

Money and Credit

Quick Study Guide

HOW TO USE THIS GUIDE

HIGHLIGHTED TEXT SHOWS IMPORTANT POINTS

- ★ MARKS HIGH-FOCUS TOPICS
- 📝 INDICATES EXAM TIPS
- ⚠️ SHOWS COMMON ERRORS
- 💡 GIVES QUICK TIPS

MONEY FUNCTIONS

Mnemonic: "PAISA BOSS"

- | | |
|--------------------------------|------------------------------|
| P - Payment medium | B - Buy goods |
| A - Accepted everywhere | O - Official currency |
| I - Important tool | S - Store wealth |
| S - Store value | S - Standard value |
| A - Account unit | |

Common Errors:

- * Function mixing
- * Features confusion
- * Role misunderstanding
- * Value concepts

Remember As:
"MONEY POWER"

1. Medium of Exchange
 - * Easy payments
 - * No barter needed
 - * Universal acceptance
2. Store of Value
 - * Save wealth
 - * Future use
 - * Value stable

MODERN BANKING

Mnemonic: "BANK HERO"

- | | |
|---------------------------|----------------------------|
| B - Basic services | H - Help people |
| A - Account types | E - Easy banking |
| N - New facilities | R - Regular service |
| K - Keep money | O - Online banking |

KEY FUNCTION : "BANK KAAM"

- | | |
|----------------------|-------------------|
| 1. Deposits | 2. Loans |
| * Savings account | * Personal loans |
| * Current account | * Business loans |
| * Fixed deposits | * Home loans |
| * Recurring deposits | * Education loans |

CREDIT TYPES

Mnemonic: "LOAN GURU"

- | | |
|-----------------------------|--------------------------------|
| L - Lending money | G - Good credit |
| O - Official sources | U - Use properly |
| A - Amount given | R - Return time |
| N - Need based | U - Understanding terms |

SOURCES :

- | | |
|----------------|----------------|
| "UDHAR TIME" | 2. Informal |
| 1. Formal | * Moneylenders |
| * Banks | * Friends |
| * Cooperatives | * Relatives |
| * Companies | * Traders |

TERMS OF CREDIT

Mnemonic: "DEAL BOSS"

- | | |
|-----------------------------|----------------------------|
| D - Documents needed | B - Borrowing terms |
| E - EMI fixing | O - Official rules |
| A - Amount decided | S - Security needed |
| L - Legal papers | S - Simple interest |

REMEMBER

"TERMS SET"

1. Interest rate
2. Collateral
3. Documentation
4. Repayment schedule
5. Default rules

IMPORTANT

- * Collateral meaning
- * Interest calculation
- * Repayment terms
- * Default impact

SELF HELP GROUPS

Mnemonic: "SHG POWER"

- | | |
|----------------------------|-----------------------------|
| S - Small groups | P - Pool money |
| H - Help each other | O - Organize loans |
| G - Group savings | W - Work together |
| | E - Empower people |
| | R - Regular meetings |

FEATURES

"GROUP NAME"

1. 15-20 members
2. Regular savings
3. Internal lending
4. Bank linkage
5. Social support

BENEFITS

- * Low interest
- * Easy access
- * Group support
- * Women empowerment

RBI FUNCTIONS

Mnemonic: "BANK KING"

- | | |
|----------------------------|----------------------------|
| B - Banking control | K - Key decisions |
| A - All banks head | I - Interest rates |
| N - Note issue | N - National bank |
| K - Keep reserves | G - Government bank |

KEY ROLES:

"CONTROL ROOM"

1. Issue currency
2. Banker's bank
3. Government's bank
4. Control credit
5. Foreign exchange

POWERS:

- * Policy making
- * Bank supervision
- * Money supply
- * Rate control



CREDITWORTHINESS

Mnemonic: "GOOD NAME"

- | | |
|----------------------------|---------------------------|
| G - Good record | N - No defaults |
| O - On time payment | A - Asset base |
| O - Official check | M - Money handling |
| D - Documents clear | E - Earning source |

FACTORS:

"TRUST BANK"

1. Income proof
2. Repayment history
3. Assets owned
4. Employment status
5. Credit score

IMPACTS:

- * Loan approval
- * Interest rates
- * Loan amount
- * Future credit

QUICK REVISION CHECKLIST

Before Exam:

- ✓ Money functions
- ✓ Banking system
- ✓ Credit sources
- ✓ Credit terms
- ✓ SHG concept
- ✓ RBI roles
- ✓ Credit rating

Scoring Tips:

1. Give examples
2. Show calculations
3. Link concepts
4. Real cases
5. Current relevance

100%

HIGH FOCUS AREAS

1. Money Functions (5 marks)
2. Banking System (5 marks)
3. Credit Types (4 marks)
4. RBI Role (4 marks)
5. Self Help Groups (4 marks)

KEY CONCEPTS TABLE

YAAD RAKHNA

CONCEPT	FEATURE	EXAMPLE
Money	Medium of exchange	Currency notes
Credit	Borrowing facility	Bank loans
Banking	Financial services	Savings account
SHG	Group support	Women's groups

IMPORTANT TERMS

- * Interest rate
- * Collateral
- * Credit score
- * Default
- * EMI
- * Formal sector
- * Informal sector

REAL EXAMPLE

1. Bank accounts
2. ATM cards
3. Bank loans
4. SHG success
5. Online banking

GOOD LUCK!

