

\* The rate at which the central bank advances loans to commercial banks, is known as bank rate.

\* The central bank assists the all commercial banks by central bank is referred to as the lender of the last resort.

\* Central bank assists these banks through discounting of approved securities and bills of exchange.

~~\*\*~~ Bank of central clearance -

A bank may recourse chequing claims of another banks so in this case central bank acts as a clearing house.

\* Central bank holds cash recourse of all banks so, it becomes easy and convey for central bank to act as

clearing house.

- \* All commercial banks have their accounts with central bank so central bank can easily settle their claims against another bank by making entries of debit and credit.

## \*\* Custodianship of Foreign Exchange Reserve.

- \* The central bank acts as the custodian of the country's stock of gold and key currencies like currencies like dollars, British pounds and other prominent currencies.
- \* All foreign exchange ~~transfer~~ transactions are routed through the central bank.
- \* It means all payments in foreign exchange are made by this bank and all earnings in foreign transaction are to be deposited in the market.