Quiz 11.1: Week 11 Quiz

Due Dec 12 at 11:59pm **Points** 20 **Questions** 20
Available Nov 29 at 12am - Dec 12 at 11:59pm **Time Limit** 30 Minutes

Submission Details:

Time:	10 minutes
Current Score:	19 out of 20
Kept Score:	19 out of 20

Instructions

Module Outcomes.png Learning Outcome Addressed

- Understand the macroeconomic indicators and contemporary economic issues impact on economy.

It is now time to assess your understanding of the concepts covered so far in this module.

Quiz Instructions

- The time limit for this quiz is 30 mins. Kindly complete and submit this quiz within this time.
- You have only one attempt to answer the quiz.
- All quiz attempts must be attempted by **Friday, December 12, 2025, by 11:59PM IST.**
- The correct answers will be displayed after quiz submissions deadline.

Note: *This is a graded quiz and counts towards programme completion.*

This quiz was locked Dec 12 at 11:59pm.

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	10 minutes	19 out of 20

Score for this quiz: 19 out of 20
Submitted Dec 7 at 9:23pm
This attempt took 10 minutes.

Question 1 — 1 / 1 pts

Which component of the Balance of Payments measures the trade of goods and services between a country and the rest of the world?

- Reserve account
- Correct! Current account
- Financial account
- Capital account

That's correct!

Question 2 — 1 / 1 pts

In the context of economic indicators, what does GDP represent?

- Balance of Payments
- Stock market performance

Stock market performance

Correct!

Overall economic output

Consumer spending habits

That's correct!

Question 3

1 / 1 pts

How do higher interest rates impact borrowing costs for businesses and consumers?

Borrowing costs remain unchanged

Correct!

Borrowing costs increase

Borrowing costs decrease

Borrowing is prohibited

That's correct!

Question 4

0 / 1 pts

What is the relationship between interest rates and the cost of hedging in the foreign exchange market?

You Answered

Higher interest rates increase hedging costs

Hedging costs are unrelated to the foreign exchange market

Interest rates do not affect hedging costs

Correct Answer

Higher interest rates reduce hedging costs

That's incorrect! Revisit the videos for this week.

Question 5

1 / 1 pts

In the context of exchange rates, what does "depreciation" refer to?

Strengthening of the domestic currency

Stable currency value

Correct!

Weakening of the domestic currency

Fixed exchange rate

That's correct!

Question 6

1 / 1 pts

What does the Balance of Payments (BoP) record?

Correct!

- International trade transactions
- Stock market prices
- Consumer spending patterns
- Government spending

That's correct!

Question 7

1 / 1 pts

What term is used to describe an exchange rate system where the value of a currency is determined by market forces?

- Pegged exchange rate
- Fixed exchange rate
- Gold standard
- Correct! Floating exchange rate

That's correct!

Question 8

1 / 1 pts

How does the stock market act as an economic indicator?

- It tracks government fiscal policies.
- It measures inflation rates.
- It reflects consumer spending patterns.
- Correct! It gauges investor confidence and economic health.

That's correct!

Question 9

1 / 1 pts

What does the exchange rate represent?

- Price of gold
- Inflation rate
- Stock market performance
- Correct! Value of one currency in terms of another

That's correct!

Question 10
1 / 1 pts

What does a negative balance in the capital account of the Balance of Payments suggest?

- Increased government spending
- Rising industrial production
- Correct! Decreased foreign investments
- Positive trade balance

That's correct!

Question 11
1 / 1 pts

What does MSF refer to in the context of monetary policy?

- Correct! Marginal Standing Facility
- Minimum Savings Fund
- Monetary Stability Framework
- Money Supply Function

That's correct!

Question 12
1 / 1 pts

What is the primary tool used by central banks to control the money supply and implement monetary policy?

- Fiscal stimulus
- Government spending
- Reserve requirements
- Correct! Open Market Operations

That's correct!

Question 13
1 / 1 pts

What is a potential consequence of a prolonged and severe recession in the economic cycle?

- Economic boom
- Stagnation
- Correct! Depression
- Hyperinflation

That's correct!

Question 14

1 / 1 pts

Which fiscal instrument refers to a deliberate reduction in government spending and an increase in taxes to address economic challenges?

- Revenue deficit
- Fiscal deficit
- Expansionary fiscal policy
- Correct! Contractionary fiscal policy

That's correct!

Question 15

1 / 1 pts

Which term refers to the interest rate at which the central bank lends money to commercial banks for short-term periods?

- Correct! Policy Rate
- Fiscal Rate
- Marginal Standing Facility (MSF)
- Marginal Cost of Lending Rate (MCLR)

That's correct!

Question 16

1 / 1 pts

How does an increase in the policy interest rate affect borrowing costs for businesses and consumers?

- Borrowing costs remain unchanged
- Borrowing costs become tax-deductible
- Borrowing costs decrease
- Correct! Borrowing costs increase

That's correct!

Question 17

1 / 1 pts

How does an increase in government spending impact the economy during an economic downturn?

- Contracts the money supply

Increases unemployment

Correct! Stimulates economic growth

Exacerbates inflation

That's correct!

Question 18

1 / 1 pts

In the context of monetary policy, what is the primary objective of using contractionary measures?

Increasing government revenue

Stimulating economic growth

Correct! Controlling inflation

Reducing unemployment

That's correct!

Question 19

1 / 1 pts

How does a reduction in taxes as part of fiscal policy impact disposable income for consumers?

No impact on disposable income

Correct! Increases disposable income

Increases government revenue

Decreases disposable income

That's correct!

Question 20

1 / 1 pts

What is the primary characteristic of the expansion phase of the economic cycle?

High levels of unemployment

Correct! Economic growth and rising production

Decline in production

Increased government spending

That's correct!

Quiz Score: 19 out of 20