

## Worksheet

Q 1) What are the differences between formal and informal source of credit?

Formal	Informal
Lower change of interest	high change of interest
RBI Supervises	No RBI supervision
Collateral required	collateral not required

Q 2) Why should credit at reasonable rates be available for all?

Ans - Credit at reasonable rates should be available for all, so that the poor people can benefit from the cheaper loans.

Q 3) Should there be a supervisor such as the Reserve Bank of India that looks into loans activities of formals?

Ans: There should be a supervisor for checking the loan activities of Informal lenders. However, its task is quite difficult because Informal sector constitutes many people who have different businesses.

Q4) Why should you think that the share of formal sector credit is higher for the richer households compared to the poor?

Ans: The share of the formal sector credit is higher for the richer household because the richer households are in a better and other necessary documents which are required by the banks and co-operatives.