

Money and Credit

1.
 - i) Reduce dependence on informal sources of credit.
 - ii) Cheap and affordable credit.
 - iii) Increasing lending by banks and co-operatives.

2.
 - i) To collect savings of their members.
 - ii) To provide loans without collateral.
 - iii) To provide timely loans for a variety of purpose.
 - iv) To organize rural poor especially women into SHG's.

3.
 - i) The commercial banks are required to hold part of their cash reserves with the RBI. It ensures that the banks maintain a minimum cash balance out of the deposits they receive.
 - ii) The commercial banks have to submit info. to the RBI on how much they are lending, to whom, at what interest rate, etc.
 - iii) It observes that the banks give loans to not only businessman and traders but also to small cultivators, small borrowers, etc.

4. There is a huge demand for loans for various economic activities. The credit helps people to meet the ongoing expenses of production and develop their business. Many people could then borrow for a variety of different needs.