

8th Social Science Lesson 10 Questions in English

10. Money, Saving and Investments

1. Which of the following statement is correct?

- 1) Money is a fascinating subject and full of curiosities.
 - 2) Modern forms of money are linked to the banking system.
- a) 1 alone
 - b) 2 alone
 - c) 1, 2
 - d) None

Explanation

Money is a fascinating subject and full of curiosities. It is important to capture this element for the students. The history of money and how various forms were used at different times is an interesting story. Modern forms of money are linked to the banking system.

2. "Money is anything which is widely accepted in payment for goods or in discharge of other business obligations" said by----

- a) Robertson
- b) William Oram
- c) William Woods
- d) William Brown

Explanation

Money is a fundamental discovery, which has eased the day to day transactions, valuing goods and services and has allowed us to store the wealth and trade in future. "Money is anything which is widely accepted in payment for goods or in discharge of other business obligations" Robertson.

3. The word Money is derived from_____ word "Moneta Juno"

- a) Roman
- b) Greek
- c) Latin
- d) Persian

Explanation

The word Money is derived from Roman word "Moneta Juno". It is the roman goddesses and the republic money of roman empire.

4. The Sanskrit word 'Rupya' means---

- a) silver coin
- b) Indian coin
- c) Gold coin
- d) Hindustan coin

Explanation

The Indian rupee is derived from Sanskrit word 'Rupya' which means silver coin. Today we use paper notes, coins as money. But the evolution of this stage has not happened overnight. It took thousands of years to reach such a stage. There are many stages of evolution of money. The earliest and primitive stage is Barter system.

5. Which of the following statement is correct?

- 1) Barter system is exchanging goods for goods without the use of money in the primitive stage
 - 2) This system has been used for centuries and long before money was invented
- a) 1 alone
 - b) 2 alone
 - c) 1, 2
 - d) None

Explanation

Barter system is exchanging goods for goods without the use of money in the primitive stage. A barter system is an old method of exchange. This system has been used for centuries and long before money was invented

6. Which of the following is the deficiencies of barter system?

- 1) Lack of double coincidence of wants
 - 2) Difficulties of storing wealth
 - 3) Common measure of value
- a) 1 alone
 - b) 1, 3
 - c) 2, 3
 - d) 1, 2, 3

Explanation

The value of bartering items can be negotiated with the other party. Bartering doesn't involve money which is one of the advantages. Hence Barter system had many deficiencies like, 1. Lack of double coincidence of wants, 2. Common measure of value 3. Indivisibility of commodities 4. Difficulties of storing wealth.

7. Which of the following is/are the recent forms of money?

- 1) Credit Money
 - 2) Near Money
 - 3) Commodity Money
- a) 1, 3
 - b) 2, 3
 - c) 1, 2, 3
 - d) None

Explanation

Commodity Money, Metallic Money, Paper Money, Credit Money, Near Money and recent forms of Money. Money has evolved through different stages according to the time, place and circumstances.

8. Which of the following is used as money in ancient times?

- a) Utensils
- b) Salt
- c) Furs
- d) All the above

Explanation

In the earliest period of human civilization, any commodity that was generally demanded and chosen by common consent was used as money. Goods like furs, skins, salt, rice, wheat, utensils, weapons etc. were commonly used as money. Such exchange of goods for goods was known as 'Barter Exchange'.

9. Which of the following statement is correct?

- 1) With progress of human civilization, commodity money changed into metallic money.
 - 2) Metals like gold, silver, copper, etc. were used as they could be easily handled and their quantity can be easily ascertained.
- a) 1 alone
 - b) 2 alone
 - c) 1, 2
 - d) None

Explanation

With progress of human civilization, commodity money changed into metallic money. Metals like gold, silver, copper, etc. were used as they could be easily handled and their quantity can be easily ascertained. It was the main form of money throughout the major portion of recorded history.

10. King Midas belongs to which country?

- a) **Lydia**
- b) Iran
- c) Arab
- d) Greece

Explanation

King Midas of Lydia innovated metal coin in the 8th century BC (BCE) by the ancient historian Herodotus. But gold coins were in use in India many centuries than in Lydia.

11. Which of the following statement is correct?

- 1) The earliest issuers of coins in the world are the ancient Indians along with Chinese and Lydians from the middle east.
- 2) The first time Indian coins were minted in the 6th century BC (BCE) by the Mahajanpadas known as Puranas, Karshapanas or Panas.
 - a) 1 alone
 - b) 2 alone
 - c) **1, 2**
 - d) None

Explanation

The earliest issuers of coins in the world are the ancient Indians along with Chinese and Lydians from the middle east. The first time Indian coins were minted in the 6th century BC (BCE) by the Mahajanpadas known as Puranas, Karshapanas or Panas.

12. The lower valued coin of Delhi Sultanate was known as_____

- a) Tanka
- b) **Jittals**
- c) Rupiya
- d) All the above

Explanation

Turkish sultans of Delhi has replaced the royal designs of Indian kings with Islamic Calligraphy by the 12th century AD (CE). The currency was made up of gold, silver and copper known as Tanka and lower valued coin known as Jittals.

13. The Mughal Empire from_____ AD consolidate the monetary system for the entire empire

- a) **1526**
- b) 1556

- c) 1520
- d) 1498

Explanation

The Mauryas came up with the Punch Marked Coins minting of silver, gold copper or lead and Indo-Greek Kushan kings introduced the Greek custom of engraving portraits on the coins. The Mughal Empire from 1526 AD consolidated the monetary system for the entire empire.

14. Sher Shah Suri defeated Humayun and issued a silver coin of ____ gms known as Rupiya and was divided into ____ copper pieces or paisa

- a) **178, 40**
- b) 40, 178
- c) 198, 20
- d) 20, 198

Explanation

In this era evolution of rupee occurred with Sher Shah Suri defeated Humayun and issued a silver coin of 178 gms known as rupiya and was divided into 40 copper pieces or paisa and during the whole Mughal period silver coin remained in use.

15. Which Mughal Emperor gave permission to the Britishers to coin Mughal Money at the Bombay mint?

- a) Akbar
- b) Jahangir
- c) **Farrukhsiyar**
- d) Akbar II

Explanation

During the British East India company i.e. 1600, the mughal currency remained popular but in 1717 AD, Farrukhsiyar the Mughal Emperor gave permission to the Britishers to coin Mughal Money at the Bombay mint.

16. Which of the following are correctly matched?

- 1) copper coins – tinny
- 2) gold coins – Carolina
 - a) 1 alone
 - b) **2 alone**
 - c) 1, 2
 - d) None

Explanation

The British gold coins were termed as Carolina, the silver coins as Angelina, the copper coins as cupperoon and the tin coins as tinny.

17. Which of the following statement is correct?

- 1) The development of paper money started on the basis of storage of gold and the receipts were issued by the goldsmiths for these storages.
 - 2) Paper money is regulated and controlled by Central bank of the country (Reserve Bank of India).
- a) 1 alone
 - b) 2 alone
 - c) 1, 2
 - d) None

Explanation

The development of paper money started on the basis of storage of gold and the receipts were issued by the goldsmiths for these storages. The receipts of goldsmiths were a substitute for money and became paper money. Paper money is regulated and controlled by Central bank of the country (Reserve Bank of India). At present, a very large part of money consists mainly of currency notes or paper money issued by the central bank.

18. _____ itself, is not money, but it performs the same as functions of money

- a) **Cheque**
- b) Credit cards
- c) Debit cards
- d) All the above

Explanation

Emergence of credit money took place almost side by side with that of paper money. People keep a part of their cash as deposits with banks, which they can withdraw at their convenience through cheques. The cheque (known as credit money or bank money), itself, is not money, but it performs the same as functions of money.

19. Which of the following is plastic money?

- 1) Credit cards
 - 2) Debit cards
 - 3) Aadhar card
- a) 2 alone
 - b) 1, 2

- c) 1, 2, 3
- d) 2, 3

Explanation

The latest type of money is plastic money in the form of Credit cards and Debit cards. They aim for cashless transactions.

20. Which of the following is the final stage in the evolution of money?

- a) Bonds
- b) Debentures
- c) treasury bills
- d) **all the above**

Explanation

The final stage in the evolution of money has been the use of bills of exchange, treasury bills, bonds, debentures, savings certificate etc.

21. Which of the following statement is correct?

- 1) Online Banking, also known as internet banking is an electronic payment system that enables customers of a bank or other financial institutions to conduct a range of financial transactions through website.
 - 2) Electronic Money is money which exists in banking computer systems and is available for transactions through electronic system.
- a) 1 alone
 - b) 2 alone
 - c) **1, 2**
 - d) None

Explanation

Electronic Money is money which exists in banking computer systems and is available for transactions through electronic system. Online Banking (Net Banking), also known as internet banking is an electronic payment system that enables customers of a bank or other financial institutions to conduct a range of financial transactions through website.

22. NEFT stands for_____

- a) **National Electronic Funds Transfer**
- b) National Electronic Finance Transfer
- c) National E-mail Funds Transfer
- d) National Electronic Funds Traverse

Explanation

Electronic banking, also known as National Electronic Funds Transfer (NEFT), is simply the use of electronic means to transfer funds directly from one account to another rather than by cheque or cash.

23. _____ meant the purchasing power of money over goods and services in a country.

- a) **Value of money**
- b) Quantity of money
- c) Amount of gold
- d) None

Explanation

Value of money is meant the purchasing power of money over goods and services in a country. Thus, it is related to the price level of goods and services. But the relation between the value of money and price level is an inverse one.

24. The Indian Rupee symbol ₹ designed by _____

- a) **Udayakumar**
- b) Raviprasad
- c) Nanaji
- d) Ranjan Gogoi

Explanation

The Indian Rupee symbol designed by Mr. Udayakumar, Villupuram Dist Tamil Nadu. It was approved by the Government of India on 15-July-2010.

25. Which of the following statement is correct?

- 1) The Internal value of money refers to the purchasing power of money over domestic goods and services.
 - 2) The External value of money refers to the purchasing power of money over foreign goods and services.
- a) 1 alone
 - b) 2 alone
 - c) **1, 2**
 - d) None

Explanation

The value of money is of two types 1. Internal value of money 2. External value of money The Internal value of money refers to the purchasing power of money over domestic goods and services. The External value of money refers to the purchasing power of money over foreign goods and services.

26. Who stated this - "Money is defined by its functions, anything is money which is used as money, "Money is what money does".

- a) Scitovsky
- b) Sir John Hicks**
- c) Sir William Rose
- d) Hugh Jacksman

Explanation

There has been lot of controversy and confusion over the meaning and nature of money(Scitovsky). "Money is a difficult concept to define, partly because it fulfils not one but three functions, each of them providing a criterion of moneyness those of a unit of account, a medium of exchange, and a store of value". Sir John Hicks, say that "Money is defined by its functions, anything is money which is used as money, "Money is what money does".

27. Which of the following is the primary function of money?

- a) Medium of exchange
- b) Measure of value
- c) Both a and b**
- d) None

Explanation

The important functions of money performed in very economy are classified under main functions:- i) Medium of exchange or means of payment Money is used to buy the goods and services. ii) Measure of value All the values are expressed in terms of money it is easier to determine the rate of exchange between various type of goods and services.

28. Which of the following is the secondary function of money?

- a) Standard of deferred payment
- b) Transfer of value
- c) Store of value
- d) All the above**

Explanation

The three important of secondary functions are i) Standard of deferred payment ii) Store of value or store of purchasing power iii) Transfer of value or transfer of purchasing power

29. Which of the following is the Contingent function of money?

- 1) Basis of credit

- 2) Increase productivity of capital
- 3) Measurement and Distribution of National Income
 - a) 1 alone
 - b) 2, 3
 - c) 1, 2
 - d) 1, 2, 3

Explanation

Contingent functions of money are 1. Basis of credit 2. Increase productivity of capital 3. Measurement and Distribution of National Income.

30. Which of the following are correctly matched?

- 1) Inflation refers to the prices are rising, the value of money will fall
- 2) Deflation refers to the prices are falling, the value of money will rise.
 - a) 1 alone
 - b) 2 alone
 - c) 1, 2
 - d) None

Explanation

Inflation refers to the prices are rising, the value of money will fall. Deflation refers to the prices are falling, the value of money will rise.

31. Which of the following statement is correct?

- 1) Savings are defined as the part of consumer's disposable income which is not used for current consumption, rather kept aside for future use
- 2) There are several ways through which a person can save money
 - a) 1 alone
 - b) 2 alone
 - c) 1, 2
 - d) None

Explanation

Savings are defined as the part of consumer's disposable income which is not used for current consumption, rather kept aside for future use. There are several ways through which a person can save money. The banking facilitates saving money through various forms of accounts.

32. Which of the following is/are the type of investment?

- 1) Stock
- 2) Bonds

- 3) Insurance
- 4) Annuities
 - a) 1, 2, 4
 - b) 2, 3, 4
 - c) 1, 3, 4
 - d) 1, 2, 3, 4

Explanation

The process of investing something is known as an investment. It could be anything, i.e. money, time efforts or other resources that you exchange to earn returns in future. Investment can be made in different investment vehicles like, 1. Stock 2. Bonds 3. Mutual funds 4. Commodity futures 5. Insurance 6. Annuities 7. Deposit account or any other securities or assets.

33. Which of the following statement is correct?

- 1) An investment always comes without the risk of losing money
- 2) It has a productive nature that helps in the economic growth of the country.
 - a) 1 alone
 - b) 2 alone
 - c) 1, 2
 - d) None

Explanation

An investment always comes with risks of losing money, but it is also true that you can reap more money with the same investment vehicle. It has a productive nature that helps in the economic growth of the country.

34. Which of the following is highly liquid?

- a) Savings
- b) Investment
- c) Both a and b
- d) None

Explanation

Comparison of Savings and Investments		
Basis for comparison	Savings	Investments
Meaning	Savings represents that part of the person's income which is not used for consumption	Investment refers to the process of investing funds in capital asset, with a view to generate returns
Purpose	Savings are made to fulfil short term or urgent requirements	Investment is made to provide returns and help in capital formation
Risk	Low or negligible	Very high
Returns	No or Less	Comparatively high
Liquidity	Highly liquid	Less liquid

35. Which of the following statement is correct?

- 1) Black Money is any money on which it is not paid to the government.
 - 2) Black money proceeds are usually received in cash from underground economic activity and, as such, are not taxed
- a) 1 alone
 - b) 2 alone
 - c) 1, 2
 - d) None

Explanation

Black Money is any money on which it is not paid to the government. Black Money is money earned through any illegal activity controlled by country regulations. Black money proceeds are usually received in cash from underground economic activity and, as such, are not taxed.

36. The black money is accumulated by_____

- a) Smugglers
- b) tax-evaders
- c) criminals
- d) all the above

Explanation

The black money is accumulated by the criminals, smugglers, hoarders, tax-evaders and other anti-social elements of the society.

37. Which of the following statement is correct?

- 1) In India, black money is funds earned in the black market, on which income and other taxes have not been paid

- 2) The root cause for the increasing rate of black money in the country is the lack of strict punishments for the offenders
- a) 1 alone
 - b) 2 alone
 - c) 1, 2
 - d) None

Explanation

In India, black money is funds earned in the black market, on which income and other taxes have not been paid. The total amount of black money deposited in foreign banks by Indians is unknown. The root cause for the increasing rate of black money in the country is the lack of strict punishments for the offenders.

38. Which of the following is/are the effects of Black Money on economy?

- 1) Dual economy
 - 2) Undermining equity
 - 3) Distortion of production pattern
- a) 1 alone
 - b) 1, 2
 - c) 2, 3
 - d) 1, 2, 3

Explanation

Effects of Black Money on economy 1. Dual economy 2. Tax evasion, thereby loss of revenue to government. 3. Undermining equity 4. Widening gap between the rich and poor 5. Lavish consumption spending 6. Distortion of production pattern 7. Distribution of scarce resource 8. Effects on production.

39. Government of India announced demonetization on_____

- a) 8-November-2016
- b) 9-November-2016
- c) 8-November-2018
- d) 8-November-2017

Explanation

In India, on 8-November-2016, the Government of India announced demonetization of all ₹500 and ₹1000 bank notes against Black Money

40. Which of the following steps taken by Government of India against black money?

- 1) Special Investigation Team appointed by government on the directions of Supreme Court on black money.
- 2) Demonetization
- 3) Under pressure from India and other countries, Switzerland has made key changes in its local laws governing assist foreign allegedly stashed in Swiss Banks
 - a) 1 alone
 - b) 1, 2
 - c) 1, 2, 3
 - d) 2, 3

Explanation

Recent steps against Black Money

1. Under pressure from India and other countries, Switzerland has made key changes in its local laws governing assist foreign allegedly stashed in Swiss Banks. 2. Special Investigation Team appointed by government on the directions of Supreme Court on black money. 3. Demonetization

41. Match the following

- | | |
|---------------------------------------|-----------|
| 1) Prevention of money laundering act | I. 1988 |
| 2) The Real Estate act | II. 2002 |
| 3) Prevention of corruption act | III. 2016 |
- a) II, III, I
 - b) I, II, III
 - c) II, I, III
 - d) III, II, I

Explanation

Some Legislative Framework in India against to Black Money

1. Prevention of money laundering act 2002
2. Lokpal and Lokayukta act
3. Prevention of corruption act- 1988
4. The undisclosed foreign Income and Asset Bill (Imposition of Tax) 2015
5. Benami transactions prohibition act 1988 amended in 2016
6. The Real Estate (Regulation and Development) Act, 2016