

Q.43) During winter, sweaters become more favourable to people. What is the likely impact of this situation on the demand curve for sweaters?

- There is upward movement along the demand curve
- There is a leftward shift in the demand curve
- There is a downward movement along the demand curve
- There is a rightward shift in the demand curve

Q.44) Consider the following statements:

- Fiat money is government-issued currency that is not backed by a physical commodity, such as gold or silver.
- Demand deposits of banks is an example of fiduciary money.

Which of the above statements is/are correct?

- 1 Only
- 2 Only
- Both 1 and 2
- Neither 1 nor 2

Q.45) Increase in absolute and per capita real GNP **do not** connote a higher level of economic development, if

- industrial output fails to keep pace with agricultural output.
- agricultural output fails to keep pace with industrial output.
- poverty and unemployment increase.
- imports grow faster than exports.

Q.46) What do you understand by the term “high powered money”?

- It is the sum total of cash reserves of commercial banks with RBI and currency held by the public.
- It excludes India's deposits with IMF, World Bank, Foreign Government etc.
- It is the sum total of Demand and Time Deposits held by commercial banks.
- It is the total value of money available in an economy at a point of time.

Q.47) Consider the following statements with reference to “money multiplier”:

- The money multiplier in an economy increases with the increase in the cash reserve ratio of banks.

2. The money multiplier is the inverse of the reserve requirement ratio.

3. Both currency deposit ratio and reserve deposit ratio play an important role in the determination of money multiplier.

Which of the above statements is/are correct?

- 3 only
- 2 and 3 only
- 1 and 2 only
- 1, 2 and 3

Q.48) What do you understand by the term “paradox of thrift”?

- It indicates personal savings can be detrimental to overall economic growth during recession.
- It indicates goods that are not essential to life can command a much higher price than goods that are essential to life.
- It indicates that societies with abundant natural resources have worse economic outcomes than those that lack natural resources.
- It refers to the possibility that standard competitive demand, with nominal wealth held constant, can be upward sloping, violating the law of demand.

Q.49) Which of the following is/are the objectives of government budget in an Economy?

- Reallocation of Resources
- Reducing inequalities in income and wealth
- Addressing the regional disparities
- Increasing the money supply in Economy

Which of the above statements is/are correct?

- 1 and 3 only
- 1, 3 and 4 only
- 2 and 4 only
- 1, 2 and 3 only