

SHIVAJI COLLEGE, UNIVERSITY OF DELHI  
DEPARTMENT OF ECONOMICS  
Test (Academic Year 2023 – 2024)

Name of the Course	: B.A.(H)	Semester	: 2
Name of the Paper	: Introductory macroeconomics	Faculty Name	: Rahul
Maximum Marks	: 15	Date	: 1 may 2024

*All questions carry 1 mark each. No negative marking.*

*All are important.*

*Each question has just one correct answer.*

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Ques 1. The value of money in Fisher's equation is determined by

- (a) Demand for money. ☐
- (b) Supply of money. ☐
- (c) Demand and supply of money. ☐
- (d) None of the above. ☐

Ques 2. According to the Quantity Theory of Money, the value of money depends upon

- (a) Quantity theory of money in circulation. ☐
- (b) Purchasing power of money ☐
- (c) Demand for money ☐
- (d) Price level ☐

Ques 3. According to Cambridge equation, the value of money depends upon

- (a) Demand for money ☐
- (b) Supply of money ☐
- (c) Demand for goods and services. ☐
- (d) All of the above ☐

Ques 4. The degree of relationship between the demand for and the supply of money in Fisher's equation will be

- (a)  $supply > demand$  ☐
- (b)  $supply = demand$  ☐
- (c)  $supply < demand$  ☐
- (d) None of the above ☐



Ques 5. Which is not the function of money

- (a) Make demand and supply equal ☐
- (b) Store of value ☐
- (c) Medium of exchange ☐
- (d) Measure of value ☐

Ques 6. High-powered money is also known as

- (a) Base money ☐
- (b) Reserve money ☐
- (c) Narrow money ☐
- (d) All of the above ☐

Ques 7. Value of money is

- (a) Directly related to the price level. ☐
- (b) Inversely related to the price level. ☐
- (c) Proportionately related to the price level. ☐
- (d) All the above. ☐

Ques 8. Barter system means

- (a) Purchase of commodity with money. ☐
- (b) Sale of commodity with money. ☐
- (c) Purchase and sale of commodity with commodity. ☐
- (d) None of the above. ☐

Ques 9. Which among the following is considered to be the most liquid asset?

- (a) Gold ☐
- (b) Money ☐
- (c) Land ☐
- (d) Treasury bonds ☐

Ques 10. Currency notes and coins are called as:

- (a) fiat money ☐
- (b) legal tenders ☐
- (c) fiat money ☐
- (d) both (b) and (c) ☐



Ques 11. Barter system has the defect of

- (a) Goods exchanged are of inferior quality. ☐
- (b) Goods cannot be exchanged for services. ☐
- (c) Lack of common measure of value. ☐
- (d) None of the above. ☐

Ques 12. Legal money is called so because

- (a) The buyer must pay in that money. ☐
- (b) Can be converted into gold. ☐
- (c) Sellers do not accept any other money. ☐
- (d) It is official medium of exchange. ☐

Ques 13. In the equation  $MV = PY$ ,  $V$  represents

- (a) Value of money. ☐
- (b) Velocity of circulation of money. ☐
- (c) Variation of national income. ☐
- (d) All of the above. ☐

Ques 14) . In the equation  $MV = PY$ ,  $M$  represents

- (a) Money supply ☐
- (b) Money demand ☐
- (c) Maximum output ☐
- (d) Minimum output ☐

Ques 15). Equation of exchange is converted into the quantity theory of money by assuming the following variables as constants

- (a)  $V$  and  $T$  ☐
- (b)  $M$  and  $V$  ☐
- (c)  $M$  and  $P$  ☐
- (d)  $V$  and  $P$  ☐

