

Name of the teacher : Mrs.Geetha Vimalanathan
School: B V Bhavan's Rajaji Vidyashram, Chennai.

Subject and Chapter name: Economics- Money & credit

Q1 a. Core concept: The role of credit

b. Expected learning outcome: analyses the role of credit

c. Typology: Choose the correct statement

The credit plays a negative role in the following situations. Choose the correct statements.

Statement 1- The failure of the repayment of loan

Statement 2- Credit helps to increase earnings

Statement 3- When borrowers have to pay a high rate of interest.

Statement 4- When earnings are not enough to cover the loan.

Option (a) statements 1&2 (b) statements 1&3

(c) statements 1,3&4 (d) statements 1,2,3&4

ANS (c)

Q2 a. Core concept: formal & informal credit system

b. Expected learning outcome: to understand the cooperative system

c. Typology: identify

Which of the following terms of credit is not considered by cooperative system while lending money?

a. Collateral b. Interest rate c. Identification d. Specific time period for repayment

Ans : (a)

Q3 a. Core concept: Loan activities of bank

b. Expected learning outcome: to realize the functioning of bank

c. Typology: Reason & Assertion

Assertion (A): Banks keep only a small proportion of the deposits as cash with themselves.

Reason (R): Banks pay salary to their workers

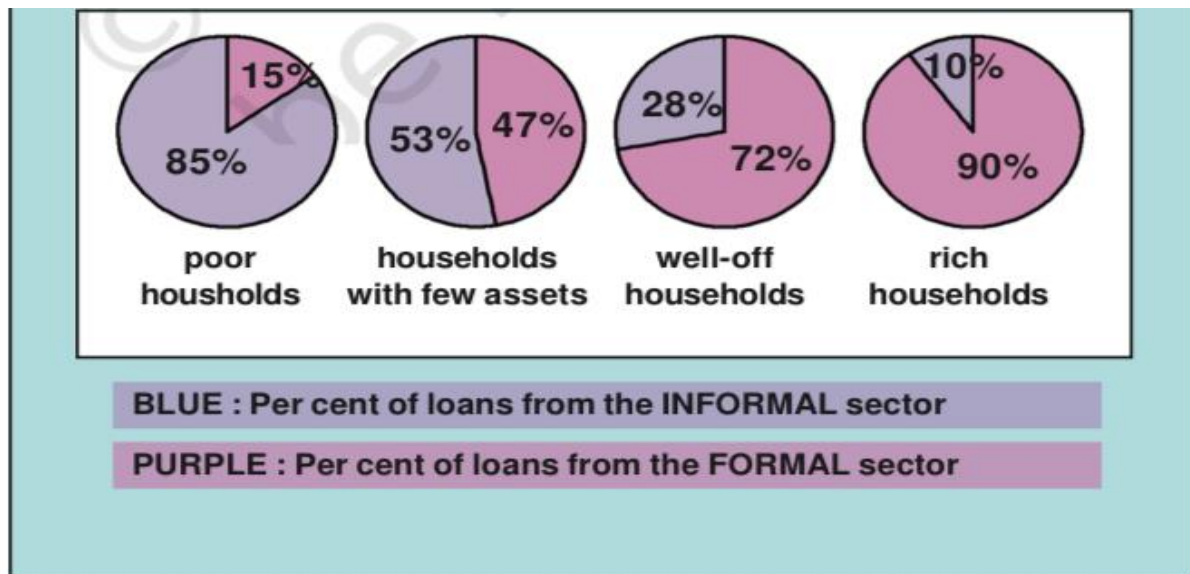
- a. Both A and R are true, and R is the correct explanation of A.
- b. Both A and R are true, but R is not the correct explanation of A.
- c. A is true but R is false.
- d. A is false but R is true.

ANS: (b)

Q4 a. Core concept: importance of formal and informal sources of credit

b. Expected learning outcome: To analyze the role of cheap and affordable credit available to the people

c. Typology: data interpretation



The above graph shows the data about the formal and informal sources of credit. After studying the above graph answer the following question

Among the four groups of people, who has got more advantage by getting loan from the above mentioned sector?

- a. Poor house holds
- b. household with few assets
- c. well off households
- d. rich households

ANS- (d)

Q5 a. Core concept: Self Help Groups

b. Expected learning outcome: To analyse and appreciate the importance of SHG

c. Typology: **Case Study**

A typical SHG has 15-20 members, usually belonging to one neighbourhood, who meet and save regularly. Saving per member varies from Rs 25 to Rs 100 or more, depending on the ability of the people to save. Members can take small loans from the group itself to meet their needs. The group charges interest on these loans but this is still less than what the moneylender charges. After a year or two, if the group is regular in savings, it becomes eligible for availing loan from the bank.

1. **What was the aim of organizing SHGs?**
2. **When will this group become eligible for getting loan from the bank?**
3. **Mention any two advantages of SHGs.**

ANSWERS

1. The idea is to organise rural poor, in particular women, into small Self Help Groups (SHGs) and pool (collect) their savings.

2. After a year or two, if the group is regular in savings, it becomes eligible for availing loan from the bank.

3.- The SHGs help borrowers overcome the problem of lack of collateral.

- They can get timely loans for a variety of purposes and at a reasonable interest rate

-It helps women to become financially self-reliant

-The regular meetings of the group provide a platform to discuss and act on a variety of social issues.

(any two points)