

## ASSIGNMENT :

1. In situations with high risks, credit might create further problems for borrowers.

A) Yes, it is true. In situations of high risks, taking credit may increase the problem. Borrowers may not be able to pay back the credit taken and lose whatever he has, to repay the loan back. For example, a small farmer has taken a loan to meet cultivation expenses.

2. How does money solve the problem of double coincidence of wants? Explain with an example.

A) In double coincidence of wants, goods are directly exchanged without use of

money, but by taking each other goods. Using money as a medium of exchange the double coincidence of wants.

Q. How do banks mediate bet those who have surplus money and those who need money?

A.) People having surplus money deposit it in their banks. In this way banks have large amount of deposit money.

Banks then hold 15% of deposit and rest 85% is given as loans to those who need to borrow.

4. Look at a ₹10 note. What is written on top?

a) The following words are written on the top.

Reserve Bank of India  
Guaranteed by central government,  
I promised to pay  
the bearer sum of Ten  
Rupees hereon.