

- 19** Which combination of export and import prices will cause the greatest change in a country's terms of trade?

	export prices	import prices
A	decrease by 1 %	increase by 1 %
B	decrease by 2 %	no change
C	increase by 1 %	decrease by 1 %
D	no change	increase by 2 %

- 20** An Indian multinational company receives profits from its factories based in the UK. It then buys a US-owned firm based in the UK.

How will these transactions appear in India's balance of payments?

	the remittance of profit	the purchase of the US-owned firm
A	a credit item in the current account	a debit item in the financial account
B	a credit item in the financial account	a debit item in the current account
C	a debit item in the current account	a credit item in the financial account
D	a debit item in the financial account	a credit item in the current account