

P.S.SENIOR SECONDARY SCHOOL

ECONOMICS WORKSHEET-MONEY AND BANKING

CLASS-XIID&E

ANSWER THE FOLLOWING QUESTIONS:

1. _____ refers to direct exchange of goods against goods without use of money.
2. The ratio of total deposits that a commercial bank has to keep within the central bank is called _____.
3. Money multiplier is 5 if _____ is 20%.
4. From the set of statements given in column I and column II , choose the correct pair of statements:

Column I	Column II
(i) Money	Lack of standard of deferred payment
(ii) Commercial bank	Issue of currency
(iii) Central bank	Overdraft facility
(iv) Legal reserve ratio	Control credit creation

5. Banks are able to credit many times more than initial deposit through _____.
 - (i) secondary deposits
 - (ii) advancing loans
 - (iii) accepting deposits
 - (iv) providing overdraft facility
6. Which of the following is the central bank of India?
 - i) state bank of India
 - (ii) Punjab national bank
 - (iii) reserve bank of India
 - (iv) new bank of India
7. Which of the following is bank money?
 - (i) coins
 - (ii) currency
 - (iii) cash reserves of bank
 - (iv) demand deposits in banks
8. Which of the following is qualitative method of credit control?
 - (i) margin requirement
 - (ii) cash reserve ratio
 - (iii) bank rate
 - (iv) open market operations
9. Which of the following statements is correct?
 - (i) supply of money refers to stock of money held by public at a point of time
 - (ii) supply of money is a flow variable
 - (iii) supply of money includes cash reserves of bank
 - (iv) supply of money refers to bank money
10. _____ is the rate of interest charges by the central bank on loans given to commercial banks.
 - (i) bank rate (repo rate)
 - (ii) CRR
 - (iii) statutory liquidity ratio
 - (iv) reverse repo rate
11. In order to reduce credit in the country, reserve bank of India
 - (i) reduces repo rate
 - (ii) buys securities in the open market
 - (iii) sells securities in the open market
 - (iv) adopts moral suasion

12. _____ is the rate of interest at which banks park their surplus fund with RBI
 (i) cash reserve ratio (ii) reverse repo rate
 (iii) bank rate (iv) legal reserve rate
13. The creation of _____ is called credit creation
 (i) time deposits (ii) primary deposits
 (iii) secondary deposits (iv) none of these
14. Initial deposits made by the people from their own resources are called _____.
 (i) time deposits (ii) secondary deposits
 (iii) primary deposits (iv) none of these
15. _____ is the ratio of bank deposits must keep as reserve in cash with the central bank
 (i) statutory liquidity ratio (SLR) (ii) cash reserve ratio (CRR)
 (iii) bank rate (iv) reverse repo rate
16. To reduce the supply of money in the economy, the central bank _____.
 (i) raises CRR
 (ii) lowers the repo rate
 (iii) lowers the margin
 (iv) buys Govt. securities from the market
17. Which of the following conditions need to be fulfilled by a financial institution to become a bank?
 (i) advancing loans (ii) accepting deposits
 (iii) both (i) and (ii) (iv) neither (i) or (ii)
18. _____ is the main function of the central bank.
 (i) notes issue (ii) credit creation
 (iii) accepting deposits from the public (iv) none of these
19. Deposits which can be withdrawn on demand by the depositors are called _____.
 (i) time deposits (ii) savings deposits
 (iii) term deposits (iv) demand deposits
20. Full bodied money is that money whose money value and commodity value are:
 (i) equal in the market (ii) declared as equal in the market
 (iii) declared as equal by RBI (iv) different in the market
21. Which of the following systems is followed by RBI for issuing currency?
 (i) simple deposit system (ii) minimum reserve system
 (iii) proportionate system (iv) fixed fiduciary issue system
22. Demand deposits are:
 (i) chequable deposits
 (ii) non- chequable deposits
 (iii) deposits which can be withdrawn on demand
 (iv) both (i) and (ii)
23. When face value of money is equal to intrinsic value of money, it is called:
 (i) credit money (ii) full bodied money
 (iii) fiat money (iv) fiduciary money

24. 'Medium of exchange' function of money has solved the barter's specific problem of:

- (i) lack of double coincidence of wants
- (ii) lack of common measure of value
- (iii) lack of standard of deferred payment
- (iv) difficulty is storing wealth

25. Demand deposits include:

- (i) savings account deposits and fixed deposits
- (ii) savings account deposits and current account deposits
- (iii) current account deposits and fixed deposits
- (iv) all types of deposits.

26. Credit creation by commercial bank is determined by:

- (i) CRR
- (ii) SLR
- (iii) initial deposits
- (iv) all the above

27. Credit control by a commercial bank is determined by _____

- (i) only prime deposits
- (ii) only legal reserve ratio (LRR)
- (iii) only demand deposits
- (iv) primary deposits and LRR

28. Main source of money supply is _____

- (i) money lenders
- (ii) central bank (RBI)
- (iii) central government
- (iv) commercial banks

Giving reasons, state whether the following statements are true or false:

29. There is no common unit of value in barter system.

30. Currency created by the central bank (RBI) is called bank money.

31. Money supply is a flow concept.

32. Money is a liquid store of wealth.

33. Reverse repo rate is the rate at which the central bank lends funds to banks.

34. Money supply does not include money held by the government and banking system.

35. Legal tender money has a legal sanction behind it by the government.

36. Legal reserve ratio (LRR) is that ratio of deposits which banks are legally bound to keep in the form of cash with themselves and with the central bank.

37. Money as medium of exchange solves the barter's problem of 'lack of double coincidence of want'.

38. Cash and coins are known as bank money.

39. RBI produces money while commercial banks increase the supply of money.

40. CRR and SLR are opposite of each other

41. Commercial banks play no role in the stock of money supply in the economy.

42. Credit money is the money received as credit from banks.

43. Fiat money is the same as fiduciary money.

44. Money supply includes demand deposits of the people with the commercial banks.

45. All financial institutions are treated as banking institutions.

46. What is barter exchange?

47. How can money be defined?

48. What is the main function of money?

49. What monetary system does India follow?

50. What are the primary functions of money?

51. What is a cheque?
52. What is money supply?
53. What are the two components of supply of money?
54. What is credit money?
55. Who are the producers of money?
56. What is a commercial bank?
57. Define a central bank.
58. Define primary deposits.
59. What are secondary deposits?
60. Why are financial institutions like UTI and LIC not considered banks?
61. What is high-powered money?
62. Name three problems of barter system.
63. Which function of money solves the barter's problem of lack of double coincidence?
64. Is credit card a form of money? give reasons for your answer.
65. RBI produces money while commercial banks increase the supply of money. State whether the following statements are true or false.