

## Principles of Economics Icom Part 1 English Medium Chapter 10 Online Test

Sr	Questions	Answers Choice
1	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
2	Which one of the following does not exist during deflation	A. Production decreases B. Value of money increases C. Supply of goods and services increases from their demand D. Level of employment increases
3	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
4	The coins whose current price is greater than their intrinsic value, are called	A. Standard coins B. Paper money C. Token money D. Credit money
5	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
6	Exchange of goods with goods is called	A. Medium of exchange B. Store of exchange C. Scale of measure of exchange D. Barter system
7	All Pakistani coins are	A. Token money B. Standard money C. Convertible money D. Inconvertible money
8	During inflation prices are	A. Zero B. Low C. Increase D. Constant
9	The money whose face value and intrinsic value are different	A. Token money B. Standard money C. Legal money D. Near money
10	Production of an additional unit of factor refers to:	A. AP B. TP C. MP D. MR
11	"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
12	Quantity theory of money was criticised by	A. Prof. Keynes B. Prof Marshall C. Prof Pigou D. i and ii both
13	Kinds of credit money are	A. Verbal promise and written promise B. Govt. securities & debentures C. Cheque & Drafts D. Share of Companies
14	What is money	A. Coins of gold and silver B. Paper money C. Agricultural crops D. Everything which can be used as a medium of exchange
15	There exists a relationship between inflation and deflation	A. Increasing B. Inverse

15	There exists a relationship between inflation and demand.	C. Indirect D. None of three
16	Saving deposits and time deposits of the banks, Govt. securities and shares of the companies are called	A. Token money B. Money of account C. Standard money D. Near money
17	Relationship of level of prices and quantity of money	A. Positive B. Negative C. Indirect D. 2nd and 3rd both
18	Disadvantages of paper money are	A. Unstable value B. Possibility of inflation C. Possibility of wastage D. All the three
19	The main cause of using the Cheque as money is	A. They are proved as receipt B. Most of the people accept them C. Protection of money D. Easy in transportation
20	Inflation will be useful for	A. Labourers B. Consumers C. Pensioners D. Industrialist
21	The money whose face value and intrinsic value are equal, is called	A. Token money B. Standard money C. Paper money D. Credit money
22	Quantity theory of money failed during world economic depression	A. In 1920 B. In 1925 C. In 1929 D. In 1935
23	Which kind of budget is better during the situation of inflation	A. Deficit budget B. Surplus budget C. Balanced budget D. Domestic budget
24	"What performs the functions of money, is money" This definition of money is stated by	A. Prof Walker B. Prof Marshall C. Prof Crowther D. Prof Pigou
25	One of the following is not the characteristic of money	A. General acceptability B. Durability C. Non homogeneity D. Convertibility
26	The paper notes which can not be converted in gold, silver, or foreign exchange, are called	A. Standard money B. Convertible paper money C. Inconvertible paper money D. Legal tender money
27	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
28	One of the following is not the difficulty of the barter system	A. Indivisibility of goods B. Lack of common measure of value C. Double coincidence of wants D. Lack of store of value
29	One of the following is not the cause of inflation	A. Increase in quantity of money B. Increase in demand for goods C. Increase in supply of goods D. Increase in cost of production
30	The best definition of money is stated by	A. Marhsall B. Crowther C. Keynes D. Walker
31	_____ is not considered perfect money	A. Note of ten rupees B. Note of hundred rupees C. Piece of silver D. Note of one thousand rupees
32	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 currency in circulation should not change

		D. Quantity of goods and services should go on changing
33	Other term used for demand for factor is:	A. Initial demand B. derived demand C. Direct demand D. Cross demand
34	Unit of account money in Pakistan is	A. Rial B. Rupee C. Dollar D. Pound
35	Which one of the following was the difficulty of barter system	A. Abundance of goods B. Lack of double coincidence of wants C. Difference of language D. difference of occupations
36	"Anything which is generally accepted as a medium of exchange and also performs the functions of standard of value and a store of value is money" This definition of money is stated by	A. Prof Walker B. Prof Marshall C. Prof Crowther D. Prof Pigou
37	Value of money means purchasing power of money. If quantity of money is doubled then	A. Purchasing power of money will be one halved B. Purchasing power of money will be doubled C. Purchasing power of money will be tripled D. There will be no effect on the purchasing power of money
38	According to quantity theory of money one halving the quantity of money prices	A. Increase B. Double C. Decrease D. One half
39	The unit of money by which the value of goods and services is expressed is called	A. Paper money B. Money of account C. Legal tender money D. Near money
40	One of the following is not fiscal measure to control inflation	A. Decrease in public expenditures B. Increase in taxes C. Encouragement of savings D. Increase in investment
41	When demand for goods and services rises, then velocity of circulation of money	A. Increases B. Decreases C. Remains constant D. Does not change
42	Relationship of value of money with quantity of money is	A. Direct B. Indirect C. Inverse D. Positive
43	Which is considered as a transfer payment	A. wages B. salaries C. prices D. unemployment allowances
44	Prof Fisher presented quantity theory of money in the form of an equation in	A. 1905 B. 1911 C. 1915 D. 1917
45	What effects are expected on the purchasing power of money during deflation	A. Decreases B. Increases C. Remains constant D. 2nd and 3rd
46	"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
47	One rupee note in paper money is	A. Inconvertible paper money B. Convertible paper money C. Limited legal tender money D. Unlimited legal tender money
48	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
		A. Decrease in public expenditures

49	One of the following is not the fiscal measure to control inflation	<p>B. Increase in the value of money</p> <p>C. Increase in taxes</p> <p>D. Encouragement of saving</p>
50	When there is deflation, then prices	<p>A. Increase</p> <p>B. Decrease</p> <p>C. Remain constant</p> <p>D. do not change</p>
51	It was impossible under barter system	<p>A. Lack of coincidence of wants</p> <p>B. Lack of common measure of value</p> <p>C. Divisibility of some goods in small parts</p> <p>D. Solution of all the said problems</p>
52	Which money is not legally backed	<p>A. Metallic money</p> <p>B. Paper money</p> <p>C. Credit money</p> <p>D. Near money</p>
53	The purchasing power of money is called	<p>A. value of money</p> <p>B. Medium of exchange</p> <p>C. quantity of money</p> <p>D. credit money</p>
54	Convertible paper money is issued by	<p>A. Central bank</p> <p>B. Commercial bank</p> <p>C. Industrial bank</p> <p>D. Central government</p>
55	According to quantity theory of money doubling the quantity of money, prices	<p>A. Increase</p> <p>B. Double</p> <p>C. Decrease</p> <p>D. One half</p>
56	kinds of money are	<p>A. Three</p> <p>B. Four</p> <p>C. Five</p> <p>D. Seven</p>
57	Marginal productivity theory was presented by:	<p>A. Pigou and Cannon</p> <p>B. Adam Smith and F.A. Walker</p> <p>C. Keynes and Semeulson</p> <p>D. Marshall and J.B. Clark</p>
58	Prices during the situation of inflation	<p>A. Increase</p> <p>B. Decrease</p> <p>C. Do not change</p> <p>D. Become zero</p>
59	MRP curve is slopping:	<p>A. Negative</p> <p>B. Positive</p> <p>C. Downward</p> <p>D. Both a and c</p>
60	During inflation increase	<p>A. Exports</p> <p>B. Savings</p> <p>C. Consumption</p> <p>D. Inequality of income</p>
61	Basic characteristics of good money are	<p>A. General acceptability, durability</p> <p>B. Homogeneity, divisibility</p> <p>C. Transferability, recognizability, convertibility</p> <p>D. All</p>
62	If we multiply margina product with price we get:	<p>A. MFC</p> <p>B. MRP</p> <p>C. TVC</p> <p>D. Both a and b</p>
63	This paper notes which can be converted into gold, silver or foreign exchange are called	<p>A. Standard money</p> <p>B. Unlimited legal tender money</p> <p>C. Convertible paper money</p> <p>D. Inconvertible paper money</p>
64	Functions of money are	<p>A. Medium of exchange</p> <p>B. Common measure of value</p> <p>C. Store of value</p> <p>D. All the three</p>
65	Which kind of budget is better during the situation of deflation	<p>A. Deficit budget</p> <p>B. Surplus budget</p> <p>C. Balanced budget</p> <p>D. National budget</p>
66	Marginal revenue product is the amount of money attained by selling:	<p>A. Average product</p> <p>B. Marginal product</p> <p>C. Total product</p>

		C. Total product D. Total cost
67	According to quantity theory of money, if quantity of money is doubled then prices are doubled while value of money is	A. Doubled B. One halved C. Less than one halved D. Not influenced
68	If face value is equal to the metal value of a coin, it is called as	A. Paper money B. Token money C. Credit money D. Standard money
69	By which money business dealing has become easy	A. Metallic money B. Paper money C. Credit money D. Near money
70	Equation of relationship between quantity of money and value of money, $MV=PT$ is presented by the economist	A. Prof Taussing B. Prof Fisher C. Prof Crowther D. Prof Marshall
71	Inflation is created	A. When demand for goods is less than their supply B. When demand for goods is more than their supply C. When demand for goods becomes equal to their supply D. When demand and supply of goods do not change
72	Inconvertible paper money is issued by	A. Central bank B. Commercial bank C. Industrial bank D. Central government
73	Note of 500 rupees is	A. token money B. credit money C. convertible paper money D. inconvertible paper money
74	Quantity theory of money in the form of an equation was presented by	A. Prof Fisher B. Prof Taussig C. Prof Marshall D. Prof Renald
75	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
76	One of the following is not monetary measure to control inflation	A. Increase in bank rate B. Open market operation C. Increase in ratio of reserve capital D. To create constant situation
77	MRP curve of a factor represents:	A. Demand of factors B. Supply of factors C. Price of factors D. Both a and c
78	The money in which payment can be made only to certain extent is called	A. Unlimited legal tender money B. Limited legal tender money C. Metallic money D. Paper money
79	The money which is not in the form of net cash and is not used at once for business dealing is called	A. Near money B. Legal Tender money C. Credit money D. Paper money
80	World economic depression accured in	A. 1927 B. 1928 C. 1929 D. 1931
81	Net National product is equal to	A. GNP + Depreciation expenditure B. GDP + Depreciation expenditure C. GNP - Depreciation expenditure D. GDP - Depreciation expenditure
82	Inflation is useful for	A. Labourer B. Consumers C. Industrialist D. Pensioners
		A. Government keeps gold and silver in their exchange B. They are issued by the commercial

83	Notes and coins are legal tender money because	B. They are issued by the commercial banks C. They are issued by the central bank D. People are bound to accept them
84	Cheque, bill of exchange etc are	A. Metallic money B. Paper money C. Credit money D. Near money
85	The money whose face value is greater than its intrinsic value, is called	A. Standard metallic money B. Paper money C. Token money D. Near money