

BOARD OF INTERMEDIATE EDUCATION, KARACHI

H.S.C. Annual Examinations 2021

(MODEL QUESTION PAPER)

PRINCIPLES OF COMMERCE (BANKING) PAPER-II

Total Duration: 02 Hours

Max Marks: 75

General Instruction:

Section-'A': Q-1 contains 38 (MCQs) and all of them are to be answered. (38)

Section-'B': Q-2 consists of 7 Parts short answer Questions of which 5 Parts Questions are to be answered. (25)

Section-'C': comprises 2 detailed-answer Questions of which 1 Question is to be answered. (12)

SECTION 'A' MCQS-(MULTIPLE CHOICE QUESTIONS)

Time Allowed: 40 Min

(38 Marks)

Note: All the MCQs of this section are to be answered.

Q1. Choose the correct answer for each from the given options:

1) Central Bank advances loans to commercial Banks by:

- | | |
|--------------------------|-----------------------------|
| ◆ Clearing House | ◆ Maintaining cash reserves |
| ◆ Rediscounting of Bills | ◆ All of the above |

2) Commercial Bank creates credit:

- | | |
|---------------------------|--------------------|
| ◆ By discounting of bills | ◆ By investment |
| ◆ By advancing loans | ◆ All of the above |

3) Exchange banks deals in the:

- ◆ Gold and Bullion exchange
- ◆ domestic exchange
- ◆ Foreign exchange
- ◆ None of the above

4) Current account is suitable for:

- | | |
|----------------------|---------------------|
| ◆ House wife's | ◆ Salaries persons |
| ◆ Business community | ◆ none of the above |

5) Commercial bank creates the following money:

- | | |
|----------------|---------------------|
| ◆ Paper money | ◆ Metallic Money |
| ◆ Credit money | ◆ none of the above |

6) Overdraft facility is only provided to:

- | | |
|--------------------------|---------------------------|
| ◆ Fixed deposit holders | ◆ Current account holders |
| ◆ Saving account holders | ◆ None of above |

7) Credit money in the country is controlled by:

- | | |
|-------------------|---------------------|
| ◆ Industrial bank | ◆ Commercial bank |
| ◆ Central bank | ◆ Agricultural bank |

8) Clearing house reduces the movement of:

- | | |
|------------------|--------------------------|
| ◆ Plastic money | ◆ Barter Trade |
| ◆ Paper Currency | ◆ Negotiable Instruments |

9) State Bank of Pakistan was established in:

- | | |
|--------------------------------|-----------------------------------|
| ◆ 23 rd March 1948 | ◆ 1 st July 1948 |
| ◆ 14 th August 1947 | ◆ 11 th September 1949 |

10) Scheduled banks mean a bank which is registered with:

- | | |
|------------------|------------------|
| ◆ Stock exchange | ◆ Central bank |
| ◆ World bank | ◆ Chartered bank |

11) On which account a bank does not pay interest;

- | | |
|------------------|--------------------|
| ◆ Fixed account | ◆ Current account |
| ◆ Saving account | ◆ All of the above |

12) An account holder does not need to write a cheque to withdraw money from:

- | | |
|-------------------|-------------------------|
| ◆ Saving account | ◆ Fixed deposit account |
| ◆ Current account | ◆ None of the above |

13) Which things can be accepted by bank as security at the time of advancing loan:

- | | |
|---------------------------|-----------------|
| ◆ Precious Metals | ◆ Property |
| ◆ Share & security Papers | ◆ All the above |

14) Main use of bank funds are:

- | | |
|-------------------|----------------------|
| ◆ Advancing loans | ◆ Direct investments |
| ◆ Both (a) & (b) | ◆ None of the above |

15) A cheque which cannot be in cashed at bank's counter.

- | | |
|-----------|---------|
| ◆ Bearer | ◆ Order |
| ◆ Crossed | ◆ Plain |

16) If drawer of a cheque is payee himself then what word is written after the word pay:

- | | |
|---------|---------------------|
| ◆ Order | ◆ Bearer |
| ◆ self | ◆ None of the above |

17) Qualitative methods of monetary policy do not include:

- | | |
|--------------------|--------------------|
| ◆ Direct actions | ◆ Publicity |
| ◆ Bank Rate Policy | ◆ Moral Persuasion |

18) Illiterate person provides to Bank for his Identification:

- | | |
|--------------------|------------------------|
| ◆ Thumb Impression | ◆ Marriage Certificate |
| ◆ Photograph | ◆ All of above |

19) What stand for OTP in E-Banking transaction?

- ◆ Odd Transaction Password
- ◆ Owner is Trading Pass code
- ◆ One Time Password
- ◆ One Time Pin code

20) Crossing of Cheque which contains the name of a particular bank is called:

- | | |
|--------------------|----------------------|
| ◆ Regular Crossing | ◆ Irregular Crossing |
| ◆ General Crossing | ◆ Special Crossing |

21) Endorsement of a negotiable instrument is always:

- | | |
|--------------|----------------|
| ◆ Written | ◆ Oral |
| ◆ Registered | ◆ All of above |

22) Bank pays cash money at its counters for:

- | | |
|------------------|--------------------|
| ◆ Crossed Cheque | ◆ out dated Cheque |
| ◆ Bearer Cheque | ◆ none of these |

23) Safest Cheque for making payment to a particular person/ firm is:

- | | |
|------------------|----------------|
| ◆ Bearer Cheque | ◆ Order Cheque |
| ◆ Crossed Cheque | ◆ All of above |

24) The Bills of Exchange which is paid after the expiry of fixed period of time is called:

- | | |
|----------------------|----------------|
| ◆ Accommodation Bill | ◆ Sight Bill |
| ◆ Time Bill | ◆ All of above |

25) Bill of Exchange is a written order which is always:

- | | |
|-----------------|-------------------------|
| ◆ Conditional | ◆ Partially conditional |
| ◆ Unconditional | ◆ All of the above |

26) The instrument issued by importing country Bank in foreign Trade is called:

- | | |
|--------------------|--------------------|
| ◆ Exchange Rate | ◆ Foreign Exchange |
| ◆ Letter of Credit | ◆ All of the above |

27) A Bill which is drawn without any trade transaction:

- ◆ Sight Bill
- ◆ Trade Bill
- ◆ Time Bill
- ◆ Accommodation Bill

28) The change in demand and supply of foreign currency effects:

- ◆ Letter of Credit
- ◆ Exchange Rate
- ◆ Traveler's Cheques
- ◆ None of these

29) Which of the following condition Changes, cause to change in foreign exchange Rate:

- ◆ Change in volume of import & export
- ◆ Change in Bank Rate
- ◆ Change in Capital Flow
- ◆ All of these

30) A Bill which can be rediscounted by Commercial Banks from Central Bank:

- ◆ Sight Bill
- ◆ Both of above
- ◆ Time Bill
- ◆ None of above

31) Bill of exchange can be in cashed from Bank before its maturity by:

- ◆ Renewal of Bill
- ◆ Discounting of Bill
- ◆ Overdraft
- ◆ none of above

32) The card by which you cannot buy a product or withdraw cash exceeding your Bank Balance is:

- ◆ Credit card
- ◆ Health card
- ◆ Debit card
- ◆ Smart card

33) What are the reasons that banking institutions offers E-Banking Services:



- ◆ Lower Operating Cost
- ◆ Greater Geographic Distribution of its services
- ◆ Round the clock Banking
- ◆ All of these

34) Which of the following is used to deposit money into Bank account:

- ◆ Bank statement
- ◆ Counterfoil of Cheque
- ◆ Pay-in-slip
- ◆ Certificate

35) Why does its necessary for an account holder to sign the specimen signature Card at the time Of opening Bank account:

- ◆ To complete opening form
- ◆ To make Signature Practice
- ◆ To obtain Cheque Book
- ◆ To match the Signatures when cheque is presented

36) Which instrument is mostly used in making foreign business payments?

- ◆ Cheque
- ◆ Foreign Bill of exchange
- ◆ Promissory Note
- ◆ None of these

37) State Bank of Pakistan advises the Government on the following matters:

- ◆ Domestic matters
- ◆ Financial & Economic matters
- ◆ Political matters
- ◆ Administrative matters

38) What is the objective of foreign exchange control:

- ◆ Unfavourable Balance of payment
- ◆ Favourable Balance of Payment
- ◆ unfavourable Balance of Trade
- ◆ Favourable Balance of Trade

SECTION 'B' (SHORT- ANSWER QUESTIONS) (25 Marks)

Note: Answer any 5 Part Questions from this Section. All Questions carry equal marks. No answer should exceed 6-10 lines.

- Q2.**
- (i) How was the word Bank derived.
 - (ii) Define briefly types of Bank Account.
 - (iii) List down the Quantitative methods of credit control.
 - (iv) List down the Secondary functions of a commercial Bank.
 - (v) Define scheduled and non-scheduled Bank.
 - (vi) What is meant by crossing of cheque?
 - (vii) List down the characteristics/features of Bill of Exchange.

SECTION 'C' (DETAILED- ANSWER QUESTIONS) (12 Marks)

Note: Answer any ONE question (with detail) from this section.

- Q3.** Define Commercial Bank or Central Bank. Describe functions of Commercial Bank or Central Bank in detail.
- Q4 .** What is meant by Rate of Exchange? Describe the factors that affect the rate of Exchange.