

Chapter- 3

Money and banking

1. Define barter exchange.
2. What is meant by double coincidence of wants?
3. Define money.
4. What is the basic characteristic of money?
5. Define the money supply state whether money supply is a stock variable or flow variable. What is bank money state the two components of the money supply?
6. What is bank money state the limitation of Barter exchange?
7. What is meant by money supply? Discuss in brief the various constituents of the money supply.
8. Discuss the limitations of barter exchange
9. What are the two essential conditions for a financial institution to become a bank?
10. What is a Central Bank?
11. What do you mean by the bank of the issue?
12. Mention one main difference between the Central Bank and commercial banks?
13. What is the time deposit in the bank?
14. Define the bank rate.
15. What is the meaning of open market operations?
16. What is meant by legal reserve requirements?
17. What is meant by the cash reserve ratio?
18. What is meant by the statutory liquidity ratio?
19. What is meant by the margin requirement? What is the repo rate?
20. What is the reverse repo rate?
21. State any three points of distinction between the Central Bank and commercial banks.
22. State the main functions of the central bank Explain bank function of Central Bank.
Explain the banker's bank and supervisor function of the central bank.
23. Explain how the bank rate helps control credit creation.

24. Explain the components of the legal reserve ratio.
25. Explain the process of money creation by commercial banks with the help of a numerical example.
26. Explain any two functions of a central bank. Discuss the differences between the Central Bank and commercial banks.
27. How do changes in bank rate affect money supply in an economy?
28. Explain describe any two methods by which Reserve Bank of India can regulate money supply

