

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ECO/B Date 20.01.2021

Teacher name – Ajay Kumar Sharma

Open Economy Macroeconomics

Q1. Foreign exchange rate of a country is the

- a) price of a foreign good in terms of the domestic good
- b) price of a foreign trade in terms of the domestic trade
- c) price of a foreign factor in terms of the domestic factor
- d) price of a foreign good in terms of the domestic currency

Ans. (d)

Q2. A source of supply of foreign exchange is

- a) Donations given
- b) Imports
- c) Exports
- d) Gifts

Ans. (c)

Q3. Balance of payment Accounts is a

- a) Systematic record of all receipts between the residents of a country and abroad
- b) Systematic record of all expenditures between the residents of a country and abroad
- c) Systematic record of all economic transactions between the residents of a country
- d) Systematic record of all economic transactions between the residents of a country & abroad

Ans. (d)

Q4. A source of demand for foreign exchange is

- a) Brokerage of goods & services
- b) Smuggle of goods & services

c) Export of goods & services

d) Import of goods & services

Ans. (d)

Q5. A deficit in balance of trade indicates

a) That the imports of good are equal to the exports

b) None of the above

c) That the imports of good are less than the exports

d) That the imports of good are greater than the exports

Ans. (d)

Q6. What do you mean by Foreign exchange market?

Ans. The foreign exchange market is the market where international currencies are traded for one another.

Q7. Define flexible exchange rate.

Ans. Flexible exchange rate is the rate which is determined by the demand and supply of different currencies in the foreign market.

Q8. What is meant by appreciation of currencies?

Ans. Appreciation of currency means increase in exchange value of the currency when it is compared with other country.