

Economics - ICS Part 2 Economics English Medium Chapter 3 Online Short Questions Test

Q1. What are non -scheduled banks.

Ans 1: These are the banks which have started their business without the permission of central bank. No limit of their capital is fixed. They can start their business with the amount of capital, they desire, They are not registered with the central bank and are not bound to deposit any proportion of their deposits. Central bank also does not help or guide them. In Pakistan, cooperative banks are of this type of bank.

Q2. Define bank in the word of Prof Crowther.

Ans 1: "Bank is an institution which gets loans to lend and in this way creates credit money."

Q3. What are profit.

Ans 1: In Islam interest is prohibited. So, the Islamic countries where interest free banking is in operation banks accept profit and loss sharing deposits instead of saving deposits.

Q4. What are demand deposits.

Ans 1: These are the deposits which can be demanded back at any time. Generally business people deposit their amounts in the account of demand deposits so that they may draw money whenever they are in need of it for business affairs, Bank cannot use these deposits for advancing loans. So, bank does not pay interest on these deposits.

Q5. What is bank.

Ans 1: Bank is financial institution which receives deposits of the people. People deposit their surplus money in bank. Bank pays interest at low rate on these deposits, it lends major part of these deposits to needy entrepreneurs and business men and receives interest comparatively at higher rate from its borrowers.

Q6. Which bank is now a govt. bank from the nationalized banks.

Ans 1: National Bank of Pakistan

Q7. Who is the president of Banking council.

Ans 1: Deputy Governor of State Bank of Pakistan

Q8. Write functions of a commercial bank.

Ans 1: 1- Accepting deposits of the people 2- Advancing loans to needy people

Ans 2: 3- Discounting bills of exchange
4- Transfer of money from one place to another.

Ans 3: 5- Performing agency services 6- Guardian of precious articles

Ans 4: 7- Direct investment

Q9. Write kinds of banks.

Ans 1: 1- Central bank 2- Commercial Bank 3- Agricultural bank

Ans 2: 4- Industrial bank 5- Cooperative bank

Ans 3: 6- Saving bank 7- Mortgage bank 8- Foreign exchange bank

Q10. What are time deposits.

Ans 1: These are the deposits which are deposited with the bank for a fixed period, Bank invests these deposits in some business for a fixed period or lends. So, it pays interest comparatively at higher rate. However, if a depositor is in severe need of money, he can draw after serving a notice in advance to the bank but in this situation bank returns the principal amount only and does not pay any interest.
