INDIAN SCHOOL AL WADI AL KABIR

Class: X	Department: Social Science	Sub: ECONOMICS
Chapter-3 Work Sheet:3	Topic: Money and Credit	Year: 2026-27

A) MULTIPLE CHOICE QUESTIONS

1	**Which of the following is considered the most important function of money?** A. It increases the price of goods **B. It acts as a medium of exchange** C. It is used only for saving D. It replaces all forms of credit
2	**In a barter system, the problem of "double coincidence of wants" means that:** A. Both persons must have money B. Goods must have the same price **C. Each person must agree to sell and buy what the other wants** D. Goods can be exchanged only in markets
3	**Which of the following is an example of a modern form of money?** A. Wheat B. Cattle **C. Demand deposits** D. Barter exchange
4	**Why are demand deposits considered money?** A. They can be withdrawn only after one year **B. They are accepted as a means of payment through cheques** C. They are issued only by the government D. They cannot be transferred from one person to another
5	**Who issues currency notes on behalf of the Central Government in India?** A. State Bank of India **B. Reserve Bank of India** C. Ministry of Finance D. Commercial banks
6	**Which of the following is a formal source of credit in India?** A. Moneylender B. Trader **C. Commercial bank** D. Relative or friend
7	**What is meant by collateral?** A. The amount borrowed from a bank **B. An asset used as a guarantee against a loan** C. The interest paid on a loan D. The period of repayment

8	**Which of the following is generally a term of credit?** A. Interest rate B. Mode of repayment C. Collateral requirement **D. All of the above**
9	**Why do banks keep only a small proportion of deposits as cash?** A. All depositors withdraw money every day **B. Only a small proportion of depositors withdraw cash on a given day** C. Banks are not allowed to lend money D. Deposits cannot be withdrawn on demand
10	**What is the main objective of Self-Help Groups (SHGs) in rural areas?** A. To provide loans only to large industries **B. To encourage savings and provide loans to members** C. To replace all commercial banks D. To collect taxes from villagers

B) Assertion/Reason Questions:

In the questions given below, there are statements marked as Assertion (A) and Reason (R).
Read the statements and choose the correct option:

1	**Assertion (A):** Demand deposits are considered a form of money. **Reason (R):** They can be used for making payments through cheques. Options: **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.
2	**Assertion (A):** Banks in India are the only source of credit for borrowers. **Reason (R):** Moneylenders, traders, employers, relatives and friends also provide loans. Options: 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.**

C) Read the extract and answer the questions that follow:

Banks accept the deposits from people and also pay an interest on the deposits. People's money is safe with the banks and it earns interest. People also 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. The facility of cheques against demand deposits makes it possible to directly settle payments without the use of cash.

Q1. Why are bank deposits called demand deposits?
Ans: Because they can be withdrawn by depositors whenever they require.

Q2. Mention one advantage of keeping money in a bank.
Ans: The money is safe and earns interest.

Q3. How do cheques help in making payments?
Ans: Cheques allow payments to be made directly from bank deposits without using cash.