

## Economics - ICS Part 2 Economics English Medium Chapter 10 Online Short Questions Test

Q1. Under Which principle state bank of Pakistan issues notes.

**Ans 1:** State bank of Pakistan issues notes under proportional reserve system or banking principle.

Q2. State definition of inflation in the words of Prof Ackely Gardner.

**Ans 1:** "When the price level rises continually with a great speed. this situation is called inflation"

Q3. When was state bank of Pakistan established and where is its head office.

**Ans 1:** The bank was established on 1st July 1948 and its head office is in Karachi.

Q4. Which institutions advance loans in the money market

**Ans 1:** 1- The institutions which buy and sell bills of exchange.

**Ans 2:** 2- The institutions which buy and sell securities, bonds and shares.

**Ans 3:** 3- Commercial banks and cooperative banks.

**Ans 4:** 4- Insurance companies.

Q5. State definition of inflation in the word of Prof. Hanson.

**Ans 1:** "When prices tend to rise more rapidly than the production of goods and services it is called inflation.

Q6. Write five causes of inflation in Pakistan.

**Ans 1:** 1- Increase in the quantity of money

**Ans 2:** 2- Decrease in production

**Ans 3:** 3- Over population 4- Devaluation of the currency

**Ans 4:** 5- Increase in the cost of production

Q7. State definition of inflation is the word of Prof. A.P.Lerner.

**Ans 1:** "Inflation is a situation when demand for goods and services has become greater than their supply."

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Q8. What is bank rate in Pakistan.

**Ans 1:** 5.75%

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Q9. Which are important departments of state bank of Pakistan.

**Ans 1:** 1- Issuing department 2- Banking department 3- Exchange control

**Ans 2:** 4- Research department

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Q10. Write five measures taken by the govt to control inflation.

**Ans 1:** 1- Introduction of saving schemes.

**Ans 2:** 2- Steps to increase agricultural production.

**Ans 3:** 3- Steps to control smuggling

**Ans 4:** 4- Establishment of federal price and supplies board

**Ans 5:** 5- Establishment of utility stores corporation.

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