

CBSE • CLASS 10 • SOCIAL SCIENCE

ECONOMICS

CHAPTER 03

Money and Credit



CHAPTER NOTES



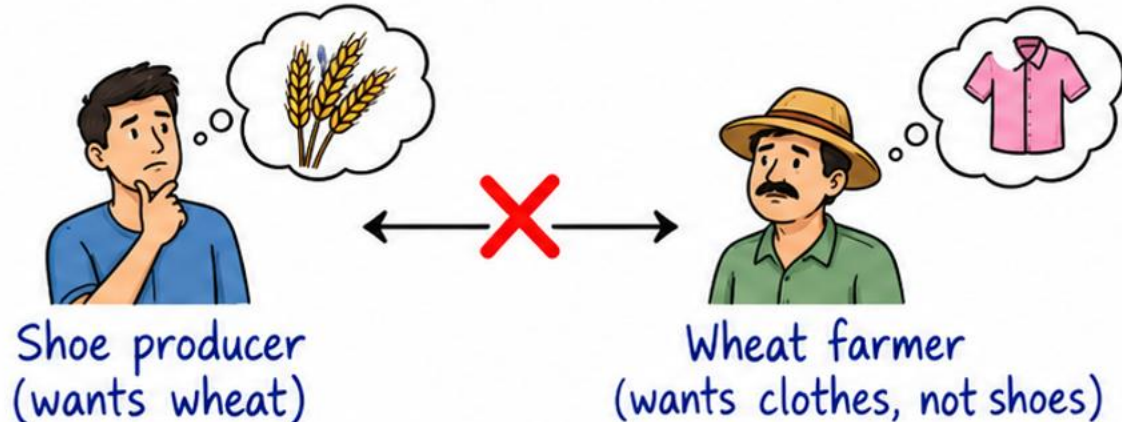
BARTER AND MONEY

Barter

- Barter means exchanging goods directly without using money.
- Double coincidence of wants means each person wants exactly what the other person offers. Both must agree to buy and sell each other's goods.

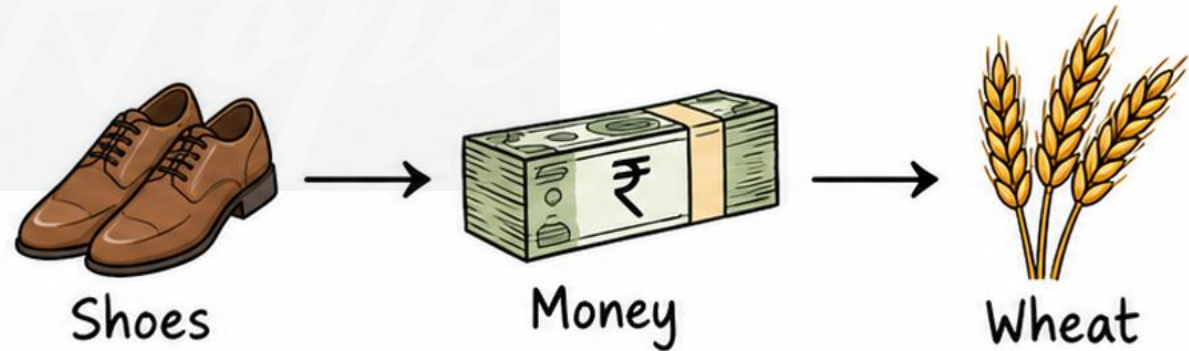
Chapter example

- A shoe producer wants wheat. The wheat farmer wants clothes, not shoes. Direct exchange is difficult because their wants do not match.



Money as a medium of exchange

- Money acts as an intermediate in buying and selling goods and services.
- The shoe producer can sell shoes to any willing buyer for money. He can then use the money to buy wheat from a farmer.

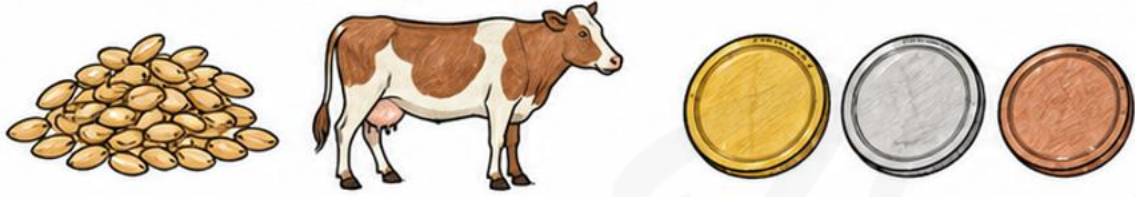


- The buyer of the shoes and the seller of the wheat can be different people. Money removes the need for double coincidence of wants.

MODERN CURRENCY

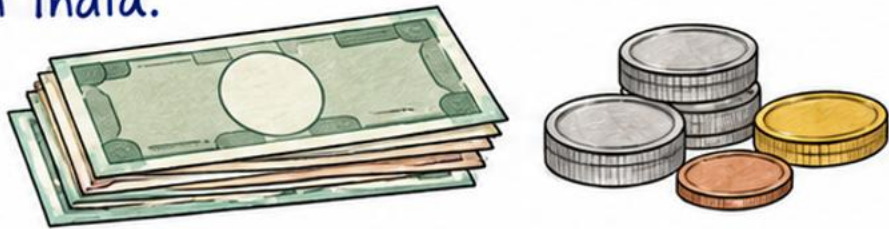
Earlier forms

- People used objects such as grains and cattle as money. Later, they used gold, silver and copper coins.



Modern currency

- Paper notes and coins are modern forms of money. Their acceptance does not depend on precious-metal value or everyday use.
- Government authorisation makes the rupee an accepted medium of exchange and legal tender in India.



Currency issuers

- The Reserve Bank of India issues banknotes, except the ₹1 note. The Government of India issues coins and the ₹1 note.
- Private individuals cannot issue official currency.

Historical chapter fact

- In November 2016, the old ₹500 and ₹1,000 notes lost legal-tender status. This withdrawal is called demonetisation.
- This refers to those old notes, not every later note of the same denomination.

Money in this chapter

- Money in this chapter includes currency held by the public and demand deposits with banks.

DEMAND DEPOSITS AND CHEQUES

Demand deposits

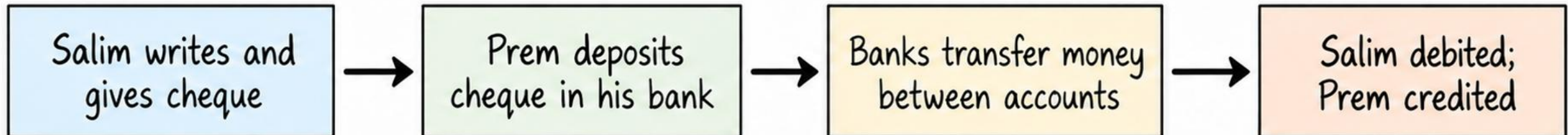
- People keep money in bank accounts for safety and use. Banks may pay interest on deposits.
- Deposits that people can withdraw when needed are called demand deposits.
- They act as money because people can use them to make payments without handling cash.

Cheque

- A cheque is a written instruction to a bank to pay a specified amount from the payer's account to the named payee.

Chapter example

- Salim, a shoe manufacturer, pays Prem, his leather supplier, by cheque.
- Salim writes the cheque. Prem deposits it into his bank account. The banks transfer the money between accounts.
- Salim's account: balance decreases
- Prem's account: balance increases
- The payment can finish without exchanging cash.
- Currency and demand deposits are closely linked to the modern banking system.



DIGITAL PAYMENTS

Payments without cash

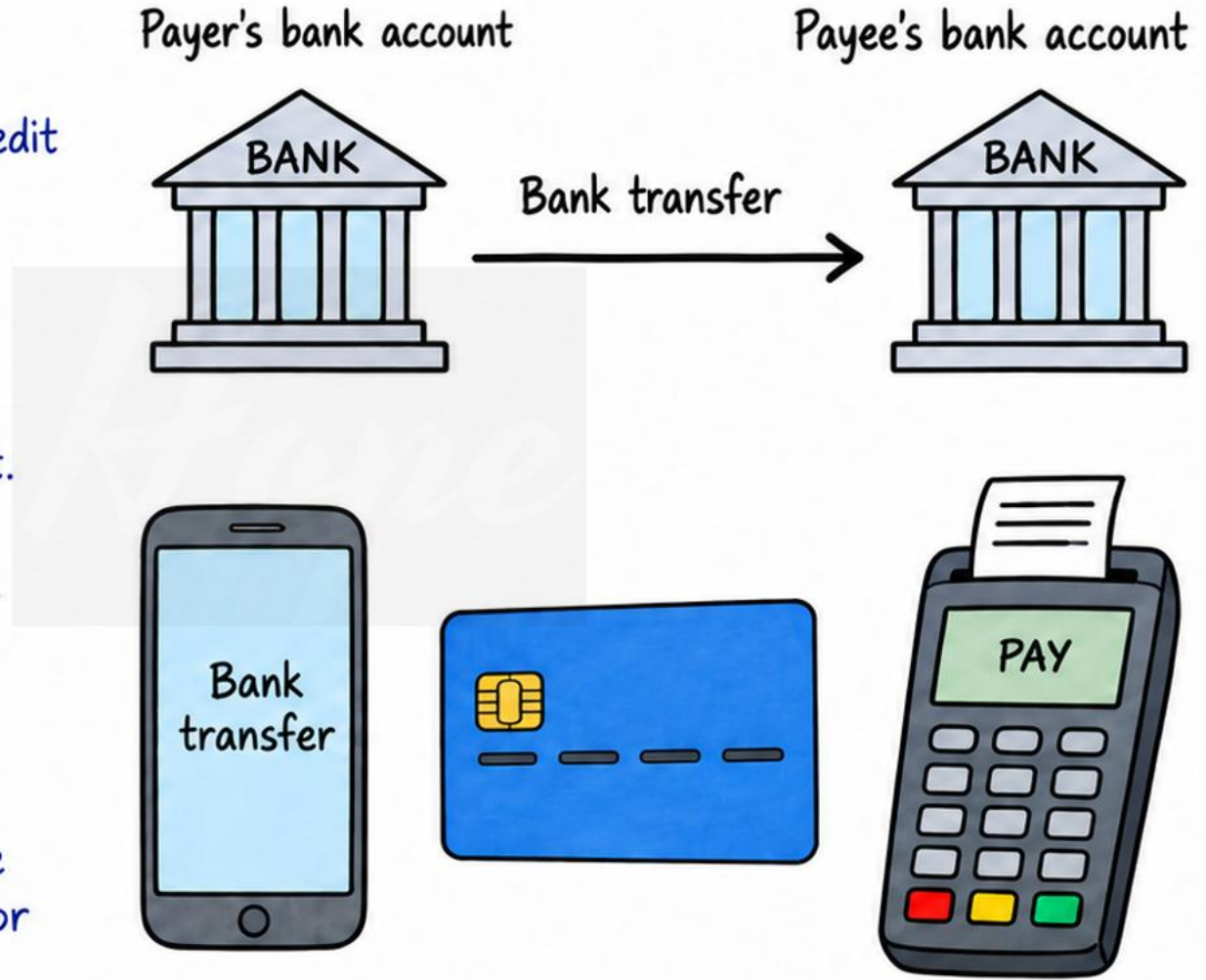
- People can transfer money between bank accounts using the internet or mobile phones.
- The chapter mentions UPI payments, ATM cards, credit cards and Point of Sale (POS) machines.
- These methods can reduce the need to carry and exchange cash.

Payment methods and money

- A card or payment app is a way to make a payment. It is not automatically a separate form of money.
- Bank transfers use the money held in bank deposits. A credit card lets its user pay using borrowed credit that must be repaid.

Historical context

- After demonetisation in November 2016, people were encouraged to use bank deposits rather than cash for transactions.
- Digital payments still depend on the banking and payment system.





FREE PREVIEW

[Click here to visit our website](#)

SCHOOL NOTES & NCERT SOLUTIONS

Complete notes and
NCERT solutions are
available on
FirstHope app only.



[Scan or click here](#)

Click here to get the app

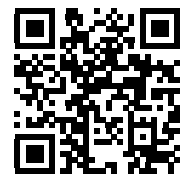


Available on Google Play

JOIN THE FIRSTHOPE COMMUNITY

Join our Telegram channel

Click here to join Telegram



[Scan or click here](#)

@FirstHope_CBSE_Notes

Instagram

@firsthope.school

[Click here to follow >](#)

YouTube channel

@firsthope.school

[Click here to watch >](#)

FirstHope website

firsthope.co.in

[Click here to visit our website >](#)

CBSE / Class 9 / Class 10 / Class 11 / Class 12

Preview notes and NCERT solutions. Full PDFs in the FirstHope app.