M COM DEGREE (CSS) EXAMINATION (2021 ADMISSION ONWARDS)

Second Semester – Faculty of Commerce

Elective - Finance

CM010203 INTERNATIONAL BUSINESS AND FINANCE

MULTIPLE CHOICE QUESTIONS

1. Who coined the term Globalisation?
   a. **Theodore Levitt** b. Adam Smith c. David ricardo

2. The process by which ideas, goods and services spread throughout the world.
   a. Liberalisation b. Privatisation **c. Globalisation**

3. The sharing of ideas and information between and through different countries.
   a. **Social Globalisation** b. Political globalisation c. Cultural Globalisation

4. Climate accords like the Kyoto Protocol and the Paris Climate Agreement are related to
   a. Economic Globalisation **b. Ecological Globalization** c. Financial Globalisation

5. Those domestic companies who decide to exploit opportunities in foreign countries are called
   a. International companies b. Domestic companies c. Multinational companies

6. Those factors or forces which attract the foreign firms to do business in Foreign market
   a. Push factors **b. Pull factors** c. Reactive reasons

7. The compulsion in the domestic market such as saturation of the market, which prompts companies to internationalize.
   a. Pull factors **b. Push factors** c. Proactive reasons

8. In this approach, a domestic company may decide to exploit the opportunities abroad as a means of disposing surplus domestic production.
   a. Ethnocentric b. Polycentric c. Regio centric

9. The approach which mostly focuses on the conditions of the host country in policy formulation, strategy implementation and operations are called
   a. Ethnocentric **b. Polycentric** c. Regio centric

10. An approach in which a company views the entire world as a single market and develops standardized marketing mix, projecting a uniform image of the company and its products, for the global market.
    a. Geocentric b. Polycentric c. Ethnocentric

11. A company which produces, markets, invests and operates across the world are called
    a. Transnational b. Global c. Multinational

12. Which of the following is not an Indian multinational company?
    a. ONGC   b. Apollo Tyres   **c. Microsoft**

13. Goods are first sold to an intermediary who then is responsible for the sale of these goods in the foreign market are called
    a. Direct Exporting   **b. Indirect Exporting**   c. Intra-corporate transfers

14. A company directly selling goods from one country into others.
    a. Exporting   b. Indirect Exporting   c. Intra-corporate transfers

15. A firm in one country permits a firm in another country to use its intellectual property such as patents, trademarks, etc.
    a. Licensing   b. Franchising   c. Intra-corporate transfers

16. The authorization granted by a company to sell or distribute its goods or services in a certain area is called
    a. Licensing   **b. Franchising**   c. Contract manufacturing

17. Under this strategy, the company enters into a contract with a firm in the foreign market to manufacture or assemble the product as per its specifications.
    a. Licensing   b. Franchising   c. **Contract manufacturing**

18. An agreement between two companies whereby one company provides managerial assistance, technical expertise and specialized services to the other company for an agreed period for monetary compensation.
    a. Licensing   **b. Management contracts**   c. Contract manufacturing

19. A contract under which a firm agrees to fully design, construct and equip a manufacturing or business or service facility and turn the project to the purchaser ready for operation for a remuneration.
    a. **Turnkey projects**   b. Management contracts   c. Contract manufacturing

20. A corporate investment that involves building a new entity in a foreign country
    a. Greenfield investment   b. Management contracts   c. Contract manufacturing

21. The company which wants to enter foreign market sets up an enterprise in collaboration with a local firm in the host country.
    a. Greenfield investment   b. Management contracts   **c. Joint venture**

22. Two companies of similar size combine to form a new single entity is called
    a. Acquisition   **b. Merger**   c. Functional alliance

23. When one company purchases another company, it is called
    a. Acquisition   **b. Merger**   c. Functional alliance

24. The agreement between two or more firms that unite to pursue the common set of goals but remain independent after the formation of the alliance.
    a. **Strategic alliance** b. Production alliances c. Functional alliance

25. A form of international trade in which import of goods are paid for by exports of goods, instead of money payments.
    a. **Counter trade** b. Piggybacking c. Merger

26. In this strategy, two companies form an alliance and both help each other to promote certain products which are complementary to each other but not competitive in nature.
    a. Counter trade **b. Piggybacking** c. Merger

27. Exchange of goods or services directly for other goods or services without the use of money as means of purchase or payment.
    a. Buy back b. Offset **c. Barter**

28. The first and oldest of all international trade theories, Mercantilism is related to
    a. David Ricardo b. Adam Smith **c. Thomas Mun**

29. Who proposed Absolute Cost Advantage Theory of International Trade?
    a. David Ricardo **b. Adam Smith** c. Thomas Mun

30. Who developed the Theory of Comparative Cost Advantage?
    a. **David Ricardo** b. Adam Smith c. Thomas Mun

31. The Factor Endowment Theory of international trade is related to
    a. **Heckscher-Ohlin** b. David Ricardo c. Adam Smith

32. The product life cycle theory was propounded by
    a. Raymond Vernon b. Heckscher-Ohlin c. David Ricardo

33. Theory of National Competitive Advantage was developed by
    a. Michael Porter **b. Raymond Vernon** c. Heckscher-Ohlin

34. An economic practice whereby countries can import and export goods without fear of government intervention is called
    a. Trade protection **b. Free trade** c. Exporting

35. It is the policy of the government ensuring protection to the domestic industries from foreign competition.
    a. Trade protection b. Free trade c. Exporting

36. A tax imposed on a commodity when goods are exported to another country.
    a. Import Duty **b. Export duty** c. Specific duty

37. A tax imposed on a commodity when goods are imported to a home country.
    a. Import Duty b. Export duty c. Specific duty

38. When goods have been subsidized by foreign governments, home country imposes duty to counteract. Such duties are known as
    a. Import Duty b. Export duty **c. Countervailing duties**

39. Duties which are levied as a fixed percentage of the value of the commodity imported/exported is called
    a. Specific Duty **b. Ad-valorem duty** c.Countervailing duties

40. A duty which is a flat sum per physical unit of the commodity imported or exported.
    a. Specific Duty b. Ad-valorem duty c.Countervailing duties

41. A tax imposed on a commodity crossing the national frontier originating from, and designated for other countries.
    a. Specific Duty b. Ad-valorem duty **c. Transit duty**

42. It is the restriction on the quantity of imports or exports.
    a. **Quota** b. Voluntary Export Restraint c. Administered controls

43. A quota on the export of product from a country may be imposed if the government feels that exports in excess of that will affect the interest of domestic consumers.
    a. Import quota **b. Export quota** c. Tariff quota

44. This is to restrict the quantity of imports to protect the interests of domestic producers or conserve foreign exchange reserves.
    a. **Import quota** b. Export quota c. Tariff quota

45. Under this, the imports of a commodity up to a specified volume are allowed duty free or at a special low rate; but any imports in excess of this limit are subject to duty or a higher rate of duty.
    a. Import quota b. Export quota **c. Tariff quota**

46. A bilateral agreement between two governments under which the exporting country voluntarily agrees to restrict exports of the specified commodity to the importing country at the specified level.
    b. Licensing **b. Voluntary Export Restraints** c. Tariff quota

47. A condition that requires some specific fraction of a product imported be produced domestically.
    a. **Local content requirement** b. Licensing c. Voluntary Export Restraints

48. It is a refusal to sell to a specific country.
    a. Embargo b. Local content requirement c. Licensing

49. It is an absolute restriction against the purchase and importation of certain goods from other countries.
    a. Embargo   b. Local content requirement   **c. Boycott**

50. If a group of countries agree to abolish all trade restrictions and barriers among or charge low rates of tariffs in carrying out international trade, such a group is called
    a. Free trade area   b. Customs union   c. Economic union

51. The full or ultimate form of economic integration is
    a. Customs union   **b. Political union**   c. Economic union

52. It is the exchange of goods between two nations promoting trade and investment.
    a. **Bilateral trade**   b. Multilateral trade   c. Unilateral trade

53. These trade agreements are treaties of commerce between three or more nations.
    a. Bilateral trade   **b. Multilateral trade**   c. Unilateral trade

54. In this, the use of independent middlemen like brokers or agents to market the firm's products overseas.
    a. Direct exporting   **b Indirect exporting**   c. Entrepot Trade

55. It occurs when a manufacturer or exporter sells directly to an importer or buyer located in a foreign market.
    a. Direct exporting   b Indirect exporting   c. Entrepot Trade

56. It means importing goods from one country and exporting it to another country after adding some value to it.
    a. Direct exporting   b Indirect exporting   **c. Entrepot Trade**

57. It is defined as the ratio of a country's import and export prices.
    a. Entrepot Trade   **b. Terms of Trade**   c. Unilateral trade

58. Net Barter/ Commodity Terms of Trade is related to
    a. F. W. Taussing   b. David Ricardo   c. Adam Smith

59. Gross Barter/ Commodity Terms of Trade is related to
    a. F. W. Taussing   b. David Ricardo   c. Adam Smith

60. Income Terms of Trade is related to
    a. F. W. Taussing   b. David Ricardo   **c. G.S. Dorrance**

61. Single Factorial Terms of Trade is related to
    a. F. W. Taussing   b. J. Viner   c. G.S. Dorrance

62. Double Factorial Terms of Trade is related to
    a. F. W. Taussing   **b. J. Viner**   c. G.S. Dorrance

63. Real cost Terms of Trade is related to
    b. F. W. Taussing **b. J. Viner** c. G.S. Dorrance

64. A statistical record that shows all economic transactions that occur between residents of a country and the rest of the world.
    a. **Balance of payment** b. Balance of trade c. Merchandise account of exports.

65. It includes all transactions that increase or decrease the country's national income.
    a. **Current account** b. Capital account c. Unilateral Payments Accounts

66. It records all such transactions which relate to purchase and sale of foreign assets and foreign liabilities during a year.
    a. Current account **b. Capital account** c. Unilateral Payments Accounts

67. It includes government grants, compensation, private remittances, disaster relief, etc.
    a. Current account b. Capital account **c. Unilateral Payments Accounts**

68. It represents the official sales of foreign currencies and other reserves to foreign countries or official purchase of foreign currencies or other reserves from foreign countries.
    a. Capital account **b. Official settlements account** c. Unilateral Payments Accounts

69. The risk that the acts of sovereign government or government agencies affect to the lenders.
    a. Political risk **b. Sovereign risk** c. Transfer risk

70. It involves collecting various independent opinions and then averaging and measuring the dispersion of those opinions.
    a. Checklist approach **b. Delphi technique** c. Quantitative analysis

71. The freedom of currency conversion related to capital inflows and outflows is known as
    a. Current account convertibility **b. Capital account convertibility** c. None of these

72. Selling the product at below the ongoing market price and/or at the price below the cost of production is called
    a. Dumping b. Reverse dumping c. Price discrimination

73. When the product is sold at a price lower than the cost of production in the domestic market, it is called
    a. Dumping b**. Reverse dumping** c. Price discrimination

74. The monopolist sells the product in a foreign market at a low price initially with a view to drive away the competitors and increase the price after the competitors leave the market and it is called
    a. Intermittent Dumping b. Persistent Dumping **c. Predatory Dumping**

75. The producer sells the excess stock in foreign countries at low price without reducing the price in domestic countries is called
    a. Intermittent Dumping b. Persistent Dumping c. Predatory Dumping

76. The monopolist sells the remaining production in foreign countries at a low price continuously is called
    a. Intermittent Dumping **b. Persistent Dumping** c. Predatory Dumping

77. Investing capital in buying equities, bonds and other securities abroad is known as
    a. **Foreign Portfolio Investment** b. Foreign Direct Investment c. None of these

78. The investment made by a firm in a foreign country is called
    a. Foreign Portfolio Investment **b. Foreign Direct Investment** c. None of these

79. Foreign firms taking control over domestic assets is termed as
    a. **Inward FDI** b. Outward FDI c. Vertical FDI

80. Domestic firms investing overseas and taking control over foreign assets is known as
    a. Inward FDI **b. Outward FDI** c. Vertical FDI

81. Direct investment in industries abroad so as to either provide inputs for the firm's domestic operations or sell its domestic outputs overseas is termed as
    a. Inward FDI b. Outward FDI **c. Vertical FDI**

82. A business firm conducts the same activities but in a foreign country is termed as
    a. Horizontal FDI b. Outward FDI c. Vertical FDI

83. General Agreement on Tariffs and Trade (GATT) has its origin in
    a. 1947 b. 1949 c. 1950

84. The International Monetary Fund (IMF) came into existence in
    a. 1944 b. 1947 c. 1949

85. Special Drawing Rights are known as
    a. **Paper gold** b. Credit tranche c. Reserve tranche

86. Exposures related to companies' transactions in foreign currency are called
    a. Economic exposure **b. Transaction Exposure** c. Translation exposure

87. It refers to the extent to which the firm's future cash flows gets affected due to the change in the foreign exchange rates along with the price changes.
    a. **Economic exposure** b. Transaction Exposure c. Translation exposure

88. It is the risk of loss suffered when stock, revenue, assets or liabilities denominated in foreign currency changes with the movement of the foreign exchange rates.
    a. Economic exposure b. Transaction Exposure **c. Translation exposure**

89. It means paying an obligation in advance of the due date.
    a. Lagging **b. Leading** c. Netting

90. It means delaying payment of an obligation beyond its due date.
   a. **Lagging** b. Leading c. Netting

91. It is a contract to exchange cash flows over the life of the contact.
   a. Options b. Futures **c. Swaps**

92. It obligates one party to buy the underlying at a fixed price at a certain time in the future from a counter party.
   a. Options b. Futures **c. Forwards**

93. It is a negotiable US certificate representing ownership of shares in a non-US company.
   a. IDR b. GDR **c. ADR**

94. It is a dollar denominated instrument tradable on stock exchange in Europe or the US or both.
   a. IDR **b. GDR** c. ADR

95. In Latin, 'Vostro' means
   a. **Your account with us** b. Our account with you c. Their account with you

96. In Latin, 'Loro' means
   a. Your account with us b. Our account with you **c. Their account with you**

97. In Latin, 'Nostro' means
   a. Your account with us **b. Our account with you** c. Their account with you

98. India was represented in the Bretton-woods conference by
   a. **Sir C.D. Deshmukh** b. Dr. Manmohan Singh c. P V Narasimha Rao

99. An exchange rate system whereby the rate of a currency is determined by the market forces of demand and supply.
   a. Fixed **b. Flexible** c. Pegged exchange rate.

100. It refers to a system in which exchange rate for a currency is fixed by the government.
   a. **Fixed** b. Flexible c. Pegged exchange rate.

101. It is basically a promise by a bank to pay an exporter if all terms of the contract are executed properly.
   a. **Letter of credit** b. Bank transfers c. Open account

102. It is a government aid designed to promote the economic development and welfare of developing countries.
   a. **ODA** b. GDR c. ADR

103. World Trade Organisation (WTO) was established in
   a. 1994 **b. 1995** c. 1996

104. TRIPS came into force in

a. 1994 **b. 1995** c. 1996

105. Any sign or any combination of signs capable of distinguishing the goods or services of one undertaking from those of other undertakings.

a. Copy right **b. Trademark** c. Patent

106. It is a legal term describing rights given to creators for their literary and artistic works

a. Copy right b. Trademark c. Patent

107. It is aimed to ensure that the investments by foreign investors (MNCs) in host countries are not treated in a discriminatory manner.

a. **TRIMs** b. TRIPs c. GATS

108. The first multilateral agreement covering trade in services.

a. TRIMs b. TRIPs **c. GATS**

109. These kinds of subsidies don't distort free trade or distort the free trade at a very minimal or negligible level.

a. **Green Box** b. Blue box c. Amber box

110. These subsidies aim to limit production by imposing production quotas or requiring farmers to set aside part of their land.

a. Green Box **b. Blue box** c. Amber box