

# Money & Banking

## Worksheet - 1

**Answer the following Questions.**

1. Calculate the total deposit created if initial deposit is of ₹2,000 crores and LRR is 12.5%.
2. Calculate the value of the money multiplier and the total deposit created if the initial amount is ₹700 crores and the LRR is 10%.
3. Calculate the LRR if the initial deposit of rupees 500 crore leads to the establishment of the total deposit of ₹4,000 crores.
4. If the total deposits created by commercial banks are ₹12,000 and the LRR is 25%, calculate the initial deposit.
5. What do you mean by credit/money creation? Explain the process of Money creation by the commercial banks with the help of a numerical example.