

## Principles of Banking Icom Part 2 English Medium Chapter 12 Online Test

Sr	Questions	Answers Choice
1	The rate of exchange determined by two countries following non-convertible paper currency system is a point where	<p>A. The purchasing power of currency is same</p> <p>B. The purchasing power of currency is different</p> <p>C. The purchasing power of currency is zero</p> <p>D. None of the above</p>
2	The money sent through post office from one country to another	<p>A. Traveller's cheque</p> <p>B. Bank draft</p> <p>C. Letter of credit</p> <p>D. International money order</p>
3	The term foreign exchange includes	<p>A. Bank draft</p> <p>B. Letter of credit</p> <p>C. Foreign B/E</p> <p>D. All the above</p>
4	Which of the following theories is associated with the working of international gold standard	<p>A. Mint par parity theory</p> <p>B. Purchasing power theory</p> <p>C. Balance of payments theory</p> <p>D. All of the above</p>
5	Which of the following rate keeps the balance of payments in equilibrium	<p>A. Discount rate</p> <p>B. Interest rate</p> <p>C. Exchange rate</p> <p>D. Market rate</p>
6	Foreign exchange control reduces the	<p>A. Circulation of capital</p> <p>B. Export of capital</p> <p>C. Import of capital</p> <p>D. None of the above</p>
7	What is the objective of foreign exchange control	<p>A. To stabilize exchange rate</p> <p>B. To increase government revenue</p> <p>C. Favorable balance of payment</p> <p>D. All the above</p>
8	Which of the following changes cause to change in foreign exchange rate	<p>A. Change in export and imports</p> <p>B. Change in capital flow</p> <p>C. Change in bank rate</p> <p>D. All the above</p>
9	Upper specie point is got by adding the delivery charges in following metal	<p>A. Silver</p> <p>B. Gold</p> <p>C. Iron</p> <p>D. Copper</p>
10	The more increase in exchange rate for a country under gold standard is called	<p>A. Lower specie point</p> <p>B. Middle specie point</p> <p>C. Upper specie point</p> <p>D. None of the above</p>
11	The change in demand and supply of foreign currency effects	<p>A. Exchange rate</p> <p>B. Traveller's L.C</p> <p>C. Letter of credit</p> <p>D. None of these</p>
12	If the demand of any country's currency increases then rate of exchange becomes	<p>A. Favorable</p> <p>B. Unfavorable</p> <p>C. Both a and b</p> <p>D. None of these</p>
13	The price of one country's currency in term other country's currency is called	<p>A. Foreign currency</p> <p>B. Traveller's L.C.</p> <p>C. Exchange rate</p> <p>D. None of these</p>
14	Which method is mostly used in making foreign payment	<p>A. Foreign bills of exchange</p> <p>B. By post</p> <p>C. By telegraph</p> <p>D. None of these</p>
		<p>A. Exchange rate</p>

- B. Foreign exchange
  - C. Letter of credit
  - D. All of the above
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