

	BCM SCHOOL,BASANT AVENUE,DUGRI ROAD,LUDHIANA
	XII ECONOMICS ASSIGNMENT
1.	The interest rate paid by the banks to depositors is lower than the rate charged from the borrowers. This difference between the two types of interest rates is called (a) Bank Rate (b) Lending Rate (c) Repo Rate (d) Spread
2.	M1 measure of money supply is defined as follows: $M1 = CU + DD$ where, CU is Currency (notes plus coins) held by the public and DD is 'net' demand deposits held by commercial banks. What does word 'net' imply here? (i) Only deposits of the public held by the banks are to be included in money supply. (ii) The interbank deposits, which a commercial bank holds in other commercial banks, are not to be regarded as part of money supply. (iii) It implies aggregate monetary resources. (a) Only (i) (b) Only (ii) (c) Only (i) and (ii) (d) Only (i) and (iii)
3.	If the Reserve Deposit Ratio is 25% and the initial deposits of the public are Rs. 2,000, what is the value of deposit multiplier, to deposit creation and total lending by the banking system? (a) Deposit multiplier = 4; Total deposit creation = 78,000 and total lending by the banking system 76,000 (b) Deposit multiplier = 5; Total deposit creation = 210,000 and total lending by the banking system 10,000 (c) Deposit multiplier = 4; Total deposit creation = 710,000 and total lending by the banking system 10,000 (d) Deposit multiplier = 5; Total deposit creation = 78,000 and total lending by the banking system 76,000
4.	'During the last few years' initiatives such as Jan Dhan Yojna, Aadhar-enabled payment systems, e-Wallets, National Financial Switch (NFS) and others have strengthened the government's resolve to go cashless.' Elaborate on how such initiatives may have affected the Indian economy
5.	"Barter exchanges become extremely difficult in a large economy." Defend or refute the statement.
6.	How do Legal reserve requirements affect the money creation by banks and money supply in the economy?
7.	(a) Explain the significance of the 'Standard of Deferred Payment' function of money. (b) In situation of inflation, credit creation by commercial bank is beneficial for the banks but it has a negative impact on the economy. How?