

WELCOME TO ECONOMICS CLASS

SUBJECT : ECONOMICS

CHAPTER: MONEY AND CREDIT

PERIOD: 4 & 5

SUB-TOPIC-Loan activities of the bank and two different credit situations.

CHANGING YOUR TOMORROW
STD-X

WHAT WE EXPECT TO LEARN?

1. The students will be able to know the different loan activities by the bank.
2. They will also come to know how the bank mediates between depositor and borrower.
3. They will be able to know how much % of deposit money banks hold to meet the demand deposit and how much % of deposit is used for extending the loan to the borrower.



Recapitulation of the previous class

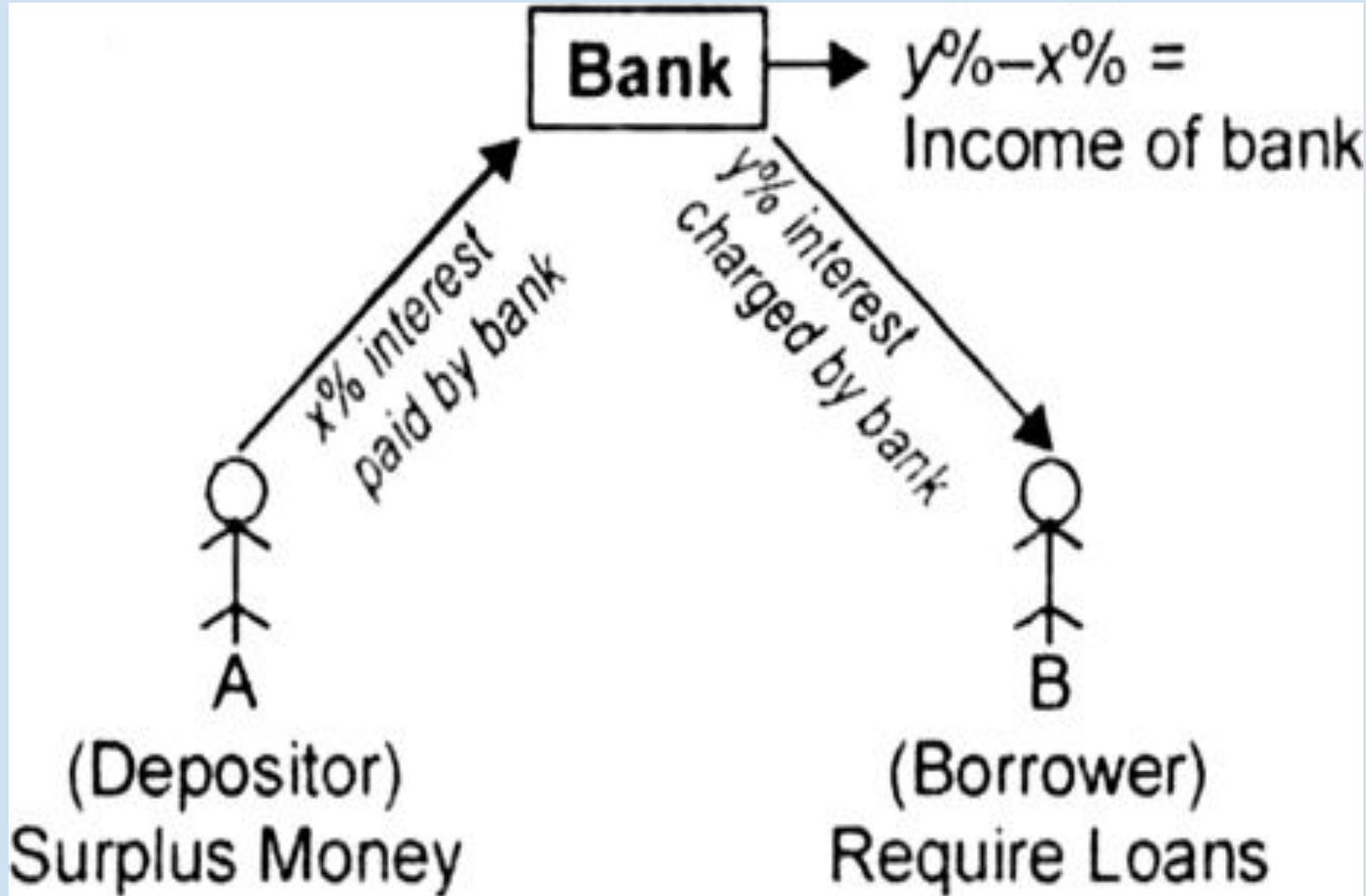
1. What is demand deposits?
2. Define cheque.
3. What are the modern forms of money?
4. What are the advantages of demand deposits?
5. Why is the 'rupee' widely accepted as a medium of exchange?
Explain two reasons.
6. Why can no person refuse to accept payments in rupee?

BANKS'S CREDIT/LOANS RELATED ACTIVITIES



1. ACCEPTS DEPOSITS FROM THE PEOPLE
2. RENDERS LOANS TO THE NEEDY
3. RAISE CREDITS
4. TRANSFER ACCOUNTS

- ❖ Banks keep only **15%** of their deposits as cash with themselves To meet the demand deposits.
- ❖ **85%** of the deposits they use to extend the various loans to the borrowers.
- ❖ Banks **mediate between** those who have surplus funds and those who are in need of these funds.
- ❖ Banks charge a **higher interest rate on loans** than what they offer on deposits.
- ❖ The difference between what is charged from borrowers and what is paid to depositors is their **main source of income.**



TWO DIFFERENT CREDIT SITUATIONS

CREDIT(LOAN)ACTIVITIES OF BANKS

Whether Credit would be useful or not?

Depends on the Risk in the situation.

1. Festival Season



Credit plays a vital and positive role if made a good profit.

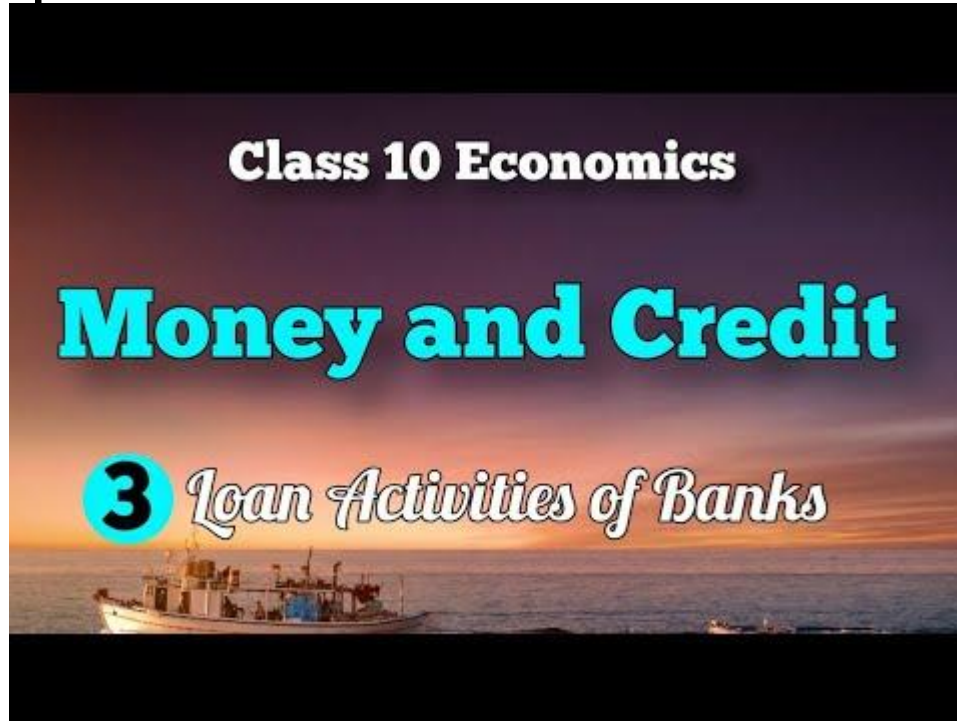
2. Credit is for Crop Production



If crop failure, credit pushes the person into a debt trap.

Home assignment

- Let's work these out pg.no.44
- Exercise question no. 3



A collection of various Euro coins scattered on a white surface. The coins include 1 Euro, 2 Euro, and 5 Euro denominations, as well as smaller denominations like 10, 20, and 50 cents. The coins are arranged in a loose, circular pattern around the central text.

THANKING YOU
ODM EDUCATIONAL
GROUP