

**DELHI PUBLIC SCHOOL, JAMMU**

**SESSION-2021-22**

**Assignment**

**Class: XII**

**SUB: ECONOMICS**

**TOPIC: i) FOREIGN EXCHANGE RATE**

**ii) BALANCE OF PAYMENT**

Based on understanding of the E-lectures- cum- PPTs , video links and other e –resources shared with you, answer the following questions.

Q.1 Price of one currency in relation to foreign currencies is determined by forces of demand and supply is known as:-

- (a) Equilibrium Rate
- (b) Fixed exchange Rate
- (c) Exchange Rate
- (d) Flexible exchange Rate

Q.2 The current account of BoP includes transaction related to:-

- (a) Financial assets
- (b) Borrowing from foreign countries
- (c) Export and import of invisible items
- (d) Foreign investment

Q.3 Which one is the component of current account:-

- (a) Invisibles
- (b) Foreign Direct Investment
- (c) Banking Capital
- (d) Loans

Q.4 The term foreign exchange refers to:-

- (a) Exchange of goods of one nation for goods of other nation
- (b) Exchange of goods of one nation for services of other nation
- (c) Exchange of goods of one nation for currency of other nation
- (d) Exchange of currency of one nation for currency of other nation

Q.5 Invisible balance refers to:-

- (a) Export - Imports
- (b) Trade balance + Balance of Non factor service

(c) Balance of Non factor service + Balance of Income + Balance of Transfers

(d) Exports - Imports + Balance of Factor Services

Q.6 If Rs.120 are required to buy 1\$, instead of Rs.100:-

(a) Domestic currency has appreciated

(b) Domestic currency has depreciated

(c) Rupee value of import bill will increase

(d) Rupee value of export bill will decrease

Q.7 Which of the following statement is true:-

(a) BoT includes foreign borrowing

(b) Autonomous items are determined by profit motive

(c) Accomodating items are above the line items

(d) BoT includes payment of interest and dividends

Q.8 When there is depreciation of currency:-

(a) Exports become cheaper

(b) Imports become cheaper

(c) Exports become costlier

(d) No effect on imports.

Q.9 If value of exports is Rs.100 lacs and import of Rs.1650 lacs, Balance of Trade shows:-

(a) surplus of Rs.650 lacs

(b) deficit of Rs.650 lacs

(c) surplus of Rs.2650 lacs

(d) deficit of Rs.2650 lacs

Q.10 Surplus in BoP account occurs when:-

(a) Receipts = Payments

(b) Receipts > Payments

(c) Receipts < Payments

(d) None of the above

Q.11 If balance of trade is showing a deficit of Rs.400 crores and value of imports is Rs.1100 crores than the value of exports would be:-

(a) Rs.200 crores

(b) Rs.500 crores

(c) Rs.700 crores

(d) Rs.900 crores

Q.12 BoP deficit is caused when:-

- (a) current account balance is negative
- (b) capital account balance is positive
- (c) current account balance is zero
- (d) increase in official reserves take place

Q.13 If value of visible exports is greater than the value visible imports the balance relates to:-

- (a) Current account BoP
- (b) Balance of Trade
- (c) Capital account BoP
- (d) Foreign exchange account

Q.14 Balance of payment "surplus" in excess of:-

- (a) current account payment over current account receipts
- (b) capital account payment over capital account receipts
- (c) Autonomous payments over autonomous receipts.
- (d) Autonomous receipts over autonomous payments.

Q.15 How can increase in foreign direct investment, other things remaining the same affect the foreign exchange rate:-

- (a) FER will fall
- (b) FER will rise
- (c) No change in FER
- (d) FER will fluctuate

Q.16 When the exchange rate rises due to managed floating, it is called:-

- (a) Devaluation
- (b) Appreciation
- (c) Depreciation
- (d) Revaluation

Q.17 Which of the following is a source of supply of foreign exchange?

- (a) Current transfers to abroad
- (b) Speculation
- (c) Portfolio investment
- (d) Capitalisation in rest of the world

Q.18 Favourable disequilibrium in BoP account leads to:-

- (a) Increase in official reserve with RBI
- (b) Decrease in official reserve with RBI
- (c) No change in official reserve with RBI
- (d) None

Q.19 Due to depreciation of foreign currency, the supply of foreign currency in domestic economy will:-

- (a) Increase
- (b) Not change
- (c) Either increase or decrease
- (d) Decreases

Q.20 Equilibrium exchange rate occurs when:-

- (a) Supply of foreign exchange > Demand for foreign exchange
- (b) Supply of foreign exchange = Demand for foreign exchange
- (c) Supply of foreign exchange < Demand for foreign exchange
- (d) Both (a) and (b)

Note:

Due date of Submission: 31st August;2021

Students must mention their names, class / section and date in their assignments.

Your assignment will be marked for Internal / Term assessments. Therefore, it is necessary for you to submit it on time.