imports and Exports**

<b>Q.No</b>	<b>Question</b>	<b>Answer</b>
1	<b>A primary reason why nations conduct international trade is because:</b> a. Some nations prefer to produce one thing while others produce another b. Resources are not equally distributed to all trading nations c. Trade enhances opportunities to accumulate profits d. Interest rates are not identical in all trading nations	<b>B</b>
2	<b>A main advantage of specialization results from:</b> a. Economics of large scale production b. The specializing country behaving as a monopoly c. Smaller production runs resulting in lower unit costs. d. High wages paid to foreign workers	<b>A</b>
3	<b>International trade in goods and services is sometimes used as a substitute for all of the following except:</b> a. International movements of capital. b. International movements of labor. c. International movements of technology d. Domestic production of different goods and services	<b>D</b>
4	<b>If a nation has an open economy it means that the nation:</b> a. Allows private ownership of capital. b. Has flexible exchange rates c. Has fixed exchange rates d. Conducts trade with other countries	<b>D</b>
5	<b>International trade forces domestic firms to become more competitive in terms of:</b> a. The introduction of new products b. Product design and quality c. Product price d. All of the above	<b>D</b>
6	<b>The movement to free international trade is most likely to generate short-term unemployment in which industries:</b> a. Industries in which there are neither imports nor exports b. Import-competing industries. c. Industries that sell to domestic and foreign buyers d. Industries that sell to only foreign buyers	<b>B</b>
7	<b>International trade is based on the idea that:</b> a. Exports should exceed imports b. Imports should exceed exports c. Resources are more mobile internationally than are goods	<b>D</b>

	d. Resources are less mobile internationally than are goods	
8	<b>Arguments for free trade are sometimes disregarded by politicians because:</b> a. Maximizing domestic efficiency is not considered important b. Maximizing consumer welfare may not be a chief priority c. There exist sound economic reasons for keeping one's economy isolated from other economies. d. Economists tend to favor highly protected domestic markets	<b>B</b>
9	<b>Which American industry has least been affected by import competition in recent years</b> a. Automobiles b. Steel c. Radios and TVs d. Computer software	<b>D</b>
10	<b>The largest amount of trade with the United States in recent years has been conducted by:</b> a. Canada b. Germany c. Mexico d. United Kingdom	<b>A</b>
11	<b>Increased foreign competition tend to</b> a. Intensify inflationary pressure at home b. Induce falling output per worker-hour for domestic workers c. Place constraints on the wages of domestic workers d. Increase profits of domestic import-competing industries	<b>C</b>
12	<b>For the United States, exports plus imports are about _____ of its gross national product:</b> a. 5 percent b. 10 percent c. 25 percent d. 55 percent	<b>C</b>
13	<b>Major trading partners of the United States including all of the following countries except:</b> a. Canada b. Mexico c. China d. North Korea	<b>C</b>
14	<b>Free traders maintain that an open economy is advantageous in that it provides all of the following except:</b> a. Increased competition for world producers' b. A wider selection of products for consumers' c. The utilization of the most efficient production methods d. Relatively high wages levels for all domestic workers	<b>D</b>
15	<b>Recent pressures for protectionism in the United States have been motivated by all of the following except:</b> a. U.S. firms shipping component production overseas b. High profit levels for American corporations	<b>B</b>

	c. Sluggish rates of productivity growth in the United States d. High unemployment rates among American workers	
16	<b>International trade tends to cause welfare losses to at least some groups in a country</b> a. The less mobile the country's resources b. The more mobile the country's resources c. The lower the country's initial living standard d. The higher the country's initial living standard	<b>A</b>
17	<b>For the United States, automobiles are:</b> a. Imported, but not exported b. Exported, but not imported c. Exported and imported d. Neither imported not exported	<b>C</b>
18	<b>Which of the following are included in a typical services export?</b> a. Tourism and transportation b. Sales and forecasting c. Technology and e-commerce d. All of the above	<b>A</b>
19	<b>Who does international trade allow to seek out products, services, and components in foreign countries?</b> a. Manufacturers and distributors b. Distributors and suppliers c. Suppliers and public officials d. Manufacturers and suppliers	<b>A</b>
20	<b>For developing countries, determinants of import demand include:</b> a. Government restrictions on all exports b. Government restrictions on imports c. Government restrictions on commercial exports only d. Government restrictions on gold shipments	<b>B</b>
21	<b>The dollar value of total world trade in 2004 was greater than the gross national product of every nation except:</b> a. United States b. Canada c. Australia d. a and b	<b>D</b>
22	<b>Which technologies assisted with the physical integration of world markets?</b> a. Media b. E-commerce c. a and b d. None of the above	<b>A</b>
23	<b>Which of the following is an example of a free trade area/common market?</b> a. SURMERCO b. DR-CAFTA c. AFTA d. SCHA	<b>B</b>

24	<b>The result of the 9/11 terrorist attacks has increased costs to U.S. exporters. Which of the following is a major factor?</b> a. Rise in transportation costs b. Rise in fuel costs c. Rise in merchandise trade costs d. Rise in security costs	<b>D</b>
25	<b>The major benefits of trade include:</b> a. Reduction in transportation cost b. Increases in incomes and employment c. Advances in technical methods d. b and c	<b>D</b>
26	<b>Faster growth in emerging economies:</b> a. Has resulted in higher inflation b. Has reduced globalization efforts c. Has put pressure on the supply of raw materials d. Has reduced global imbalances	<b>C</b>
27	<b>Which of the following will help in improving the U.S. balance of trade?</b> a. Trade in soybeans b. Increasing manufactured goods' exports c. Increasing the share of exports by small and medium-sized businesses d. All of the above	<b>C</b>
28	<b>Between 2000–2004, the average increase in world merchandise and service exports was:</b> a. 3 percent b. 0.45 percent c. 12.77 percent d. 9 percent	<b>D</b>
29	<b>A feasible effect of international trade is that a (an):</b> a. Monopoly in the home market becomes an oligopoly in the world market b. Oligopoly in the home market becomes a monopoly in the world market c. Purely competitive firm in the home market becomes an oligopolistic d. Purely competitive firm in the home market becomes a monopolist	<b>A</b>
30	<b>International trade in goods and services tends to:</b> a. Increase all domestic costs and prices b. Keep all domestic costs and prices at the same level c. Lessen the amount of competition facing home manufacturers d. Increase the amount of competition facing home manufacturers	<b>D</b>
31	<b>Exports create:</b> a. Low wage employment b. High wage employment c. No increase or decrease in employment d. None of the above	<b>B</b>
32	<b>A country's openness to international trade can be measured by the formula</b>	

	a. Exports + Imports + GDP b. Exports – Imports – GDP c. (Exports + Imports) / GDP d. (Exports + Imports) X GDP	<b>C</b>
33	<b>The real income of domestic producers and consumers can be increased by:</b> a. Technological progress, but not international trade b. International trade, but not technological progress c. Technological progress and international trade d. Neither technological progress nor international trade	<b>C</b>
34	<b>For the United States, commercial jetliners are:</b> a. Imported, but not exported b. Exported, but not imported c. Imported and exported d. Neither exported nor imported	<b>C</b>
35	<b>A sudden shift from import tariffs to free trade may induce short-term unemployment in:</b> a. Import-competing industries b. Industries that are only exporters c. Industries that sell domestically as well as export d. Industries that neither import nor export	<b>A</b>

**Unit-II**  
**Management of Import and Exports:**

<b>Q.No</b>	<b>Question</b>	<b>Answer</b>
<b>1</b>	<b>Market Development Assistance is given to Exporters having annual Export turnover up to Rs. _____.</b> a. 5 Crs b. 6 Crs c. 8 Crs d. 7Crs	<b>A</b>
<b>2</b>	<b>If portable disk players made in China are imported into the United States, the Chinese manufacturer is paid with</b> a) International monetary credits. b) Dollars. c) Yuan, The Chinese currency. d) euros, or any other third currency	<b>C</b>
<b>3</b>	<b>In the foreign exchange market, the _____ of one country is traded for the _____ of another country.</b> a) currency; currency b) currency; financial instruments c) currency; goods d) goods; goods	<b>A</b>

<b>4</b>	<b>Which of the following examples definitely illustrates a depreciation of the U.S. dollar?</b> a) The dollar exchanges for 1 pound and then exchanges for 1.2 pounds. b) The dollar exchanges for 250 yen and then exchanges for 275 francs. c) The dollar exchanges for 100 francs and then exchanges for 120 yen. d) The dollar exchanges for 120 francs and then exchanges for 100 francs	<b>C</b>
<b>5</b>	<b>The date of settlement for a foreign exchange transaction is referred to as:</b> a) Clearing date b) Swap date c) Maturity date d) Value date e) Transaction date	<b>D</b>
<b>6</b>	<b>Which of the following is not a tool used by exporters for overseas promotions?</b> a. Indirect mail b. Trade missions c. Advertising d. All of the above	<b>A</b>
<b>7</b>	<b>Which of the following techniques can an exporter use to advertise a product or service?</b> a. National media b. Noncommercial publications c. Nongovernment sponsored advertising d. Foreign media	<b>D</b>
<b>8</b>	<b>An account which is held within a domestic country by a foreign bank, in a currency of domestic country is known as account</b> a. loro B. nostro c. vostro d. swift	<b>C</b>
<b>9</b>	<b>SBI A/c with HSBC in UK is an example of</b> a. loro B. nostro c. vostro d. swift	<b>B</b>
<b>10</b>	<b>Inverse quote for USD/DKK 5.7935 - 5.8085 is</b> a. dkk/usd 0.1722 - 0.1726 B. usd/dkk 0.1722 -0.1726 c. dkk/usd 0.1726 -0.1722 d. usd/dkk 0.1726 -0.1722	<b>A</b>



<b>11</b>	<b>100 INR/JPY is an indirect quote for</b> a. india B. japan c. us d. china	<b>A</b>
<b>12</b>	<b>The quote 1 GBP = INR 99.85 is a direct quote for.</b> a. India b. Britain c. US d. China	<b>A</b>
<b>13</b>	<b>In Holgate's principle, if Bid &gt; Ask, Swap points of forward rate are to be</b> a. added b. subtracted c. multiplied d. divided	<b>B</b>
<b>14</b>	<b>Is the smallest unit by which a currency quotation can change?</b> a. pip b. bid c. ask d. spread	<b>A</b>
<b>15</b>	<b>Spot USD/INR is 50, and six months forward rate is 51 then AFM is</b> a. 1% b. 4% c. 2% d. 3%	<b>B</b>
<b>16</b>	<b>Is a market where foreign currencies are bought &amp; sold?</b> a. stock market b. forex market c. capital market d. debt market	<b>B</b>
<b>17</b>	<b>Theory states that the exchange rate between currencies of two countries should be equal to the ratio of the countries price levels.</b> a. irp b. ppp c. fishers d. Marshalls	<b>B</b>

<b>18</b>	<b>Foreign exchange transactions involve monetary transactions</b> A. among residents of the same country B. between residents of two countries only C. between residents of two or more countries D. among residents of at least three countries	<b>B</b>
<b>19</b>	<b>Under FEMA, the RBI has been authorized to make ——— to carry out the provisions of the Act.</b> A. rules B. regulations C. both rules and regulations D. notifications	<b>B</b>
<b>20</b>	<b>A foreign currency account maintained by a bank abroad is its</b> A. nostro account B. vostro account C. loro account D. foreign bank account	<b>A</b>
<b>21</b>	<b>‘Non-resident Bank Accounts’ refer to</b> A. nostro account B. vostro account C. accounts opened in offshore centers D. none of the above	<b>B</b>
<b>22</b>	<b>Non-resident bank accounts are maintained in</b> A. the permitted currencies B. the currency of the country of the bank maintaining the account C. the currencies in which FCNR accounts are permitted to be maintained D. Indian Rupee	<b>D</b>
<b>23</b>	<b>The statutory basis for the administration of foreign exchange in India is</b> A. Foreign Exchange Regulation Act, 1973 B. Conservation of Foreign Exchange and Prevention of Smuggling Act. C. Foreign Exchange Management Act, 1999 D. Exchange Control Manual	<b>C</b>
<b>24</b>	<b>Full-fledged money changers are authorized to undertake</b> A. only sale transactions B. only purchase transactions C. all types of foreign exchange transactions D. purchase and sale of foreign currency notes, coins and travelers cheques	<b>D</b>
<b>25</b>	<b>The acronym FEDAI stands for</b> A. Foreign Exchange Dealers’ Association of India B. Federal Export Dealers’ Association of India C. Fixed Earners’ Draft Agreement on Interest D. None of the above	<b>A</b>
<b>26</b>	<b>An authorized person under FEMA does not include</b> A. an authorized dealer B. an authorized money changer	<b>D</b>



	C. an off-shore banking unit D. an exchange broker	
<b>27</b>	<b>The authorized dealers under FEMA are classified into — categories</b> A. Three B. one C. two D. four	<b>A</b>
<b>28</b>	<b>The term ‘loro account’ means</b> A. our account with you B. your account with us C. their account with them D. none of the above	<b>C</b>
<b>29</b>	<b>The market forces influencing the exchange rate are not fully operational under</b> A. floating exchange rate system B. speculative attack on the market C. fixed exchange rate system D. current regulations of IMF	<b>C</b>
<b>30</b>	<b>According to classification by IMF, the currency system of India falls under</b> A. managed floating B. independently floating C. crawling peg D. pegged to basket of currencies	<b>A</b>
<b>31</b>	<b>Under a fixed exchange rate system, the currency rate in the market is maintained through</b> A. official intervention B. rationing of foreign exchange C. centralizing all foreign exchange operations with the central bank of the country D. none of the above	<b>A</b>
<b>32</b>	<b>The reduction in the value of a currency due to market forces is known as</b> A. revaluation B. depreciation C. appreciation D. inflation	<b>B</b>
<b>33</b>	<b>The largest foreign exchange market in the world is</b> A. Newyork B. London C. Japan D. Swiss	<b>B</b>
<b>34</b>	<b>Which of the following is not a basic objective of documentation in foreign trade?</b> A. to assure that the exporter will receive the payment B. to assure that the importer will receive the goods C. to eliminate risk of no completion	<b>E</b>

	D. to reduce foreign exchange risk E. none of the above	
<b>35</b>	<b>Which of the following is not an important document in foreign trade?</b> A. a check for the value of goods B. a draft C. bill of lading D. a letter of credit E. none of the above	<b>A</b>
<b>36</b>	<b>_____ Risk is the potential exchange loss from outstanding obligations as a result of exchange-rate fluctuations.</b> A. Trade B. Exchange C. Finance D. No completion E. Transaction	<b>E</b>
<b>37</b>	<b>Foreign exchange risk can be reduced by using _____.</b> A. forward contracts B. futures contracts C. currency options D. currency denomination E. all of the above	<b>E</b>
<b>38</b>	<b>Which of the following is not a condition for drafts to be negotiable?</b> A. must be in writing, signed by the drawer B. must contain a promise to pay a certain sum if goods are received C. must contain an order to pay D. must be payable on sight or at a specified date E. must be made out to order or bearer	<b>B</b>
<b>39</b>	<b>If a draft is made to bearer, payment should be made to _____.</b> A. a bank B. drawer C. acceptor D. anyone who presents the draft E. all of the above	<b>D</b>
<b>40</b>	<b>Documentary drafts require various shipping documents such as _____.</b> A. bills of lading B. insurance certificates C. commercial invoices D. A and B E. A, B, and C	<b>E</b>

<b>41</b>	<p><b>A U.S. company is expected to receive £100,000 in 120 days. If the company wants to minimize the risk of foreign exchange, then it would.</b></p> <p>a) buy British pounds forward b) sell British pounds forward c) buy British pounds 120 days from now d) sell British pounds 120 days from now e) sell British pounds in the current spot market</p>	<b>D</b>
<b>42</b>	<p><b>Dell, Inc. is a U.S.-based MNC that frequently imports raw materials from Korea. Dell is typically invoiced for these goods in Korean Won and is concerned that the Korean Won will appreciate in the near future. Which of the following is not an appropriate hedging technique under these circumstances?</b></p> <p>a. purchase Korean Won forward. b. purchase Korean Won futures contracts. c. purchase Korean Won put options. d. purchase Korean Won call options</p>	<b>C</b>
<b>43</b>	<p><b>Futures contracts are typically _____; forward contracts are typically _____.</b></p> <p>a) sold on an exchange; sold on an exchange b) offered by commercial banks; sold on an exchange c) sold on an exchange; offered by commercial banks d) offered by commercial banks; offered by commercial banks</p>	<b>C</b>
<b>44</b>	<p><b>Gap between _____ and _____ dates makes a forex trade as cash/tom/spot trade.</b></p> <p>a. Value Date and Settlement date b. Trade date and T+1 c. Trade Date and T+2 d. Trade Date and value date</p>	<b>D</b>
<b>45</b>	<p><b>A trader intending to rollover its contract will never take a position in</b></p> <p>a. Cash b. Tom c. Spot d. Outright forward contract.</p>	<b>A</b>
<b>46</b>	<p><b>If a company contracts today for some future date of actual currency exchange, they will be making use of a:</b></p> <p>a) Forward rate. b) Stock rate. c) Futures rate. d) Variable rate.</p>	<b>A</b>
<b>47</b>	<p><b>An Indian importer with foreign currency payables enters into a forward contract. His expectation is</b></p> <p>a. Indian Rupee to Depreciate b. Indian Rupee to Appreciate c. None of the above.</p>	<b>A</b>
<b>48</b>	<p><b>OTC stands for</b></p> <p>a. Over the client</p>	<b>C</b>

	b. Over the customer c. Over the counter d. None of these.	
<b>49</b>	<b>Forward contracts are _____ while futures contracts are _____ products.</b> a. Exchange traded, OTC b. OTC, exchange traded c. Non deliverable, deliverable d. Deliverable, Non-Deliverable	<b>B</b>
<b>50</b>	<b>Forward contracts:</b> a. contain a commitment by the owner, and are standardized. b. contain a commitment by the owner, and can be tailored to the desire of the owner. c. contain a right but not a commitment by the owner, and can be tailored to the desire of the owner. d. contain a right but not a commitment by the owner, and are standardized.	<b>B</b>

**Unit- III**  
**Import Export Documentation**

<b>Q.No</b>	<b>Question</b>	<b>Answer</b>
<b>1</b>	<b>What is the meaning of export?</b> A. Any oral, written, electronic or visual disclosure, shipment, transfer outside of the country B. Any oral, written, electronic or visual disclosure, shipment, transfer inside of the country C. Any oral, written, electronic or visual disclosure, shipment, transfer inbound of the country D. Any oral, written, electronic or visual disclosure, shipment, transfer within the country	<b>A</b>
<b>2</b>	<b>Malaysia's export partners are _____</b> A. Japan, Indonesia, China and Bosnia B. Thailand, Singapore, Bangladesh and France C. US, New Zealand, Australia and Singapore D. Singapore, China, US, Thailand and Japan	<b>4</b>
<b>3</b>	<b>Malaysia mainly imports the following commodities :</b> A. E&E, Machinery, Tin, Rubber, Poultry, Palm Oil, Petroleum products B. E&E, Grain, Iron and Steel, Mediterranean fruits C. E& E, Machinery, Petroleum products, Plastics, Vehicles, Iron and Steel, Chemical	<b>C</b>

	D. E&E, Machinery, Rice, Flour, Edible Oil, Oil and Gas, Chemical E&E, Machinery, Rice, Flour, Edible Oil, Oil and Gas, Chemical	
<b>4</b>	_____ can only be prepared after the pro forma invoice is accepted A. Packing List B. Commercial Invoice C. Bill of Lading D. Consular Invoice	<b>B</b>
<b>5</b>	<b>Which one of the following is a method for an exporter to get a contract?</b> A. Pro forma invoice B. Purchase order C. Sales contract D. All of the above	<b>D</b>
<b>6</b>	<b>It is generally more detailed. More information than a standard The contents of each individual package are detailed It also indicated the legal gross and net The above statement refer to</b> A. Commercial Invoice B. Certificate of Origin C. Trade Documents D. Packing List	<b>D</b>
<b>7</b>	<b>Which of the following is not a basic objective of documentation in foreign trade?</b> A. To assure that the exporter will receive the payment B. To assure that the importer will receive the goods C. To eliminate risk of non-completion D. None of the above	<b>D</b>
<b>8</b>	<b>A shipping document indicating the details of the shipment and delivery of goods and their ownership is a _____.</b> A. Bill of lading B. Sight draft C. Time draft D. A letter of credit	<b>A</b>
<b>9</b>	_____ an international custom document commonly known as the merchandise passport that allows temporary importation into member countries without the payment of duties or value added taxes (VAT). A. MITI B. IATA C. ATA Carnet D. MLO	<b>C</b>

<b>10</b>	<b>L/C must meet the requirement of the parties involved _____, _____ and _____</b> A. Immigration, Custom and Government Ministry B. The seller, The buyer and The bank C. Retainer, Sales Executive and The Bank D. The seller, The Bank and The Exporter	<b>B</b>
<b>11</b>	<b>Which of the following documents are not required for obtaining an export license?</b> A. IEC number B. Letter of credit C. Registration cum membership certificate D. Bank account number	<b>B</b>
<b>12</b>	<b>Which of the following documents is not required in connection with an import transaction?</b> A. Bill of lading B. Shipping bill C. Certificate of origin D. Shipment advice	<b>A</b>
<b>13</b>	<b>Which of the following do not form part of duty drawback scheme?</b> A. Refund of excise duties B. Refund of customs duties C. Refund of export duties D. Refund of income dock charges at the port of shipment.	<b>D</b>
<b>14</b>	<b>Which one of the following is not a document related to fulfil the customs formalities:</b> A. Shipping bill B. Export license C. Letter of insurance D. Preforma invoice	<b>D</b>
<b>15</b>	<b>Which one of the following is not a part of export documents?</b> A. Commercial invoice B. Certificate of origin C. Bill of entry D. Mate	<b>C</b>
<b>16</b>	<b>A receipt issued by the commanding officer of the ship when the cargo is loaded on the ship is known as:</b> A. shipping receipt B. mate receipt C. cargo receipt D. charter receipt	<b>B</b>



<b>17</b>	<b>Which of the following document is prepared by the exporter and includes details of the cargo in terms of the shipper's name, the number of packages, the shipping bill, port of destination, name of the vehicle carrying the cargo?</b> A. Shipping bill B. Packaging list C. Mate D. Bill of exchange	<b>A</b>
<b>18</b>	<b>Document containing the guarantee of a bank to honour drafts drawn on it by an exporter is:</b> A. letter of hypothecation B. letter of credit C. bill of lading D. bill of exchange	<b>B</b>
<b>19</b>	<b>Which of the following does not belong to the World Bank Group?</b> A. IBRD B. IDA C. MIGA D. IMF	<b>D</b>
<b>20</b>	<b>TRIP is one of the WTO agreements that deal with:</b> A. trade in agriculture B. trade in services C. trade related investment measures D. None of the above	<b>D</b>
<b>21</b>	<b>The fastest and most costly mode of transport.</b> a. Air transport b. Water transport c. Ropeways	<b>A</b>
<b>22</b>	<b>A kind of transportation where no empty wagons or containers are bought back:</b> a. Rail b. Road c. Pipeline	<b>C</b>
<b>23</b>	<b>The UNCTAD stands for</b> a) United Nations Consumers Trade and Development b) Urban National Congress for Tariff and Diversification c) United Nations Conference on Trade and Development d) none of these	<b>C</b>
<b>24</b>	<b>The Mines Act shall not apply for excavations being made for prospecting purposes, if one of the following conditions fulfils.</b> A) None of the options B) The excavation made shall not extend below superjacent strata C) Option A or B D) The excavation made shall not be in the watery strata, E) Options A and B	<b>B</b>
<b>25</b>	<b>Mine closure plan is divided in to how many parts?</b> A) None of the options	<b>A</b>

	B) 3 C) 2 D) 5 E) 4	
<b>26</b>	<b>Under the provisions of the Mines Act, 1952, who is/are responsible for the maintenance of bathing places with shower bath and locker-rooms at or near pitheads of a mine?</b> (a) Agent; (b) Manager; (c) Owner; A) (a) & (c) B) (a) & (b) C) (b) D) (b) & (c) E) none of the options	<b>A</b>
<b>27</b>	<b>Which of the following must not be a characteristic of a quality system?</b> a) It must be well-understood b) Products or services actually do satisfy customer expectations c) Emphasis on problem prevention d) It must be ineffective	<b>D</b>
<b>28</b>	<b>A quality system is involved in all phases from initial identification to final satisfaction of requirements and meeting customer satisfaction.</b> a) True b) False	<b>A</b>
<b>29</b>	<b>Which of the following is not an advantage of implementing a quality system that conforms to ISO standards?</b> a) Improvement in employee involvement b) Improvement in housekeeping c) Improvement in customer satisfaction d) Inefficient decision making	<b>D</b>
<b>30</b>	<b>Which of the following cannot be considered a reason for implementing a quality system that conforms to ISO standards?</b> a) Improvement in safe working b) Reduction in customer complaints c) Increased inspection efforts d) Decreased inspection efforts	<b>C</b>

**Unit-IV**  
**Import Export Procedures**

<b>Q.No</b>	<b>Question</b>	<b>Answer</b>
<b>1</b>	<b>Exporter is required to obtain _____ from Director General of Foreign Trade for registration.</b> a. IEC b. PAN c. Sales tax number d. GST number	<b>A</b>

<b>2</b>	<b>Registration of export business with Director General of Foreign Trade is ____.</b> a. Voluntary b. Semi Voluntary c. Mandatory d. All of these	<b>C</b>
<b>3</b>	<b>Registration cum Membership Certificate (RCMC) is issued by ____ in export trade.</b> a. CA b. Export Promotion Council c. ITPO d. Textile Ministry	<b>B</b>
<b>4</b>	<b>____ is permanent account number of the exporter.</b> a. PAN b. BAN c. PEN d. PON	<b>A</b>
<b>5</b>	<b>Exporter needs to register with Export Credit &amp; Guarantee Corporation to cover different types of ____.</b> a. Sales b. Products c. Risks d. None of these	<b>C</b>
<b>6</b>	<b>Inspection of the quality of exportable goods is responsibility of ____.</b> a. EPC b. Export Inspection Council c. TFA d. All of these	<b>B</b>
<b>7</b>	<b>Less than percent of agreements provide for high levels of integration as well as the harmonization of trade policies.</b> a. 10 b. 11 c. 12 d. 13	<b>A</b>
<b>8</b>	<b>Which of the following is a major advantage of sole proprietorships?</b> a. They are easy to organize, but difficult to control. b. They are not as flexible to manage as a partnership. c. Sole proprietorships are more subject to maximum government regulations than other businesses. d. The owner of a sole proprietorship is taxed as an individual, at a lower rate than corporations.	<b>D</b>
<b>9</b>	<b>Uncontrollable environmental forces include:</b> a. Exchange controls b. Taxation c. Inflation d. All of the above	<b>D</b>

<b>10</b>	<b>In Southeast Asia, what is the most effective way of promoting the sale of industrial goods?</b> a. Advertising b. Trade missions c. Direct mail d. Personal selling	<b>C</b>
<b>11</b>	<b>Which of the following organizations in the United States govern terms of sale?</b> a. Revised American Foreign Trade Definitions and the UCC b. Revised American Foreign Trade Definitions and the CUC c. American Trade Association and the UCC d. American Trade Association and the CUC	<b>A</b>
<b>12</b>	<b>Which of the following is not a Group F term?</b> a. FCA b. FAS c. FSA d. FOB	<b>C</b>
<b>13</b>	<b>The central feature of contracts is the notion that the seller undertakes to place the goods on board the ship designated by the buyer.</b> a. FAS b. CIS c. FOB d. CIP	<b>C</b>
<b>14</b>	<b>Which of the following is a motive behind the move toward the harmonization of international contract law?</b> a. Increase in trade and other economic relations between nations b. The growth of international customary law c. The adoption of international conventions and rules d. All of the above	<b>D</b>
<b>15</b>	<b>Which of the following is not a salient feature of the CISG, which has important implications for import/export managers?</b> a. Oral contracts/statements b. Parole evidence c. Battle of forms d. Exemption of remedy deficiencies	<b>D</b>
<b>16</b>	<b>Bid guarantees or bonds are often provided from all bidders to provide security to the overseas customer at what stage of the contract?</b> a. First b. Second c. Third d. Fourth	<b>A</b>
<b>17</b>	<b>_____ Quotation is the expression of the number of U.S. dollars required to buy one unit of foreign currency.</b> a. Direct b. Indirect c. Common d. None of the above	<b>A</b>

<b>18</b>	<b>Foreign exchange rates are derivatives of the fundamental factors and conditions in the market.</b> a. Economic; geographical b. Economic; technical c. Financial; political d. Political; technical	<b>B</b>
<b>19</b>	<b>The bank in the beneficiary country that guarantees the issuing bank's commitment to pay the letter of credit is the:</b> a. Advising bank b. Correspondent bank c. Issuing bank d. Confirming bank	<b>D</b>
<b>20</b>	<b>In case of goods being rejected or wrong shipments which section of customer act provides drawback facility on the customer's duty?</b> a. Section 47 b. Section 88 c. Section 74 d. Section 40	<b>C</b>
<b>21</b>	<b>Risks arising out of foreign law due to _____</b> a. Lack of knowledge about foreign market b. Expensive and complex litigation c Both „a“ & „b“ d. None of the above	<b>C</b>
<b>22</b>	<b>Import LC is also known as _____</b> a. Letter of Debt b. Bills of exchange c. Open account d. Letter of credit	<b>D</b>
<b>23</b>	<b>How much digits are there in IEC number?</b> a. 8 b. 10 c. 12 d. 15	<b>B</b>
<b>24</b>	<b>What is the full form of RFID?</b> a. Rural Fund Information Development b. Request For International Development c. Radio Frequency Identification System d. Radio Frequency Internal System	<b>C</b>
<b>25</b>	<b>The Export Inspection Council is a _____</b> a. Support the export corporation b. Responsible for the enforcement of QC c. Administrative control of the ministry of Commerce & industry d. Provides consultancy to export organization	<b>C</b>
<b>26</b>	<b>The World Trade Organization was formed in _____</b> a. 1994 b. 1995 c. 1996	<b>B</b>

	d. 1997	
<b>27</b>	<b>Government policies are related to_____</b> a. Income tax b. Sales tax c. Both „a“ & „b“ d. None of the above	<b>C</b>
<b>28</b>	<b>Clearing and forwarding agents are an important link between_____</b> a. The exporter and various other agencies b. The importer and various other agencies c. Import and export of goods d. All of the above	<b>D</b>
<b>29</b>	<b>Which Regional issues are important to commercial success?</b> a. Taxation matters b. Importance of negotiations c. Degree of market risk d. All of the above	<b>B</b>
<b>30</b>	<b>Regional conventions that aim to increase the enforcement of IPRs include the following:</b> a. African Regional Intellectual Property Organization b. Latin American Patent Office c. Asian Regional Intellectual Property Organization d. U.S. Patent and IRP Organization	<b>A</b>

**Unit-V**  
**Policy Framework for Imports and Exports**

<b>Q.No</b>	<b>Question</b>	<b>Answer</b>
<b>1</b>	<b>Which exchange rate system involves a —leaning against the wind strategy in which short-term fluctuations in exchange rates are reduced without adhering to any particular exchange rate over the long run?</b> a. pegged of fixed exchange rates b. adjustable pegged exchange rates c. managed floating exchange rates d. freely floating exchange rates	<b>C</b>
<b>2</b>	<b>The Paris Convention is monitored by?</b> a. WIPO b. IWPO c. PCT d. CPT	<b>A</b>
<b>3</b>	<b>Transportation cost of trade affects:</b> a) pattern of trade b) boundaries between tradable and non-tradable goods c) Global supply chains d) all of the above	<b>D</b>



<b>4</b>	<b>Underlying the application of the monopolistic competition model to trade is the idea that trade:</b> a) increases market size b) allows companies to charge higher price c) increases consumer choices d) decreases the number of firms in an industry	<b>A</b>
<b>5</b>	<b>A no-trade world will have which of the following characteristics:</b> a) Countries will have same relative endowments of production factors b) Consumers across countries will have identical and homogenous tastes c) There will be no distortions or externalities d) all of the above	<b>D</b>
<b>6</b>	<b>Which of the following trade policies limits specified quantity of goods to be imported at one tariff rate.</b> a) Quota b) Import tariff c) Specific tariff d) All of the above	<b>A</b>
<b>7</b>	<b>In the 2-factor, 2 good Heckscher-Ohlin model, the two countries differ in</b> a) Military capabilities b) labour productivities c) relative availabilities of factors of production d) tastes	<b>C</b>
<b>8</b>	<b>Since 1980s which of the following changes has happened in the world trade?</b> a) Share of "north-north" trade has decreased in total merchandise exports b) Share of "south--" trade has increased in total merchandise eports c) share of agriculture produce has decreased in total merchandise exports d) all of the above	<b>D</b>
<b>9</b>	<b>According to Ricardo, a country will have a comparative advantage in:</b> a) Industries in which there are neither imports nor exports b) import competing industries c) Industries that sell to domestic and foreign buyers d) industries that sell to only foreign buyers	<b>C</b>
<b>10</b>	<b>Nations conduct international trade because:</b> a) Some nations prefer to produce one thing while others produce other things. b) Resources are not equally distributed among all trading nations. c) Trade enhances opportunities to accumulate profits. d) Interest rates are not identical in all trading nations	<b>B</b>
<b>11</b>	<b>Which of the following is a determinant of trade?</b> a) Tastes b) Per capita income c) Technological change d) All of the above	<b>D</b>

<b>12</b>	<b>International Trade is most likely to generate short-term unemployment in:</b> a) Industries in which there are neither imports nor exports b) Import-competing industries c) Industries that sell to domestic and foreign buyers. d) Industries that sell to only foreign buyers	<b>B</b>
<b>13</b>	<b>According to the theory of comparative advantage, which of the following is NOT a reason why countries trade?</b> a) Costs are higher in one country than in another. b) Prices are lower in one country than in another. c) The productivity of labour differs across countries and industries. d) Exports give a country a political advantage over other countries that export less.	<b>D</b>
<b>14</b>	<b>The reason why international trade has strong effects on the distribution of income is because:</b> a) Resources cannot move immediately or without cost from one industry to another. b) Industries differ in the factors of production they demand c) both a & b d) Trade has no effect on distribution of income.	<b>C</b>
<b>15</b>	<b>New trade theory assumes the following:</b> a) Increasing returns to scale b) Imperfect competition c) Product differentiation d) all of the above	<b>D</b>
<b>16</b>	<b>A vertical foreign direct investment (FDI) is:</b> a) breaking up the production chain and parts being transferred to the affiliated location b) Mainly driven by production cost differences between countries. c) both a and b d. none of the above	<b>C</b>
<b>17</b>	<b>Which of the following is not a benefit of international trade?</b> a) High wage levels for all domestic workers b) Lower domestic prices c) Development of more efficient methods and new products. d) A greater range of consumption choices.	<b>A</b>
<b>18</b>	<b>Which of the following policies permits a specifid quantity of goods to be imported at one tariff rate and applies a higher tariff rate to imports avobe this quantity?</b> a) Tariff quota b) Import tariff c) Specific tariff d) All of the above	<b>A</b>

<b>19</b>	<b>Which of the following explains intra-industry trade.</b> a) Wrong industrial classification b) Product differentiation c) Economics of scale d) All of the above	<b>D</b>
<b>20</b>	<b>Free traders maintain that an open economy is advantageous in that it provides all of the following except:</b> a) Increased competition for world producers b) A wider selection of products for consumers c) The utilization of the most efficient production methods. d) Relatively high wage levels for all domestic workers.	<b>D</b>
<b>21</b>	<b>Under an acceptance letter of credit, the responsibility of the issuing bank is</b> A. only to accept the bill B. to pay against the bill C. to accept the immediately and also to pay the amount of the bill on its due date. D. to get the acceptance of the importer on the bill.	<b>C</b>
<b>22</b>	<b>Which of the following organization does not specialize in training activity?</b> A. Indian Institute of foreign trade B. Indian Institute of packing C. Indian trade promotion organization D. None of the above	<b>C</b>
<b>23</b>	<b>Under the confirmed letter of credit the undertaking the confirming bank is</b> A. in addition to that of the opening bank. B. in substitution of the undertaking of the opening bank. C. subject to government policies to the exporter country. D. none of the above.	<b>A</b>
<b>24</b>	<b>A credit which provides for reinstatement of the amount as and when bills are drawn under it is called</b> A. reinstatement credit B. reimbursement credit C. revolving credit. D. back-to-back credit.	<b>C</b>
<b>25</b>	<b>A tax of 15 percent per imported item would be an example of a (an):</b> a. Ad valorem tariff b. Specific tariff c. Effective tariff d. Compound tariff	<b>A</b>
<b>26</b>	<b>Which type of tariff is expressly forbidden by the U.S. Constitution?</b> a. Import tariff b. Export tariff c. Specific tariff d. Ad valorem tariff	<b>B</b>

<b>27</b>	<b>A foreign-trade zone (FTZ) is</b> a. a regional area within which trade with foreign nations is allowed b. a free trade agreement among several nations c. designed to limit exports of manufactured goods by placing export taxes on goods made within the zone d. designed to promote exports by deferring import duties on intermediate inputs and waving such duties if the final product is re-exported rather than sold domestically	<b>D</b>
<b>28</b>	<b>If a nation fitting the criteria for the small nation model imposes a 10 percent tariff on imports of autos</b> a. the price of autos within the nation will rise by 10 percent b. the price of autos within the nation will rise by less than 10 percent c. the price of autos within the nation will rise by more than 10 percent d. the price of autos will not rise because of internal competition	<b>A</b>
<b>29</b>	<b>With free trade, the total quantity of imports would equal</b> a. 10,000 units b. 40,000 units c. 42,000 units d. 50,000 units	<b>B</b>
<b>30</b>	<b>In 1980 the U.S. imposed export quotas on grain sold to the Soviet Union in response to its armed invasion of Afghanistan. If other nations do not increase grain exports to the Soviets, all the following would likely occur except:</b> a. Grain prices would rise in the Soviet Union b. Consumer surplus would decrease for the Soviets c. Grain prices would rise in the United States d. Export revenues would decrease for U.S. producers	<b>C</b>
<b>31</b>	<b>The most widely traded currency in the foreign exchange market is the</b> a. euro b. Chinese yuan c. British pound d. U.S. dollar	<b>D</b>
<b>32</b>	<b>Under a system of floating exchange rates, the pound would depreciate in value if there occurs:</b> a. price inflation in the United States b. an increase in U.S. real income c. a decrease in the British money supply d. falling interest rates in Britain	<b>D</b>
<b>33</b>	<b>Which financial instrument provides a buyer the right to purchase or sell a fixed amount of currency at a prearranged price, within a few days to a couple of years:</b> a. letter of credit b. foreign currency option c. cable transfer d. bill of exchange	<b>B</b>

<b>34</b>	<b>Given the foreign currency market for the Swiss franc, the supply of francs slopes upward, because as the dollar price of the franc rises:</b> a. America's demand for Swiss merchandise rises b. America's demand for Swiss merchandise falls c. Switzerland's demand for American merchandise rises d. Switzerland's demand for American merchandise falls	<b>C</b>
<b>35</b>	<b>In a supply-and-demand diagram for Japanese yen, with the exchange rate in dollars per yen on the vertical axis, the demand schedule for yen is drawn sloping:</b> a. upward b. vertical c. downward d. horizontal	<b>C</b>
<b>36</b>	<b>The exchange rate is kept the same across geographically-separate markets by</b> a. hedging b. speculation c. government regulation d. arbitrage	<b>D</b>
<b>37</b>	<b>An important feature of a _____ is that the holder has the right, but not the obligation, to buy or sell currency.</b> a. swap b. foreign exchange arbitrage c. foreign exchange option d. futures market contract	<b>C</b>
<b>38</b>	<b>If the bank is selling francs for \$0.45, then what is the implied franc price of the dollar?</b> a. 2.0 b. 1.999 c. 2.323 d. 2.222	<b>D</b>
<b>39</b>	<b>The difference between bid (buying) rates and ask (selling) rates is called the</b> a. profit b. arbitrage c. spread d. forward transaction	
<b>40</b>	<b>The franc is said to be selling at a _____ if the spot dollar price is \$0.48 and the nine month forward rate is \$0.42.</b> a. forward discount b. forward premium c. forward spread d. none of the above	<b>A</b>