1. **A surge in foreign capital inflow in India would lead to**

    a) Sale of foreign exchange by the central bank in order to prevent depreciation of rupee

    b) Purchase of foreign exchange by central bank in order to prevent depreciation of rupee

    c) Sale of foreign exchange by the central bank in order to prevent appreciation of rupee

    d) Purchase of foreign exchange by central bank in order to prevent appreciation of rupee

    Answer: d

2. **The term "hot money" is used to refer to**

    a) Currency + reserves with the RBI

    b) Net GDR receipts

    c) Net foreign direct investment

    d) Foreign portfolio investment

    Answer : d

3. **Which of the following statements is/are correct regarding FDI under automatic route?**

    - **FDI in India under the automatic route does not require prior approval either by the Government of India or the Reserve Bank of India.**

    - **Investors are only required to notify the concerned regional office of the RBI before receipt of inward remittances and file required documents with that office before the issue of shares to foreign investors.**

    Select the correct answer using the codes given below.

    a) 1 only

    b) 2 only

    c) Both 1 and 2

    d) Neither 1 nor 2

Answer : c

4. **Which of the following are the components of foreign capital?**

   Grants and loans
   External commercial borrowings
   Foreign direct investment
   Deposits from non-residents
   Select the correct answer using the codes given below.

   - 1, 2, 3, and 4
   - 1, 2, and 4 only
   - 1 and 2 only
   - 3 and 4 only

   Answer : a

5. **Consider the following statements:**

   Foreign investment may affect a country's export performance adversely.

   Inflow of foreign exchange may cause appreciation of local currency, leading to a rise in the prices of export commodities.

   Which of the statements given above is/are correct?

   - 1 only
   - 2 only
   - Both 1 and 2
   - Neither 1 nor 2

   Answer : c

6. **The foreign direct investment includes**

   - Intellectual Property
   - Human Resource
   - Tangible Good

- Intangible Goods

Answer: C

7. **The three disputes of FDI are over**
   - Concern
   - Interest
   - Regard
   - Hobby

   Answer: B

8. **More expansion of foreign direct investment can boost**
   - Money circulation
   - Demand
   - Employment
   - Unemployment

   Answer C

9. **For spreading information the Foreign policy decision-makers rely on**
   - Bureaucrats
   - Politicians
   - Media
   - Public

   Answer C

10. **Which industry characteristics will have free entry?**

- Mineral mining
- Cable television
- T-shirt silk screening
- Satellite radio

Answer: C

11. When a country is specialized in particular good and then trade with other countries is called

- Agreement
- Interdependence
- Correlation
- Dependence

Answer: B

12. What is global depository receipt?

- It is a receipt issued by multinational banks on deposit of money.
- It is a receipt issued by stock exchange to bank clearing mechanism.
- It is a receipt issued by an overseas bank is lieu of shares of a domestic company.
- It is a receipt issued by stock exchange on investment by foreign portfolio investor.

Answer : c