

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

Q1. Define Interest.

Ans 1: The word Riba is used for interest in the Holy Quran. Riba means additional amount of money which a lender receives from borrower besides principal amount after a particular period of time. So, interest is not reward of any thing rather is reward of particular period of time for which borrower has received loan.

Q2. What is cross cheque.

Ans 1: When on the left hand upper corner of an order cheque two parallel lines are drawn in which the words "Payee account only" are written, that order cheque becomes crossed cheque. The amount written on this cheque is deposited in the account of a person in whose name the cheque is issued.

Q3. Explain ATM card.

Ans 1: One can see beautiful booths attached with the branches of most of the bank. Automatic teller machines, are installed in these booths. Due to ATM there is no need to go to bank in usual business hours. One can get cash amount through this machine at any time at any place.

Q4. What is meant by credit money.

Ans 1: It is kind of money which has no legal cover but circulates in the country just because of trust or belief. Cheques, drafts, credit cards and bills of exchange etc, issued by commercial banks are credit money.

Q5. What is industrial bank.

Ans 1: Industrial bank advances loans to industrialists for the growth and development of industry only. This bank advances loans to industrialists for short term, medium term and long term. Although this bank receives deposits like commercial banks, but advances loans only for industrial purposes. Industrial loans are advanced in the form of both domestic currency and foreign exchange.

Q6. 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.

Q7. What is meant by inconvertible paper money.

Ans 1: These are the notes that cannot be converted in gold or silver or foreign exchange. In other words, the Govt of the country does not take the responsibility for converting them in gold, silver, or foreign exchange.

Q8. Define money the work of Prof. Keynes.

Ans 1: Money is a thing by which payments of agreement of borrowing and pricing are made and general purchasing power is stored in it.

Q9. What is credit card.

Ans 1: This is a modern kind of credit money. Banks issue credit cards to their account holders on their desire. Credit card holders can buy goods on credit according to the amount written on the card from the shop and firms specified by the bank without making cash payment.

Q10. What is order cheque.

Ans 1: When the account holder writes the name on the cheque of a person to whom the payment is to be made, and deletes the word 'bearer', the cheque becomes an order cheque. Only the person whose name is written on the cheque can receive the amount of the cheque after identification. This cheque is also called an identity cheque.
