

ICS Part 2 Economics English Medium Chapter 4 Online Test

Sr	Questions	Answers Choice
1	Which One is equation of exchange.	A. $PT = MV$ B. $PV = MT$ C. $PM = TV$ D. None
2	According to Keynes people demand money for purposes .	A. 1 B. 2 C. 3 D. 4
3	Under normal circumstances the velocity of circulation of money in a country is.	A. 100% B. negative C. Less than 10 D. Zero
4	When value of money falls, they benefits more	A. Debtors B. Lenders C. Farmers D. Industrialist
5	Purchasing power of money during deflation is.	A. Increased B. Reduced C. Constant D. Fluctuating
6	Value of money in pakistan is determined by	A. Govt of Pakistan B. General Price Level C. State Bank Pakistan D. Value of Dollar
7	The equation of exchange $PT = MV$ was given by	A. Fisher B. Crowther C. Kuznet D. Keynes
8	When the nations money supply is Rs. 1200 million and GDP is Rs. 4800 billion. velocity of circulation money is.	A. 0.25 B. 4 C. 0.4 D. Billion Rupees
9	Value of circulation money means by number of times a unit of money	A. Change hands daily B. Change hand annually C. change hands montly D. Change purchasing power
10	Velocity of circulation of money means.	A. Total demand for money B. Annual increase in currency notes C. Number of times a unit of money changes hands D. total supply of money
11	It is assumption of quantity theory of money	A. Velocity of circulation of money constant B. Affects only industrial sector C. Makes distribution of national income better D. Has no effect on distribution of income
12	Banks discount it and advance loans.	A. Draft B. Bill of Exchange C. pay order D. Gold
13	The quantity demanded of money rises.	A. As the interest rate falls B. As the interest rate rises C. As the supply of money falls D. As the number of banks rises
14	According to keynes demand for money is affected by	A. Income B. Rate of interest C. Literacy rate D. a and b of above

15 If we put this letter in the blank space we get quantity theory of money $PY = M$
A. S
B. T
C. V
D. A

16 Value of money means
A. General purchasing power of money
B. Gold purchased by money
C. Demand for money
D. Importance of money

17 For the economy prices are beneficial
A. Falling slowly
B. **Rising slowly**
C. Rising fast
D. Falling fast

18 They are NOT much affected by rising prices.
A. Salaried persons
B. **Business**
C. Debtors
D. Importers

19 Value of money and supply of money are related.
A. Inversely
B. Directly
C. Govt.Law
D. Are not related

20 Drung inflation
A. **Lenders lose borrowers gain**
B. Borrowers and lenders both lose
C. Borrowers lose lenders gain
D. All sections of the society gain