

The Big Questions (Page 229).

1. How did exchange take place before money?

Ans. Exchange before money took place through the barter system, where people directly exchanged goods and services for other goods and services without using money. For example, if someone had extra grains and needed cloth, they would look for a person who had cloth and needed grains and exchange them directly.

2. Why did money come into existence?

Ans. Money came into existence because the barter system had many limitations, such as the need for double coincidence of wants, lack of a common measure of value, problems of divisibility, portability, and durability. To solve these issues and make exchange easier, a common medium of exchange called money was introduced.

3. How has money transformed into various forms over time?

Ans. Money has transformed into various forms over time as societies developed.

It began with the barter system, then people used commodities like cowrie shells and salt. Later, metal coins made of gold, silver, and copper came into use. After that, paper currency was introduced to make carrying money easier. In modern times, technology brought digital money, such as debit/credit cards, net banking, and UPI using QR codes.

THINK ABOUT IT (Page 232)

1. What are the different types of difficulties you encountered in the situation above?

Ans. Difficulties Encountered in the Barter Scenario:-

i. Lack of Common Standard Measure of Value

- **Difficulty:** You had to exchange the ox for wheat first because there was no common way to compare the value of an ox directly to the smaller items (shoes, sweater, medicine). Swapping a large, high-value item like an ox for just a pair of shoes would have been a grossly unfair and illogical exchange.
- **In Barter Terms:** This difficulty is called the Lack of Common Standard Measure of Value.

ii. Double Coincidence of Wants

- **Difficulty:** You had to go through a series of exchanges (Ox → Wheat, then Wheat → Shoes, Wheat → Sweater, Wheat → Medicines). This was because the person who needed your ox likely did not have all the specific items you needed (shoes, sweater, medicine) and you had to find multiple people who wanted wheat.
- **In Barter Terms:** This difficulty is the Double Coincidence of Wants.

iii. Problem of Divisibility

- **Difficulty:** You needed to find someone to exchange a part of the wheat for each smaller item. You could not give a part of the ox directly, so you had to convert the ox into a more divisible commodity (wheat bags) first to complete the various smaller transactions.
- **In Barter Terms:** This difficulty is the Problem of Divisibility.

iv. Problem of Portability

- **Difficulty:** After the first exchange, you had to transport all those bags of wheat to several different places and then carry the leftover bags with you the next time you needed something.
- **In Barter Terms:** This difficulty is the Problem of Portability (difficulty of moving goods over distances for trade).

v. Problem of Store of Value (Durability)

- **Difficulty:** You had to find a place to store the leftover bags of wheat safely. Wheat can be eaten by pests or rot over time, meaning you risk the value of your savings (the remaining wheat) if you don't use it quickly or store it perfectly.
- **In Barter Terms:** This difficulty is the Problem of Store of Value or Durability.

THINK ABOUT IT (Page 233)

1. What are the instances of double coincidence of wants in the above example?

Ans. In the farmer's story, **double coincidence of wants** exists **only when**:

- The farmer finds a person who **needs an ox and**
- That same person is **ready to give shoes, a sweater, and medicines** in return.

This means both sides must want exactly what the other is offering at the same time. Such a perfect match is very rare, which is why barter becomes difficult.

2. Even if there are two people who want each other's goods and are also willing to make an exchange, other issues could arise—in what proportion should the two goods be exchanged? In such cases, it becomes difficult to compare the value of one good against another. If one of the people feels that the exchange is disadvantageous, they would not be interested in the exchange. This is because there is no common standard measure of value. In the situation given above, what are the cases where you could encounter the lack of a common standard measure of value?

Ans. The lack of a common standard measure of value appears in many parts of the farmer's situation, such as:

Situation	Why there is no common measure of value
• Exchanging an ox for shoes • Exchanging an ox for a sweater • Exchanging wheat for shoes/sweater/medicines • Different goods having different values	→ How many shoes equal one ox? → Is a sweater worth more or less than part of an ox? → How many bags of wheat are equal to a sweater or medicine? → No fixed system to compare value between two goods

Final understanding

- **Double coincidence of wants** → both people must want each other's goods at the same time.
- **No common measure of value** → no fixed way to decide how much of one item equals another.

This is exactly why **money** was needed — to make exchange **easy, fair, and measurable**.

THINK ABOUT IT (Page 234)**1. What are the different ways in which money would make the above situation easier for the farmer?**

Ans. Money would make the situation easier for the farmer in the following ways:

- **No need to find someone who needs an ox:-** He could sell the ox to anyone for money and then use that money to buy whatever he needs.
- **No double coincidence of wants required:-** The person buying the ox does not have to give shoes, sweater, or medicines — only money.
- **Easy to divide and use in parts:-** Money is divisible, so he can pay a small amount for shoes, another part for the sweater, and another part for medicines.
- **Portable:-** Instead of carrying bags of wheat or leading an ox from place to place, he can simply carry money in his pocket.
- **Durable:-** Unlike wheat that can spoil or get eaten by rats, money can be stored for a long time without damage.
- **Fixed value:-** Money provides a common standard of value, so prices are already known — he does not need to bargain or guess how many bags of wheat equal one sweater.

Conclusion:- Money makes exchange simple, fair, and convenient by solving the problems of barter: storage, transport, measurement, and matching needs.

LET'S EXPLORE (Page 236)**1. Have you observed similar practices in your locality? What are the types of experiences people have in this process?**

Ans. Yes, similar barter-like practices can still be seen in many localities today. Some common examples are:

- **Old clothes exchanged for utensils:-** Vendors visit homes and give **steel utensils, bowls or buckets** in exchange for old clothes, sarees, or bedsheets.
- **Farmer-to-farmer exchange:-** In rural areas, farmers sometimes exchange **vegetables, grains, or seeds** with each other without using money.
- **Book exchange among students:-** Children often exchange **storybooks or textbooks** with one another instead of buying new ones.
- **Fruit/vegetable exchange in neighbourhoods:-** People who grow vegetables or fruits at home sometimes share or exchange them with neighbours for other homemade items.

Types of experiences people have in this process

Positive Experiences	Difficulties
• Builds good relationships • Saves money • Encourages reuse and reduces waste • Promotes sharing and community feeling	→ Sometimes both parties do not want what the other offers → Difficult to decide the correct value → Arguments may arise if one feels the exchange is unfair → Time-consuming to find a suitable match

Conclusion:- Barter still exists today in small ways. It creates a sense of community and sharing but also faces practical challenges, just like in ancient times.

THINK ABOUT IT (Page 237)

1. Suppose you need to buy a book worth ₹100 but you only have ₹50. What options do you have? Will you request the shopkeeper to allow you to pay the rest later?

Ans. In this situation, I have a few possible options:

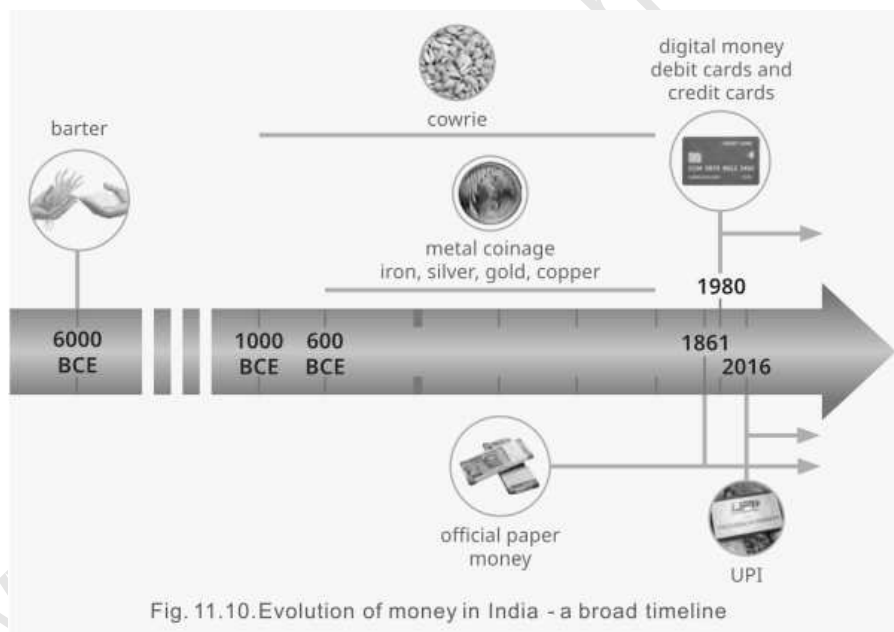
- **Request the shopkeeper to allow deferred payment:-** I can request the shopkeeper to give me the book now and allow me to pay the remaining ₹50 later. This is possible because money can be used for **future (deferred) payment**.
- **Borrow the remaining money:-** I can borrow ₹50 from a friend or family member and return it later.
- **Use a digital mode of payment (if available):-** If I have money in my bank account, I can pay the remaining amount through **UPI or a digital transaction**.

If the shopkeeper trusts me, he may allow me to take the book and pay later — which shows how money acts as a **standard of deferred payment**.

Conclusion:- Money allows us not only to pay immediately but also to **promise payment in the future**, which was not possible in a barter system.

LET'S EXPLORE (Page 238)

1. Look at the timeline given below. What are the changes in money that you observe?



Ans.

The timeline shows the evolution of money in India and highlights key changes over time:

- **6000 BCE** – Barter System: Goods and services were exchanged directly without using money.
- **1000 BCE** – Cowrie Shells: Used as one of the earliest forms of money.
- **600 BCE** – Metal Coinage: Coins made of iron, silver, gold, and copper were introduced.
- **1861** – Official Paper Money: The British introduced paper currency in India.
- **1980** – Digital Money (Cards): Debit and credit cards began to be used for cashless transactions.
- **2016** – UPI (Unified Payments Interface): A digital payment system that allows instant bank-to-bank transfers using mobile phones.

LET'S EXPLORE (Page 239)

1. The coins shown in the given figure were found during excavations in Pudukkottai in Tamil Nadu. Their heads embossed are those of Roman kings. What conclusions can we draw from such a finding?



Ans. The discovery of Roman coins in Pudukkottai, Tamil Nadu, suggests the following conclusions:

- **There was active trade between ancient South India and the Roman Empire.**
- Indian traders exchanged goods like **spices, pearls, textiles, and precious stones** with Roman traders.
- Roman coins were likely used as a **medium of exchange** in these trade activities.
- This also shows that **India had a flourishing maritime trade** across seas at that time.
- Since the coins reached India, it indicates that **trade was favourable to India**, meaning India exported valuable goods that foreigners were willing to pay for.

Thus, the presence of Roman coins is strong archaeological evidence of **international trade and cultural contact** between India and Rome in ancient times.

LET'S EXPLORE (Page 241)

1. Organise yourselves into groups of five students each. Take up a group project to collect old coins from family members, neighbours, shopkeepers, and so on. Document their various features—what are they made of, what is the year inscribed on the coins, what do you observe on the obverse and reverse sides of the coins. What can you guess from your observations? How would you know if your guesses are true?

Ans. To complete this activity, we can imagine what students might observe after collecting old coins.

✓ **Collection and Observation of Old Coins**

Students collect coins from family members, neighbours, or shopkeepers. While documenting them, they may note:

Feature	What to Record
• Material • Year • Obverse side (front) • Reverse side (back)	Whether the coin is made of copper, nickel, brass, or alloy The minting year printed on the coin Usually shows the Emblem of India or portrait/symbol Shows the denomination, year, special symbols, or commemorative images

✓ **Possible Observations and Guesses**

Observation	Guess/Conclusion
Older coins are heavier and thicker	They may have been made of pure metal or denser alloy
Some coins have special symbols like Ashoka Pillar, festivals, or celebrations	They may have been released to commemorate a special event

Observation	Guess/Conclusion
Changes in size/shape over years	The government may have changed the metal or design
Some denominations no longer used (like 10 paise or 20 paise)	These coins were demonetised or discontinued

✓ How would you know if your guesses are true?

To verify the guesses, students could:

- **Check official government/RBI websites** for coin history.
- **Look up books or articles on Indian coinage.**
- **Ask elders or collectors** who know about old coins.
- **Visit a museum** or online digital museum archives.

By comparing their observations with authentic sources, they can confirm whether their conclusions are correct.

LET'S EXPLORE (Page 241)

1. What do you think happened as coins began to be used for all types of exchanges, whether to buy vegetables or to buy some land? What problems could have come up?

Ans. As coins began to be used for all types of exchanges big and small several things likely happened:

What likely happened:

- **Trade became easier:** People no longer needed to match goods exactly as in barter.
- **Standard value emerged:** Prices could be fixed for goods and services.
- **Markets expanded:** More people could trade, even with strangers.

Possible problems:

- **Fake coins:** Counterfeiting could have increased.
- **Storage and safety:** People needed safe places to keep coins.
- **Weight issues:** Carrying large amounts of coins for big purchases (like land) would be heavy and risky.
- **Value fluctuations:** Metal coins' value could change with the metal's market value.
- **Unequal access:** Not everyone may have had enough coins, leading to economic inequalities. Coins made trade smoother but also brought challenges like security, counterfeiting, and inequality.

Questions and activities (244-245)

1. How does the barter system take place and what kinds of commodities were used for exchange under the system?

Ans. The barter system takes place through the direct exchange of goods and services without using money. People gave what they had in surplus and received what they needed from others. For example, a person with extra grains could exchange them for cloth or cattle.

The commodities used in the barter system included **cowrie shells, salt, tea, tobacco, cloth, seeds, food grains, and cattle (like cows, goats, sheep, and horses).**

2. What were the limitations of the barter system?

Ans. The barter system had many limitations such as:

- It required **double coincidence of wants**.
- There was **no common standard of value** to compare goods.
- Many goods were **indivisible** (for example, you cannot divide an ox).
- Goods were often **difficult to carry** from place to place (lack of portability).
- Some goods **could not be stored for long** (lack of durability).

3. What were the salient features of ancient Indian coins?

Ans. Ancient Indian coins:

- Were made of **metals like gold, silver, and copper**, or their **alloys**.
- Were known as **kārṣhāpaṇas or paṇas**.
- Bore **symbols (rūpas)** such as animals, deities, rulers, or natural motifs.
- Were **minted by kings**, who controlled their issue.
- Helped in **trade within and beyond kingdoms**, including maritime trade.

4. How has money as a medium of exchange transformed over time?

Ans. Money transformed through various stages over time:

- **Barter system** (direct exchange).
- Use of **commodities** like shells, cattle, salt.
- **Metal coins** issued by rulers.
- **Paper currency** to make carrying money easier.
- **Digital forms of money** such as debit/credit cards, net banking, and UPI payments through QR codes.

5. What steps might have been taken in ancient times so that Indian coins could become the medium of exchange across countries?

Ans. To make Indian coins acceptable across countries, the following steps might have been taken:

- Maintaining **purity and uniform weight** of metals used in coins.
- Using **symbols and standard markings** for authenticity.
- Spreading coins through **trade routes and maritime contacts**.
- Building **trust in the value of Indian coins** through consistent quality.
- Ensuring coins were made of **valuable metals** like silver and gold, which were recognised universally.

6. What does the Arthaśhāstra passage indicate about the value of one paṇa, and what human values are being encouraged through the fines?

Ans. The lines show that 60 paṇas equalled an entire year's salary, and 1 āḍhaka (about 3 kg) of grain per day could replace this salary. This means a single paṇa had high value.

The fine for not helping a neighbour was 100 paṇas, which is even higher than the annual salary, meaning that helping others and showing community responsibility, kindness, and social duty were considered extremely important values in ancient society.

7. Write and enact a skit to show how people may have persuaded each other to use cowrie shells as the medium of exchange.

Ans. (Example outline for answer)

In the skit, one person explains to others that:

- Carrying large goods for exchange is difficult.
- Cowrie shells are **small, portable, durable, and identical**.
- They can be **easily counted and stored**.
- Everyone in the village can agree to accept them as payment.

Through discussion and demonstration, people gradually agree to use cowrie shells as a **common medium of exchange**, replacing direct barter.

8. The RBI is the only legal source that prints and distributes paper currency in India. To prevent illegal printing of notes and their misuse, the RBI has introduced many security features. Find out what some of these measures are and discuss them in class.

Ans. The Reserve Bank of India uses many security features on currency notes to stop counterfeiting. Some of these are:

- **Watermark** with Mahatma Gandhi's image visible against light
- **Security thread** running through the note
- **Micro-lettering** (tiny "RBI" or numerical value)
- **Latent image** of denomination visible when held at an angle
- **See-through register** that forms the numeral when viewed against light
- **Intaglio (raised) printing** which can be felt by touch
- **Optically Variable Ink** on higher denomination notes (₹500, ₹2000) that changes colour
- **Identification marks** to help visually impaired persons
- **Serial numbers** for each note

These features help people easily identify **genuine currency** and prevent fake currency from spreading in the economy.

9. Interview a few of your family members and local shopkeepers, and ask them their preferences in making and receiving payments — do they prefer cash or UPI? Why?

Ans. After interviewing family members and local shopkeepers, the following observations can be made:

Person	Preference	Reason
Family members	UPI / digital payments	Quick, no need to carry cash, safe and convenient
Local shopkeepers	Both cash and UPI	UPI is fast and exact, but cash is helpful when there is no internet
Senior family members	Cash	They feel more secure holding physical money and are less familiar with digital apps

Conclusion:

Most people today prefer **UPI** because it is **easy, instant, and safe**. However, some still prefer cash as it does not depend on the internet or smartphones.