



# Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

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

(Based on N C E R T pattern)

Date:- 14.10.XX.

Economics

Money and credit

**1. What are the modern forms of the money currency in India? Why is it accepted as a medium of exchange?**

**Or**

**Why is modern currency accepted as a medium of exchange without any use of its own? Find out the reason.**

**Ans. (1) The modern forms of money include currency and deposits with banks. It can be classified into :**

**(i)Coins, (ii) Paper notes; and**

**(iii) Credit money or deposits with banks.**

**(2) Modern currency is accepted as a medium of exchange because the currency is authorized by the government of the country.**

**(3) In India, the Reserve Bank of India issues currency notes on behalf of the central government.**

**Indian law legalizes the use of rupee as a medium of payment that cannot be refused in settling transactions in India. No individual in India can legally refuse a payment made in rupees.**

**2. What are the advantages of depositing money in the banks?**

**Or**

**“Deposits with the banks are beneficial to the depositors as well as to the nation.” Examine the statement.**

**Ans. (1) (i) Deposits with the banks are beneficial for individual because banks accept the deposits and also pay an amount as interest on the deposits.**

**(ii) In this way, people’s money is safe with the banks and it earns an amount of interest.**

**(iii) People also have the provision to withdraw the money as and when they require.**

**(iv) Demand deposits offer cheque facility to the bank account holder. The facility of cheques against demand deposits makes it possible to directly settle payments without the use of cash.**

**(2) Banks use the major portion of the deposits to extend loans for various economic activities. This creates employment and income to the people of the nation and contributes to the national development.**

**3. What is a demand deposit? List two advantages of demand deposits.**

**Or**

**What are the advantages of bank deposits?**

**Ans. (1) A demand deposit is a deposit with the bank that people have the provision to withdraw the money as and when they require. Since the deposits in the bank accounts can be withdrawn on demand, these deposits are called demand deposits.**

**(2) (i) Demand deposits earn an amount as interest.**

**(ii) They act as a medium of exchange like money. They constitute money in the modern economy. They are accepted widely as a means of payment by way of a cheque instead of cash.**

**Mr Anant kumar**