

Very Short Answer Type Questions

Money and Credit



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NCERT Questions

1. Why are demand deposits considered as money ?

Ans. Refer to pt. 6 (Important Terms and Concepts).

2. Why do lenders ask for collateral while lending ?

Ans. To safeguard his money, lender asks for collateral security in the form of assets/ ownership papers as a guarantee against the loan.

3. Analyse the role of credit for development.

Ans. Refer to pt. 9 (Important Terms and Concepts).

Additional Questions

4. Why are banks willing to lend to women organised in SHOs ?

Ans. Banks are willing to lend to women organised in SHOs to help in the creation of self-employment opportunities for the members.

5. Define the form Money.

Ans. Money may be defined as anything which is generally accepted by the people in exchange of goods and services or in repayment of debts.

6. Explain 'barter exchange system' with the help of an example.

Ans. Refer to pt. 2 (Important Terms and Concepts).

7. Why everybody is bound to accept money against any transaction ?

Ans. Refer to pt. 5 (Important Terms and Concepts).

8. Name the system which includes direct exchange of goods against goods without use of money.

Ans. Barter exchange system.

9. Mention any one inconvenience of barter exchange.

Ans. Lack of double coincidence of wants.

10. State one main function of money.

Ans. Medium of exchange.

11. Define demand deposits.

Ans. Deposits in a bank which are payable on demand are called demand deposits.

12. List any two examples of collateral used for borrowing.

Ans. Property such as land titles, livestock.

13. Give any two issues included under terms of credit.

Ans. Interest rate, mode of repayment.

14. Besides banks, which is the other major source of cheap credit in rural areas ?

Ans. Cooperative societies.

15. Name any two sources of informal credit in India.

Ans. Money lenders and traders.

16. Who supervises the functioning of formal sources of loans ?

Ans. Reserve Bank of India (RBI).

17. State any one drawback of informal source of credit.

Ans. Informal lenders charge a much higher interest on loans.

18. Give any one help provided by SHGs to the poor borrowers.

Ans. SHGs help borrowers overcome the problem of lack of collateral.