

ANSWERS:

7. The two informal sectors of credit are

(i) Moneylenders

(ii) Traders

17. Cheap and affordable credit is crucial for the country's development due to the following factors:

i). More lending would lead to higher incomes and encourage people to invest in agriculture, engage in business and set up small scale industries.

ii). Cheap credit means more income would be left with the borrower to reinvest rather than return as interest. This leads to an acceleration of economic activity.

iii). Cheap credit would also allow weaker sections of society to enter the formal sector of lending and rid them of exploitation at the hands of informal moneylenders. Thus, it may improve the economic condition of the poor and landless.

**2017**

6. How does the use of money make it easier to exchange things ? Give an example.

7. Give an example of violation of a consumer's right to choose.

17. Explain any three loan activities of banks in India.

ANSWER:

6. Money in our daily life acts as a medium of exchange. A person having money in his hand can exchange money for the services and commodities he wants.

7. Money makes the things easier as

(i) It is in the form of authorised paper currency which gives the guarantee of the mentioned price to the owner.

(ii) It has general acceptability.

(iii) Its price remains constant compared to other commodities.

(iv) It can be stored easily and doesn't need much space.

17. Loan activities of banks in India.

(i) Banks provide loans for various economic activities.

(ii) Banks intermediate between those who have surplus funds and those who are in need of these funds.

(iii) Banks offer very less interest on deposits than what they demand on loans.

**2015**

8. How does money act as a medium of exchange ?

18. Why is modern currency accepted as a medium of exchange without any use of its own ? Find out the reason.

27. How do banks play an important role in the economy of India ? Explain.