Short answer questions

1. Formal sources of Credit does not include ______
   a) Banks.         c) Employers.
   b) Co-operatives.

2. Before the introduction of coins, which two of the following objects were used as money?
   a) Grains.          c) Houses.
   b) Fields.          d) Cattle.

3. Which households take loans from the formal sector institutions?
   a) Poor households. c) Labours.
   b) Rich households. d) Small farmers.

4. __________ is authorised to issue currency in India.

5. Majority of credit needs of the ________ households are met from informal sources.

6. What is credit or loan?

7. Banks charge higher interest rates on loans than what they offer on __________.

8. In a self help group most of the decisions regarding savings and loans are taken by ________.

9. Name the system in which double coincidence of wants is an essential feature.

10. Prof. Muhammad Yunus got the ______ prize for peace.

11. What is a cheque?

12. What do you understand by the ‘terms of Credit’?

13. What is debt trap?

14. Why do leaders ask for collateral while lending?

15. Define money. State its functions.

Long answer questions

16. What is double coincidence of wants? Explain.

17. Name the modern forms of money. Explain its features.


19. Write a note on deposits with banks.

20. What are demand deposits? Which interesting facility do they offer?


22. What is the main source of income to a bank?

23. Explain two situations where credit plays a positive role and a negative role.

24. What is a collateral?

25. What are co-operatives?

26. How does RBI supervise the functioning of banks in giving out loans?

27. Differentiate between formal and informal sources of credit.

28. Explain the importance of credit for economic development.

29. What are self help groups? What is their objective and importance?

30. What are the reasons that banks might not be willing to lend to certain borrowers?

31. Write a short note on sources of credit for rural households in India.

32. “Rich households avail cheap credit from formal lenders whereas poor households have to pay a large amount for borrowing.” Explain using relevant data.

33. Explain the need for expanding formal sector credit especially with respect to poor and rural households.