1. What is the primary purpose of the Rural Credit System?

a) To provide financial assistance exclusively to urban areas
b) To promote rural development through financial support
c) To facilitate international trade in agricultural products
d) To regulate agricultural exports

Answer: b) To promote rural development through financial support
Explanation: The primary objective of the Rural Credit System is to provide financial assistance and support to rural areas for fostering their development.

2. Which committee was established to review agricultural credit in India?

a) National Development Council
b) Agricultural Credit Review Committee
c) Reserve Bank of India
d) Planning Commission

Answer: b) Agricultural Credit Review Committee
Explanation: The Agricultural Credit Review Committee was set up to assess and review the agricultural credit system in India.

3. What is the significance of credit for small and marginal entrepreneurs in rural areas?

a) It has no impact on rural development
b) It encourages migration to urban areas
c) It promotes entrepreneurship and economic activities in rural areas
d) It leads to over-reliance on government subsidies

Answer: c) It promotes entrepreneurship and economic activities in rural areas
Explanation: Credit for small and marginal entrepreneurs plays a crucial role in stimulating entrepreneurship and economic activities within rural communities, contributing to overall rural development.

4. What role do government institutions play in facilitating rural credit?

a) They have no involvement in rural credit provision
b) They regulate and supervise rural credit institutions
c) They solely provide credit to urban areas
d) They discourage the flow of credit to rural areas

Answer: b) They regulate and supervise rural credit institutions
Explanation: Government institutions play a vital role in regulating and supervising rural credit institutions to ensure their effective functioning and adherence to policies.

5. Which sector does rural credit primarily cater to?

a) Urban industrial sector
b) Non-agricultural rural sector
c) International financial market
d) Metropolitan areas

Answer: b) Non-agricultural rural sector
Explanation: Rural credit primarily caters to the financial needs of the non-agricultural rural sector, including small-scale industries, cottage industries, and other rural enterprises.

6. What has been the trend of rural financing towards small-scale and cottage industries?

a) Declining trend
b) Stagnant trend
c) Increasing trend
d) Inconsistent trend

Answer: c) Increasing trend
Explanation: There has been an increasing trend in rural financing towards small-scale and cottage industries, indicating growing support for rural entrepreneurship and economic diversification.

7. Which committee recommended measures to address problems in rural credit accessibility?

a) Planning Commission
b) National Development Council
c) Raghuram Rajan Committee
d) Narasimham Committee

Answer: d) Narasimham Committee
Explanation: The Narasimham Committee recommended various measures to address problems related to the accessibility of rural credit in India.

8. What is the primary focus of credit for small and marginal farmers?

a) Supporting large-scale agribusiness
b) Promoting urban development
c) Fostering rural development
d) Investing in international markets

Answer: c) Fostering rural development
Explanation: Credit for small and marginal farmers primarily aims to foster rural development by providing financial support to those engaged in agriculture.

9. Which institution is responsible for regulating the rural credit system in India?

a) World Bank
b) International Monetary Fund
c) Reserve Bank of India
d) State Bank of India

Answer: c) Reserve Bank of India
Explanation: The Reserve Bank of India is responsible for regulating and supervising the rural credit system in India.

10. What is the importance of credit for the non-farm sector in rural areas?

a) It has no significance
b) It encourages migration to urban areas
c) It promotes diversification of rural economy
d) It leads to over-investment in agricultural sector

Answer: c) It promotes diversification of rural economy
Explanation: Credit for the non-farm sector in rural areas plays a crucial role in promoting diversification of the rural economy, reducing dependency on agriculture alone.

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