WORKSHEET

SUB: ECONOMICS

GRADE: 12 B

MULTIPLE CHOICE QUESTIONS

1. Which bank is authorized to issue currency notes?

a) Central Bank b) Commercial Bank

c) Cooperative Bank d) Scheduled Bank

2. Money that is issued by the authority of the government is called:

a) Full bodied money b) Credit Money

c) Fiat Money d) Fiduciary Money

3. Who regulates money supply in India?

a) Government of India b) Reserve Bank of India

c) Commercial Banks d) NITI Aayog

4. Demand deposits include :

a) Cheque able deposits

b) Deposits which can be withdrawn on demand

c) Fixed deposits for a period

d) Both (a) and (b)

5. Supply of money is a:

a) Flow variable b) Stock variable

c) Real flow d) None of these

6. In India, coins are issued by:

a) State bank of India b) Reserve bank of India

c) Ministry of finance d) Ministry of urban development

7. High powered money is equal to:

a) Money supplied by the RBI ONLY

b) Total supply of money in the economy

c) Notes and coins held by the people

d) Money (notes and coins) held by the public, vault cash of the commercial banks as well as cash reserves of the commercial banks with the RBI

8. In India, Money supply (M1) is equal to:

a) Currency with people

b) Currency with people +Demand Deposits

c) Currency with people+ Net Demand deposits held by the commercial banks

d) None of these

9. Central bank of a country does not deal with--------------------

a) State government b) Central government

c) General public d) Commercial banks

10. Credit creation in commercial banks is determined by

a) Cash Reserve ratio b) Statutory liquidity Ratio

c) Initial Deposits d) All the above

11. Which of the following is not a quantitative Method of credit control?

a) Open Market Operation b) Margin Requirements

c) Variable reserve Ratio d) Bank Rate Ratio

12. The percentage of demand deposits which the commercial banks are legally required to maintain as their liquid assets is called:

a) Statutory liquidity Ratio b) Deposit ratio

c) Cash Reserve ratio d) Legal reserve ratio

13. Which of the following is not the function of Central bank?

a) Bank facilities to government b) Lending to commercial bank

c) Bank facilities to Public d) Lending to Public

14. The ratio of total deposits that a commercial Banks must keep with Reserve bank of India is called:

a) Deposit Ratio b) Cash Reserve Ratio

c) Legal Reserve Ratio d) Statutory liquidity Ratio

15. If inflation is to be combated, the RBI:

a) Raises SLR and lowers CRR b) Lower SLR and raises CRR

c) Raises both CRR as well as SLR d) None of these

16. If recession is to be combated:

a) Bank rate needs to be lowered

b) CRR needs to be lowered

c) Both (a) and (b)

d) Repo rate needs to be lowered and CRR needs to be raised