

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

Sr	Questions	Answers Choice
1	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
2	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
3	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
4	The bank can give loans	A. Unlimited B. Equal to deposits C. less than deposits D. More than deposits
5	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
6	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
7	Demand deposits are	A. Bank notes B. Money C. Considered as near money D. Legal money
8	It creates credit	A. Central Bank B. Commercial Bank C. Government D. Stock exchange
9	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
10	Commercial banks are able to create money by	A. Making loans B. Printing Money C. Moral suasion D. Selling government loans E. Printing money
11	Every country establishes central bank to	A. Issue currency B. To establish commercial bank C. To prepare government budget D. All of the above
12	Credit money is created by	A. Exchange bank B. Commercial Bank C. Finance companies D. None of the above
13	Short term loans can be obtained in.	A. Money market B. Capital market C. Exchange market D. Stock Market
14	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
15	Central bank's rate of lending to commercial banks is called.	A. Interest rate B. Discount rate C. Money rate D. Prime rate

		D. Inflation rate
16	Banks discount it and advance loans.	A. Draft B. Bill of exchange C. Pay Order D. Gold
17	Which is considered liability by a bank	A. Loans B. Bank building and equipment C. Time deposit D. Securities
18	Profit and loss sharing is basis of finance under this system.	A. Islamic B. Capitalistic C. Socialistic D. None
19	State bank of Pakistan is run by	A. Board of directors B. Board of managers C. Board of governors D. Board of bankers
20	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