

Economics - ICS Part 2 Economics English Medium Chapter 2 Online Short Questions Test

Q1. Write characteristics of good money.

Ans 1: 1- General acceptability 2- Durability 3- Homogeneity

Ans 2: 4- Divisibility 5- Convertibility 6- Recognizability

Ans 3: 7- Reasonable quantity 8- Stability in value

Ans 4: 9- Should not be forged

Q2. 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

Q3. Write five advantages of paper money.

Ans 1: 1- Saving of metals 2- Saving of coinage

Ans 2: 3- No fall in the value 4- Easy transferability

Ans 3: 5- Elastic supply

Q4. 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.

Q5. What is credit card.

Ans 1: This is a modern kind of credit money. Bank issues credit card to its account holder on his desire. Credit card holder 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.

Q6. State motives of demand for money.

Ans 1: 1- House hold motive 2- Business motive

Ans 2: 3- Precautionary motive 4- Speculative motive

Q7. What is Barter.

Ans 1: Barter means direct exchange of one good with another when money is not used as a medium of 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. Write four monetary measures to control credit creation.

Ans 1: 1- Bank rate policy 2- Open market operation
3- Change in the reserve ratio

Ans 2: 4- Change in the cash ratio

Q10. 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 Pakistan is rupee because all people count their money in rupees. In the same way, price of all goods and services is also expressed in rupees.
