

WELCOME TO ECONOMICS CLASS

SUBJECT : ECONOMICS

CHAPTER: MONEY AND CREDIT

PERIOD: 1

SUB-TOPIC: Barter system, money as a medium of exchange

STD-X

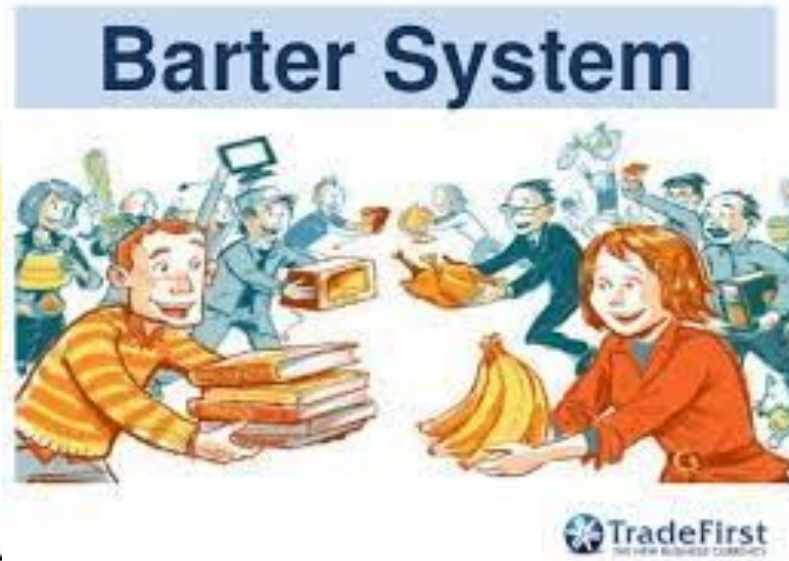
CHANGING YOUR TOMORROW

WHAT WE EXPECT TO LEARN?

1. The student will understand the real scenario of barter system
2. They will also realise the difficulties of the barter system.
3. They will come to know the evolution of money and its transaction value.
4. They will understand how the money makes the transaction easier.

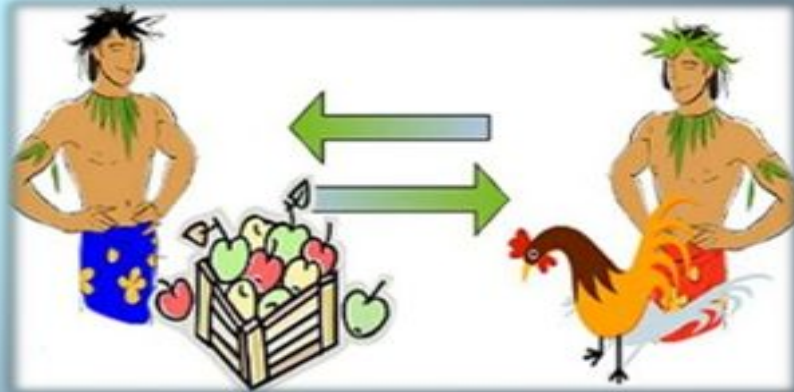
INTRODUCTION

1. The class will start with a short role play by the students. After the role play the student will come to know the meaning of the barter system.



Barter system

- A **barter system** is an old method of exchange.
- The **system** has been used for centuries and long before money was invented.
- People exchanged services and goods for other services and goods in return.



DISADVANTAGES OF BARTER SYSTEM

Limitations of Barter System

Lack of Double Coincidence of Wants

Lack of Common Measure of Value

Lack of Store of Value

**Lack of Standard of Deferred
Payment**

Money Is: A Medium of Exchange

- Stands in for an arbitrarily long chain of barter.



Roles of Money

- **Medium of Exchange:** An item that can be traded for another good or service.



- **Measure of Value:** a common denominator that can be used to express worth

- **Store of Value:** allows purchasing power to be used over time



<https://www.youtube.com/watch?v=YNIAOt7zzmQ>

Functions of Money

Primary Functions

Medium of Exchange

Measure of Value

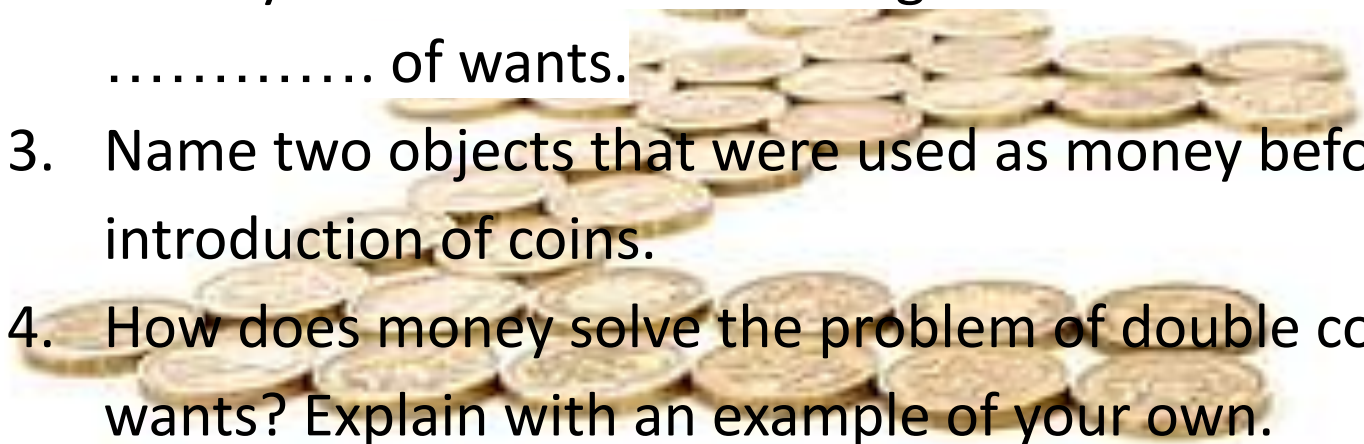
Secondary Functions

Standard of Deferred Payments

Store of Value

Transfer of Value

Home assignment

1. In India, the law legalizes the use of as a medium of payment that cannot be refused in settling any transaction.
 2. Money as a medium of exchange has removed the problem of of wants.
 3. Name two objects that were used as money before the introduction of coins.
 4. How does money solve the problem of double coincidence of wants? Explain with an example of your own.
 5. How is money used in everyday life? Explain with examples.
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THANKING YOU
ODM EDUCATIONAL
GROUP

