

BCM School, Basant Avenue, Dugri Road, Ludhiana

Class – XII

Subject – Economics

April Assignment

Q1. Name any two quantitative tools to control credit creation in an economy. (1 mark)

Q2. What are demand deposits? (1mark)

Q3. Repo rate relates to : (1 mark)

(a) Short-term borrowings by commercial banks

(b) Long-term borrowing by commercial banks

(c) Disinvestments

(d) Dis-savings

Q4. Signature of _____ appears on a 2,000 currency note. (1 mark)

Q5. Discuss any one of the following functions of a central bank: (4 marks)

(a) Government's bank

(b) Banker's bank

Q6. Discuss how the central bank plays the role of 'controller of credit' in an economy? (3 marks)

Q7. If legal reserve ratio is 0.2 and new deposits are 1,000, explain the process of money creation by the commercial banks. (4 marks)