

# Currency Inflation

QUESTION 01 What is the cause of inflation?

A: If money supply increases.

B: If the production rate falls.

C: If money supply increases and production falls.

D: Both money supply and production decreases.

ANSWER :

**If money supply increases and production rate falls.**

QUESTION 02 Who will get the maximum benefit from inflation? [IAS 1989]

A: Holder of real assets

B: Saving bank account holders.

C: The business men.

D: Debtors.

ANSWER :

**Debtors**

QUESTION 03 Who will suffer most from inflation?

A: Creditors

B: Government pensioners.

C: debtors

D: merchants

ANSWER :

**Creditors.**

QUESTION 04 In which period the inflation in post economic reforms was minimum?

A: 1997-1999

B: 2007-2008

C: 1999-2000

D: 2008-2009

ANSWER :

**1999-2000**

QUESTION 05 What does the inflation imply?

A: Rise in budget deficit

B: Rise in prices of consumer goods.

C: rise in money supply.

D: Rise in general price index.

ANSWER :

**Rise in general price index.**

QUESTION 06 When both unemployment and inflation increases, the situation is termed as,-

A: Parainflation

B: Hyperinflation

C: stagflation

D: Galloping inflation.

ANSWER :

**Stagflation.**

QUESTION 07 Which factors contributes to an inflationary trend?

A: 10% increase in supply of money in the market.

B: 15% increase in supply of money in the market.

C: 15% decrease in supply of production of industrial goods.

D: 15% increase of price of goods.

ANSWER :

**15% increase in supply of money in the market.**

QUESTION 08 How the inflation can be checked temporarily?

A: Increase in money supply

B: Decrease in money supply

C: Increase in wages

D: Decrease in Tax

ANSWER :

**Decrease in money supply.**

QUESTION 09 Which groups are not protected from inflation?

A: Industrial worker

B: Agricultural farmers

C: Government pensioners

D: Saving bank account holders

ANSWER :

**Agricultural farmers.**

QUESTION 10 What is an essential attribute of inflation?

A: fall in production

B: increase in prices

C: absence of black market

D: Presence of black market.

ANSWER :

**Increase in prices.**

QUESTION 11 When high inflation and low economic growth is occurred in a period, the period is termed as,-

A: Stagflation

B: Stagnation

C: Reflation

D: Hyperinflation

ANSWER :

**Stagflation**

QUESTION 12 Which of the following case implies stagflation?

A: Rising budget deficit

B: Recession plus inflation

C: Increase in wages and unemployment

D: galloping inflation

ANSWER :

**Recession plus inflation.**

QUESTION 13 How the inflation can be contained?

A: Surplus budget

B: increasing tax

C: Reduce the public expenditure.

D: All the above options.

ANSWER :

**All the above options**

QUESTION 14 Aim of economic development fails when deficit financing creates additional paper currency to fill the gap between expenditure and revenue, is known as

A: inflation

B devaluation

C: deflation

D: demonetisation

ANSWER :

**Inflation**

QUESTION 15 A steady increase in the general level of prices as a result of excessive increase in aggregate demand as compared to aggregate supply is termed as :

A: demand-pull inflation

B: cost-push inflation

C: Stagflation

D: Structural inflation

ANSWER :

**demand-pull inflation**

QUESTION 16 Which of the following cannot be included among the remedies of inflation?

A: Better capacity utilisation

B: by making low bank rate

C: by reducing budget deficit

D: by making high bank rate

ANSWER :

**by making low bank rate**

QUESTION 17 Barter may be preferable when money losses its value is termed as :

A: hyper-inflation

B: Para-inflation

C: inflation

D: disinflation

ANSWER :

**Hyperinflation**

QUESTION 18 The effect of inflation on the tax revenue results in a situation known as :

A: fiscal drag

B: stagflation

C: deflation

D: hyperinflation

ANSWER :

**Fiscal Drag**

QUESTION 19 What is Cost-Push inflation?

Increasing money supply

B: Increasing indirect tax

C: Population increase

D: expenditure increase unnecessarily.

ANSWER :

**Increase indirect tax.**

QUESTION 20 What type of inflation is experiencing in the country at present?

A: Cost-Push inflation



B: Hyper-inflation

C: Stagflation

D: Galloping Inflation

ANSWER :

**Cost-Push Inflation**