

Explore Money and Credit MCQs For CBSE Class 10

1) Double coincidence of wants means

- a) what a person desires to sell is exactly what the other person wishes to buy.
- b) what a person desires to sell is exactly what the other person also wishes to sell.
- c) what a person desires to buy is exactly what the other person also wishes to buy.
- d) None of the above

Answer: Option (a)

2) In a barter system where goods are directly exchanged without the use of money, double coincidence of wants is an essential feature.

- a) False
- b) True

Answer: Option (b)

3) In India, _____ issues currency notes on behalf of the central government.

- a) Reserve Bank of India (RBI)
- b) Ministry of Finance
- c) Finance Commission
- d) None of the above

Answer: Option (a)

4) Which of the following statements are true?

- a) As per Indian law, apart from RBI, no other individual or organisation is allowed to issue currency.
- b) The law legalises the use of rupee as a medium of payment that cannot be refused in settling transactions in India
- c) No individual in India can legally refuse a payment made in rupees.
- d) All of the above are true.

Answer: Option (d)

5) Banks in India these days hold about _____ of their deposits as cash.

- a) 25 percent
- b) 20 percent
- c) 15 percent
- d) 5 percent

Answer: Option (c)

6) Banks use the major portion of the deposits to _____.

- a) extend loans
- b) invest in infrastructure
- c) deposit in foreign banks
- d) None of the above

Answer: Option (a)

7) The difference between what is charged from borrowers and what is paid to depositors is the main source of banks income.

- a) true

b) false

Answer: Option (a)

8) In rural areas, the main demand for credit is for _____.

- a) purchasing land
- b) purchasing house
- c) medical expenses
- d) crop production

Answer: Option (d)

9) Which of the following is an example of collateral?

- a) Livestocks
- b) Land
- c) Deposits with banks
- d) All of the above

Answer: Option (d)

10) What are different components of the terms of credit?

- a) Interest rate
- b) Documentation requirements
- c) Collateral
- d) All of the above

Answer: Option (d)

11) Which of the following statements are correct?

- a) Members of a cooperative pool their resources for cooperation in certain areas.
- b) Besides banks, the other major source of cheap credit in rural areas are the cooperative societies.
- c) There are several types of cooperatives possible such as farmers cooperatives, weavers cooperatives, industrial workers cooperatives
- d) All of the above statements are true.

Answer: Option (d)

12) Which of the following are examples of informal sector loans?

- a) Money lenders
- b) Traders
- c) Cooperatives
- d) Only (a) and (b)

Answer: Option (d)

13) As of 2012, the major source of credit to the rural households in India was

- a) Moneylenders.
- b) Commercial banks.
- c) Cooperative societies.
- d) Relatives and friends.

Answer: Option (a)

14) Which of the following statements are false?

- a) There is no organisation which supervises the credit activities of lenders in the informal sector.
- b) RBI stops the money lenders from using unfair means to get their money back.
- c) Compared to the formal lenders, most of the informal lenders charges much lesser interest on loans
- d) Only (b) and (c)

Answer: Option (d)

15) Which of the following statements are true?

- a) Periodically, banks do not submit information to the RBI on how much they are lending, to whom, at what interest rate, etc
- b) The Reserve Bank of India does not supervise the functioning of formal sources of loans.
- c) The RBI monitors the banks in actually maintaining cash balance.
- d) None of the above statements are true

Answer: Option (c)

16) _____ of the loans taken by poor households in the urban areas are from informal sources.

- a) 85 percent
- b) 70 percent
- c) 65 percent
- d) 50 percent

Answer: Option (a)

17) _____ of the loans taken by rich households in the urban areas are from formal sources.

- a) 20 percent
- b) 10 percent
- c) 15 percent
- d) 90 percent

Answer: Option (d)

18) _____ of the loans taken by well-off households in the urban areas are from formal sources.

- a) 54 percent
- b) 64 percent
- c) 72 percent
- d) 90 percent

Answer: Option (c)

19) _____ of the loans taken by households with few assets in the urban areas are from informal sources.

- a) 72 percent
- b) 28 percent
- c) 53 percent
- d) 47 percent

Answer: Option (c)

20) Which of the following could lead to a debt trap?

- a) the high interest rate for borrowing can mean that the amount to be repaid is greater than the income of the borrower

- b) Higher cost of borrowing means a larger part of the earnings of the borrowers is used to repay the loan
- c) the high interest rate for borrowing can mean that the amount to be repaid is lesser than the income of the borrower
- d) both (a) and (b)

Answer: Option (d)

