



ECONOMICS

BOOKS - RADHA BHUGANA

ECONOMICS (HINGLISH)

MONEY

State Whether The Following Sttements Are True Or False

1. M_1 is a broad definition of money.



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2. Time deposits provide a cheque facility



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3. Money supply relates to the availability of money held with the public.



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4. The government and the banking system are not considered as public as they are the producers of money



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5. M_4 is the most liquid measure of money supply.



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1. Demand deposits include (Choose the correct alternative)

A. Saving account deposits and fixed deposits

B. Saving account deposits and current account deposits

C. Current account deposits and fixed deposits

D. All type of deposits

Answer: B



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2. Money is defined as:

- A. Commonly accepted measure of value
- B. a store of value
- C. a standard of deferred payments
- D. all of these

Answer: D



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3. The function of money which facilitates borrowing and lending transactions

A. a store of value

B. a standard of deferred payments

C. a unit of account

D. a medium of exchange

Answer: B



4. Component of money supply

A. coins

B. paper currency

C. demand deposits

D. all of these

Answer: D



5. The component of money not included in money supply

A. currency with private individuals

B. currency with business firms

C. stock of gold with RBI

D. all of these

Answer: C



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6. The maximum limit to accept deposit in coins

A. 500

B. 1000

C. 250

D. none of these

Answer: B



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7. High powered money includes:

A. currency and demand deposits

B. demand deposits and saving deposits

C. currency held by public and cash
reserves with banks

D. none of these

Answer: C



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8. Money supply is a _____ concept

A. flow

B. stock

C. variable

D. all of these

Answer: B



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Objective Type Questions

1. Define barter exchange



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2. What is double coincidence of wants?



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3. State whether money supply is a stock variable or flow variable



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4. What does it mean that "money is a bearer of options"?



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5. Define a cheque



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6. What is narrow and broad definition money based on ?

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7. What is meant by measurement of value?

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8. What is meant by medium of exchange ?

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9. Define money supply.



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Conceptual Questions

1. Who are produceers of money



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2. Define money.



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3. What is ideal supply of money?



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4. State the features of money.



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1. How is currency issued in india ?



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2. Calculate M_1 , M_2 , M_3 and M_4 measures of money supply using the following data:

	(₹ in lakhs)
(i) Currency and coins with public	26,000
(ii) Demand deposits of commercial banks	16,000
(iii) Other deposits with RBI	24,000
(iv) Net time deposits with commercial banks	10,000
(v) Total deposits with post offices	14,000
(vi) Saving deposits with post office saving banks	5000



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3. What is the difference between face value and intrinsic value ?



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Value Based Question

1. Why would a compensation in form of money and not in form of foodgrains for a worker working in an agrobased processing unit be more convenient ? Why does money

assume more importance than commodities as a medium of exchange?



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2. (a) Explain 'standard of deferred payment' function of money .

(b) Can you imagine business activities of today without this function of money?



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Guidelines To Ncert Questions

1. What is high powered money?



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2. What monetary system does india follow?



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