

Money and Credit | Case Based Questions | Class 10th

These case-based questions from **Money and Credit** check your grasp of concepts and how you apply them. Regular practice will make you confident, improve your speed and accuracy, and help you score full marks in the board exams.

Case based Questions:

Q.1 Read the given extract carefully and answer the following questions.

Shyamal tells us that every season he needs loans for cultivation on his 1.5 acres of land. Till a few years back, he would borrow money from the village moneylender at an interest rate of five per cent per month (60% per annum). For the last few years, Shyamal has been borrowing from an agricultural trader in the village at an interest rate of three per cent per month. At the beginning of the cropping season, the trader supplies the farm inputs on credit, which is to be repaid when the crops are ready for harvest. Besides the interest charge on the loan, the trader also makes the farmers promise to sell the crop to him. This way the trader can ensure that the money is repaid promptly. Also, since the crop prices are low after the harvest, the trader is able to make a profit from buying the crop at a low price from the farmers and then selling it later when the price has risen.

i) The agricultural trader's loan is an example of which type of credit source?

- a) Formal sector bank loan
- b) Microfinance institution
- c) Informal credit source
- d) Government subsidy

Answer: c) Informal credit source

ii) Which action helps the trader earn extra profit in this arrangement?

- a) Paying a bonus for early repayment
- b) Buying the crop right after harvest and selling it later
- c) Letting the farmer choose any buyer
- d) Reducing the interest during harvest season

iii) Shyamal paid an interest rate of ___ per month to the village moneylender.

- a) 2%
- b) 3%
- c) 5%
- d) 8%

Answer: c) 5%

iv) What condition does the trader put on Shyamal for giving the loan and inputs?

- a) Mortgage the land??
- b) Buy only branded seeds??
- c) Sell the crop to the trader??
- d) Repay in monthly instalments??

Category

1. Case Based Questions for class 10th

Date

2025/09/08

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