

Economics - Money and Credit

1. Which among the given is the reason that money is the most liquid form of asset?
 1. It is not widely used by everyone
 2. It includes shares and equities
 3. It has certain functions
 4. It acts as a medium of exchange
2. How does the use of money make it easier to exchange things?
3. Mention some examples of goods/services being exchanged or wages being paid through barter.
4. Why is the modern currency used as a medium of exchange?
5. Salim wants to withdraw Rs 20,000 in cash for making payments. Explain how the cheque payment would be made.
6. What are the four advantages of 'Self Help Groups' for the poor? Explain.
7. Why are demand deposits considered money?
8. Define the terms of Credit. What are the four terms of credits? Give Examples.
9. What do you think would happen if all the depositors went to ask for their money at the same time?
10. Explain the meaning of "collateral." Why do lenders ask for collateral while lending?
11. Mention the reasons why rural poor people still generally take loans from informal credit sources that charge a very high rate of interest.
12. What is called the terms of credit?

13. Given that a large number of people in our country are poor, does it in any way affect their capacity to borrow?
14. Give two reasons why cheap and affordable credit is important for the country's development.
15. What are the differences between formal and informal sources of credit?
16. Should there be a supervisor, such as the Reserve Bank of India, that looks into the loan activities of informal lenders? Why would its task be quite difficult?
17. Why do you think that the share of formal sector credit is higher for the richer households compared to the poorer households?
18. How do banks mediate between those who have surplus money and those who need money?
19. Why are the deposits in the bank called demand deposits? Explain the advantages of deposits with the banks.
20. Analyse the role of credit for development.
21. Manav needs a loan to set up a small business. On what basis will Manav decide whether to borrow from the bank or the moneylender? Discuss.
22. Give examples of how money is used as a medium of exchange. Explain.
23. What is the basic idea behind the SHGs for the poor? Explain in your own words.
24. What is the main informal source of credit for rural households in India?
25. What is the meaning of 'barter system'?
26. Explain with examples, how people are involved with the banks.