

BCM SCHOOL, BASANT AVENUE, DUGRI ROAD, LUDHIANA		
ASSIGNMENT-XII ECONOMICS		
1.	"Outright open market operations is permanent in nature." Defend and refute this statement	(3)
2.	As per announcement made by the Governor of Reserve bank of India on May 4, 2022, it has been decided to increase the Cash Reserve Ratio (CRR) by 50 basis points from 4% to 4.5%. Analyse the impact of this step of RBI on total credit creation in the economy.	(3)
3.	Read the following News Report and answer the questions that follow: During Covid-19, the Reserve Bank of India (RBI), cut Repo Rate to 4.4 % the lowest in at least 15 years. Also, it reduced the CRR by 100 basis points. It all depends on how India responds to the situation. Aggregate demand may weaken and ease core inflation. (i) What is the likely effect of cut in Repo Rate by RBI on the money supply in the Indian economy? (ii) "... reduced the CRR by 100 basis points. Previously, it was 4%." Thus, CRR is reduced to _____. (iii) Besides reduction in CRR and Repo Rate, what other measure can be taken by the Government of India through its budgetary policy to combat recession? State anyone.	(1) (1) (1)
4.	Read the following text carefully: "After setting up a working group to study the possibility of a Central Bank Digital Currency (CBDC) in India in 2020, the RBI revealed a concept note on digital rupee (e-Rupee) on 7th October, 2022." "The e-Rupee will provide an additional option to the currency available forms of money. It is substantially not different from bank notes, but being digital it is likely to be easier, faster and cheaper." RBI said that it broadly defines CBDC as the legal tender issued by a central bank in a digital form. It is akin to paper currency in a different form. (a) Identify and discuss the function of central bank indicated above text. (b) State any two advantages of digital rupee.	(3) (1)
5.	Distinguish between Repo rate and Bank rate.	(3)