

Economics - ICS Part 2 Economics English Medium Full Book Short Questions Test

Q1. Difference between public finance and private finance.

Ans 1: The study of government's revenue, expenditure and their principles is called public finance. Where as, the study of the nature of an individual's income, expenditure and their related principles is called private finance.

Q2. Write four disadvantages of multinational corporations.

Ans 1: 1- discouragement of local industries 2- Establishment of monopolies.

Ans 2: 3- Transfer of resources in foreign countries

Ans 3: 4- Fear of external interference

Q3. Write formula of credit creation.

Ans 1: $\text{Primary deposit} \times 1 / \text{Cash reserve ratio}$

Q4. Define National Income in the words of Prof. Fisher.

Ans 1: Quantity of goods and services which is consumed during a year is called national income.

Q5. What is meant by Hyper inflation.

Ans 1: If prices rise very fastly then it is called Hyper inflation.

Q6. Which are Rabi Crops.

Ans 1: Rabi crops include wheat, gram, lentil , tobacco, repeseed, barley and mustard etc.

Q7. Write difficulties of barter system.

Ans 1: 1- Lack of double coincidence of wants.

Ans 2: 2- Lack of common measure of value

Ans 3: 3- Lack of store of value.

Ans 4: 4- Goods of small value cannot be attained in exchange of indivisible goods of high value.

Ans 5: 5- Difficulty in transfer of wealth.

Q8. What are custom duties.

Ans 1: The duties which are levied on the export and import of goods are called custom duties.

Q9. Write the four basic canons of taxation stated by Prof. Adam Smith.

Ans 1: 1- Canon of equality 2- Canon of certainty

Ans 2: 3- Canon of convenience 4- Canon of economy

Q10. Write Fisher equation of exchange.

Ans 1: $P = MV + M'V'/T$

Q11. Define balance of payment in the word of Prof. Samuelson.

Ans 1: International balance of payments is all the transaction for which either foreign exchange is spent or received.

Q12. Explain the meanings of Gross Domestic Product.

Ans 1: Total Market value of all final goods and services produced within a country during a year is called gross domestic product. Thus when we subtract foreign income from gross national product. We get gross domestic product. $GDP = G.N.P.F.I$

Q13. Write four advantages of globalisation.

Ans 1: 1- Use of better technology 2- Availability of better quality goods

Ans 2: 3- Rapidness in developmental works

Ans 3: 4- Arising of atmosphere of brotherhood

Q14. Write items of balance of payments.

Ans 1: 1- Visible imports and exports.

Ans 2: 2- Invisible items.

Q15. Define Goss National product.

Ans 1: Gross National product of a country is the total market value of all final goods and services produced during a period of one year. All agricultural goods, industries goods, mineral goods and services of individuals, government and semi government institutions are included in it.

Q16. What is meant by Metallic money.

Ans 1: Money that is made of some metal e.g. gold, silver, copper or brass etc is called metallic money. This money consists of metallic coins which circulate throughout the country as money.

Q17. What is bank draft.

Ans 1: Bank draft is a document on which a branch of a bank orders another branch in some other part of the country to pay the amount of money written on it to the person in whose favour the draft is issued. Draft is used to transfer money safely from one place to another.

Q18. What is domestic bill of exchange.

Ans 1: If the bill of exchange is used for transaction of goods by the traders of same country then such bill is called domestic bill. Time period of this bill may be from three months to nine months.

Q19. What is capitalism.

Ans 1: This is a free enterprise system. Government's responsibility is only to defend the country and maintain law and order within the country. Under this system the factors of production are the property of individuals.

Q20. What are time deposits.

Ans 1: These are the deposits which are deposited with the bank for a fixed period, Bank invests these deposits in some business for a fixed period or lends. So, it pays interest comparatively at higher rate. However, if a depositor is in severe need of money, he can draw after serving a notice in advance to the bank but in this situation bank returns the principal amount only and does not pay any interest.
