***Date – Aug. 2020***

***Std – X***

***Economics – L-3, Money and Credit***

***General Instructions-***

1. ***Please check the answers of worksheet-1 and do the necessary corrections.***
2. ***Write the Question and Answers in your notebook.***

***SYMBIOSIS SCHOOL, NASHIK***

***Std - X TERM-1 (2020-21)***

***ECONOMICS L-3 Money and Credit Worksheet-1 MM-15***

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| **Concepts-Deposits with Banks, Loan activities of Banks, Terms of Credit, Formal and Informal sources of Credit, Self-Help Groups.** |  |  |
| Ans.1. The deposits in the bank account that can be withdrawn on demand are  are called demand deposits.  Ans.2. Two examples of ‘Formal Sources of Credit’ are Banks and Co-operatives. |  |  |
| Ans.3. a) Collateral –  Collateral is an asset that the borrower owns and uses it as a guarantee to a  lender until the loan is repaid example – land, building, vehicle, livestock,  deposits with banks etc.  b) Terms of Credit –  i) Interest rate which the borrower must pay to the lender along with,  collateral and documentation requirement, and the mode of repayment  together comprise terms of credit. |  |  |
| Ans.4. Cheap and affordable credit is crucial for the country’s development as -  a) Higher cost of borrowing means a larger part of the earnings of the borrowers  is used to repay the loan. Hence, borrowers have less income left for  themselves.  b) In certain cases, the high interest rate for borrowing can mean that the  the amount to be repaid is greater than the income of the borrower.  c) This could lead to an increasing debt and debt trap.  d) People who might wish to start an enterprise by borrowing may not do so  because of the high cost of borrowing.  e) For these reasons, banks and cooperative societies need to lend more. This  would lead to higher incomes and many people could then borrow cheaply for  a variety of needs.    Ans 5. Self Help Groups –   1. A SHG has 15-20 members, usually belonging to one neighbourhood, who meet and save regularly. 2. Saving per member varies from Rs. 25 to Rs 100 or more, depending on the ability of the people to save. 3. Members can take small loans from the group itself to meet their needs. 4. The group charges interest on these loans but this is still less than what the moneylender charges. 5. After a year or two, if the group is regular in savings, it becomes eligible for availing loan from the bank. Loan is sanctioned in the name of the group and is meant to create self-employment opportunities for the members. 6. Not only does it help women to become financially self-reliant, the regular meetings of the group provide a platform to discuss and act on a variety of social issues such as health, nutrition, domestic violence, etc.   Question and Answers of lesson no.2 continued –  Q.7. Explain the objectives of implementing the NREGA, 2005.  Ans.7. NREGA –   1. National Rural Employment Guarantee Act, 2005 was implemented by the central government in 200 districts of India. 2. It was passed for promoting rural employment. Under this Act, all those who are able to and need work (living under poverty) have been guaranteed 100 days of employment in a year by the government. 3. If the government fails to provide employment within 15 days, then the person whose name is registered under this Act will be given unemployment allowance. 4. Initially, as mentioned above, it was applicable to only 200 districts, now it is extended to 330 districts of India.   Q.8. Compare and contrast activities and functions of the private and public sector.  Private Sector –   1. Owned, managed and controlled by private individuals or groups of individuals. 2. Main focus is on profit making example Tata Iron and Steel Company (TISCO),   Jet and Sahara Airways etc.  Public Sector –   1. Completely owned, controlled and governed by the government. 2. Aims at social welfare of the masses example – Steel Authority of India, Indian Railways etc.   Q.9. Explain how the public sector contributes to the economic development of a nation.  Ans.9. a) Public Sector undertakes activities that are basic in nature and of vital  importance for the country's development and security.  b) Public Sector aims at welfare of masses and therefore provides all facilities at a reasonable rate.  c) Through its investment in education and health, the public sector improves the quality of human beings.  d) Apart from this, provisions of safe drinking water, houses for poor, food and nutrition for children also nurtures fundamental rights which later result in great economic development.  e) Procurement of grains, electricity generation, transport and communication by public sector helps in providing basic necessities and ensure good living standard for people.  Q.10. The workers in the unorganized sector need protection on the following issues – Wages, Safety and Health. Explain with examples.  Ans.10. Workers in the unorganized sector need protection on the following issues –   1. Wages – Low wages, more working hours, no over – time are common in the unorganized sector. Wages in all sectors should be according to the government rules. 2. Safety – Workers working in mines work in dangerous conditions. They have no access to safety and risk their life. Safety norms must be strictly applicable in such hazardous workplaces. Apart from this, life insurance can also be of great use. 3. Health – Workers in unorganized sector work in poor working conditions with no provision of safe drinking water, clean surroundings and medical facilities. This further deteriorates their working ability. Health insurance should be made mandatory for them.       Q.11. In what ways can employment be increased in urban areas?  Ans.11. Urban employment is characterized by the existence of both open  unemployment, which in turn is an offshoot of rural unemployment itself  and the educated unemployment. Main causes of urban unemployment  are insufficient economic development, defective system of education and  slow growth of industrialization.  Remedies to urban unemployment –by   1. Reform of the educational system to make it vocational at the school stage. 2. Concrete action will have to be taken to promote decentralization and dispersal of industrial activity. 3. Promotion of small-scale industries and encouragement to self-employment by banks. 4. Developed techniques of production that can be taken up with low capital intensity. 5. Provision of infrastructure like railways, roads, hospitals, schools etc. which will not only create employment opportunities but also contribute to development. |  |  |