

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

Sr	Questions	Answers Choice
1	It is NOT an instrument of monetary policy	A. Discount Rate B. Open market operation C. Change in reserve ratio D. Issue notes
2	Commercial banks accept deposits and provide	A. Money B. Loans C. Bill of exchange
3	Every country establishes central bank to	A. Issue notes B. Supervise commercial bank C. Give loans to businessmen D. a and b of above
4	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
5	Which type of card is not issued by commercial banks	A. Credit card B. Green card C. ATM Card D. Debit card
6	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
7	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
8	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
9	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
10	State Bank policy of regulating interest rate is called.	A. Monetary policy B. Commercial policy C. Banking policy D. Fiscal policy
11	Demand deposits mean	A. Saving account B. Chequeable deposits C. Profit loss account D. Time deposits
12	Credit money is controlled by	A. Central bank B. Market forces C. Commercial Bank D. Government
13	Commercial banks are able to create money by	A. Making loans B. Printing Money C. Moral suasion Selling government loans D. Printing money
14	The bank can give loans	A. Unlimited B. Equal to deposits C. less than deposits D. More than deposits
15	Monetary policy has the objective	A. Decrease unemployment rate B. Decrease tax rate C. Decreases inflation rate D. Increase inflation rate

D. a and c of the above

16 State bank was established in .

- A. 1948
- B. 1950
- C. 1952
- D. 1954

17 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

18 Out following the only recognised legal tender is

- A. Cheque
- B. Currency notes and coins
- C. Notes and cheques
- D. Credit card

19 Credit money is created by

- A. Exchange bank
- B. Commerical Bank
- C. Finance companies
- D. None of the above

20 Demand deposit are

- A. Bank notes
- B. Money
- C. Considered as near money
- D. Legal money