




INDIAN SCHOOL AL WADI AL KABIR

Class: X	Department: Social Science	Sub: ECONOMICS
Chapter-3 Work Sheet:3	Topic: MONEY AND CREDIT	Year: 2023-24

1	Money acts as the : A. Bills of exchange B. Medium of exchange C. Collateral D. Investment								
2	Match the following: <table border="1"><tr><td>(a) The guarantee is given by the lender to the borrower</td><td>(i) More investment</td></tr><tr><td>(b) An institution that issue currency notes on behalf of the central government</td><td>(ii) Collateral</td></tr><tr><td>(c) Terms of credit</td><td>(iii) Interest rate</td></tr><tr><td>(d) Cheap credit enables</td><td>(iv) RBI</td></tr></table> <p>Options: -</p> <p>A. (a) - (ii), (b) - (i), (c) - (iii), (d) - (iv) B. (a) - (ii), (b) - (iv), (c) - (iii), (d) - (i) C. (a) - (i), (b) - (iv), (c) - (iii), (d) - (ii) D. (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)</p>	(a) The guarantee is given by the lender to the borrower	(i) More investment	(b) An institution that issue currency notes on behalf of the central government	(ii) Collateral	(c) Terms of credit	(iii) Interest rate	(d) Cheap credit enables	(iv) RBI
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3	Find the odd one out from the following options: i. Moneylenders & Traders ii. Employers & Relatives and Friends iii. Landlords & Large Farmers iv. Cooperative societies & Commercial Banks <p>Options: -</p> <p>A. Option (iii) B. Option (ii) C. Option (iv) D. Option (i)</p>								
4	Identify the incorrect option from the given points: A. Money can be easily exchanged with any commodity or service. B. Barter system eliminate the need for double coincidence of wants. C. Money is the perfect store of value. D. A Barter system is a system where goods are directly exchanged without the use of money.								

5	 <p>Which of the following options best describes the above picture?</p> <p>A. Barter System provided by Bank B. Activities of Self-Help Groups C. Loan Activities of Banks D. Demand Draft facilities extended by Bank.</p>
6	<p>Cheque is a _____.</p> <p>A. Paper making debt B. A term of credit C. Paper instructing the bank to pay a specific amount D. Collateral</p>
7	<p>Why do people deposit money in the bank?</p> <p>A. Banks pay an amount of interest on their deposit B. People don't want to spend that money C. That money can't be spent D. That money is of no use for them</p>
8	<p>In the question given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option:</p> <p>Assertion (A): Collateral is an asset that the borrower owns (such as land, building, vehicle, livestock, deposits with banks) and uses this as a guarantee to a lender until the loan is repaid.</p> <p>Reason (R): Collateral is given as the lender can sell the collateral to recover the loan amount if the borrower fails to repay the loan.</p> <p>Options: -</p> <p>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.</p>
9	<p>Read the statements and choose the correct option:</p> <p>Assertion (A): People deposit surplus money with the banks.</p> <p>Reason (R): Their money is safe and it earns interest too.</p> <p>Options: -</p> <p>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.</p>
10	<p>Read the following statements and find the incorrect option:</p> <p>A. Banks charge a lower rate of interest on loans than what they offer on deposits. B. The difference between what is charged from borrowers and what is paid to the depositors is the main source of income for the banks. C. Banks use a major portion of deposits to extend loans. D. Banks keep only a small proportion of their deposits as cash with themselves.</p>

11	<p>Banks in India hold _____ % of their deposits as cash.</p> <p>A. 25%</p> <p>B. 35%</p> <p>C. 15%</p> <p>D. 45%</p>
12	<p>What prevents the poor from getting bank loans?</p> <p>A. High rates of interest</p> <p>B. Absence of collateral</p> <p>C. Complexity of procedure</p> <p>D. None of these</p>
13	<p>Debt trap occurs in:</p> <p>A. Secondary sector loans</p> <p>B. Private sector loans</p> <p>C. Informal sector loans</p> <p>D. Formal sector loans</p>
14	<p>Read the extract given below and answer the questions that follow:</p> <p>A person holding money can easily exchange it for any commodity or service that he or she might want. Thus, everyone prefers to receive payments in money and then exchange the money for things that they want. Take the case of a shoe manufacturer. He wants to sell shoes in the market and buy wheat. The shoe manufacturer will first exchange shoes that he has produced for money, and then exchange the money for wheat. Imagine how much more difficult it would be if the shoe manufacturer had to directly exchange shoes for wheat without the use of money. He would have to look for a wheat growing farmer who not only wants to sell wheat but also wants to buy the shoes in exchange.</p> <p>14.1. How does money solve the problem of double coincidence of wants?</p> <p>Ans.</p> <ul style="list-style-type: none"> • Double coincidence of wants is an essential feature in a barter system where goods are directly exchanged without the use of money. But on the other hand, in an economy where money is in use, money eliminates the need for double coincidence of wants and easily exchange it for any commodity or service that he or she might want. <p>14.2. What are the different forms of money?</p> <p>Ans.</p> <ul style="list-style-type: none"> • Since the early ages Indians used food grains and cattle as money. Thereafter came the use of metallic coins like gold, silver and copper coins. • The modern forms of money include currency- paper notes and coins and deposits with banks. <p>14.3. Why is modern currency accepted as a medium of exchange?</p> <p>Ans.</p> <ul style="list-style-type: none"> • Modern currency is accepted as a medium of exchange because the currency is authorized by the government of the country. • 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.