



# Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

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

(Based on N C E R T pattern)

Date:- 02.09.XX.

Economics

Money and credit

Question 1.

The currency notes on behalf of the Central Government are issued by whom?

Answer:

Reserve Bank of India.

Question 2.

Why do banks ask for collateral while giving credit to a borrower?

Answer:

Collateral is an asset that the borrower owns (land, building, vehicle, livestock, land documents, deposits with banks, etc.) which stands as a security against the money borrowed. In case the borrower fails to repay the loan, the lender has the right to sell the asset or collateral.

Question 3.

What do banks do with the deposits they accept from customers?

Answer:

Banks use a major portion of deposits to extend loans to people.

Question 4.

What comprises 'terms of credit'?

Answer:

Interest rate, collateral and documentation requirement and mode of repayment together comprise terms of credit.

Question 5.

What is the main informal source of credit for rural households in India?

Answer:

Money lenders are the main source of informal credit for rural households.

Question 6.

Which body supervises the functioning of formal sources of loans?

Answer:

Reserve Bank of India.

Question 7.

'Modern currency is without any use of its own'; then why is it accepted as a medium of exchange?

Answer:

Modern currency is accepted as a medium of exchange because it is certified for a particular denomination (₹10, ₹100, etc.) of the country by authorities set up by the Central Government. It is issued by the Reserve Bank of India and it can be used for buying any commodity which is on sale. It is authorized by the government of the country.

Question 8.

What is the meaning of 'barter system'?

Answer:

Barter system refers to the system of exchange of goods and services. It is the system by which one commodity is exchanged for another without the use of money. Before money was introduced, people practised barter system.

Example: A farmer could buy a dhoti from a weaver or a pair of shoes from a cobbler in exchange of grains he produced.

Question 9.

What is the meaning of 'investment'?

Answer:

Investment is buying of an asset in the form of a factory, a machine, land and building, etc. (physical assets) or shares (monetary assets) for the purpose of making or sharing profits of the enterprises concerned.

Common investments are—buying land, factories, machines for faster production, buying small local companies to expand production, cheap labour, skilled engineers, IT personnel, etc.

Question 10.

What is meant by double coincidence of wants?

Answer:

Double coincidence of wants means when both parties have agreed to sell and buy each other's commodities.

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