



# Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

Revision Class-10<sup>th</sup>

(Based on N C E R T pattern)

Date:- 10.10.XX.

Economics

Money and credit

## Question 1.

**Highlight the inherent problem in double coincidence of wants.**

**Answer :** The inherent problem in double coincidence of wants is both the parties (seller and the buyer) have to agree to buy and sell each other's commodities.

## Question 2.

**How does the use of money make it easier to exchange things?  
Give an example.**

**Answer :** In barter system, if a shoe manufacturer wants to sell shoes and buy wheat, first he has to look for a wheat-growing farmer who wants to buy shoes and needs to sell wheat.

Money can make it easier to exchange the things. The shoe manufacturer can sell the shoes for money and then with that money he can be to buy wheat.

## Question 3.

**How is money beneficial in transactions?**

**Answer :** Money is beneficial in transactions as we can directly settle the transaction with use of it.

#### **Question 4.**

**How do the deposits with the banks become their source of income?**

**Answer :** With the deposits in the bank, the bank use it to extend loan to the borrowers with the high rate of interest. Bank pays less rate of interest to the depositors. The difference is the source of income of the banks.

#### **Question 5.**

**Why can one not refuse a payment made in rupees in India?**

**Answer :** One cannot refuse a payment made in rupees in India because it is authorized by the government of the country.

#### **Question 6.**

**Compare formal sector loans with informal sector loans regarding interest only.**

**Answer :** The rate of interest charged by the formal sector is low whereas it is high in case of the informal sector.

#### **Question 7.**

**Why is the supervision of the functioning of the formal sources of loans necessary?**

**Answer :** The supervision of the functioning of the formal sources of loans necessary to protect the borrowers from any kind of harassment as done in the informal sector.

#### **Question 8.**

**Prove with an argument that there is a great need to expand formal sources of credit in rural India.**

**Answer :** There is a great need to expand formal sources of credit in rural India so that the people can be protected from the clutch of the moneylenders and improve their economic condition.

**Question 9.**

**Why are most of the poor households deprived from the formal sector of loans?**

**Answer :** As the banks are not available everywhere in the rural areas and also due to its documentation process, most of the poor households are deprived from the formal sector of loans.

**Question 10.**

**How does money eliminate the need for double coincidence of wants?**

**Answer :** Money acts as an intermediate in the exchange process and thus eliminates the need for double coincidence of wants.

**Mr Anant kumar**