CBSE CLASS X

Social Science (087)

QUESTION PAPER

From previous CBSE Board Exam questions

Code: 19B4LB **Questions: 68** **Maximum Marks: 166** **Generated: 2026-06-15 13:05**

SELECTIONS USED

Source	Previous-year board
Subject	Social Science
Lessons	Money and Credit
Year	2022-2026
Questions selected	68

Composition — Types: 26 MCQ · 15 Short · 12 Long · 6 source_based · 4 Very short · 4 Assertion–reason · 1 Case-based

Q1. § NOTES FOR THE TEACHER **[3]**

Explain any three functions of the Reserve Bank of India.

Previously asked in: 2023 32/1/1 Q29(a)

◆ **Money and Credit** Functions of the Reserve Bank of India

Q2. § NOTES FOR THE TEACHER § MODERN FORMS OF MONEY **[1]**

Which among the following organisations issues the currency notes in India ?

(a) The Central Government of India
(b) The NITI Aayog
(c) The Finance Ministry
(d) The Reserve Bank of India

Previously asked in: 2023 32/5/1 Q18

◆ **Money and Credit** Reserve Bank of India and Currency Note Issuance

Q3. § NOTES FOR THE TEACHER § FORMAL SECTOR CREDIT IN INDIA **[1]**

Which one of the following banks in India controls the issuance of currency and regulates the credit system in the country ?

(A) Punjab National Bank
(B) Indian Bank
(C) Reserve Bank of India
(D) State Bank of India

Previously asked in: 2024 32/3/1 Q20

◆ **Money and Credit** Reserve Bank of India – Currency Issuance and Credit Regulation

Q4. **[2]**

How do double coincidence of wants arise ?

Previously asked in: 2022 32/4/1 Q5

◆ **Money and Credit** Double Coincidence of Wants

Q5. **[1]**

The problem of 'Double Coincidence of Wants' can be solved by which of the following ?

(A) By increasing the circulation of currency
(B) By expanding the scope of markets
(C) By creating awareness amongst people
(D) By registering the buyer and seller

Previously asked in: 2025 32/5/1 Q19

◆ **Money and Credit** Double Coincidence of Wants and the Role of Money

Q6. § MODERN FORMS OF MONEY **[1]**

Two statements are given below. They are Assertion (A) and Reason (R). Read both the statements carefully and choose the correct option.

Assertion (A) : Rupees is accepted as medium of exchange in India.

Reason (R) : The World Bank legalises the use of rupee as a medium of payment in India.

A Both (A) and (R) are correct and (R) is the correct explanation of (A).
B Both (A) and (R) are correct, but (R) is not the correct explanation of (A).
C (A) is correct, but (R) is incorrect.
D (A) is incorrect, but (R) is correct.

Previously asked in: 2025 32/6/1 Q5

◆ **Money and Credit** Money as Medium of Exchange and Legal Tender

Q7. § MODERN FORMS OF MONEY **[1]**

Why is Rupee accepted as a medium of exchange in India ?

A Because it is issued by the Reserve Bank of India on behalf of the State Government.
B Because it is issued by the Reserve Bank of India on behalf of the Central Government.
C Because it is issued by the State Bank of India on behalf of the Central Government.
D Because it is issued by the Reserve Bank of India on behalf of the World Bank.

Previously asked in: 2026 32/2/1 Q31

◆ **Money and Credit** Rupee as a Medium of Exchange – Legal Tender and Currency Acceptance

Q8. § MODERN FORMS OF MONEY **[1]**

Which one of the following is the modern form of currency ?

(a) Paper notes
(b) Gold coins
(c) Silver coins
(d) Copper coins

Previously asked in: 2023 32/2/1 Q18

◆ **Money and Credit** Modern Forms of Currency

Q9. § NOTES FOR THE TEACHER § FORMAL SECTOR CREDIT IN INDIA **[1]**

Two statements are given below. They are Assertion (A) and Reason (R). Read both the statements and choose the correct option.
Assertion (A) : No individual in India can legally refuse a payment made in rupees.
Reason (R) : In India the rupee is authorized by the State Governments.

(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.

Previously asked in: 2024 32/4/1 Q17

◆ **Money and Credit** Currency as Legal Tender and RBI's Role

Q10. § LOAN ACTIVITIES OF BANKS **[3]**

Explain the role of banks with regard to money which they accept from the public.

Previously asked in: 2023 32/1/1 Q29(b)

◆ **Money and Credit** Role of Banks in Accepting Deposits and Extending Credit

Q11. § NOTES FOR THE TEACHER § TERMS OF CREDIT § Variety of Credit Arrangements **[1]**

Look at the given picture carefully and infer the income of the bank. Choose the correct option from the following.

(a) The difference between the amount deposited and borrowed by the bank to Reserve Bank of India.
(b) The difference of amount of interest between what is charged from borrowers and what is paid to depositors.
(c) The difference of interest rate between what is charged from borrowers and what is charged from depositor.
(d) The difference between the amount deposited by the depositor and borrowed by the borrower.

Previously asked in: 2024 32/1/1 Q20

◆ **Money and Credit** Sources of bank income: interest on loans vs. interest paid on deposits

Q12. § LOAN ACTIVITIES OF BANKS **[1]**

Two statements I and II are given below. Read both the statements carefully and choose the correct option :
Statement I : 'Demand deposits' can be withdrawn on demand.
Statement II : 'Demand deposits' settle payments directly without the use of cash.

(A) Statement I is correct, but Statement II is incorrect.
(B) Statement I is incorrect, but Statement II is correct.
(C) Both Statement I and Statement II are correct.
(D) Both Statement I and Statement II are incorrect.

Previously asked in: 2026 32/3/1 Q32

◆ **Money and Credit** Demand Deposits

Q13. § NOTES FOR THE TEACHER § LOAN ACTIVITIES OF BANKS § SUMMING UP **[3]**

How does a bank work as a key component of the financial system? Explain.

Previously asked in: 2022 32/1/1 Q6 (b)

◆ **Money and Credit** Role of Banks in the Financial System

Q14. § LOAN ACTIVITIES OF BANKS **[2]**

How is 'demand deposit' an essential feature of money?

Previously asked in: 2022 32/1/1 Q4

◆ **Money and Credit** Demand Deposits as a Feature of Money

Q15. § LOAN ACTIVITIES OF BANKS § FORMAL SECTOR CREDIT IN INDIA **[1]**

Which of the following is the primary purpose of loan activities offered by banks ?

(A) To compete with other financial institutions
(B) To generate profits for the primary sector only
(C) To increase income of MNCs
(D) To support economic growth

Previously asked in: 2024 32/2/1 Q18

◆ **Money and Credit** Role of Banks in Credit/Loan Activities

Q16. § NOTES FOR THE TEACHER § LOAN ACTIVITIES OF BANKS **[3]**

Explain the role of Reserve Bank in Indian economy.

Previously asked in: 2026 32/5/1 Q36

◆ **Money and Credit** Role of Reserve Bank of India (RBI)

Q17. § TWO DIFFERENT CREDIT SITUATIONS § SUMMING UP **[3]**

Explain the three important 'terms of Credit'.

Previously asked in: 2022 32/4/1 Q8

◆ **Money and Credit** Terms of credit

Q18. § TWO DIFFERENT CREDIT SITUATIONS § SUMMING UP **[3]**

How is credit essential for economic activities ? Explain with examples.

Previously asked in: 2024 32/1/1 Q28

◆ **Money and Credit** Role of Credit in Economic Activities

Q19. § TWO DIFFERENT CREDIT SITUATIONS § Variety of Credit Arrangements **[2]**

Analyse the situation in which credit pushes the borrower into a situation from which recovery is painful.

Previously asked in: 2022 32/3/1 Q4

◆ **Money and Credit** Debt Trap: When Credit Becomes a Burden

Q20. § FORMAL SECTOR CREDIT IN INDIA § SELF-HELP GROUPS FOR THE POOR § SUMMING UP **[3]**

Explain, why the banks do not lend credit to certain borrowers ?

Previously asked in: 2022 32/2/1 Q6(a)

◆ **Money and Credit** Bank credit and collateral requirements for borrowers

Q21. § TERMS OF CREDIT **[1]**

Why do lenders often require collateral before lending loan ? Choose the most suitable option from the following.

(a) To lower interest rates for borrowers.
(b) To establish personal relations.
(c) To increase their profit margins.
(d) To mitigate the risk of loan default.

Previously asked in: 2024 32/1/1 Q19

◆ **Money and Credit** Collateral and Terms of Credit

Q22. § TERMS OF CREDIT **[1]**

Which one of the following is the purpose of collateral in a loan ?

A To increase the interest for the lender
B To secure the loan for the lender
C To reduce paperwork for the lender
D To avoid repayment on the loan

Previously asked in: 2026 32/2/1 Q34

◆ **Money and Credit** Collateral and its purpose in loans

Q23. § TERMS OF CREDIT **[1]**

Two statements are given below. They are Assertion (A) and Reason (R). Read both the statements and choose the correct option.
Assertion (A) : Banks are not ready to lend money to certain borrowers.
Reason (R) : Some people do not have collateral.

(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.

Previously asked in: 2024 32/4/1 Q20

◆ **Money and Credit** Collateral and Credit from Banks

Q24. § Variety of Credit Arrangements § FORMAL SECTOR CREDIT IN INDIA § ADDITIONAL PROJECT / ACTIVITY **[1]**

Rama is a farmer. She needs loan for agriculture work. Which of the following sources of loan will be beneficial for Rama ? Choose the most appropriate option :
I. Bank
II. Agricultural Trader
III. Self-Help Group
IV. Government

A Only I, III and IV are correct.
B Only I, II and III are correct.
C Only II, III and IV are correct.
D Only I, II and IV are correct.

Previously asked in: 2025 32/6/1 Q1

◆ **Money and Credit** Sources of Credit for Farmers – Formal and Informal

Q25. § Variety of Credit Arrangements **[1]**

Shyamal is a small farmer. Shyamal has got his 'Kisan Card' made. He needs a loan to grow new crops. Which of the following means will be easy and beneficial for this ?

(A) Cooperative Bank
(B) Agricultural Traders
(C) Relatives
(D) Friends

Previously asked in: 2025 32/5/1 Q18

◆ **Money and Credit** Formal Sources of Credit – Kisan Credit Card and Agricultural Loans

Q26. § TERMS OF CREDIT **[1]**

Read the following case and choose the correct option :
Megha has taken a loan of ₹ 5 lakhs from bank to purchase a house. The annual rate on the loan is 12% and loan is to be repaid in 5 years in monthly instalments.
The 12% interest charged by the bank to Megha is related to which of the following ?

A Collateral
B Cost of Credit
C Duration of Loan
D Documentation

Previously asked in: 2026 32/5/1 Q31

◆ **Money and Credit** Terms of Credit – Interest Rate

Q27. § FORMAL SECTOR CREDIT IN INDIA § SUMMING UP **[1]**

Why is it not easy to get loans from the formal sector? Read the following reasons and choose the most appropriate option:
I. Availability of Banks
II. Availability of Collateral
III. Long and Complicated Loan Process
IV. Awareness of Borrower

A Only I, II and III are correct.
B Only II, III and IV are correct.
C Only I, II and IV are correct.
D Only I, III and IV are correct.

Previously asked in: 2025 32/3/1 Q10

◆ **Money and Credit** Barriers to Accessing Formal Sector Loans

Q28. § FORMAL SECTOR CREDIT IN INDIA § SELF-HELP GROUPS FOR THE POOR § SUMMING UP **[1]**

Arrange the following sources of credit in the most to least order to meet the credit requirement of rural households in India and choose the correct option :
I. Government
II. Cooperative Banks and Societies
III. Moneylenders
IV. Relatives and friends

A III, II, I, IV
B III, II, IV, I
C I, III, II, IV
D I, III, IV, II

Previously asked in: 2025 32/2/1 Q19

◆ **Money and Credit** Sources of Credit for Rural Households in India

Q29. § FORMAL SECTOR CREDIT IN INDIA § SELF-HELP GROUPS FOR THE POOR **[1]**

Which of the following groups in urban India depend on informal sources to meet their credit needs ?

(A) Poor households
(B) Households with few assets
(C) Both poor households and households with few assets
(D) Both well-off households and households with few assets

Previously asked in: 2025 32/1/1 Q19

◆ **Money and Credit** Informal Sources of Credit in Urban India

Q30. § NOTES FOR THE TEACHER § LOAN ACTIVITIES OF BANKS **[3]**

Explain the role of Reserve Bank of India in the Indian economy.

Previously asked in: 2026 32/4/1 Q36

◆ **Money and Credit** Reserve Bank of India and supervision of formal credit

Q31. **[3]**

Explain the functions of "Self Help Group".

Previously asked in: 2022 32/2/1 Q6(b)

◆ **Money and Credit** Self Help Groups (SHGs) – Functions and Role in Rural Credit

Q32. § SELF-HELP GROUPS FOR THE POOR § ADDITIONAL PROJECT / ACTIVITY **[1]**

Who among the following takes the decision regarding saving and loan activities in the Self Help Groups (SHGs) ?

(A) Manager of a Bank
(B) Members of Non-Governmental Organisation (NGO)
(C) Local Money Lenders
(D) Members of Self-Help Group (SHG)

Previously asked in: 2023 32/6/1 Q14

◆ **Money and Credit** Self Help Groups (SHGs) and their decision-making on savings and loans

Q33. **[5]**

Imagine you are a part of a 'Self Help Group' (SHG). Explain the working system of the Self Help Group (SHG) to the new member.

Previously asked in: 2025 32/4/1 Q33(A)

◆ **Money and Credit** Self Help Groups (SHGs) – Working System and Role in Rural Credit

Q34. § SELF-HELP GROUPS FOR THE POOR **[5]**

Analyse the importance of 'Self-Help Groups' in the rural development of the country.

Previously asked in: 2026 32/3/1 Q38(b)

◆ **Money and Credit** Self-Help Groups (SHGs) and Rural Credit

Q35. § SELF-HELP GROUPS FOR THE POOR § ADDITIONAL PROJECT / ACTIVITY **[5]**

Explain the functioning of 'Self-Help Groups'.

Previously asked in: 2026 32/2/1 Q38(b)

◆ **Money and Credit** Self-Help Groups (SHGs) – functioning and role in rural credit

Q36. § SELF-HELP GROUPS FOR THE POOR **[5]**

How are self-help groups the building blocks of the rural poor? Explain with examples.

Previously asked in: 2022 32/3/1 Q10 (a)

◆ **Money and Credit** Self-Help Groups (SHGs) and Rural Credit

Q37. § FORMAL SECTOR CREDIT IN INDIA § SELF-HELP GROUPS FOR THE POOR § ADDITIONAL PROJECT / ACTIVITY **[5]**

(A) Justify the role of 'Self Help Groups' in the rural economy.

Previously asked in: 2023 32/4/1 Q33 (A)

◆ **Money and Credit** Self Help Groups (SHGs) and their role in rural credit and economy

Q38. § TERMS OF CREDIT **[2]**

> A House Loan
>
> Megha has taken a loan of ₹ 5 lakhs from the bank to purchase a house. The annual interest rate on the loan is 12 per cent and the loan is to be repaid in 10 years in monthly instalments. Megha had to submit to the bank, documents showing her employment records and salary before the bank agreed to give her the loan. The bank retained as collateral the papers of the new house, which will be returned to Megha only when she repays the entire loan with interest.

Read the following source and answer the questions that follow :

5.1 From which source of credit Megha has taken loan ? [1]

5.2 Explain the terms of credit given in the source. [1]

Previously asked in: 2022 32/2/1 Q5

◆ **Money and Credit** | Formal Sources of Credit | Terms of credit

Q39. § SUMMING UP **[3]**

Distinguish between formal and informal sources of credit.

Previously asked in: 2023 32/6/1 Q27

◆ **Money and Credit** | Formal vs Informal sources of credit

Q40. § TWO DIFFERENT CREDIT SITUATIONS § SUMMING UP **[1]**

Which one of the following is a formal source of credit ?

A Relative
B Trader
C Money lender
D Cooperative Society

Previously asked in: 2023 32/1/1 Q14

◆ **Money and Credit** | Formal Sources of Credit

Q41. § FORMAL SECTOR CREDIT IN INDIA § SUMMING UP **[4]**

> Loans from Co-operatives
>
> Besides banks, the other major source of cheap credit in rural areas are the co-operative societies. Members of a co-operative pool their resources for co-operation in certain areas. There are several types of co-operatives possible such as farmers co-operatives, weavers co-operatives, industrial workers co-operatives etc.
>
> Krishak Co-operative 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 co-operative 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 Co-operative provides loans for the purchase of agriculture equipments, loans for cultivation and agricultural trade, fishery loans, loans for constructions of houses and for variety of other expenses.

Read the following source and answer the questions that follow :

(34.1) Which sector includes credit facilities offered by Co-operative Societies ? [1]

(34.2) How do Self-Help Groups access external funding ? [1]

(34.3) Explain the functioning of Co-operative Societies. [2]

Previously asked in: 2025 32/6/1 Q34

◆ **Money and Credit** Co-operative Societies as a Source of Rural Credit Formal and Informal Sectors of Credit Self-Help Groups (SHGs) and External Funding

Q42. § FORMAL SECTOR CREDIT IN INDIA § SUMMING UP **[3]**

Distinguish between formal and informal sources of credit in India with example.

Previously asked in: 2025 32/5/1 Q26

◆ **Money and Credit** Formal vs Informal sources of credit

Q43. § Variety of Credit Arrangements **[5]**

Imagine that you are the Village Development Officer of a village. Explain the usefulness of formal sources of credit for the farmers.

Previously asked in: 2025 32/4/1 Q33(B)

◆ **Money and Credit** Credit for Farmers and Rural Economy Formal Sources of Credit

Q44. § TERMS OF CREDIT § SUMMING UP **[1]**

Read the following sources of loan carefully and choose the correct option related to formal sources of credit.
(i) Commercial Bank
(ii) Landlords
(iii) Government
(iv) Money Lender

(a) (i) and (iii) are correct.
(b) (ii) and (iv) are correct.
(c) (i) and (ii) are correct.
(d) (ii) and (iii) are correct.

Previously asked in: 2025 32/4/1 Q18

◆ **Money and Credit** Formal and informal sources of credit

Q45. § SUMMING UP **[5]**

Analyse the importance of credit in the economic development of the country.

Previously asked in: 2026 32/3/1 Q38(a)

◆ **Money and Credit** | Importance of Credit in Economic Development

Q46. § SUMMING UP **[5]**

Differentiate between the formal and informal sources of credit.

Previously asked in: 2026 32/2/1 Q38(a)

◆ **Money and Credit** | Formal vs Informal sources of credit

Q47. § SUMMING UP **[5]**

How does the credit vary substantially between formal and informal lenders? Explain with examples.

Previously asked in: 2022 32/3/1 Q10 (b)

◆ **Money and Credit** | Formal vs Informal sources of credit | Terms of credit

Q48. § TERMS OF CREDIT | § SELF-HELP GROUPS FOR THE POOR | § SUMMING UP **[5]**

What is a collateral ? Why is it a main reason to prevent the poor getting a loan from banks ? Explain.

Previously asked in: 2023 32/5/1 Q33(b)

◆ **Money and Credit** | Barriers to formal credit for the poor | Collateral and its role in formal credit

Q49. § TWO DIFFERENT CREDIT SITUATIONS | § SUMMING UP **[5]**

How does credit play a positive and a negative role ? Explain with examples.

Previously asked in: 2023 32/5/1 Q33(a)

◆ **Money and Credit** | Positive and Negative Role of Credit

Q50. § SUMMING UP **[5]**

(B) "Cheap and affordable credit is crucial for the country's development." Justify the statement.

Previously asked in: 2023 32/4/1 Q33 (B)

◆ **Money and Credit** | Importance of Cheap and Affordable Credit for Development

Q51. § TWO DIFFERENT CREDIT SITUATIONS | § TERMS OF CREDIT | § Variety of Credit Arrangements **[2]**

A debt trap pushes the borrower in a situation from which recovery is quite difficult. Examine this statement.

Previously asked in: 2023 32/2/1 Q24

◆ **Money and Credit** | Debt Trap and Its Consequences for Borrowers | Terms of Credit and Informal Sources of Credit

Q52. § FORMAL SECTOR CREDIT IN INDIA | § ADDITIONAL PROJECT / ACTIVITY **[1]**

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

Previously asked in: 2023 32/2/1 Q19

◆ **Money and Credit** | Formal and Informal Sources of Credit – Urban Household Borrowing Patterns

Q53. § FORMAL SECTOR CREDIT IN INDIA § SELF-HELP GROUPS FOR THE POOR § SUMMING UP **[4]**

> 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.

Read the given source and answer the questions that follow :

(36.1) How do 'Krishak Cooperatives' secure funds for providing loans to their members ? [1]

(36.2) What are the different types of loans that 'Krishak Cooperatives' offer to their members ? [1]

(36.3) Why are such cooperatives desirable in the rural areas ? [2]

Previously asked in: 2024 32/5/1 Q36

◆ **Money and Credit** | Cooperative Societies as a Source of Rural Credit | Formal vs Informal Sources of Credit in Rural Areas

Q54. § TWO DIFFERENT CREDIT SITUATIONS § Variety of Credit Arrangements § SUMMING UP **[1]**

Select the formal sources of credit from the given sources and choose the correct option.
I. Bank
II. Moneylender
III. Cooperatives
IV. Businessman

(A) Only I and II
(B) Only II and III
(C) Only I and III
(D) Only I and IV

Previously asked in: 2024 32/5/1 Q20

◆ **Money and Credit** | Formal and informal sources of credit

Q55. § FORMAL SECTOR CREDIT IN INDIA § SELF-HELP GROUPS FOR THE POOR § SUMMING UP **[1]**

Two statements are given below. They are Assertion (A) and Reason (R). Read both the statements and choose the correct option.
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.

(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.

Previously asked in: 2024 32/5/1 Q17

◆ **Money and Credit** | Collateral and formal credit requirements | Informal sources of credit

Q56. § Variety of Credit Arrangements **[1]**

In one of the small villages, a farmer borrows money from the village moneylender at a high monthly interest rate but is not able to repay it back. Next, he borrows it from a bank at a lower interest rate. Gradually he earns and pays back the loan to the moneylender and the bank.
Which of the following best describes the role of the bank in this credit situation ?

(A) The bank acts as a cooperative lender.
(B) The bank facilitates a debt-trap situation.
(C) The bank ensures a fair exchange of goods.
(D) The bank saves the farmer from debt-trap.

Previously asked in: 2024 32/5/1 Q15

◆ **Money and Credit** | Debt trap and credit relief through formal sources | Role of formal credit (banks) vs informal credit (moneylenders)

Q57. § FORMAL SECTOR CREDIT IN INDIA | § SELF-HELP GROUPS FOR THE POOR | § SUMMING UP **[4]**

> 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 and 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.

Read the given source and answer the questions that follow :

(36.1) 'Cooperative society' is an example of which source of 'credit' ? [1]

(36.2) Explain the contribution of Cooperative Societies in rural development. [1]

(36.3) Mention any two sources of capital for Self-Help Groups. [2]

Previously asked in: 2024 32/4/1 Q36

◆ **Money and Credit** | Cooperative Societies and Rural Credit | Formal and informal sources of credit | Self-Help Groups (SHGs) – Sources of Capital

Q58. § TWO DIFFERENT CREDIT SITUATIONS **[1]**

Read the following situation regarding credit and identify the positive impact of credit.
Salim obtains credit to meet the working capital needs of production. The credit helps him to meet the ongoing expenses and complete production on time.

(A) The burden of credit will increase on Salim.
(B) Salim's income will increase.
(C) The production will decrease.
(D) Salim may get stuck in a debt trap.

Previously asked in: 2024 32/4/1 Q15

◆ **Money and Credit** | Positive impact of credit / Credit for working capital needs

Q59. § Variety of Credit Arrangements § FORMAL SECTOR CREDIT IN INDIA § SUMMING UP **[3]**

How can the formal sector loans be made beneficial for poor farmers and workers ? Explain.

Previously asked in: 2024 32/3/1 Q28

◆ **Money and Credit** Cheap and Affordable Credit for Rural Poor Formal Sector Loans and Benefits for Poor Farmers and Workers Formal vs Informal sources of credit

Q60. § SUMMING UP **[3]**

Examine the significance of credit in economic development of the country.

Previously asked in: 2024 32/2/1 Q28

◆ **Money and Credit** Role and Significance of Credit in Economic Development

Q61. § Variety of Credit Arrangements **[4]**

> Arun supervises the work of one farm labourer. Arun has seven acres of land. He is one of the few persons in Sonpur to receive bank loan for cultivation. The interest rate on the loan is 8.5 per cent per annum, and can be repaid anytime in the next three years. Arun plans to repay the loan after harvest by selling a part of the crop. He then intends to store the rest of the potatoes in a cold storage and apply for a fresh loan from the bank against the cold storage receipt. The bank offers this facility to farmers who have taken crop loan from them.

Read the given source and answer the questions that follow :

36.1 Under which source does Arun's loan come ? [1]

36.2 Mention one important term of credit for taking a loan from the bank. [1]

36.3 How is Arun's loan beneficial ? Explain any two reasons. [2]

Previously asked in: 2025 32/2/1 Q36

◆ **Money and Credit** Benefits of formal credit / bank loans Formal sources of credit (banks) Terms of credit

Q62. § FORMAL SECTOR CREDIT IN INDIA § SUMMING UP **[4]**

> 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.

Read the given source and answer the questions that follow :

(36.1) Cooperative societies come under which source of credit ? [1]

(36.2) Mention any two sources of capital of cooperative societies. [1]

(36.3) Explain the role of cooperative societies in increasing the income of farmers. [2]

Previously asked in: 2025 32/1/1 Q36

◆ **Money and Credit** Cooperative Societies as a Source of Credit Role of Cooperative Societies in Rural Credit and Farmer Income Sources of Capital of Cooperative Societies

Q63. § Variety of Credit Arrangements § FORMAL SECTOR CREDIT IN INDIA § SELF-HELP GROUPS FOR THE POOR **[1]**

Why does it become difficult for farmers in rural areas to take loans from government banks ? Read the following reasons and choose the most appropriate option :

I. Lack of collateral
II. Complicated procedure
III. Higher cost of borrowing
IV. Lack of awareness

(A) Only I, II and III are correct.
(B) Only II, III and IV are correct.
(C) Only I, II and IV are correct.
(D) Only I, III and IV are correct.

Previously asked in: 2025 32/1/1 Q18

◆ **Money and Credit** | Barriers to formal credit access for rural farmers | Collateral as a requirement for formal loans | Formal vs Informal sources of credit

Q64. § SUMMING UP **[3]**

Differentiate between formal and informal sources of credit.

Previously asked in: 2026 32/1/1 Q36; 2022 32/1/1 Q6 (a) — **2×**

◆ **Money and Credit** | Formal vs Informal sources of credit

Q65. § Variety of Credit Arrangements **[1]**

Read the following case and choose the correct option :
Swapna owns a small farm in her village. She wants to take loan to meet the expense of cultivation.
From which of the following sources should Swapna take the loan ?

(A) Reserve Bank of India
(B) Nearest nationalised bank
(C) Moneylender of the village
(D) Agricultural trader

Previously asked in: 2026 32/1/1 Q31

◆ **Money and Credit** | Formal and informal sources of credit

Q66. § Variety of Credit Arrangements **[1]**

Read the given case and choose the correct option :

Swapna, a small farmer grows groundnut on her three acres of land. She takes a loan from the moneylender to meet the expenses of cultivation but midway due to flood, crop fails and her debt increased. Again she has to take loan to manage crops.

Suggest Swapna, which of the following sources of loan would be suitable for her.

(A) Friends
(B) Relatives
(C) Moneylenders
(D) Banks

Previously asked in: 2026 32/4/1 Q31

◆ **Money and Credit** | Debt-trap and terms of credit | Formal and informal sources of credit

Q67. § NOTES FOR THE TEACHER § LOAN ACTIVITIES OF BANKS § FORMAL SECTOR CREDIT IN INDIA **[3]**

"Reserve Bank of India plays a crucial role in regulating the Indian banks." Justify the statement.

Previously asked in: 2025 32/3/1 Q28

◆ **Money and Credit** | Credit regulation and banking supervision by RBI | Role of Reserve Bank of India in regulating banks

Q68. **[1]**

Read the image of the cheque. Identify the cheque number from the given options :

(A) 362255
(B) 110002078
(C) 000313
(D) 16137926023

Previously asked in: 2024 32/3/1 Q18

◆ **Money and Credit** | Reading and Identifying Parts of a Cheque

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