

## ICS Part 2 Economics English Medium Chapter 5 Online Test

Sr	Questions	Answers Choice
1	Profit and loss sharing is basis of finance under this system.	A. Islamic B. Capitalistic C. Socialistic D. None
2	Cash cannot be directly obtained from a bank against	A. Cross cheque B. Order cheque C. bearer cheque D. Traveller cheque
3	Commercial banks accept deposits and provide	A. Money B. Loans C. Bill of exchange
4	The bank can give loans	A. Unlimited B. Equal to deposits C. less than deposits D. More than deposits
5	Banks discount it and advance loans.	A. Draft B. Bill of exchange C. Pay Order D. Gold
6	Bank Prepare their balance sheet.	A. Weekly B. Monthly C. Quarterly D. Annually
7	Balance sheet of a bank has two parts	A. Supply and demand for deposits B. Supply and demand of Advances C. Assets and liabilities D. Cash Reserves and loans
8	Demand deposits are.	A. Money B. Bank notes C. Legal money D. Considered and near money
9	Demand deposit are	A. Money B. Bank note C. Legal Money D. Considered to near money
10	A bank has Rs. 5 million in cash. The minimum reserve ratio is 20%. What is maximum potential increase in total deposits.	A. 25 m B. 10 m C. 5 m D. 0 m
11	The following is not a bank liability.	A. Demand Deposit B. Time deposit C. Loans D. Saving Deposit
12	Demand deposits are	A. Bank notes B. Money C. Considered as near money D. Legal money
13	An asset is liquid when it is	A. Being traded frequently B. Earning a good rate of return C. Is money or easily converted into money D. All of the above
14	A bank has Rs5 million in cash. The minimum reserve ratio is 20%. What is maximum potential increase in total deposits	A. 0 B. 5 m C. 10 m D. 25 m
15	The following is not a bank liability.	A. Demand deposit B. Time deposit C. Loan D. Saving Deposit

16	Which is the source of interest for a bank	A. Advances B. Bills discounted C. Investments D. All
17	Commercial banks are able to create money by	A. Making loans B. Printing Money C. Moral suasion Selling government loans D. Printing money
18	Which is a function of commercial bank	A. Acting as a govt. banker B. Fixing the exchange rate C. Making loans D. Issuing bank notes
19	When a commercial bank creates credit. Its immediate effect is that it raises.	A. The exchange rate B. The money supply C. The interest rate D. The real national income
20	Demand deposits mean	A. Saving account B. Chequeable deposits C. Profit loss account D. Time deposits
21	Which is considered liability by a bank	A. Loans B. Bank building and equipment C. Time deposit D. Securities
22	Credit money is created by	A. Central bank B. Commercial Bank C. Government D. All of the above
23	Credit money is created by	A. Exchange bank B. Commercial Bank C. Finance companies D. None of the above
24	Which type of cheque is more safe for transfer of money	A. Cross cheque B. Order cheque C. Traveller cheque D. Bearer cheque
25	Which type of cheque is least safe for transfer of money	A. Bearer cheque B. Traveller cheque C. Order cheque D. Cross cheque
26	If a person is more interested to earn income he should deposit his money in	A. Demand deposits B. Time deposit C. Saving account D. Profit loss account
27	If a person is interested that his amount should be readily available as soon as he needs he should deposit his money in.	A. Demand deposits B. Time deposit C. Saving account D. Profit loss account
28	Which type of card is not issued by commercial banks	A. Credit card B. Green card C. ATM Card D. Debit card
29	Which type of card is not issued by central banks	A. Credit card B. Debit card C. ATM Card D. None is issued by it
30	If you borrow from a bank the amount which the bank charges is called.	A. Interest rate B. tax rate C. discount rate D. Market rate
31	Short term loans can be obtained in.	A. Money market B. Capital market C. Exchange market D. Stock Market
32	State bank was established in .	A. 1948 B. 1950 C. 1952 D. 1954
33	State Bank of India was established in	A. National Bank B. State Bank

33	10-Rupees note is issued by	 B. State Bank C. Govt. of Pakistan D. Governor State bank
34	Acting as lender of last resort a central bank lend to.	A. Money market B. Stock exchange C. Commercial Bank D. Does not lend
35	Which is the most widely used tool of monetary policy	A. Open market operation B. Clearing house C. Discount rate D. Issuing of the note
36	Central bank's rate of lending to commercial banks is called.	A. Money rate B. Control rate C. Interest rate D. Discount rate
37	State bank of Pakistan is run by	A. Board of directors B. Board of managers C. Board of governors D. Board of bankers
38	Credit money is controlled by	A. Central bank B. Market forces C. Commercial Bank D. Government
39	It creates credit	A. Central Bank B. Commercial Bank C. Government D. Stock exchange
40	Which organisation controls the banking system in most countries.	A. Central Bank B. Commercial bank C. Investment bank D. World bank
41	Out of the following the only recognised legal tender is	A. Cheque B. Currency notes and coins C. Notes and cheques D. Credit card
42	Monetary policy has the objective	A. Decrease unemployment rate B. Decrease tax rate C. Decreases inflation rate D. a and c of the above
43	Central bank's rate of lending to commercial banks is called.	A. Interest rate B. Discount rate C. Money rate D. Inflation rate
44	Every country establishes central bank to	A. Issue currency B. To establish commercial bank C. To prepare government budget D. All of the above
45	Treasury bill is used for	A. Getting short term loans by central bank B. Getting long term loans C. Collecting govt. taxes D. Make payments of utility bills
46	The money called legal tender includes.	A. Currency notes and credit cards B. Currency notes and bank deposits C. Currency notes and coins D. Currency notes and cheques
47	State Bank policy of regulating interest rate is called.	A. Monetary policy B. Commercial policy C. Banking policy D. Fiscal policy
48	Every country establishes central bank to	A. Issue notes B. Supervise commercial bank C. Give loans to businessmen D. a and b of above
49	It is NOT an instrument of monetary policy	A. Discount Rate B. Open market operation C. Change in reserve ratio D. Issue notes
50	Which is a monetary measure to increase employment.	A. Increase in govt expenditure B. Reduce govt expenditure C. Increase in interest rate D. Reducing interest rate

