

Chapter-3

MONEY AND CREDIT**WORKSHEET****Sub Topic- Barter system, money as a medium of exchange**

1. In India, the law legalizes the use of as a medium of payment that cannot be refused in settling any transaction.
2. Money as a medium of exchange has removed the problem of of wants.
3. What is the double coincidence of wants?
 - A. both parties have to agree to sell and buy each other's commodities
 - B. Exchanging commodity for commodity
 - C. Credit on commodity
 - D. Loan on commodity till sold further
4. Since money acts as an intermediate in the exchange process, it is called
 - A. Medium of trade
 - B. Medium of Exchange
 - C. Medium of Business
 - D. Medium of transaction
5. Name two objects that were used as money before the introduction of coins.
6. How does money solve the problem of double coincidence of wants? Explain with an example of your own.
7. How is money used in everyday life? Explain with examples.

Sub Topic- Modern forms of money, Deposit with bank and cheque

8. Why is currency accepted as a medium of exchange?
9. What is a cheque?
10. Why no person can refuse to accept payments in rupee?

11. The problem of similar wants made exchange difficult, so a new medium of exchange was developed known as

- (a) Capital
- (b) Cost
- (c) Rent
- (d) Money

12. Since money acts as an intermediate in the exchange process, it is called

- (a) Medium of trade
- (b) Medium of exchange
- (c) Medium of business
- (d) None of these

13. Why are demand deposits considered as money?

14. What are demand deposits? What are their advantages?

15. M. Salim wants to withdraw Rs.20,000 in cash for making payments. How would he write a cheque to withdraw money?

16. What are the modern forms of money? Why is the 'rupee' widely accepted as a medium of exchange? Explain two reasons.

Sub-Topic- Loan activities of bank and Two different credit situations

17. How do banks mediate between those who have surplus funds (the depositors) and those who are in need of these funds (the borrowers)?

- A. Mutual funds
- B. Share dividend
- C. Loans
- D. Deposits

18. refers to an agreement in which the lender supplies the borrower with money, goods or services in return for the promise of future payment.

- A. Debit
- B. Cash transaction
- C. Credit
- D. Trade

19. How do banks use the major portion of the deposits?
20. What is debt-trap?
21. How much amount of the deposits is kept as cash by the banks and why?
22. "Deposits with the banks are beneficial to the depositors as well as to the nation". Examine the statement.
23. Explain the term debt-trap. Why is it more rampant in rural areas? Give two reasons.
24. "Credit is useful as well as harmful; it depends on the risk involved". Support the statement with examples. (CBSE 2014)

Sub-Topic Name: Terms of credit along with case study and Formal sector credit in India.

25. An agreement in which the lender supplies the borrower with money, goods or services in return for the promise of future payment refers to

- (a) Debt
- (b) Deposit
- (c) Credit
- (d) Collateral

26. _____ includes details regarding interest rate, collateral and documentation requirement, and the mode of payment.

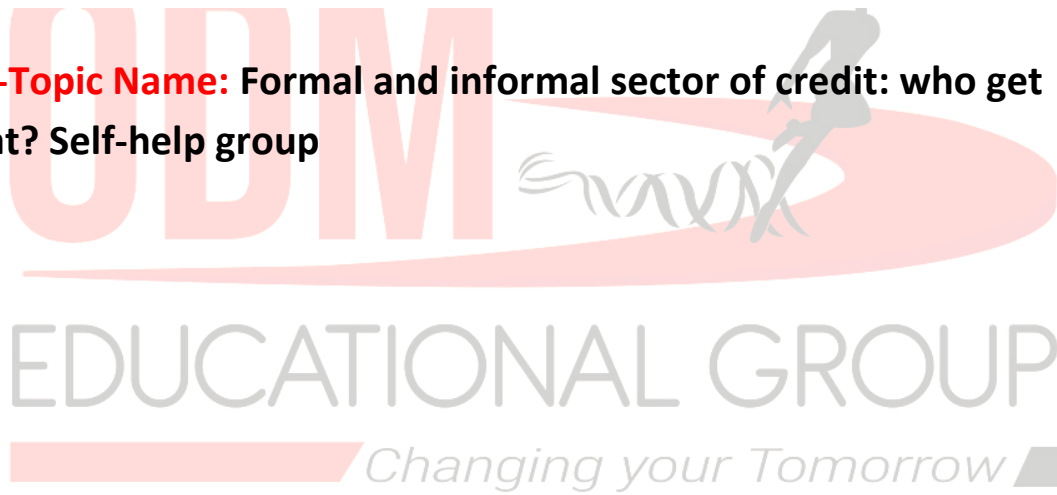
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27. The situation when it becomes impossible to repay the loan and the borrower adds on a new debt to pay the existing one is known as _____.
28. What is collateral?
29. Why are banks unwilling to lend loans to small farmers?
30. Why is it necessary for the banks and cooperatives to increase their lending facilities in rural areas? Explain.
31. Which documents are required to be submitted to the bank for taking a home loan?
32. Cheap and affordable credit is important for country's development? Explain any five reasons.
33. What are the differences between formal and informal sources of credit?



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Sub-Topic Name: Formal and informal sector of credit: who get what? Self-help group



41. A typical Self Help Group usually has
- (a) 100-200 members
 - (b) 50-100 members
 - (c) less than 10 members
 - (d) 15-20 members
42. In which country is the Grameen Bank meeting the credit needs of over 6 million poor people?
- (a) Bhutan
 - (b) Sri Lanka
 - (c) Bangladesh
 - (d) Nepal
43. Rich households largely depend on informal sources of credit. (True/False)
44. List various ways through which digital transactions are made.
45. What are SHGs?
46. What is the basic idea behind the SHGs for poor? Explain in your own words.
47. Why Self Help Groups are growing in popularity?

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