

ARMY PUBLIC SCHOOL KALUCHAK

HOLIDAYS H.W

SUBJECT: ECONOMICS

CLASS: XII (2022-23)

WORKSHEET-MONEY

Q1. Define the following: 1. Money 2. C-C economy 3. Double coincidence of wants 4. Fiat Money 5. Fiduciary Money 6. Full bodied Money 7. Credit Money. 8. Supply of Money 9. Term Deposits 10. Demand Deposits 11. Bank Money 12. High Powered Money. 13. Narrow Money 14. Broad Money.

Q2. Outline the primary and secondary functions of money.

Q3. Explain how the evolution of money has solved the problem of double coincidence of wants.

Q4. Introduction of money has separated the acts of 'sale' and 'purchase'. How?

Q5. Distinguish between money value and commodity value of money.

Q6. State the components of M_1 , M_2 , M_3 , M_4 measures of money supply.

Q7. State the limitations of barter system of exchange. How are these limitations removed with the introduction of money?

Q8. Money becomes a commodity when intrinsic value of money exceeds its face value. Defend or refute.

Q9. Introduction of money has led to the expansion of markets. Elaborate.

Q10. Read the following statements carefully. Write True or False with a reason.

- (a) Double coincidence of wants is an essential requirement of exchange.
- (b) There is no medium of exchange in the barter system.
- (c) Money can be used as a commodity.
- (d) Money supply in the economy refers to only the fiat money issued by the RBI.
- (e) Commodity value of money has never been greater than the face value.

WORKSHEET-BANKING

Q1. Define the following: 1. Primary Deposits 2. Secondary Deposits 3. Vault cash 4. Credit Multiplier 5. Managed Floating 6. Monetary Policy 7. Selective Credit Control.

Q2. Discuss briefly the credit creation process of the banking system, using a hypothetical numerical example.

Q3. Define Credit Multiplier. What role does it play in determining the credit creation power of the banking system? Use a numerical illustration to explain.

Q4. If the Legal Reserve Ratio is 20 percent and new deposits are Rs 1000, explain the process of credit creation by commercial bank.

Q5. Distinguish between the central bank and commercial bank.

Q6. Explain in detail the following functions of the central bank:

- (a) Bank of Issuing Notes.
- (b) Banker to the Government.
- (c) Banker's Bank and Supervisory Role.
- (d) Lender of the Last Resort.
- (e) Custodian of Foreign Exchange.
- (f) Clearing House Function.
- (g) Control of credit.

Q7. What is the significance of centralized cash reserves with central bank?

Q8. Explain in detail the following quantitative and qualitative measures of credit control used by the central bank to maintain economic stability.

- (a) Bank Rate.
- (b) Open Market Operations.
- (c) Repo Rate.
- (d) Reverse Repo Rate.
- (e) Cash Reserve Ratio.
- (f) Statutory Liquidity Ratio.
- (g) Margin Requirement.
- (h) Rationing of Credit.
- (i) Moral suasion.

Q9. Distinguish between the Bank Rate and Repo Rate.

Q10. Analyse the impact of demonetization on credit creation by the commercial banks in the Indian economy.

Q11. If the commercial banks buy government securities, their capacity to create credit is reduced. Do you agree?

Q12. Is it correct that when margins are raised, demand for loans is negatively impacted?

Q13. Read the following statements carefully. Write True or False with a reason.

- (a) During periods of depression, commercial banks are advised to follow dear money policy.
- (b) Demand deposits are equal to cash deposits with the commercial banks.
- (c) Secondary deposits of a commercial bank are always less than its primary deposits.
- (d) Market rate of interest tends to be positively related to the bank rate.

- (e) CRR and SLR work opposite to each other.
- (f) Commercial banks do not have the note issuing authority, but they do contribute to money supply in the economy.

Q14. **RBI lowers repo rate from 5.40% to 5.15%.** Analyse the economic value of this statement from the viewpoint of (i) the households (ii) investors and (iii) the economy.

Q15. How improvement in banking habits of the people pushes up credit availability from the commercial banks?

WORKSHEET-GOVERNMENT BUDGET AND THE ECONOMY

Q1. Define the following: 1. Fiscal Policy 2. Escheats 3. Special Assessment 4. Plan Expenditure 5. Non-plan Expenditure 6. Balanced Budget 7. Surplus Budget 8. Deficit Budget 9. Disinvestment 10. Progressive Tax 11. Regressive Tax 12. Value Added Tax 13. Specific Tax 14. Direct Tax 15. Indirect Tax 16. Special Economic Zones (SEZ) 17. Fiscal Discipline 18. Subsidy 19. Tax receipts 20. Non-Tax Receipts.

Q2. Explain in detail the following objectives of government budget:

- (a) GDP Growth
- (b) Allocation of Resources.
- (c) Provision of Public Goods.
- (d) Redistribution of Income and Wealth.
- (e) Balanced Regional Growth.
- (f) Employment Opportunities.
- (g) Economic stability.

Q3. Distinguish between Direct Tax and Indirect Tax.

Q4. Distinguish between Revenue Receipts and Capital Receipts.

Q5. Distinguish between Revenue Expenditure and Capital Expenditure.

Q6. Distinguish between Revenue Budget and Capital Expenditure.

Q7. Distinguish between Revenue Deficit, Fiscal Deficit and Primary Deficit.

Q8. List the implications of Revenue Deficit.

Q9. Discuss in detail the implications of high fiscal deficit.

Q10. 'High fiscal deficit leads to low GDP growth'-Elaborate.

Q11. What does zero primary deficit mean? When does primary deficit arise?

Q12. Can there be a fiscal deficit without a revenue deficit?

Q13. What are Non-Debt capital receipts? Give examples.

Q14. State the merits and demerits of the following: (a) Balanced Budget, (b) Surplus Budget and (c) Deficit Budget.

Q15. Revenue deficit can be managed through borrowing or disinvestment. But fiscal deficit can be managed only through borrowing. Do you agree? State reason in support of your answer.

Q16. Government has raised its expenditure on free services like education and health to the poor. Explain the economic value it reflects.

Q17. Do you approve of disinvestment as an appropriate policy of financing budgetary deficit?

Q18. Do you agree with the view that demonetization of 500 and 1000 rupee notes would help the government in lowering its fiscal deficit?

Q19. "The fiscal deficit gives the borrowing requirements of the government". Elucidate.

Q20. Discuss the relationship between the revenue deficit and the fiscal deficit.

Q21. What are public goods? State its two important properties.

Q22. State the importance of Public expenditure with reference to the Indian Economy.

Q23. Distinguish between Recovery of loans and Repayment of loans.

Q24. From the following data about a Government budget, find out (a) Revenue deficit, (b) Fiscal deficit and (c) Primary deficit.

COMPONENTS	(RS in Crore)
Capital receipts net of borrowings	95
Revenue expenditure	100
Interest payments	10
Revenue Receipts	80
Capital expenditure	110

Q25. From the following data about a government budget find (a) revenue deficit, (b) fiscal deficit and (c) primary deficit:

COMPONENTS	(RS in Crore)
Tax revenue	47
Capital receipts	34
Non-tax revenue	10
Borrowings	32
Revenue expenditure	80
Interest payments	20

Q26. From the following data about a government budget find (a) revenue deficit, (b) fiscal deficit and (c) primary deficit:

COMPONENTS	(RS in Crore)
Plan capital expenditure	120
Revenue expenditure	100
Non-plan capital expenditure	80
Revenue receipts	70
Capital receipts net of borrowings	140
Interest payments	30