

## Principles of Economics Icom Part 1 English Medium Online Test

Sr	Questions	Answers Choice
1	One of the following is not the monetary measure to control inflation	A. Increase in bank rate B. Open market operation C. Increase in the ratio of reserve capital of the banks D. Increase in taxes
2	There exists a relationship between inflation and deflation	A. Increasing B. Inverse C. Indirect D. None of three
3	One of the following is not the assumption of quantity theory of money	A. Velocity of circulation of legal money should not change B. Velocity of Circulation of credit money should not change C. Quantity of hoardings should not change D. Quantity of goods and services should go on changing
4	Which economist said that the term demand for money should be used instead of circulation of money	A. Prof Keynes B. Prof Marshall C. Prof Crowther D. Prof Fisher
5	"Purchasing power of money is inverse of level of prices. So study of purchasing power of money is identical with the study of level of prices." These are the words of	A. Prof Irving Fisher B. Prof Crowther C. Prof Pigou D. Prof Keynes
6	Relationship of level of prices and quantity of money	A. Positive B. Negative C. Indirect D. 2nd and 3rd both
7	Disadvantages of paper money are	A. Unstable value B. Possibility of inflation C. Possibility of wastage D. All the three
8	One of the following is not advantage of paper money	A. Saving of metals B. Saving of coinage C. Easy transferability D. Perfectly inelastic supply
9	One of the following is not the characteristic of money	A. General acceptability B. Durability C. Non homogeneity D. Convertibility
10	Functions of money are	A. Medium of exchange B. Common measure of value C. Store of value D. All the three
11	"Money is a thing by which payments of agreements of borrowing and pricing are made and general purchasing power is stored in it." This definition of money is stated by the economist	A. Prof Marshall B. Prof Walker C. Prof Keynes D. Prof Crowther
12	Barter economy means the economy in which no good is generally accepted and goods are exchanged with goods. This definition is stated by the	A. Prof Marshall B. Stanley Fisher C. Culberon D. Walker
13	One of the following is not the method to control deflation	A. Decrease in public expenditures B. Decrease in interest rate C. Decrease in income tax D. increase in exports
14	One of the following is not the cause of deflation	A. Decrease in demand for goods B. Decrease in consumption C. Increase in quantity of money D. Increase in supply of goods

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What effects are expected on the purchasing power of money during deflation

- A. Decreases
- B. Increases
- C. Remains constant
- D. 2nd and 3rd