

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

Q1. 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

Q2. What are cooperative banks.

**Ans 1:** These banks operate under self help it means most of their capital is collected under self help. They are set up for the betterment of small cultivators and land villages. cooperative society, provincial cooperative bank and Federal cooperative bank are cooperative banks.

Q3. What is sight bill of exchange.

**Ans 1:** It is the type of bill which requires the buyer to make payment at the sight of bill its procedure is this that the seller sends the goods to the buyer by a transport company or railway. He sends the sight bill and receipt of transport company or railway to the branch of a bank of that city where the goods are sent and informs the buyer about it.

Q4. Write components of supply of money.

**Ans 1:** Coins, currency notes and credit money

Q5. Write five advantages of credit money.

**Ans 1:** 1- Saving of metals 2- Easy transferability of money

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

Q6. What is meant by Paper Money

**Ans 1:** Paper money means notes made of paper which are issued by the government or by the central bank of the country. The notes are legal tender money. These notes are accepted in general business dealings as medium of exchange.

Q7. What is meant by Bank Rate.

**Ans 1:** The sale and purchase of government securities in the open market by the central bank is called open market operation.

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Q8. 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

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Q9. Write five disadvantages of credit money.

**Ans 1:** 1- Arising of inflation 2- Unnecessary consumption of wealth

**Ans 2:** 3- Arising of inequality in incomes 4- Trend of speculation

**Ans 3:** 5- Establishment of monopolies

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Q10. Write five disadvantages of paper money.

**Ans 1:** 1- Unstable value 2- Possibility of inflation 3- Difficulty in foreign payment.

**Ans 2:** 4- Danger of wasting 5- Danger of fake currency

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