

## Principles of Banking Icom Part 2 English Medium Chapter 14 Online Test

| Sr | Questions   | Answers Choice   |
|----|---|--|
| 1  | Decrease in the value of home currency as compare to foreign currency.                | A. Inflation<br>B. Devaluation<br>C. Deflation<br>D. All these   |
| 2  | Purchasing power theory of foreign exchange was presented in.                         | A. 1920<br>B. 1962<br>C. 1694<br>D. 1881   |
| 3  | Purchasing power theory of foreign exchange was given by.                             | A. Hartly<br>B. Gustav Cassel<br>C. D. Cock<br>D. None of these  |
| 4  | The various kinds of exchange rate includes.  | A. Official rate<br>B. Spot rate<br>C. Forward rate<br>D. All of these                                       |
| 5  | Methods for making foreign payments includes.   | A. Letter of credit<br>B. Foreign bills of exchange<br>C. Foreign bank draft<br>D. All of these              |
| 6  | The market where foreign moneys are bought and sold is.                               | A. Stock market<br>B. Foreign exchange markets<br>C. Open market<br>D. None of these                         |
| 7  | The method which is mostly use in making foreign payments are.                        | A. Telegraphic transfer<br>B. Foreign bill of exchange<br>C. By post<br>D. All of these                      |
| 8  | When the demand of any county's currency increases than the rate of exchange becomes. | A. Unfavorable<br>B. Favorable<br>C. Equilibrium<br>D. None of these   |
| 9  | The instruments which are used in foreign receipts and payments called.               | A. Letter of credit<br>B. Foreign debts<br>C. Foreign exchange<br>D. None of these                           |
| 10 | The main objectives of foreign exchange control are.                                  | A. Stabilize exchange rate<br>B. Increase Govt. Revenue<br>C. Protect domestic industries<br>D. All of these |
| 11 | The demand for and supply of foreign exchange is regulated by.                        | A. Central bank<br>B. World bank<br>C. Commercial bank<br>D. All of these                                    |
| 12 | These theories of foreign exchange rate include.                                      | A. Mint par parity theory<br>B. Purchasing power theory.<br>C. Both a and b<br>D. All of these               |
| 13 | The supply of foreign exchange arises when.   | A. Goods are exported<br>B. Students come of country<br>C. Sale of Foreign securities<br>D. All of these     |
| 14 | The demand for foreign exchange comes when.   | A. Purchases of foreign securities<br>B. Students go abroad<br>C. Goods are imported<br>D. All of these      |
| 15 | The rate which keeps the balance of payment in equilibrium.                           | A. Equilibrium rate<br>B. Foreign exchange rate<br>C. Currency Rate<br>D. Dollar rate                        |

