

Case Study Questions

Case Study - 1

The other form in which people hold money is as deposits with banks. At a point of time, people need only some currency for their day-to-day needs. For instance, workers who receive their salaries at the end of each month have extra cash at the beginning of the month. What do people do with this extra cash. They deposit it with the banks by opening a bank account in their name. Banks accept the deposits and also pay an amount as interest on the deposits and in this way people's money is safe with the banks and it earns an amount as interest. People also have the provision to withdraw the money as and when they require. Since the deposits in the bank accounts can be withdrawn on demand, these deposits are called demand deposits.

Question 1. What do workers do with extra cash?

Question 2. When can people withdraw money?

Question 3:- Name the other form in which people hold money?

Solutions –

- 1) The workers deposit the extra cash in the banks by opening a bank account in their name.
- 2) People have the provision to withdraw the money as and when they require
- 3) Deposits with Bank.

Case Study - 2

Demand deposits are another interesting facility. It is this facility which lends it the essential characteristics of money that of a medium of exchange. You would have heard of payments being made by cheques instead of cash. For payment through cheque, the payer who has an account with the bank, makes out a cheque for a specific amount. A cheque is a paper instructing the bank to pay a specific amount from the person's account to the person in whose name the cheque has been issued

Question 1 . What is a cheque?

Question 2. Who issues a cheque?

Question 3. What benefit would you find with cheque transaction?

Solutions –

- 1) A cheque is a paper instructing the bank to pay a specific amount from the person's account to the person in whose name the cheque has been issued
- 2) The account holder who has an account with the bank.

3) i. It allows to have cashless transaction.

ii. It can be used in distant places.

Source – KVS Raipur Question Bank