Economics - ICom Part 2 Principles of Economics Chapter 10 Short Questions Preparation

Q1. What is meant by Hyper inflation.

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

Q2. What is menat by privatization.

Ans 1: Selling of a governemtn owned institutio or property to private individuals as called privatizaton for example. in Pakistan, many bank and industries have been privatized.

Q3. What is meant by Galoping inflation.

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

Q4. Whihc is meant by E-Commerce.

Ans 1: E-Commerce is the buying and selling of goods and services o the internet, especially the world wide web

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Q5. Which institutions advance loans in the money market

Ans 1: 1- The institutiions whihc buy and sel bills of exchange.

Ans 2: 2- The institutions whihc buy and sell securities, bonds nad shares.

Ans 3: 3- Commercial banks and cooperative banks.

Ans 4: 4- Insurance companies.

Q6. What is meant bycost push inflation.

Ans 1: If prices rise continuously due to rise in cost of production of goods then it is caleld cost push inflation.

Q7. Under Which principle state bank of Pakistan issues notes.

Ans 1: State bank of Pakistan issues notes under proportional reserve system or banking principle.

Q8. Write formula to measure inflation.

Ans 1: Inflation Rate = $P^1 - P^0 / P^0 X 100$

Q9. When was state bank of Pakistan established and where is its head office.

Ans 1: The bank was estblished on 1st July 1948 and its head office is in Karachi.

Q10. Write five causes of inflation in Pakistan.

Ans 1: 1- Increase int he quantity ofmoney

Ans 2: 2- Decrease in production

Ans 3: 3- Over population 4- Devalution of the currency

Ans 4: 5- Increase in teh cost of production