

Money and Credit (Important MCQs for class 10th)

Objective Questions:

Questions asked in Pre-boards and previous years boards.

Q.1 Formal sources of credit do not include:

- a. Banks
- b. Cooperatives
- c. Employers
- d. Both (a) and (b)

Answer: c. Employers

Q.2 Which of the following options provide assured payment?

- a. Cheque
- b. Demand deposit
- c. collateral
- d. Voucher

Answer: a. Cheque

Q.3 Consider the following statements regarding collateral and identify the incorrect one from the following:

- a. Collateral is what pushes the borrower into a painful situation
- b. Collateral is the amount that RBI gets from other banks
- c. Collateral is an asset that the borrower owns and uses as guarantee to a lender
- d. Collateral is deposit facility like cheque.

Answer: d. Collateral is deposit facility like cheque.

Q.4 Read the information given below and select the correct option?

Rohan has taken a loan of Rs. 5 Lakhs from the bank to purchase a house on 12% rate of interest. He has to submit papers of the new house and salary record to the bank. What is this process called?

- a. Interest Rate
- b. Collateral
- c. Principal Amount
- d. Installments.

Answer: b. Collateral

Q.5 Why is it difficult taking a loan from a bank than taking a loan from informal source?

- a. Bank does not know the borrower
- b. Bank loan requires proper documents and collateral
- c. Banks often harass the borrowers
- d. Informal sources provide loans at cheaper rates.

Answer: b. Bank loan requires proper documents and collateral

Q.6 Read the information given below and select the correct option

You are a bank manager. A person wants a loan of Rs 10 lakhs from your bank to buy a car with which he can start a taxi service against his house. He agrees to repay the loan in monthly Installments. What other conditions he has to fulfill to avail the loan?

- a. Interest Rate and Collateral
- b. Collateral and installment
- c. Principal Amount and duration of loan
- d. Interest rate and duration of loan.

Answer: a. Interest Rate and Collateral

Q.7 Name the system in which the double coincidence of wants is an essential feature.

- a. Barter system
- b. Money economy
- c. Global economy
- d. None of these

Answer: a. Barter system

Q.8 Arrange the following in the correct sequence:

- (i) Online payment, Debit card, Credit cards
 - (ii) Precious metal coins (gold, silver, copper)
 - (iii) Grain and Cattle
 - (iv) Modern Currency-paper notes and coins.
- a. (iv)-(i)-(ii)-(iii)
 - b. (iii)-(ii)-(i)-(iv)
 - c. (iii)-(ii)-(iv)-(i)
 - d. (ii)-(iv)-(iii)-(i)

Answer: c. (iii)-(ii)-(iv)-(i)

Q.9 Which of the following statements is true?

- a. As per Indian law, apart from RBI, no other individual or organization is allowed to issue currency.
- b. The Law legalizes the use of rupees as a medium of payment that cannot be refused in settling transactions in India.
- c. No individual in India can legally refuse a payment made in rupees.
- d. All of the above.

Answer: d. All of the above.

Q.10 Identify the correct statementâ??s about Reserve Bank of India (RBI):

- i) In India, it issues currency notes on behalf of the central government.
 - ii) It supervises the functioning of informal sources of loans.
 - iii) It monitors the SHGs in actually maintaining cash balance.
 - iv) It sees that banks give loans only to profit-making businesses and traders.
- a. iv
 - b. i, ii, & iii
 - c. Only i
 - d. i & iii

Answer: c. Only i

Q.11 Which one of the following is a formal source of credit?

- a. Traders
- b. Cooperative societies
- c. Money-lenders
- d. Friends and relatives

Answer: b. Cooperative societies

Q.12 Sunita owns a small flower shop near a temple. She wants to expand her shop by keeping exotic flowers and flower bouquets. To whom she should approach for a very short term credit?

- a. Moneylenders as they provide short term credit.
- b. Banks as they charge low interest.
- c. Cooperatives as they do not require collateral.
- d. Trader or Employer

Answer: c. Cooperatives as they do not require collateral.

Q.13 Which of the following options describe collateral?

- a. Double coincidence of wants
- b. Trade in barter
- c. Certain products for barter
- d. Asset as guarantee for loan

Answer: d. Asset as guarantee for loan

Q.14 Which of the following is the main informal sources of credit for rural household in India?

- a. Friends
- b. relatives
- c. landlords
- d. money lenders

Answer: d. money lenders

Q.15 Formal sources of credit do not include

- a. Banks
- b. Cooperatives
- c. Employers
- d. Both (a) and (b)

Answer: c. Employers

Q.16 The main source of earning for the financial institutions like banks are:

- a. Demand Deposits
- b. Collateral
- c. Loans
- d. All of these

Answer: c. Loans

***Note:** This is my humble request to all the readers to re-check doubtful answers. Although, i always try to provide you accurate answers but sometimes unintentional errors may occur. So, do not follow all the answers blindly if they don't fit to your existing knowledge, just check it in the N.C.E.R.T. books or other reliable sources. Lastly, you can also tell me in the comments about my mistakes to make my website more error free. (the accuracy level of my answers is 99.9% otherwise)*

Category

- 1. Objective Questions

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