

Comprehension

i) Why does the government allow payment to be made in paper notes?

The government permits people to pay money in paper currency. The reason behind it is that it saves people from difficulty to carry heavy metal. It is because paper is lighter than coins and easily countable.

ii) If metal so cumbersome, why should not have only paper money? Why we not print as much as it possible?

It is impossible to money in paper form because if it is done then the prices of things is difficult to maintain at their proper natural level. On the other hand, if the government prints too much paper money the prices of the commodities go up.

ii) What is the real use of money?

The real use of money is to buy the things that is necessary to

Sustain life on earth. These things includes food, cloths, books, houses and many others.

2) **Why should the prices of commodities go up when there is plenty of paper money?**

When the more money is printed then the value of currency is decreased due to its ample amount. on the other hand, due to plenty amount of paper money the scarcity of commodities occurred. As a result, their prices are increased.