

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

Q1. Write five advantages of credit money.

Ans 1: 1- Saving of metals 2- Easy transerability of money

Ans 2: 3- Promotion of trade 4- Easy payment 5- Advantage to govt

Q2. Write time period of bill of exchange and kinds of bill of exchange.

Ans 1: 1- sight bill of exchange 2- Time bill of exchange
3- Domestic bill of exchange 4- Foreign bill of exchange

Q3. Write Fisher equation of exchange.

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

Q4. Define Barter system int he word culberon.

Ans 1: In Barter system, the prices of goods are shown in the form other goods.

Q5. What is bearer cheque.

Ans 1: Any body holding the bearer cheque can receive from the bank , the amount of money written on the cheque. The word bearereis writtenon this cheque. There is no need of any type of indentificacation or verification on this cheque for payment

Q6. Write four main functions of central bank

Ans 1: 1- Issuing of notes 2- Banker of the state 3- Bankers bank

Ans 2: 4- Custodian of the reserves of commercial banks.

Q7. Explain metallic standard money.

Ans 1: It is the metallic coin whose face value is equal to its intrinsic value. Such coin is also called" Full Bodied coin" one rupee silver coin used in subcontinent from 1835 to 1893 was fullbodied coin.

Q8. What is meant by money of account.

Ans 1: It means the unit of money by which the value of goods and services is expressed money of account of Paksitna is rupee because all people count their money in rupees. In the same way, price of all goods and servicces is also expressed in rupees.

Q9. What are the method sof issuing of notes.

Ans 1: 1- Fixed fiduciary system 2- Proportional Reserve system.

Q10. Write five factors which bring chang in the vlaue of money.

Ans 1: 1- Change in the quantity of money 2- Chang ein the production

Ans 2: 3- Change in the veloicity of circulation of money
4- Chang int he growth rate of population

Ans 3: 5- Nature of the govt. budget
