



# Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

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

(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**