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**Q.No.1 (a) What is money and why it is important for any economy ?**

**Ans: Money**

Money is a medium between me and my need. Or money is a thing on behalf we sell and buy something. Its exist its shape and we can touch it (tangable).

**Money importance in Economy**

Money play very important role in any economy without it economy cannot be satisfied or fulfilled. It is a medium in exchanging values it also store value. Economy cannot work without money. They brings financial stability by transferring credit from one sector to another. And also help the industry to secure short term loans for meeting working capital requirements. And safeguard the liquidity and safety of financial asset.

**Q.No.1 (b) What is barter system and why it vanished ?**

**Ans. Barter system**

In older times when there were no concept of money people use to exchange things. For example if someone need fruits and has a table so he search a person who has fruit and in exchange he give him a table. I am using a sentence like (This for this and that for that).

**Why it vanished**

It was a failure due to some reasons;

1. If someone is expert in making tables and need meat for food and feel hungry and can’t find a man who has exchange meat for table so the person should hard to find the perfect one this need hard effort. And one more difficulty to drag the table from one place to another in searching the man.
2. The person need tomatoes and has chair in exchange he go to vendor but here the vendor need a chair but the person will argue that chair is worthy in exchange for some tomatoes and vendor will not do with a single leg of chair but person need tomatoes he will be in total lose if he do it.
3. Barters always runs into deciding on an equal trade like comparing apples to oranges. But even apples and oranges, with all their differences, are both fruits of relatively equal size and shape. Can you imagine how difficult it would be to decide how many cows are worth how many pieces of woods.

So these are some problems that why barter system vanished.

**Q.No.2 Explain in detail the primary and secondary function of money ?**

**Ans. Primary functions of money**

1. Medium of exchange
2. Measure of value

1.**Medium of exchange**

As a medium of exchange, it refers to a function of money in which money is considered as a mode of exchanging goods.

It play important role in exchanging goods and values. When a person need motorcycle he go to showroom and want to buy a motorcycle here a seller also need money for other operations here money will play as a medium of exchange. If a person don’t having money so he’ll not be able to buy it.

2.**As a measure of value**

It refers to a function of money that helps in determining the value of goods and services. Money is taken as the common denominator while measuring the value of goods and services in monetary terms.

For example there is a chair so the seller will not be able to tell their cost without money he will use to say that $20 is the value of chair so here the value of chair is telling by using money as a denominator.

**Secondary functions of money**

1. Money as a store of value

2. Standard of deferred payment

1.**Money as a store of value**

Means that people in the world use to save their wealth in the form of money. Their wealth can be represented by how much money he or she has. The world famous and wealthy person billgates wealth also shown in the form of money.

2.**Standard of deferred payment**

Deferred payments refers to payments made on loans, salaries, pensions, insurance premium, interest and rents. All the goods and services can be expressed in term of money , it makes the future payments easy and functional. Necessary conditions for deferred payment is that the amount of repaid money should be the same as it was at the time of purchase.

For example I made at $2000 and it changes to $3000 this will not happens here.

**P.T.O**

**Q.no.3 (a) What are financial markets and what are their roles in economic development ?**

**Ans. Financial Markets**

The market where people trade financial securities and derivatives at low costs. Some of the securities include stocks and bonds and precious metals.

**Role of financial markets in economic development**

Its play a vital role in economic developments. The price of credit and returns on investment give green signals to producer and consumer .the green lights help direct funds to consumer, businesses, government and investors that they like or not to borrow money those whose value is high. It provide a link between savings and investment for creation wealth and t permit portfolio adjustment in the composition of existing wealth.

The financial market boost the economy of a country. Because in financial market the outsider also invest in your country. the more people from out side buy more money enters in your country which grow your economy. Also the more profit people see and will enter and buy securities. Which help the country in every way.

**Q.No.3 (b) Inflation is one of the major problems in Pakistan. what are the cause of inflation and what are its remedies with reference to Pakistan ?**

**Ans. CAUSE**

1. First we will discuss the imran khan government. Due to less money in treasury of Pakistan the PM takes the loans from IMF to take development operations in country. The rule of IMF is whose take loans from them the prices of products will be given by them also. So here also the tragedy occurs the IMF give new price list of products. The inflation occurs.

2. Now we will talk about nawaz sharif government he takes a lot of loans with high rate of interest so all the loans should be given in a period of time otherwise the rate of interest become high due to late dates the interest increases. To give back the loans the government also increases prices so they give back their loans.

3. People of Pakistan also hesitate in giving their taxes which increase a burden on government which is also a cause of inflation in Pakistan.

**REMEDIES**

For every citizen of Pakistan need to give their taxes so government give their loans on time and finish it. After that they must invest in their own country. All of their wealth which is present in other country banks they must transfer it immediately. If this not take place the Inflation will increase day by day.

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