



INDIAN SCHOOL NIZWA

Class : XII UNIT 2. Money and Banking (MACRO ECONOMICS)

1.	Who signs in the one rupee note in India? a) Governor of RBI b) Government c) Finance Minister d) None of the above
2.	Commercial Banks are those banks which _____ a) give loan to people b) accept money from the public c) Credit Creation d) All the above
3.	One drawback of Barter System is _____ a) Lack of double coincidence of wants b) Lack of coincidence of wants c) Lack of trust d) Lack of goods
4.	Central Bank is an apex bank of the country that: (a) Controls the entire banking system of the country (b) Issues currency (c) Acts as a banker to the government (d) All of these
5.	With an increase in SLR, flow of Credit in the economy will a) Increase b) Decrease c) Remains unchanged d) None of these
6.	Quantitative instrument of RBI can be: (a) Bank Rate policy (b) Cash Reserve Ratio (c) Statutory Liquidity Ratio (d) All of the above
7.	_____ refers to that portion of total deposits of a commercial bank which it has to keep with RBI in the form of cash reserves. (a) CRR (b) SLR . (c) Bank Rate (d) Repo Rate
8.	4. _____ refers to that portion of total deposits of a commercial bank which it has to keep with itself in the form of liquid assets.

	(a) CRR (b) SLR (c) Bank Rate (d) Repo Rate
9.	Define bank rate
10.	What is Barter system? What are its drawbacks?
11.	What are the main functions of money? How does money overcome the shortcoming of a barter system?
12.	Explain the “Government’s Bank” function of a central bank.
13.	What is meant by double coincidence of wants?
14.	Define money supply.
15	What do you mean by credit/money creation? Explain the process of Money creation by the commercial banks with the help of a numerical example.
16	Explain the following functions of Central Bank- a) Bank of note issue b) Lender of last resort
17	Explain the meaning of ‘open market operations’. How is it used to reduce money supply in the economy?
18	What is meant by cash reserve ratio?
19	What will be the effect of a rise in bank rate on the money supply?
20	Define bank rate. What is its role to control excess and deficient demand?