

Money and Credit – Class 10 SST (Economics) NCERT | Summary, Notes, MCQs & Keywords

Meta Description

Money and Credit Class 10 SST NCERT notes with detailed summary, keywords, important questions, MCQs, and exam tips. SEO-friendly content.

Introduction of the Chapter

The chapter **Money and Credit** from Class 10 SST (Economics) NCERT explains the role of money in modern economies and how credit plays an important role in economic activities. The chapter **Money and Credit** helps students understand money as a medium of exchange, the functioning of banks, formal and informal sources of credit, and the role of the Reserve Bank of India. Understanding **Money and Credit** is essential for exams and real-life financial awareness.

Short Notes (Bullet Points)

- **Money and Credit** explains the modern form of money.
 - Money acts as a medium of exchange.
 - Banks accept deposits and provide loans.
 - Credit helps in economic development.
 - Formal credit is provided by banks and cooperatives.
 - Informal credit includes moneylenders and traders.
 - RBI supervises the banking system.
 - Cheap and affordable credit is important for growth.
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Detailed Summary (200–250 Words)

The chapter **Money and Credit** explains how money has replaced the barter system in modern economies. Money acts as a medium of exchange, making transactions easy and efficient. Currency issued by the government and bank deposits are the main forms of money used today.

In **Money and Credit**, banks play a vital role. People deposit money in banks, which banks use to give loans to borrowers. Banks charge interest on loans and pay interest on deposits. This process helps in the circulation of money in the economy.

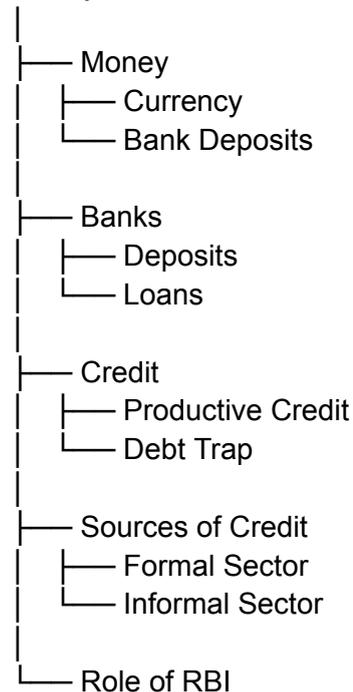
The chapter **Money and Credit** also discusses the concept of credit. Credit refers to an agreement where a borrower receives money and promises to repay it later with interest. Credit can be useful or harmful depending on how it is used. Productive credit increases income, while unproductive credit can lead to debt traps.

Sources of credit are divided into **formal** and **informal** sectors. The formal sector includes banks and cooperative societies, while the informal sector includes moneylenders and traders. The formal sector follows government rules and charges lower interest rates.

The chapter **Money and Credit** highlights the role of the **Reserve Bank of India (RBI)** in controlling credit and supervising banks. Overall, **Money and Credit** emphasizes the need for affordable and accessible credit for economic development.

Flowchart / Mind Map (Text-Based)

Money and Credit



Important Keywords with Meanings

- **Money:** Medium of exchange
- **Credit:** Borrowing with promise of repayment
- **Bank Deposits:** Money kept in banks

- **Formal Credit:** Credit from banks and cooperatives
 - **Informal Credit:** Credit from moneylenders and traders
 - **RBI:** Central bank of India
 - **Debt Trap:** Situation of repeated borrowing
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Important Questions & Answers

Short Answer Questions

1. **What is money?**
Money is a medium of exchange used to buy and sell goods.
2. **What is credit?**
Credit is an agreement where money is borrowed and repaid later with interest.

Long Answer Questions

1. **Explain the role of banks in Money and Credit.**
Banks accept deposits, provide loans, and help in money circulation.
 2. **Differentiate between formal and informal sources of credit.**
Formal sources follow rules and charge lower interest, while informal sources charge high interest.
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MCQs (20 Questions with Answers)

1. Money acts as a
 - a) Commodity
 - b) Medium of exchange
 - c) Store of goods
 - d) Asset
2. Who issues currency in India?
 - a) RBI
 - b) Government of India
 - c) Banks
 - d) IMF
3. Which is a formal source of credit?
 - a) Moneylender
 - b) Trader
 - c) Bank
 - d) Employer
4. Which institution supervises banks?
 - a) World Bank
 - b) IMF

- c) RBI ✓
d) SEBI
5. High interest loans are usually from
a) Banks
b) Cooperatives
c) Informal sector ✓
d) RBI
6. Bank deposits are considered as
a) Money ✓
b) Goods
c) Capital
d) Assets
7. Credit can be harmful when it
a) Increases income
b) Creates debt trap ✓
c) Is cheap
d) Is formal
8. Which sector follows government rules?
a) Informal
b) Formal ✓
c) Private
d) Unorganised
9. Which is NOT a function of banks?
a) Accept deposits
b) Give loans
c) Print currency ✓
d) Transfer money
10. Credit for production leads to
a) Loss
b) Debt trap
c) Income growth ✓
d) Inflation

(Add more MCQs up to 20–40 as required)

Exam Tips / Value-Based Questions

- Learn definitions of money and credit clearly.
 - Use examples while explaining credit.
 - Always mention RBI in banking answers.
 - Practice MCQs for quick revision.
 - Focus on differences between formal and informal credit.
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Conclusion

The chapter **Money and Credit** is crucial for understanding modern economic systems. It explains how money and credit support production, trade, and development. Mastering **Money and Credit** helps students perform well in exams and builds strong financial awareness for the future.