

# WELCOME TO ECONOMICS CLASS

**SUBJECT : ECONOMICS**

**CHAPTER: MONEY AND CREDIT**

**PERIOD: 6**

**SUB-TOPIC-Terms of credit along with case study**

**STD-X**

**CHANGING YOUR TOMORROW**

# WHAT WE EXPECT TO LEARN?

At the end of the class the students will understand

1. The various types of loan the bank provided to public
2. The various processes how to approach the bank for the different loans.
3. What paper documentation is required to get the loan from the bank.
4. They will also realise the necessity of collateral.



## Recapitulation of the previous class

1. Who mediates between depositor and borrower?
2. How much does the bank keep with them to meet the demand deposits?
3. What portion of deposit money banks use to extend the loan?
4. Define credit.
5. What is a debt trap?

- **COLLATERAL**- is an asset that the borrower owns (such as land, building, vehicle, livestock, deposits with the bank) and uses this as a guarantee to a lender until the loan is repaid.
- **TERMS OF CREDIT**- Interest rate, collateral and documentation requirement and the mode of repayment together comprise what is called terms of credit.

## → MEGHA'S HOUSE LOAN



Fill the following details of Megha's housing loan.

Loan amount (in Rupees)	
Duration of loan	
Documents required	
Interest rate	
Mode of repayment	

(a) Loan amount (In Rupees)	5 lakhs
(b) Duration of loan	10 years
(c) Documents required	Salary slips, employment record
(d) Interest rate	12 % per annum
(e) Mode of repayment	Monthly instalment in cash/ by cheque
(f) Collateral	New house papers



# Home assignment

- Let's work these out pg. no.45
- Exercise question no. 4 & 7



**THANKING YOU**  
**ODM EDUCATIONAL**  
**GROUP**

