

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

Q1. 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 depoists like commercial banks. but advances loans only for industrial purposes. Industrial loans are advanced in the form of both domestic currency and foreign exchange.
Q2. State relationship between prices and value of money.
<b>Ans 1:</b> There exists inverse functional relationship between prices and value of money it menas value of money falls due to rise in prices and value of money rises due to fall in prices.
Q3. 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.
Q4. Write time period of bill of exchange and kinds of bill of exchage.
Ans 1: 1- sight bill of exchange 2- Time bill of exchange 3- Domestic bill of exchange 4- Foreign bill of exchange

Q5. What is the time bill of exchange.

**Ans 1:** The bill whose payment is to be made after a fiexed period of time is called time bill Time of billiis three months or six months or nine months. Time bill is presented after the expiry of iots time and the payment is made on it.

Q6. 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.

#### Q7. What is cheque.

**Ans 1:** A cheque is an order by a depositor to a bank for paying the amoutn state don the cheque to the presenter of the cheque. Bank makes the payment if the amount of the cheque is int he account and the signatures of the account holder and all entries for the cheque are correct.

### Q8. 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- Reasobable quantity 8- Stability in value
- Ans 4: 9- Should not be forged

### Q9. 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.

## Q10. Define bill of exchange.

**Ans 1:** Generally business people do not make cash payment while buying goods rather they buy goods on credit. Seller of goods writes anorder in the name of buyer which is called bill of exchange.