

Worksheet: Money and Banking

Madhya Pradesh State Board · Class 12 · Economics · 3 questions · 13 marks

Name: _____

Date: _____

Score: _____ / 13

Q1. Suppose the Cash Reserve Ratio (CRR) is 5% and someone deposits ₹2,000 in a bank. Calculate: (i) The total deposit that can be created in the banking system. (ii) The money multiplier. [3 marks]

Q2. Explain how the RBI can use (a) the repo rate and (b) open market operations to control inflation. [4 marks]

Q3. Explain the process by which commercial banks create credit. What are the limitations of the credit creation process? [6 marks]
