

Question 1: LM curve shows the equilibrium in:

- Money Market.
- Goods Market.
- Labor Market.
- Financial Market.

Question 2: If there are 30 percent chances that machine will work well and 70 percent chances that it will not function well, then the odd ratio will be:

- 2.333
- 0.428
- 0.4
- 0.721

Question 3: All of the following conditions lead to the successful operation of a cartel EXCEPT

- Market demand for the good is relatively inelastic
- The cartel supplies all of the worlds output of the good
- Cartel members have substantial cost advantages over non-member producers
- The supply of non-cartel members is very price elastic

Question 4: If the required reserve ratio is 20% then what will be the value of money multiplier?

- 1
- 2
- 2.5
- 5

Question 5: A group of modern economists who believe that markets clear very rapidly and that expanding the money supply will always increase prices rather than employment are the:

- Keynesians
- Monetarists
- New Classical school
- Post-Keynesians

Question 6: The rate at which a firm can substitute capital for labour and hold output constant is the:

- Law of diminishing marginal returns.
- Marginal rate of substitution.
- Marginal rate of technical substitution.
- Marginal rate of production.