Type: MCQ

Q1. The balance on current account includes all of the following items except (1)
1. Merchandise exports minus merchandise imports
2. Exports of services minus imports of services
3. Income receipts minus income payments on investments
4. ** Changes in countries assets owned abroad and foreign assets owned in the country

Q2. Under a managed floating exchange rate system, the Nation's monetary authorities intervene in Foreign Exchange Markets to (2)
1. ** Smooth out short-run fluctuations in exchange rates
2. Smooth out long-run fluctuations in exchange rates
3. Smooth out short-run and long-run fluctuations in exchange rates
4. Keep exchange rates fixed among a group of nations

Q3. The exchanges of interest rate payments or foreign currencies are called (2)
1. **Swaps
2. Options
3. Futures
4. Forwards

Q4. Which of the following is responsible for the single currency? (3)
1. DG for Economic and Financial Affairs
2. ** European Central Bank
3. German Central Bank
4. Euro area

Q5.What does Ex in the formula Em + Ex > 1 in the elasticity approach represent? (4)
1. ** Price elasticity of exports
2. Price elasticity of domestic production
3. Price elasticity of imports
4. Total exports of the country

Q6. Business cycles tend to impact nations other than the nation in which they are occurring because of (4)
1. ** Foreign repercussions
2. Absorption
3. The income elasticity of imports
4. The foreign multiplier

Q7. Gold standard introduced in (5)
1. 1913
2. 1990
3. ** 1876
4. 1944

Q8. A currency crisis is best described as (5)
1. ** A sharp change in foreign reserves sparked by a change in expectations about the future exchange rate.

2. A sharp change in foreign reserves sparked by a change in expectations about the level of imports.
3. A sharp change in interest rates sparked by a change in expectations about the level of exports.
4. A sharp change in interest rates sparked by a change in expectations about the level of imports.

Q9. Who does receive largest share of total Indian exports? (6)

1. ** America
2. United Arab Emirates
3. China
4. Britain

Q10. Which of the following is not the objective of the IMF? (6)

1. To promote international monetary cooperation
2. To ensure balanced international trade
3. To ensure exchange rate stability
4. ** To provide loan to private sectors