ECONOMICS

Instructions:

Choose the most appropriate answer for the given question.

To generate a new set of questions, click on 'Print'.

QUESTION-1

The central bank of a country could .... reserve requirements when it wanted to increase the money supply

a) Double

b) Manipulate

c) Increase

d) Decrease

Answer::: ....

QUESTION-2

Which of the following statements is correct

a) With the target price approach, government does not finance

b) With price floors, consumers pay less for food than they would otherwise

c) With price floors, consumers pay more for food than they would otherwise

d) With the target price approach, consumers pay more

Answer::: ....

QUESTION-3

Which of the following statements is incorrect

a) If there is deflation, people would be willing to borrow for long periods

b) If there is deflation, the prices at which people can sell their output will drop

c) If there is deflation, the prices at which people can buy goods will drop

d) If there is deflation, borrowers become reluctant to borrow for long periods

Answer::: ....

QUESTION-4

Which of the following statements is incorrect

a) Future profits of a public quoted company cannot be known with certainty

b) Stock prices in the real world thus reflect estimates of a company's profits projected into the future

c) Investors can only predict what they might be, based on information about future demand for the company's products, future costs of production, information about the soundness of a company's management

d) Stock prices in the real world thus reflect estimates of a company's management

Answer::: ....

QUESTION-5

Which of the following statements is correct

a) Inflation and deflation refer to changes in particular prices

b) Inflation and deflation refer to changes in the level of prices

c) An increase in bread price is an inflation

d) Inflation means the average level of prices is rising

Answer::: ....

QUESTION-6

Which of the following statements is incorrect

a) The downward slope of the demand curve suggests that at lower prices for the stock, more people calculate that the firm's future earnings will justify the stock's purchase

b) At the equilibrium price, the number of shares supplied by people who think holding the stock no longer makes sense just balances the number of shares demanded by people who think it does

c) The upward slope of the supply curve tells us that as the price of the stock falls, more people conclude that the firm's future earnings do not justify holding the stock and therefore offer to sell it

d) The upward slope of the supply curve tells us that as the price of the stock rises, more people conclude that the firm's future earnings do not justify holding the stock and therefore offer to sell it

Answer::: ....

QUESTION-7

The ………………… slope of the demand curve suggests that at lower prices for the stock, more people calculate that the firm's ………………. will justify the stock's purchase

a) Upward, future plans

b) Downward, past earnings

c) Downward, future earnings

d) Upward, future earnings

Answer::: ....

QUESTION-8

Which of the following is not a demand shifter

a) The prices of related goods and services

b) Income

c) Seller expectations

d) Consumer preferences

Answer::: ....

QUESTION-9

Inflation's impact on future claims can be particularly hard on people who must live on a fixed income such as retirement pensions Inflation .... the value of such fixed income.

a) Erodes

b) Increases

c) Nullifies

d) Monetizes

Answer::: ....

QUESTION-10

Which of the following statements is incorrect

a) With a price floor, the government forbids a price below the minimum

b) A minimum allowable price set above the equilibrium price is a price floor

c) A price floor that is set above the equilibrium price creates a surplus

d) A price floor that is set above the equilibrium price creates a shortage

Answer::: ....

----Answer Sheet----

1) Decrease

2) With price floors, consumers pay more for food than they would otherwise

3) If there is deflation, people would be willing to borrow for long periods

4) Stock prices in the real world thus reflect estimates of a company's management

5) Inflation means the average level of prices is rising

6) The upward slope of the supply curve tells us that as the price of the stock falls, more people conclude that the firm's future earnings do not justify holding the stock and therefore offer to sell it

7) Downward, future earnings

8) Seller expectations

9) Erodes

10) A price floor that is set above the equilibrium price creates a shortage