# 12 Lecture - MGT211

# **Important Mcqs**

1. Which of the following refers to the exchange of goods and services between countries?

- a) Domestic trade
- b) International trade
- c) Local trade
- d) Regional trade
- Answer: b) International trade
- 2. What is the primary objective of foreign trade?
  - a) To increase domestic production
  - b) To reduce imports
  - c) To earn foreign exchange
  - d) To decrease the balance of trade

Answer: c) To earn foreign exchange

## 3. Which of the following is not a mode of foreign trade?

- a) Export
- b) Import
- c) Franchising
- d) Licensing

# Answer: c) Franchising

- 4. What is the name given to the difference between a country's total exports and imports?
  - a) Balance of payments
  - b) Balance of trade
  - c) Current account
  - d) Capital account

Answer: b) Balance of trade

#### 5. Which of the following is not a benefit of foreign trade?

- a) Increased competition
- b) Access to new markets
- c) Economic growth
- d) Reduced job opportunities

Answer: d) Reduced job opportunities

# 6. What is foreign direct investment (FDI)?

- a) Investment in domestic companies
- b) Investment in foreign companies
- c) Investment in domestic and foreign companies
- d) Investment in government securities

# Answer: b) Investment in foreign companies

7. Which of the following is a form of trade protectionism?

a) Import quotas

b) Export promotion

c) Free trade agreements

d) Customs unions

Answer: a) Import quotas

## 8. Which of the following is an example of a trade surplus?

a) A country exports more than it imports

b) A country imports more than it exports

c) A country has no exports or imports

d) A country has a balance of trade of zero

Answer: a) A country exports more than it imports

## 9. What is meant by the term "tariff"?

- a) A tax on imports
- b) A tax on exports
- c) A subsidy for exports
- d) A subsidy for imports

Answer: a) A tax on imports

## 10. Which of the following is an example of foreign business?

a) A domestic company exporting goods to foreign countries

b) A foreign company operating in the domestic market

c) A domestic company trading with other domestic companies

d) A foreign company importing goods from domestic companies

Answer: b) A foreign company operating in the domestic market