



INDIAN SCHOOL DARSAIT DEPARTMENT OF COMMERCE



Subject : Economics	Topic : Money & Banking	Date of Worksheet : _____
Resource Person: Ekta Gautam	Date of Submission: _____	
Name of the Student : _____	Class & Division : _____	Roll Number : ____

S.No.		Marks
1.	What are demand deposits?	1
2.	What are time deposits?	1
3.	What is a central bank?	1
4.	What is 'fiat money'?	1
5.	What is high powered money?	1
6.	Explain "banker to the government" function of the central bank.	3
7.	Explain the 'lender of last resort' function of the central bank.	3
8.	Explain "banker bank and supervisor" function of the central bank.	3
9.	Explain the role of reverse repo rate in controlling credit creation.	3
10.	Explain the 'currency authority' function of the central bank.	3
11.	What are the alternative definitions of money supply in India?	4
12.	What is bank rate? How is it used by the central bank to control credit creation by commercial banks?	4
13.	Why do we say that commercial banks create money while we also say that the central bank has the sole right to issue currency? Explain.	4
14.	Explain how 'margin requirements' are helpful in controlling credit creation?	4
15.	Explain the meaning of 'open market operations'. How does the central bank use it for controlling credit creation by commercial banks?	4
16.	Define Legal Reserve Ratio. Distinguish between Cash Reserve Ratio and Statutory Liquidity Ratio.	4
17.	Explain the credit creation role of commercial banks with the help of a numerical example.	6