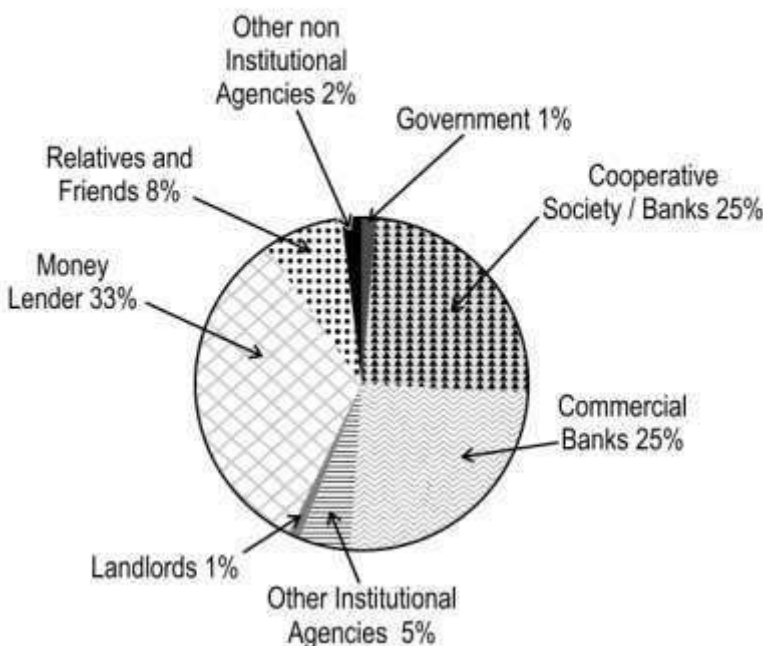
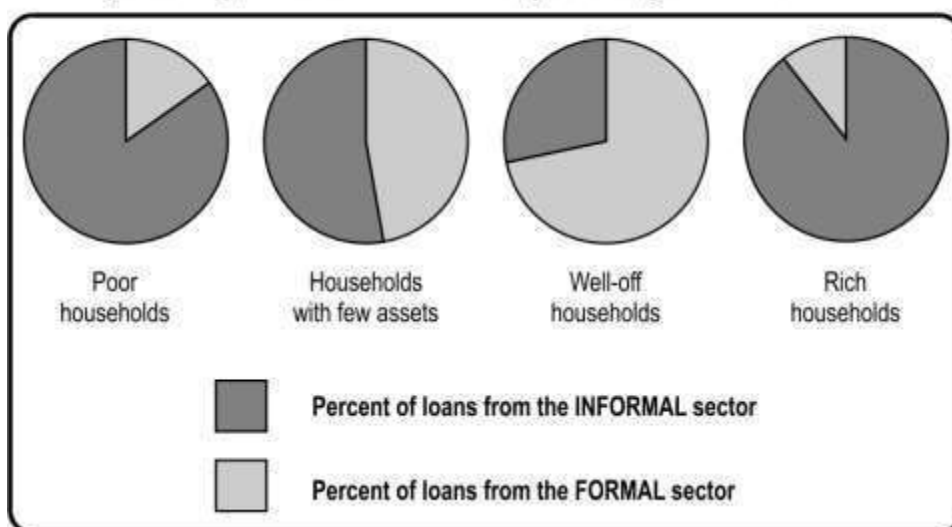


Q.No	Question	Marks																		
Multiple Choice Question																				
Q.118	<p>There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.</p> <p>Assertion (A): Richer households have more access to formal sources of credit than poorer households.</p> <p>Reason (R): Poorer households do not need credit from formal sources.</p> <p>A. A is true but R is false.</p> <p>B. A is false but R is true.</p> <p>C. Both A and R are true and R explains A.</p> <p>D. Both A and R are true but R does not explain A.</p>	1																		
	<p>Observe the graph given below and answer the questions based on it.</p> <p><b>Graph 1 : Source of Credit per Rs 100 of Rural Households in India in 2012</b></p>  <table><thead><tr><th>Source of Credit</th><th>Percentage</th></tr></thead><tbody><tr><td>Money Lender</td><td>33%</td></tr><tr><td>Commercial Banks</td><td>25%</td></tr><tr><td>Cooperative Society / Banks</td><td>25%</td></tr><tr><td>Other Institutional Agencies</td><td>5%</td></tr><tr><td>Relatives and Friends</td><td>8%</td></tr><tr><td>Landlords</td><td>1%</td></tr><tr><td>Government</td><td>1%</td></tr><tr><td>Other non Institutional Agencies</td><td>2%</td></tr></tbody></table>	Source of Credit	Percentage	Money Lender	33%	Commercial Banks	25%	Cooperative Society / Banks	25%	Other Institutional Agencies	5%	Relatives and Friends	8%	Landlords	1%	Government	1%	Other non Institutional Agencies	2%	
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Q.119	Based on the image, which of the following statements is <u>TRUE</u> ?	1																		

	<p>A. About three-fourth of the credit in a rural household comes from the informal credit sources.</p> <p>B. The single largest source of credit in the rural households is a formal credit source.</p> <p>C. The single largest source of credit in the rural households is supervised by the RBI.</p> <p>D. About half the credit in rural households comes from formal credit sources.</p>	
Q.120	<p>Who among the following is supervised by the RBI regarding the credit activities?</p> <p>A. Landlords</p> <p>B. Money lenders</p> <p>C. Relatives and friends</p> <p>D. Cooperative societies</p>	1
Q.121	<p>Based on the graph, what percentage of loans will definitely require a collateral in Indian rural households?</p> <p>A. About 50 percent</p> <p>B. About 33 percent</p> <p>C. About 8 percent</p> <p>D. About 5 percent</p>	1
<b>Free Response Question / Subjective Question</b>		
Q.122	<p><i>Yellamma, a weaver in Gadchiroli in Maharashtra is a member of a weavers' cooperative. She deposits a certain amount of money every month. The cooperative uses this pooled money as collateral and gets a huge loan from the bank. This loan is then distributed among the members of the cooperative. She has received a loan twice for her needs like buying raw materials and tools. Her fellowweavers have taken loans to build mud houses and workshops as well. She has re-paid both her loans. Manjunath, her nephew is also a weaver but does not want to join the cooperative. He has already taken two loans from the local moneylender at a high-interest rate.</i></p> <p>(a) What types of needs are met by the loans?</p> <p>(b) How did Yellamma get a loan from the cooperative?</p>	5

	<p>(c) Who is more likely to get credit from a formal source, Manjunath or Yellamma?</p> <p>(d) Who can get a loan through the cooperative?</p> <p>(e) Mention any one other occupation that generally forms cooperatives.</p>																			
Q.123	<p>(a) What are terms of credit?</p> <p>(b) What does 'collateral' mean?</p> <p>(c) Give one example of collateral.</p>	3																		
Q.124	<p>The following graph shows the various sources of credit in India in 2012.</p> <p style="text-align: center;"><b>Graph 1 : Source of Credit per Rs 100 of Rural Households in India in 2012</b></p> <table border="1"><caption>Data for Graph 1: Source of Credit per Rs 100 of Rural Households in India in 2012</caption><thead><tr><th>Source of Credit</th><th>Percentage</th></tr></thead><tbody><tr><td>Money Lender</td><td>33%</td></tr><tr><td>Commercial Banks</td><td>25%</td></tr><tr><td>Cooperative Society / Banks</td><td>25%</td></tr><tr><td>Other Institutional Agencies</td><td>5%</td></tr><tr><td>Other non Institutional Agencies</td><td>2%</td></tr><tr><td>Government</td><td>1%</td></tr><tr><td>Landlords</td><td>1%</td></tr><tr><td>Relatives and Friends</td><td>8%</td></tr></tbody></table> <p>Roughly what per cent of credit facilities is provided by informal methods?</p>	Source of Credit	Percentage	Money Lender	33%	Commercial Banks	25%	Cooperative Society / Banks	25%	Other Institutional Agencies	5%	Other non Institutional Agencies	2%	Government	1%	Landlords	1%	Relatives and Friends	8%	1
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Q.125	<p>Consider this scenario.</p> <p>Ganesh wants to borrow Rs 1 lakh, he has collateral but does not require the money urgently.</p> <p>Which source - a local moneylender or a national bank - will help him the most? State two reasons.</p>	3																		
Q.126	<p>This graph led Sumi to understand that there is a huge inequality between the poor and the rich in terms of access to credit facilities. State three points to justify this statement.</p>	3																		

**Graph: Of all the loans taken by urban households, what percentage was formal and what percentage was informal?**



## Answer Key& Marking Scheme

Q.No	Answers	Marks
Q.118	<p>A. A is true but R is false.</p> <p><b>Correct Answer Explanation:</b></p> <p>There is a need for formal sources of credit to be accessible to a larger population. Hence, option 1 is correct.</p>	1
Q.119	D. About half the credit in rural households comes from formal credit sources.	1
Q.120	D. Cooperative societies	1
Q.121	A. About 50 percent	1
Q.122	<p>(a) for personal and professional needs</p> <p>(b) Award 1 mark to any relevant explanation:</p> <p>Yellamma being a member of the cooperative deposits a certain amount every month. This collected money is used as collateral to get loan from the bank which is then distributed to the members.</p> <p>(c) Yellamma</p> <p>(d) Only the members of the cooperative, who are weavers, can get a loan through the cooperative.</p> <p>(e) Award 1 mark to any relevant example:</p> <p>farmers, workers</p>	5
Q.123	<p>(a) Terms of credit comprises of interest rate, collateral, mode of repayment and documentation requirement.</p> <p>(b) Collateral is an asset that the borrower owns and uses as a guarantee to the lender until the loan is repaid.</p> <p>(c) Award 1 mark to any relevant example:</p> <p>land/building/vehicle/livestock</p>	3

Q.124	44%	1
Q.125	<p>loan from the bank</p> <p>Award 1 mark for two of the following two points or any other relevant point:</p> <p>1) With moneylenders, there is no central body that oversees the transactions and hence it bears a higher risk of exploitation.</p> <p>2) Interest rates are much higher in informal credit facilities like with moneylenders</p> <p>3) Often, the amount of repayment with informal credit facilities is much higher than the income obtained, leading to debt traps.</p>	3
Q.126	<p>Award 1 mark each for the following three points or any other relevant point:</p> <p>1) Poor households mostly depend on informal credit while the rich use informal credit services very sparingly.</p> <p>2) As the economic condition increases, so does the access to the formal sector.</p> <p>3) There is high inequality in the access to formal credit facilities between the rich and the poor.</p>	3