

**TELANGANA UNIVERSITY**  
**S.S.R. DEGREE COLLEGE, NIZAMABAD (C.C:5029)**  
**FOREIGN TRADE QUESTION BANK**

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**I. Multiple choice questions.**

**10 X ½ = 5 Marks**

1. The foreign trade of country consists of [d]  
a. Inward and outward movement of goods      b. Out flow and in flow of foreign exchange  
c. Trade between nations      d. All the above
2. Bill of Lading refers to [c]  
a. Restriction on trade      b. Legal practice and rules  
c. Evidence of Shipment of the goods      d. None of the above
3. AWB refers to [a]  
a. Acknowledgment of goods      b. Title to goods      c. Negotiable document      d. All the above
4. Consular invoice is required by [d]  
a. Kenya      b. Newzealand      c. Australia      d. All the above
5. When goods are imported for reexporting trade is known as [b]  
a. Export trade      b. Entrepot trade      c. Import trade      d. None of the above
6. Inspection certificate is established by [a]  
a. Authorized inspection agency in exporter country      b. Inspection authority in importer country  
c. Authority at the port      d. All the above
7. A document containing the detailed description of the package shipped is known as [a]  
a. Packing list      b. Custom list      c. Items insured      d. None of the above
8. GR form refers to [c]  
a. Customs invoice      b. Bill of Lading      c. Exchange control document      d. None of the above
9. A bill of exchange includes [d]  
a. Clean and Documentary bills      b. Sight Bills      c. D/P Bills      d. All the above
10. The document setting out the terms and conditions of the lease of a vessel is known as [c]  
a. Airway Bill      b. Usance Bill      c. Charter party B/L      d. None of the above
11. The difference between a nations exports and imports is [c]  
a. Equilibrium      b. Balance of payments      c. Balance of trade      d. None of the above
12. Balance of payments (BOP) is for a particular period of time such as [a]  
a. Usually a calendar year      b. Six months      c. One year      d. None of the above

13. BOP is based on [a]  
 a. Double entry book keeping system                      b. Single entry book keeping system  
 c. No books of accounts                                      d. None of the above
14. India is a major exporter of all the following except [c]  
 a. Agri products                      b. Chemicals                      c. Petroleum                      d. IT Services
15. Factors affecting balance of trade include all of the following except [b]  
 a. Productivity factors                      b. Supply                      c. Endowment factors                      d. Trade barriers
16. Components of BOP [d]  
 a. Current Account                      b. Capital Account                      c. Unilateral payments account                      d. All the above
17. Favourable balance of trade is also known as [c]  
 a. Equilibrium trade                      b. Positive trade                      c. Trade surplus                      d. None of the above
18. Favourable BOP is represented as [b]  
 a.  $B_E = R_f - P_f$                       b.  $B_F = R_f > P_f$                       c.  $B_u = R_t < P_t$                       d. None of the above
19. Secular disequilibrium is caused by [a]  
 a. Economic development                      b. Exchange rates                      c. Price changes                      d. All the above
20. Cash in bank, shares and debentures are the examples of [b]  
 a. Current account                      b. Capital account                      c. Liquid assets account                      d. All the above

**II. Fill in the Blanks.**

**10 X ½ = 5 Marks**

1. Foreign trade involves a high degree of risk.
2. To be an acceptable document, the B/L must be clean
3. When the exporter of goods pays the amount before hand, it is known as Freight paid B/L
4. If the purchaser and seller belong to same country and involved in business, it is known as Inland trade
5. Commercial Invoices is the sellers bill for Merchandise
6. D/A bill means Documents on Acceptance
7. Certificate of origin indicates where the goods were produced
8. A document that certifies that the goods being exported are of good quality is Inspection certificate
9. Proof of contract between the shipping company and the exporter is Bill of Lading
10. The receipt provided by Airway Company for the air Cargo is known as House Airway Bill
11. Unfavorable balance of trade is also known as Trade deficit
12. Balance of payments enables the government to know about the International position of the nation.

13. Unilateral transfers is another term for Gifts
14. Structural disequilibrium is caused by Structural changes
15. Direct control is adopted by government to correct Disequilibrium in BOP
16. A major import of India is Petroleum
17. When the exports exceeds imports, it is known as Favourable balance of trade.
18. Balance of payments influences the level of exchange rate in a country.
19. Balance of payment can be represented the equation such as  $Y = C + I + G + (X - M)$
20. Price changes, a major cause of disequilibrium in BOP is related to Inflation of deflation

### III. Short Answers.

**5 X 1 = 5 Marks**

1. C.I.F?

A: Cost, Insurance and Freight.

2. F.O.B?

A: Free on board

3. Salvage?

A: Salvage refers to the charges recoverable by a salvage company.

4. C.I.P?

A: Carriage on Insurance Paid

5. Marine Insurance Policy?

A: This refers to Insurance of goods shipped against the risk of loss or damage.

6. Invisible Exports?

A: Sale of services like transport and insurance, foreign tourist expenditure in the home country.

7. Short term capital transactions?

A: Transactions of international capital movements for a period of 3 months to 1 year.

8. Balance of trade includes?

A: Imports and exports of only visible items.

9. Equilibrium in trade?

A: The value of imports is equal to value of exports.

10. Basic balance includes?

A: The current account balance and the long term capital account balance.