

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

Q1. 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."

Q2. What is bank.

Ans 1: Banks 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.

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. 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

Q5. Who is the president of Banking council.

Ans 1: Deputy governor of State Bank of Pakistan

Q6. Write kinds of commercial bank.

Ans 1: 1- Scheduled bank 2- Non - Scheduled bank

Q7. Define bank in the words of Prof. Renalds.

Ans 1: "Banks deal in money rather it is more appropriate to say that they deal in the transaction of loans."

Q8. What is over draft and banking system.

Ans 1: The amount of money which a bank allows its customer to draw over and above his own deposit is called over draft in banking system.

Q9. What is credit creation.

Ans 1: Advancign of loans by the banks more than the deposits of the people is called credit creation.

Q10. What is Foreign Exchang bank.

Ans 1: These banks perform the function of exchange of currencies of differnet countries Dut to this transcations in international trade become easy. These banks provide finaincial resoruces to the importers and exporters by discounting foreign bills of exchange. These banks issue drats also for foreign payments. In pakistna foreign banks Americna express, National and Grindlays bank. Chartered bank etc. are foreign exchange bank
