

Principles of Banking (E.M) - ICOM Part 2 Principles of Banking Full Book Short Questions Preparation

Q1. Under which law a scheduled bank can be registered in Pakistan.

Ans 1: In our country scheduled banks are registered under state bank of Pakistan Act 1956 Sec. 37(1)

Q2. In how many ways exchange rate can be quoted.

Ans 1: 1- Fixed internal value 2- Fixed external value

Q3. What is meant by employment of bank funds?

Ans 1: 1- By advancing loans 2- By direct investment

Ans 2: 3- By purchase of shares and debentures.

Q4. What are the contents of bank draft.

Ans 1: 1- Name of bank and its branch 2- Amount of draft

Ans 2: 3- Serial number 4- Date of issue

Ans 3: 5- Name of payee 6- Signatures of bank authorized officer

Q5. Define Clearing house.

Ans 1: According to Dr. Decock " Clearing house is that department of central bank where the representatives of member banks and financial institutions gather to clear their accounts.

Q6. Name the parties benefited by opening bank account.

Ans 1: The following parties enjoy benefits by opening bank account.

Ans 2: 1- Bank ii- Account holder iii- Government

Q7. What is cheque book.

Ans 1: When the account is opened the the cheque book is issued by the bank office. This book has many leves each leaf is known as cheque which is uded to withdraw money from bank

Q8. What is Inland indivual promissory note.

Ans 1: The promissory note having a single person as drawer and is drawn and paid in the same county.

Q9. Define bank according to Sir John Paget.

Ans 1: According to Sir John Paget

Ans 2: Bank is aninstitution who performs the following functions.

Ans 3: i- Accepting of deposits ii- Lending of money

Ans 4: iii- Issues and pays cheques. iv- Transfer money from one place to another.

Q10. Who is acceptor of bill of exchange.

Ans 1: The person who accepts the bill of exchange on half of drawee is called acceptor of the bill

Q11. Define" Consortium loan" or participation loans.

Ans 1: When two or more banks join together to lend jointly to one borrower i ceratin agreed ratio nagainst a common security Such loans are called" Participation loan" or consortium lons.

Q12. Define Bank.

Ans 1: According to Sir John Paget.

Ans 2: Bank is aninstitution which performs the folloing functions.

Ans 3: a- Acceptance of deposite b- Advancementof loans

Ans 4: c- Issues and pays cheques d- Transfers money from one place to another.

Q13. What is Qar-e-Hasna.

Ans 1: The students who don't have reasonable sources to contineu their education the natinallized commercial banks grant intrest free loans to these students this type of loan is caled Qarz-e-Hasna. these loans are repayablein the period of two years after the completion of studies.

Q14. Define foreign exchange.

Ans 1: "It is a mechanism by which international indebtedness is settled between one country and another."

Q15. What are the two types of regular crossing.

Ans 1: 1- General Crossing 2- Special crossing

Q16. Define Scheduled Banks.

Ans 1: The banks which are registered in the list of Central Bank under its charter are called Scheduled banks. They provide banking services according to the policies and instruction of central bank Habib Bank Lt. and Allied Bank Pakistan.

Q17. What precautions should be kept in mind by the bank while advancing loans.

Ans 1: 1- Reasonable sale price 2- Safety of loan 3- Diversification of loan.

Ans 2: 4- Increase in value 5- Durability 6- Liquidity

Q18. In banking what is meant by "Pakistan Mint".

Ans 1: It is the place where the official coins of the country are made.

Q19. Give the major reasons for Pakistan's unorganized money market.

Ans 1: 1- Absence of democracy 2- Issuance of loans on political basis

Ans 2: 3- Lack of cooperation among the financial institutions

Ans 3: 4- Political pressure on banks

Q20. Write down the steps of account opening in a bank.

Ans 1: i- Selection of bank ii- Selection of bank branch
iii- Selection of suitable account. iv- Contact with bank

Ans 2: v- Application forms vi- Attached required documents

Ans 3: vii- Specimen signatures card viii- issuance of account no.

Ans 4: ix- Pay in slip x- deposit of amount xi- Cheque book
