Maxprap. Chapter wise Series Class 10th – Social Science

Class : 10th **Topic : Money and Credit (ECO)**
Max. Marks : 50 **Duration : 2 Hrs**

Sections: A (MCQs), B (Short Answer-I), C (Short Answer-II), D (Long Answer), E (Case-Based).

General Instructions:
(i). All questions are compulsory.
(ii). This question paper contains 23 questions divided into five Sections A, B, C, D and E. (iii). Section A comprises of 10 MCQs of 1 mark each. Section B comprises of 5 questions of 2 marks each. Section C comprises of 4 questions of 3 marks each. Section D comprises of 2 question of 5 marks each and Section E comprises of 2 Case Study Based Questions of 4 marks each.
(iv). There is no overall choice.

Section A

Questions 1 to 10 carry 1 mark each

1. What is the reason for the popularity of banks and cooperatives?
a) Banks provide loans at a very less rate of interest
b) Decreasing the number of money lenders
c) They do a good amount of advertisement
d) People are made to know door to door

2. Which one of the following is a formal source of loan?
a) Friend b) Bank c) Landlord d) Relatives

3. Money acts as:
a) Bills of exchange b) Investment c) Collateral d) Medium of exchange

4. Informal money lenders charge a higher rate of interest on loans because:
a) they are not registered b) they wish to do so
c) to make more profits d) no organisation to supervise

5. Debt trap occurs in:
a) Formal sector loans b) Informal sector loans
c) Secondary sector loans d) Private sector loans

6. Which of the following is the primary purpose of loan activities offered by banks?
a) To generate profits for the primary sector only
b) To increase income of MNCs
c) To support economic growth
d) To compete with other financial institutions

7. Which of these is not an informal sector of credit?
a) Money lenders b) Employer c) Banks d) Cash traders

8. Which one of the following categories of urban households take the highest percentage of loan from the formal sector?

a) Poor households
b) Households with few assets
c) Well - off households
d) Rich households

Assertion(A)/Reason(R) Based (9-10): In the following questions, a statement of assertion (A) is followed by a statement of Reason (R). Choose correct answer out of following choices.

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.

9. Assertion (A): The Reserve Bank of India supervises the functioning of formal sources of loans.
Reason (R): The RBI sees that the banks give loans not just to profit - making businesses and traders but also to small cultivators, small scale industries, to small borrowers, etc.

10. Assertion (A): Rural poor families are still dependent on informal sources of credit.
Reason (R): For obtaining loan from banks, collateral and special documents are required.

SECTION – B

Questions 11 to 15 carry 2 marks each

11. Why do lenders ask for collateral while lending? Give any three reasons.

12. Why do banks and cooperatives need to lend more to borrowers?

13. "**Credit can play a negative role**." Justify the statement with arguments.

14. Differentiate between formal and informal sources of Credit.

15. How is money used as a medium of exchange? Explain with examples.

SECTION – C

Questions 16 to 19 carry 3 marks each

16. What can be the alternative mode of payment in place of cash money?

17. "Credit has its own unique role for development". Justify the statements with argument.

18. Why do you think that the share of formal sector credit is higher for the richer households compared to the poorer households?

19. How does the Reserve Bank of India supervise the functioning of banks? Why is this necessary?

SECTION – D

Questions 20 to 21 carry 5 marks each

20. Which are the two major sources of formal credits in India? Why do we need to expand the formal sources of credit?

21. Explain various functions of banks in India.

SECTION – E (Case Study Based Questions)

Questions 22 & 23 carry 4 marks each

22. Read the given source and answer the questions that follow: Loans From Cooperatives Besides banks, the other major source of cheap credit in rural areas are the cooperative societies (or cooperatives). Members of a cooperative pool their resources for cooperation in certain areas. There are several types of cooperatives possible such as farmers cooperatives, weavers cooperatives, industrial workers cooperatives, etc. Krishak Cooperative functions in a village not very far away from Sonpur. It has 2300 farmers as members. It accepts deposits from its members. With these deposits as collateral, the Cooperative has obtained a large loan from the bank. These funds are used to provide loans to members. Once these loans are repaid, another round of lending can take place.
Krishak Cooperative provides loans for the purchase of agricultural implements, loans for cultivation and agricultural trade, fishery loans, loans for construction of houses and for a variety of other expenses.

a) Cooperative societies come under which source of credit? **(1)**
b) Mention any two sources of capital of cooperative societies. **(1)**
c) Explain the role of cooperative societies in increasing the income of farmers. **(2)**

23. Read the following text carefully and answer the questions that follow:
In modern economies, money does not only exist in the form of coins and paper notes. A major portion of transactions is carried out using digital methods such as debit cards, credit cards, net banking, UPI, and mobile wallets. These forms of money represent bank deposits that can be accessed electronically. People increasingly prefer digital payments because they are fast, safe, and convenient. The government also promotes digital transactions to reduce cash usage, increase transparency, and curb corruption. Salaries, pensions, and subsidies are now transferred directly into bank accounts. With the rise of e - commerce and online services, digital money has become an integral part of daily life, making economic activities smoother and more efficient.

a) Why are digital forms of money becoming increasingly popular? (1)
b) How do bank deposits serve as modern money? (1)
c) Explain how digital transactions improve transparency and efficiency in the economy. (2)

Money and Credit (ECO) Paper Details – Analysis		
Objective Questions		
MCQ	1 marks x 8 question = 8	
Assertion Reason	1 marks x 2 question = 2	
Subjective		
Short type I	2 marks x 5 question = 10	
Short type II	3 marks x 4 question = 12	
Long Type	5 marks x 2 question = 10	
Case Studies Based		
Case 1	4 marks	
Case 2	4 marks	

Total = 50 marks Your Score =