



Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

Revision Class-10th

(Based on N C E R T pattern)

Date:- 10.11.XX.

Economics

Money and credit

1. What are the various purposes for which the rural people require credit? What are the sources from which they can avail it?

Ans. (i) People in rural areas generally require credit to meet the various necessities.

(ii) In the case of crop failure, they take fresh loans for cultivation and to repay previous loans. In this situation, the credit pushes the person into a debt trap.

(iii) Also, they require a loan to meet the daily expenses such as expenses for sudden illness or functions of the family.

(2) The rural people avail loans from these sources banks, co-operative societies, relatives and friends traders, landlords and others.

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

Ans. In order to save poor from the moneylender's high

rate of interest and debt-trap and unfair means to get their money back.

3. Mention any two main sources of credit operating in Indian villages.

Ans. Money lenders and traders are the main sources of credit operating in Indian villages.

4. Mention any two informal sources of credit.

Ans. Moneylenders and traders.

5. Why is there a great demand for loans or credit,? Explain the reasons.

Ans. There is a great demand for loans or credit for the following reasons :

(1) Credit plays a vital and a role for the country's development. It helps in increasing the economic activities of the borrowers.

(2) It helps to meet the working capital needs of production.

(3) It helps to meet the ongoing expenses of production, complete production on time and thereby increasing earnings.

(4) It helps in growing crops, doing business, setting up small-scale industries, trade in goods, etc.

(5) A large number of transactions in our day-to-day activities involve credit in some form or the other.

Mr Anant kumar