

20 UNIT VI : DEVELOPMENT EXPERIENCE (17)

LONG ANSWER TYPE QUESTIONS (6 Marks)

1. State the level of economic development in India on the eve of independence.
2. What were the main causes of India's agricultural stagnation during the colonial period ?
3. Briefly describe the state of infrastructural facilities during the British period.
4. Explain the main focus of the colonial economic policies in India. Briefly explain the impact of these policies.
5. Describe the state of India's occupational structure during British period.
6. State the condition of Indian handicraft industry on the eve of independence.
7. Give a brief appraisal of India's demographic profile during the colonial period.
8. What were the adverse impacts of the destruction of Indian handicraft industries by the British rulers during colonial period ?
9. Why is 1921 called the 'Year of Great Divide' in context of India's population history ?
10. Mention some of the positive effects of British rule in India.

BANKING

VERY SHORT ANSWER TYPE QUESTIONS (1 Mark)

1. Define a commercial bank.

Or

What is banking ?

2. Define CRR.

3. What is margin requirement ?

4. What is moral suasion ?

5. Define open market operations.

6. What is bank rate ?

7. Define credit creation.

8. Write the name of the Central Bank of our country.

9. Mention one main difference between Central Bank and commercial bank.

10. What is a Central Bank ?

11. Define commercial bank.

12. Define statutory liquidity ratio.

13. Who regulates money supply ? Choose the correct alternative :

(a) Government of India

(b) Commercial bank

(c) Reserve Bank of India

(d) Planning Commission

14. What is reverse repo rate ?

15. What are Primary deposits ?

16. State whether the following statement is *true* or *false* : "Demand deposits which come back to commercial banks through their lending process are known as secondary deposits".

SHORT ANSWER TYPE QUESTIONS (3/4 Marks)

1. Distinguish between a commercial bank and a Central Bank.

2. Explain any two functions of a Central Bank.

Or

State the main function of a Central Bank.

Or

Explain any one of the following functions of a Central Bank

(i) Currency authority and

(ii) Lender of last resort.

Or

Explain 'Banker to the Government' function of the Central Bank.

Or

Describe the 'Bank of currency issue' (currency authority function) of the Central Bank.

Or

How does a Central Bank perform the function of controller of credit ?

LONG ANSWER TYPE QUESTIONS (6 Marks)

1. Discuss the quantitative instruments used by Central Bank to control the money supply.
2. Discuss the difference between a Central Bank and a commercial bank.
3. Explain the various functions of the Central Bank.
4. Explain any two methods of credit control used by Central bank.
5. Briefly discuss the following functions of Central Bank : (i) Currency authority ; (ii) Banker to the government ; (iii) Banker's bank and supervisor.
6. What is meant by margin requirement ? How can it be used to control the money supply ? Explain it with the help of an example.
7. Explain the process of money creation by commercial banks with the help of numerical example.

(CBSE OD 13)

(CBSE D 11, OD 19 ; Sample Paper 12)

(CBSE D 08)

3. What are open market operations? How do these work as a method of credit control?
 Or
 How does a Central Bank control the availability of credit by open market operations? Explain.

4. How does bank rate help in expanding or contracting credit in an economy?
 Or

What is a bank rate policy? How does it work as a method of credit control?
 Or

(CBSE D 08)

Briefly explain how does a Central Bank control credit creation by commercial bank by changing the bank rate?

5. Calculate and show the working of money creation by commercial banks if
 (i) Primary deposit is ₹1250 crore and LRR is 10%

[Ans. 12500 crore]

6. If total deposits created by commercial banks are ₹40,000 crore and initial deposit was ₹ 4000 crore, what will be deposit/money multiplier and LRR?
 [Ans. 10, 10%]

7. Explain the following functions of the central bank :

(i) Bank of issue (ii) Bankers' Bank

(CBSE OD 15, 11)

8. Explain the 'lender of last resort' function of Central Bank.

(CBSE OD 13 ; D 14)

9. Explain the credit creation role of commercial banks with the help of a numerical example.

(CBSE OD 13 ; CBSE OD 17)

10. How does central bank control credit creation by commercial banks through open market operations? Explain.

(CBSE OD 13)

11. Explain the "Bankers' Bank" function of the central bank.

(CBSE OD 14, 17, OD 20C)

12. Currency is issued by the central bank, yet we say that commercial banks create money. Explain. How is this money creation by commercial banks likely to affect the national income? Explain.

(CBSE OD 15)

13. Explain how 'Repo Rate' can be helpful in controlling credit creation.

(CBSE OD 16)

14. Explain how 'Open market operations' are helpful in controlling credit creation.

(CBSE D 16)

15. Explain the role of cash reserve ratio in controlling credit creation.

(CBSE OD 16)

16. Explain how 'Bank rate' is helpful in controlling credit creation.

(CBSE D 16)

17. How will 'Reverse Repo Rate' and 'Open Market Operations' control excess money supply in an economy?

(CBSE SP 17)

18. Illustrate with the help of a hypothetical numerical example the process of credit creation.

(CBSE SP 17)

19. Discuss the meaning of any two methods of controlling credit which may be adopted by the Central Bank.

(CBSE AI 2018)

20. Explain the function of Central Bank as "Banker, Agent and Advisor" of the government.

(CBSE OD 20)

21. Elaborate, how does a Central Bank stabilize money supply through 'Bank Rate'.

(CBSE OD 20)

22. "To boost the falling demand in the economy, Reserve Bank of India recently reduced Repo Rate and Reverse Repo Rate". Elaborate the rationale behind the steps taken by the Central Bank.

(CBSE OD 20C)

23. "To boost the falling demand in the economy, Reserve Bank of India recently reduced the Bank Rate". Elaborate the rationale behind the steps taken by the Central Bank.

(CBSE OD 20C)

24. "To boost the falling demand in the economy, Reserve Bank of India recently reduced the Cash Reserve Ratio". Elaborate the rationale behind the steps taken by the Central Bank.

(CBSE OD 20C)

25. "Money multiplier plays a vital role in determining the credit creation power of the banking system". Elaborate the statement with a suitable numerical example.

(CBSE AI 21C)

EXERCISES

VERY SHORT ANSWER TYPE QUESTIONS (1 Mark)

1. State the life expectancy in India during British rule.
2. When was the Tata Iron and Steel Company (TISCO) incorporated in India ?
3. When were the railways introduced in India ?
4. What do you mean by infant mortality rate ?
5. What forced farmers to grow commercial crops ?
6. When did modern postal system start in India ?
7. What was the overall literacy rate of India during the period under colonial government ?
8. When did the first cotton mill start in India ?
9. How many persons were living in villages and deriving their livelihood from agriculture during British period in India ?
10. Mention the motives behind the systematic de-industrialisation by the British rulers in India.
11. What was the state of the development of modern industries in the colonial period ?
12. What is commercialisation of agriculture ?
13. What was the Zamindari system under the British rule ?
14. What was the impact of partition on Indian agriculture ?
15. What was the primary source of livelihood in India before the advent of the British rule ?
16. What is meant by Agricultural Productivity ?

[CBSE AI 20C]

SHORT ANSWER TYPE QUESTIONS (3/4 Marks)

1. What were the main reasons for slow growth of economy during British rule ?
2. Mention briefly the adverse effects of the decline of handicraft industries during colonial period.
3. State the two-fold motive behind the de-industrialisation by the colonial government in India.
4. What was the impact of partition on India's agricultural sector at the eve of independence ?
5. What were the main drawbacks of the industrial sector during colonial rule ?
6. Name some notable economists who estimated India's per capita income during the colonial period. Comment on the estimates made by them.
7. Explain how was Zamindari system an important cause of agricultural stagnation during colonial period.
8. How did the British rulers' policy adversely affect the foreign trade of India ?
9. Write a note on state of industrial sector on the eve of independence.
10. Explain the level of growth of aggregate and per capita output during British period.
11. How did British rule help India in commercialisation of agriculture and development of monetary system ?
12. Describe India's demographic condition at the time of British rule.
13. Discuss briefly any two salient features of India's pre-independence occupational structure.
14. State the two-fold motive for the systematic destabilisation of indigenous Indian industries in the British era.

[CBSE AI 20]

[CBSE AI 20]