

CHAPTER-5 | Rural Development

QUIZ
PART-03

1. Which development after the Green Revolution improved rural credit access?
- Decline of cooperative societies
 - Expansion of rural non-farm employment only
 - Farmers gaining access to banking services and loans
 - Withdrawal of government support (C)

Explanation : After the Green Revolution, farmers could access banking credit and loans, ensuring food security and higher farm output.

2. Why are small and marginal farmers often left out of institutional credit?
- Lack of interest in farming
 - Collateral requirements by banks
 - Oversupply of rural credit
 - Excessive subsidies (B)

Explanation : Institutional credit is tied to collateral, excluding small and marginal farmers without assets.

3. Which factor has caused the rise in loan defaults in rural banking?
- Excessive thrift
 - Political populism and lax loan recovery
 - High literacy in villages
 - Lack of NABARD support (B)

Explanation : Loan recovery became weak due to political populism, increasing default rates over time.

4. Which organisation was established as the apex body to coordinate rural financing?
- RBI
 - NABARD
 - Regional Rural Banks
 - Cooperative Societies (B)

Explanation : NABARD was set up to coordinate, fund, and monitor rural financial institutions.

5. Which is not a function of NABARD?
- Apex funding agency for rural credit
 - Monitoring and evaluation of refinanced projects
 - Coordinating with RBI and state governments
 - Providing direct subsidies to farmers (D)

Explanation : NABARD coordinates and monitors rural finance but does not directly subsidise farmers.

6. How has institutional credit benefited farmers?
- Kept them dependent on moneylenders
 - Increased debt traps
 - Freed them from moneylenders and promoted commercialisation of agriculture
 - Reduced productivity (C)

Explanation : Institutional credit liberated farmers from moneylenders and encouraged commercialised farming.

7. Why was the Self-Help Group (SHG) movement promoted?
- To replace NABARD
 - Because formal credit delivery was inadequate and excluded the poor
 - To create government monopolies in rural credit
 - To eliminate cooperative societies (B)

Explanation : SHGs emerged as formal credit was inadequate and collateral-based, excluding poor households.

8. What is the primary function of SHGs?
- Provide large corporate loans
 - Promote thrift and provide micro-credit to members
 - Coordinate NABARD projects
 - Control agricultural diversification (B)

Explanation : SHGs promote thrift by pooling small contributions and offering repayable micro-credit at reasonable interest.

9. How have SHGs empowered women?
- By excluding them from credit
 - By creating dependency on moneylenders
 - By offering micro-credit and encouraging savings
 - By restricting participation in rural employment (C)

Explanation : SHGs provide micro-credit, promote savings, and improve women's financial independence and empowerment.

10. Which challenge persists in rural banking despite expansion?
- Integration with rural social development is incomplete
 - Farmers have unlimited access to collateral-free credit
 - Loan defaults have fully stopped
 - Rural deposits are highly mobilised (A)

Explanation : Rural banking has not been fully integrated into social and community development, leaving gaps filled by SHGs.