

Money and Credit

Multiple Choice Questions

Tick the correct answer:

1. Since money acts as an intermediate in the exchange process, it is called:
(a) value for money (b) exchange value
(c) medium of exchange (d) none of these
2. Modern forms of money include:
(a) paper notes (b) gold coins
(c) silver coins (d) copper coins
3. Who issues currency notes on behalf of the Central government in India?
(a) NABARD
(b) Reserve Bank of India (RBI)
(c) World Bank
(d) State Bank of India (SBI)
4. Deposits in bank accounts withdrawn on demand are called:
(a) fixed deposits (b) recurring deposits
(c) demand deposits (d) none of these
5. Banks in India these days, hold about ____ per cent of their deposits as cash.
(a) 50 (b) 20
(c) 15 (d) 10
6. Major portion of the deposits is used by banks for:
(a) setting up new branches
(b) paying taxes
(c) paying interest on loans
(d) extending loans
7. In rural areas, farmers take credit for?
(a) Family (b) Health
(c) Crop production (d) Education
8. A 'debt trap' means:
(a) inability to repay credit amount
(b) ability to pay credit amount
(c) overspending till no money is left
(d) none of these
9. Formal sources of credit do not include:
(a) banks (b) cooperatives
(c) employers (d) none of these

- 10.** Informal sector loans include:
 (a) NABARD (b) State Bank of India
 (c) moneylenders (d) both (b) and (c)
- 11.** Poor households in urban areas take loans from ____ sources.
 (a) formal (b) informal
 (c) both (a) and (b) (d) none of these
- 12.** What prevents the poor from getting bank loans?
 (a) Complexity of procedure
 (b) Absence of collateral
 (c) High rates of interest
 (d) None of these
- 13.** What is the name of the success story that met the credit needs of the poor, at reasonable rates, in Bangladesh?
 (a) Grameen Bank (b) Reserve Bank
 (c) Cooperative Bank (d) None of these

Answers Key

1. c	2. a	3. b	4. c	5. c	6. d	7. c	8. a	9. c	10.c
11.b	12.b	13.a							