Money & Banking - Fill in the Blanks

1. Apart from currency notes and coins, the balance in ________, held by the public in commercial banks is also considered money since the amount in these accounts can be used to settle transactions. Such deposits are called demand deposits because ______
2. Demand deposits created by commercial banks are called ________
3. Demand deposits are not ______ since cheques drawn on these accounts can be refused by anyone as a mode of payment.
4. Bank deposits which have fixed period to maturity are referred to as ________
5. In a modern economy, money comprises______
6. The currency issued by the central bank can be held by the public or by the commercial bank , and is called the '______' or 'reserve money' or 'monetary base' as it acts as a basis for credit creation.
7. Besides the central bank, _____ are the other type of institutions which are a part of the money-creating system of the economy.
8. ______accept deposits from the public and lend out part of these funds to those who want to borrow.
9. _______is the only institution which can issue currency notes. However coins are issued by the ________
10. A Central Bank is a very important institution in a modern economy. Almost every country has one central bank. India got its central bank in 1935. Its name is ______
11. There is a limit to money or credit creation by banks and this is determined by the central bank. The RBI decides a certain percentage of _______which every bank must keep as reserves called _______. This is done to ensure that no bank is 'Over lending'.
12. Since banks earn interest from loans they make, any bank would like to land the maximum possible. But there is a limit to money or credit creation by banks and this is determined by _______-.
13. Apart from the CRR, banks are also required to keep some reserves in liquid form in the short term. This ratio is called _______
14. When commercial banks need more funds in order to be able to create more credit, they may go to market for such funds or go to the Central Bank. The Central Bank provides them funds through various instruments. This role of RBI, that of being ready to lend to banks at all times is an important function of the central bank and due to this central bank is said to be the ________________.
15. The RBI controls the money supply in the economy in various ways. The tools used by the central bank to control money supply can be quantitative and qualitative. ______tools include persuasion by the central bank in order to make commercial banks discourage or encourage lending. _________ tools control the extent of money supply.