CBSE **CLASS 12 | Macroeconomics**

Under CSR Support by
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CHAPTER-3 | Money and Banking

QUIZ
PART-01

1. The act of exchanging goods for other goods without using money is known as:
   A. Monetary Exchange
   B. Barter System
   C. Credit System
   D. Deferred Payment System   (B)
   Explanation : The Barter System is a Commodity-Commodity Economy where goods are exchanged directly, requiring double coincidence of wants.

2. Which condition is necessary for the Barter System to work?
   A. Store of Value
   B. Common Measure of Value
   C. Double Coincidence of Wants
   D. Deferred Payments   (C)
   Explanation: Barter requires both parties to want each other's goods at the same time, known as Double Coincidence of Wants.

3. Which of the following is not a limitation of barter exchange?
   A. Lack of Double Coincidence of Wants
   B. Lack of Common Measure of Value
   C. Lack of Standard of Deferred Payments
   D. Availability of Currency   (D)
   Explanation: Barter's limitations include lack of coincidence, value measure, deferred payments, and store of value. Currency availability is unrelated.

4. Money is primarily defined as:
   A. A store of goods
   B. An accepted medium of exchange
   C. An index of inflation
   D. A measure of productivity   (B)
   Explanation : Money is universally accepted for payments and loan repayments, acting as a medium of exchange.

5. Which of the following is not a function of money?
   A. Medium of Exchange
   B. Measure of Value
   C. Store of Value
   D. Production of Goods   (D)
   Explanation: Money acts as a medium, measure, store, and deferred payment standard, but it does not produce goods itself.

6. Money supply is a:
   A. Flow concept
   B. Stock concept
   C. Both Flow and Stock
   D. Neither Flow nor Stock   (B)
   Explanation: Money supply is measured at a specific point in time, making it a stock concept.

7. Which of the following are components of money supply?
   A. Only currency and coins with public
   B. Only demand deposits with banks
   C. Currency & coins with public + Demand deposits with banks
   D. Only other deposits with RBI   (C)
   Explanation: Currency and coins with public plus demand deposits form "transaction money" in the economy.

8. Which measure of money supply is considered the most liquid?
   A. M2
   B. M3
   C. M4
   D. M1   (D)
   Explanation: M1 is the narrowest and most liquid measure of money supply.

9. Which measure of money supply is known as "Aggregate Monetary Resource" of the society?
   A. M1
   B. M2
   C. M3
   D. M4   (C)
   Explanation: M3 is the broad money supply and represents the aggregate monetary resource.

10. In money supply classification, M4 is:
    A. The most liquid concept
    B. The least liquid concept
    C. The narrowest measure
    D. Equal to M1   (B)
    Explanation : M4 is the broadest and least liquid concept of money supply.