

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ECO/B Date 21.01.2021

Teacher name – Ajay Kumar Sharma

## Open Economy Macroeconomics

Q9. What is the balance of visible times in the balance of payments account called?

Ans. Balance of trade

Q10. What is meant by managed floating?

Ans. It is a system that allows adjustments in exchange rate according to a set of rules and regulations which are officially declared in the foreign exchange market.

Q11. When a situation of deficit in BOP does arises?

Ans. A situation of deficit in BOP arise when autonomous receipts are less than autonomous payments.

Q12. Fixed exchange rate is

- a) is fixed by the foreign exchange market
- b) is fixed by the businesses in an economy
- c) is fixed by the anybody in an economy
- d) is fixed by the government in an economy

Ans. (d)

Q13. Flexible exchange rate is

- a) Fixed
- b) Ordered
- c) Can't say
- d) Determined

Ans. (d)

Q14. Point out a merit of fixed exchange rate

- a) None

b) Ensures supply of the fixed exchange rate

c) Ensures demand for the fixed exchange rate d) Ensures stability of the fixed exchange rate

Ans. (d)

Q15. Point out a demerit of fixed exchange rate

a) Promotes the objectives of free markets

b) Ensures supply of the fixed exchange rate

c) None

d) Contradicts the objectives of free markets

Ans. (d)