

EXERCISE

A. Very Short Answer Type Questions

- Q.1** Why are banks willing to lend to women organised in SHGs ?
- Q.2** Define the term money.
- Q.3** Explain Barter exchange system with the help of an example.
- Q.4** 'Problem of lack of double coincidence of wants exists in Barter system'. Explain.
- Q.5** How money serves as a medium of exchange ?
- Q.6** Why every body is bound to accept money against any transaction ?
- Q.7** What does 'terms of credit include' ?
- Q.8** Explain 'Loans from cooperatives' ?
- Q.9** What is debt trap ? mention any two factors responsible for the debt trap.
- Q.10** What are formal sources of Credit ?
- Q.11** What are informal sources of Credit ?
- Q.12** What is the source of income for the banks ?
- Q.13** What is importance of credit ?
- Q.14** What are the two limitations of Barter system ?
- Q.15** What is Cash Reserve Ratio ?

B. Short Answer Type Questions

- Q.1** Why do we need to expand formal sources of credit in India ?
- Q.2** What are the reasons that the banks are not willing to lend to certain borrowers ?
- Q.3** Differentiate between money and barter system.
- Q.4** In what way does RBI supervise the functioning of the banks.
- Q.5** "The modern currency is without any use of its own". Why is it accepted as money ?
- Q.6** What are the limitations of barter system ?

- Q.7** What is the importance of money ?
- Q.8** "The rupee is widely accepted as a medium of exchange". Explain.
- Q.9** What are the advantages of depositing money in the bank ?
- Q.10** What is a cheque ? What are its importance ?
- Q.11** What is collateral ?
- Q.12** Explain money as a medium of exchange ?
- Q.13** Explain the loan activities of banks ?
- Q.14** Why should credit at reasonable rates be available for all ?
- Q.15** Distinguish between formal and informal sources of credit ?

C. Long Answer Type Questions

- Q.1** Explain the major features of SHGs in rural area.
- Q.2** Analyse the role of credit for development.
- Q.3** Explain the loan activities of banks.
- Q.4** 'Most of the poor household are still dependent on informal sources of credit'. Explain.
- Q.5** Why should the banks and cooperative societies provide more loan facilities to the rural households in India ?
- Q.6** Explain the inconvenience of barter system.
- Q.7** Write a note on formal and informal credit in India.
- Q.8** Discuss functions of a Central Bank.

D. Multiple Choice Questions

- Q.1** What is the most essential features of the barter system ?
- (A) Double coincidence of wants
- (B) Money
- (C) goods
- (D) all above

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- Q.2** Name the organisation which issue currency notes in India on behalf of the central government ?
(A) Central Bank (B) S.B.B.J.
(C) P.N.B. (D) R.B.I
- Q.3** The system of exchanging goods is known as -
(A) money (B) Barter system
(C) credit (D) None of these
- Q.4** Money includes -
(A) Paper notes (B) Coins
(C) Demand Deposits (D) All the above
- Q.5** Money is authorised by the -
(A) State govt. (B) Govt. of the country
(C) Bank (D) Landlords
- Q.6** Demand and supply of the money can be controlled the -
(A) Central Bank (B) State Bank
(C) R.B.I. (D) None of these
- Q.7** Formal sources of credit does not include -
(A) Bank (B) Cooperative
(C) Employers (D) All above
- Q.8** cost of borrowing increase the debt-burden -
(A) Lower (B) Higher
(C) Both (D) None of these
- Q.9** In a SHG most of the decisions regarding saving and loan activities are taken by -
(A) Bank
(B) Members
(C) Non government organisation
(D) None of these
- Q.10** Name the organisation which supervises the functioning of the formal sources of credit -
(A) R.B.I. (B) Central Bank
(C) S.B.I. (D) All the above

ANSWER KEY

Q.No	1	2	3	4	5	6	7	8	9	10
Ans.	A	D	B	D	B	A	C	B	B	A