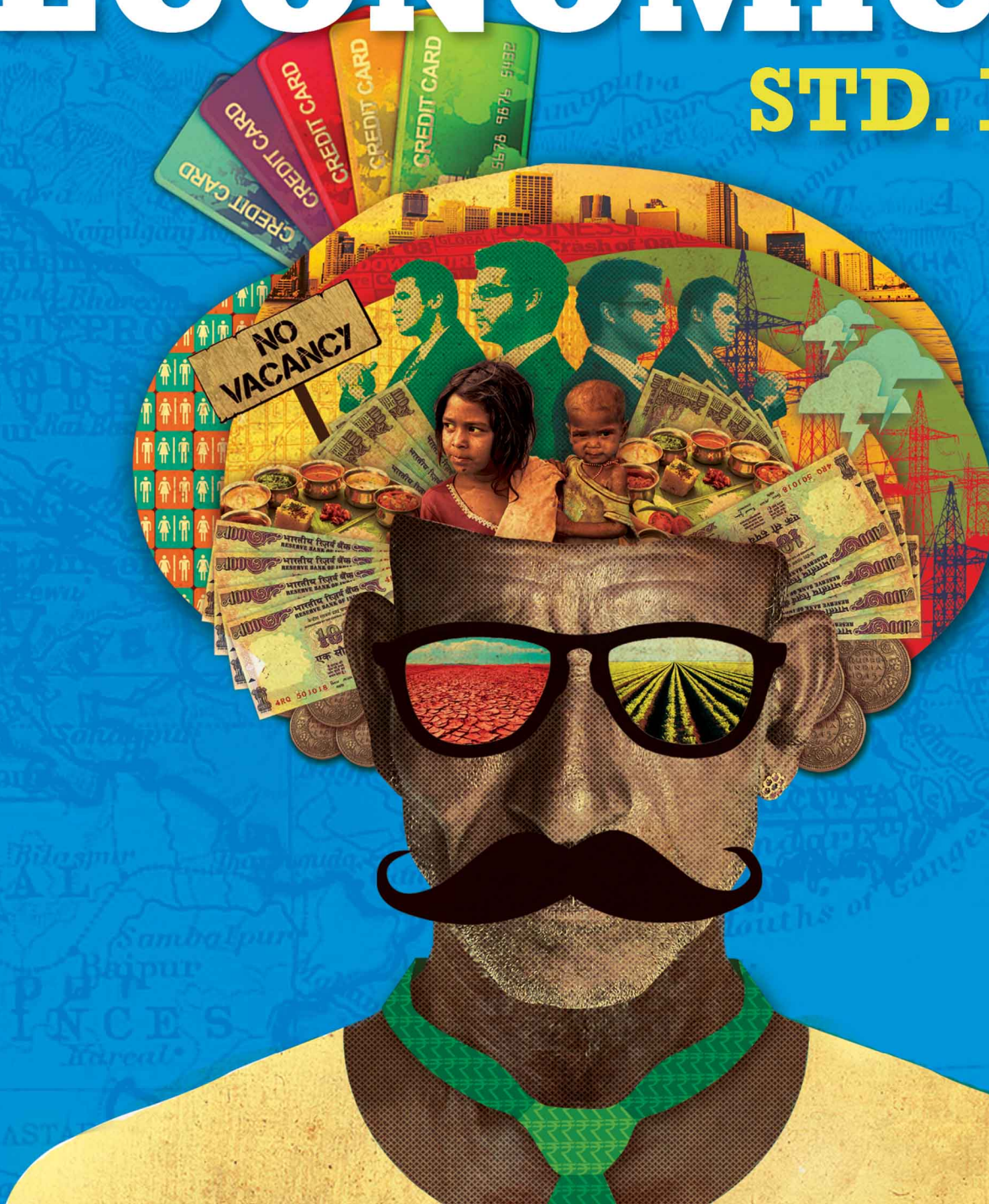


SAMPLE CONTENT

PRECISE

ECONOMICS

STD. XI



Target Publications® Pvt. Ltd.

Precise **ECONOMICS**

Std. XI

Maharashtra State Board

Salient Features:

- ☞ Based on the Latest Textbook
- ☞ Exhaustive content coverage in Question and Answer format
- ☞ ‘Smart Codes’ to memorise answers
- ☞ ‘For your understanding’ section for conceptual clarity
- ☞ Replete with practical and real life examples

Printed at: **Print to Print**, Mumbai

© Target Publications Pvt. Ltd.

No part of this book may be reproduced or transmitted in any form or by any means, C.D. ROM/Audio Video Cassettes or electronic, mechanical including photocopying; recording or by any information storage and retrieval system without permission in writing from the Publisher.

PREFACE

Target's 'Precise Economics: Std. XI' - is a book curated to help the students study to-the-point for their final exams. The book is replete with practical examples which will instil conceptual understanding within students as they study from the book.

This book covers answers to all textual questions. However, we have also covered extra questions in each lesson with the aim of covering the entire topic and providing more practice. Throughout this book, questions are answered in a detailed, point-wise format which is exactly how the students are expected to write their answers in the exam. Multiple objective type questions have also been covered to help students get sufficient practice in all types of questions.

We have incorporated 'Smart Codes' to facilitate easy answer recall. 'For your understanding' section provides the required conceptual clarity to understand a particular point. 'We're sure that students, parents and teachers alike would love our value proposition, content quality and the presentation of content.

Publisher

Edition: First

The journey to create a complete book is strewn with triumphs, failures and near misses. If you think we've nearly missed something or want to applaud us for our triumphs, we'd love to hear from you.

Please write to us at: mail@targetpublications.org

Disclaimer

This reference book is transformative work based on 'Economics; Third Reprint: 2022' published by the Maharashtra State Bureau of Textbook Production and Curriculum Research, Pune. We, the publishers are making this reference book which constitutes as fair use of textual contents which are transformed by adding and elaborating, with a view to simplify the same to enable the students to understand, memorize and reproduce the same in examinations.

This work is purely inspired upon the course work as prescribed by the Maharashtra State Bureau of Textbook Production and Curriculum Research, Pune. Every care has been taken in the publication of this reference book by the Authors while creating the contents. The Authors and the Publishers shall not be responsible for any loss or damages caused to any person on account of errors or omissions which might have crept in or disagreement of any third party on the point of view expressed in the reference book.

© reserved with the Publisher for all the contents created by our Authors.

No copyright is claimed in the textual contents which are presented as part of fair dealing with a view to provide best supplementary study material for the benefit of students.

INDEX

Sr. No.	Titles	Page No.
1.	Basic Concepts in Economics	1
2.	Money	13
3.	Partition Values	22
4.	The Economy of Maharashtra	41
5.	Rural Development in India	54
6.	Population in India	62
7.	Unemployment in India	73
8.	Poverty in India	83
9.	Economic Policy of India Since 1991	96
10.	Economic Planning in India	106

- Note:**
1. All textual questions are represented by (T) mark.
 2. At the start of each chapter, we have provided a chapter index to enable the students to get an overview of the chapter.

Scan the adjacent QR Code to know more about our **“Supplementary Questions Book”** for Std. XI (Comm). Get sufficient practice of all objective questions across all subjects.



Sample Content

SR. No.	PARTICULARS	READ 1	READ 2	READ 3
1.	State the difficulties associated with barter system.			
2.	Explain evolution of money. OR Explain different types of money.			
3.	What are the essential qualities of money?			
4.	What are the functions of money?			
5.	Explain the concept of black money.			
6.	Activities from textbook			
7.	Objective Questions: (T)			



Q.1. Answer the following in detail

1. State the difficulties associated with barter system.

Ans: Barter system refers to exchange of goods for goods. In other words, it refers to paying the price for goods in terms of other goods. Under the barter system, goods itself played the role of money. E.g.: Exchange of five bags of wheat for one goat.

Prior to introduction of money, barter system was in existence. Over a period of time, there was enormous increase in human wants and number of goods and services. As a result, it became difficult to continue with the barter system.

The various difficulties associated with barter system are as follows:

SMART CODE

D

C

S

I

D

1) PROBLEM OF **D**DOUBLE COINCIDENCE OF WANTS

Double co-incident of wants refers to the need for each other's goods at the same time and the willingness to accept it.

For instance,

- A person 'A' has cloth and he wants rice in exchange of cloth. The person 'B' has rice but he does not want cloth in exchange. In this case, exchange between 'A' and 'B' would not take place as their wants do not coincide with each other.
- Mr. Ali has earthen pots and wants a can of oil in exchange. Now, there has to somebody who has a can of oil and wants earthen pots in exchange.

Hence, double co-incident of wants was a basic requirement in the barter system. This double co-incident of wants was not always possible, which created difficulties in the barter system.

2) LACK OF **C**COMMON MEASURE OF VALUE

In the barter system, there was no standard unit of account. Hence, it was difficult to calculate the value of goods.

For instance,

- It was very difficult to find the value of 5 kgs of garlic or 1 litre of milk. Therefore, whether 5 kgs of garlic was equal to 1 litre of milk or 2 litres could not be determined.
- It was difficult to compare whether 4 kilograms of sugar is equivalent to 4 kilograms of wheat.

3) DIFFICULTIES IN **S**STORAGE OF GOODS

In the barter system, goods were exchanged for goods. It means that these goods had to be stored so that they could be used at a later date to be exchanged for some other goods. Storage was a problem mainly for perishable goods. E.g. it was very difficult to store goods such as meat, eggs, milk, bread, vegetable, fruits etc. for exchange in the future due to their perishable nature. Also, it was difficult to store heavy and bulky goods due to lack of space.



4) **INDIVISIBILITY OF CERTAIN GOODS**

Barter system posed a problem when indivisible goods were to be exchanged. It is impossible to divide certain goods (E.g. house) or any live stock (E.g. goat, cow) into small parts. As a result, it was difficult to fix the proportion of one commodity to be exchanged for another commodity.

For instance,

- i. Reema has sack 2 kilos of rice and wants a wooden chair in exchange. On the other hand, Bholaram, a carpenter has the wooden chair but he wants only one kilo of rice. In this case, exchange between the two commodities is impossible due to indivisible nature of the wooden chair. Bholaram cannot give half a chair to Reema.
- ii. If a person wanted 20 bags of rice for his buffalo, he could not give half a buffalo to one person for 10 bags and half a buffalo to another for another 10 bags.

5) **PROBLEM OF MAKING DEFERRED PAYMENTS**

Deferred payment means payment to be made in future. Under the barter system, there was a problem in making deferred payments.

For instance,

Suppose Mr. A wants to exchange his goat for 5 steel vessels, he has to exchange it when he receives the 5 steel vessels. He cannot postpone the exchange because the physical condition of the goat will change as the time passes.

In spite of the various difficulties in the barter system, it was used for centuries. Money which is in circulation today was created to reduce the difficulties in barter system.

2. **Explain evolution of money. OR** **Explain different types of money.**

Ans: According to Prof. Crowther, “Money is anything that is generally acceptable as a means of exchange and which, at the same time, acts as a measure and store of value.”

According to Prof. Walker, “Money is what money does”.

The barter system was used for centuries. However, there were certain difficulties in the barter system. From barter system centuries ago, to plastic and e-money today, money has evolved through various stages. The commodities which were used as money have changed over time depending upon the need of time and development of civilization. Following are the types of money which very well explain the evolution of money:

1) **ANIMAL MONEY**

In protohistoric period, ‘animal money’ was used as a means of exchange. E.g. animals such as cow, sheep, goat etc. were used for the purpose of exchange. However, being livestock, it was indivisible in nature. As a result, commodity money came into existence.

FOR YOUR UNDERSTANDING

Protohistoric period refers to period between prehistory and history during which a culture or civilization had not yet developed the art of writing.

2) **COMMODITY MONEY**

Due to limitations associated with animal money, people started using commodities as money. The commodities used as a medium of exchange in olden days were dependent upon climatic conditions and culture. It varied from animal skin, feathers, shells to grains, salt and even rare articles and stones. However, commodity money also suffered from limitations such as problems in storage of these commodities. As a result, metallic money came into existence.

3) **METALLIC MONEY**

People used durable metals such as gold, silver, copper, aluminium, nickel etc. as a medium of exchange. However, precious metals were available in scarce quantity. Further, all pieces of a particular metal were not identical or uniform. Hence, it resulted in the creation of metallic coins.

4) **METALLIC COINS**

In ancient times, rulers of various kingdoms used small metal pieces and affixed their seals on them. Eventually, the monetary system was taken over by the government authorities to give uniformity and legal status to metallic coins. Coins can be classified as follows:

i. **Standard or full-bodied coins: (Face Value = Intrinsic Value)**

In this case, face value of coins is same as their intrinsic value. Face value refers to the exchange value of a coin that is fixed by issuing authority. These coins were made out of precious metals like gold, silver etc. These coins were used for some days during the British era.

**ii. Token coins: (Face Value > Intrinsic Value)**

In this case, face value of coins is higher than their intrinsic value. These coins are made of cheaper metals like aluminium, nickel etc. These coins are of lower denominations and are generally used for settling smaller transactions. In India, all coins in circulation today are token coins.

Difficulties in transportation of token coins resulted in the creation of paper money.

FOR YOUR UNDERSTANDING

Face Value: It is the value or denomination written or embossed on the face of the coin.

Intrinsic value: It is the actual value of the metal used to make or mint a particular coin. E.g.: If you melt a ₹ 1 coin and you sell the metal derived from it, the amount that you will receive is its intrinsic value.

5) PAPER MONEY

The limitations associated with metallic money gave rise to paper money. Paper money refers to the currency notes made of paper. They are of different denominations and every country has its own currency. Paper money is used extensively as a medium of exchange throughout the world. In India, one-rupee notes and all coins are issued by the Government of India. Currency notes of higher denominations are issued by the Reserve Bank of India (Central Bank). In India, currency notes range from ₹ 1 to ₹ 2000 (₹ 1, ₹ 2, ₹ 5, ₹ 10, ₹ 20 ₹ 50, ₹ 100, ₹ 200, ₹ 500, ₹ 2000). The limitations such as inconvenience in handling and risk of storing paper money resulted in introduction of bank money.

6) BANK MONEY OR CREDIT MONEY

Bank money means the cash deposited by the people in bank account i.e. money deposited in current account and savings account. This money is withdrawable and transferable on demand by means of cheque, demand drafts etc. It is important to note that cheque and demand drafts are not actual money but credit instruments through which deposits are transferable. Bank money is used to create credit money. Credit money plays an important role in the economic development of a country.

With increase in the extent of globalization, cashless transactions gained importance. It resulted in the creation of plastic money.

FOR YOUR UNDERSTANDING

Creation of credit money from bank money: Banks use the money deposited by customers to give loans to individuals or business firms who need them i.e. they give credit. This is called as creation of credit. Credit money plays an important role in the economic development of a country because this money is used by business firms for growing their business, which is beneficial for the economy.

7) PLASTIC MONEY

Plastic Money is easy to use in transactions due to advanced technology. The plastic money has completely eliminated the need to carry currency notes. Debit cards and credit cards are used as plastic money. The innovation in smart transactions led to the introduction of electronic money.

FOR YOUR UNDERSTANDING

Difference between debit cards and credit cards: Debit cards are issued by the banks to its account holders who can use it for withdrawing cash from ATM machines, online shopping, making payments at restaurants, malls, etc. On making payment through the debit card, the account holder's account is debited by that amount.

Credit cards also are used for the same purpose as a debit card. The only difference is that on payment via credit card, the bank account of the credit card holder is not debited. The bank allows a certain credit period (generally a month) to pay the outstanding amount.

8) ELECTRONIC MONEY (E-MONEY)

It is a monetary value that is stored and transferred electronically through a variety of electronic devices such as mobile phones, tablets, smart cards, computer etc. E-money is backed by the Central Bank. It is used for purchases and transactions globally. Digital wallets are also a form of stored electronic money.

E.g.: PayTM, Ola Money, Google Pay, PhonePe etc.



[Note: Scan the adjacent QR code in **Quill - The Padhai App** to view “Digital Payment Mumkin Hai” advertisement by NITI Aayog which promotes cashless transactions using E-money.]



On the basis of acceptability, money is classified into two types:

1) LEGAL TENDER MONEY

It is the money which is backed by law and cannot be refused in a transaction by anybody on any ground. In India, all coins and currency notes are legal tender money.

2) NON-LEGAL TENDER MONEY OR OPTIONAL MONEY

It is the money which is generally used by people in final payments but there is no legal compulsion of acceptance. It can be refused. Cheques, bill of exchange etc. are examples of this money. It is also known as ‘optional money’.

3. What are the essential qualities of money?

Ans: According to Prof Crowther, "Money is anything that is generally acceptable as a means of exchange and at the same time acts as a measure and a store of value". Money has evolved over a period of time. Evolution has taken place only because of drawbacks or difficulties in every stage. Anything that is used as money needs to possess certain qualities. The essential qualities of money are as follows:

SMART CODE

S

A

D

D

C

P

H

1) STABILITY

Money should have a stable monetary value. Money has purchasing power. This purchasing power of money should remain stable over a period of time.

E.g.: If a person is able to buy 5 kilos of rice for ₹ 200 today, then in the future also he should be able to buy 5 kilos of the same rice for ₹ 200.

2) GENERAL ACCEPTABILITY

Anything which is used as money must be easily acceptable as a medium of exchange by all. There should be no reason to refuse its acceptance for the exchange purpose.

3) DIVISIBILITY

Money should be easily divisible into smaller denominations. E.g.: Indian Rupee is available in different denominations: ₹ 1, ₹ 2, ₹ 5, ₹ 10, ₹ 20, ₹ 50, ₹ 100, ₹ 500 and ₹ 2000. The quality of being divisible facilitates small transactions.

4) DURABILITY

Money should not get spoilt or destroyed easily. It should be possible to use the money (currency notes and coins) repeatedly over the years.

5) COGNIZABILITY

Money should be easily recognizable and distinguishable. E.g.: Notes and coins of different denominations should be of different sizes or different colours so that they can be easily differentiated. In simple words, it should have certain distinct marks so as to avoid confusion by the receiving person.

6) PORTABILITY

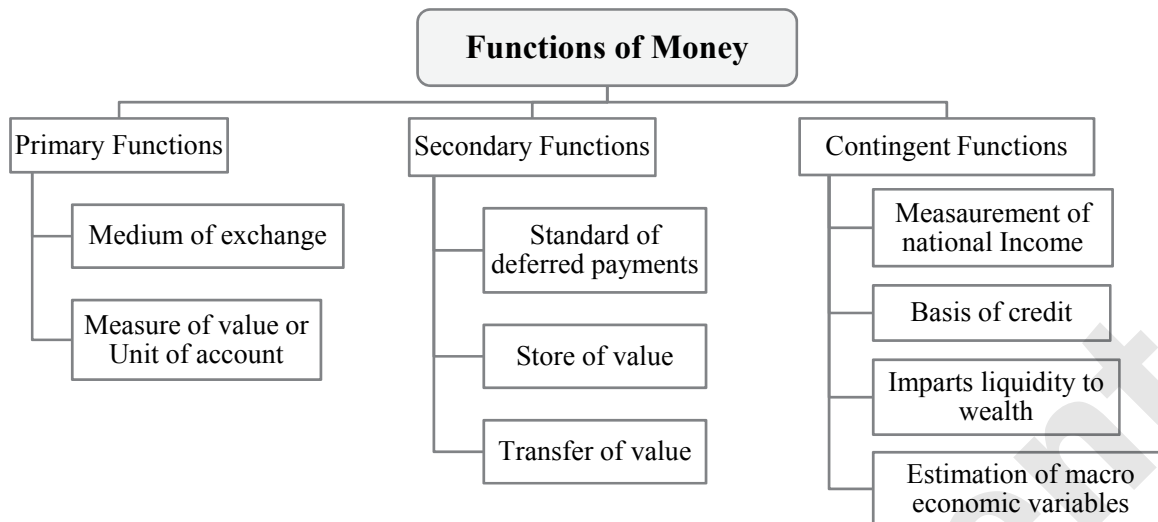
Money should be easy to carry from one place to another without any difficulty, expense and inconvenience. E.g. it is possible to carry currency notes easily due to their portable nature.

7) HOMOGENEITY

Money of a particular denomination must be homogeneous or identical in all its features. It should have same size, colour, shape and thickness. E.g. All notes of ₹ 2000 look and feel the same.

4. What are the functions of money?

Ans: According to Prof Crowther, "Money is anything that is generally acceptable as a means of exchange and at the same time acts as a measure and a store of value". The money performs several functions in every economy. These functions can be explained as follows:



1) PRIMARY FUNCTIONS

i. **Medium of exchange:**

Money serves as a medium of exchange. It means any commodity can be purchased or sold for money. It is the most important function of money. The entire process of buying and selling has become simple and quick due to use of money. It has overcome all the limitations of barter system.

ii. **Measure of value or Unit of account:**

Money makes it possible to measure the value of any commodity or service. 'Price' reflects value of a commodity or a service in monetary terms. E.g. if one vada pav is sold for ₹ 10, it means the value of vada pav in monetary terms is ₹ 10.

Money also facilitates comparison between prices of different commodities. E.g. if one vada pav is sold for ₹ 10 and if one burger costs ₹ 50, we can say that price of one burger is five times the price of one vada pav.

The different countries use different currencies to express the value of a commodity or a service. E.g. Rupee in India, Dollar in U.S.A. All kinds of income, expenditures, assets and liabilities are expressed in terms of money as a unit of account. E.g. annual income and expenditure of a household, their investment (assets) and loans (liabilities) can be expressed in terms of money.

2) SECONDARY FUNCTIONS

i. **Standard of deferred payments:**

Deferred payments are payments to be made at a future date. Due to its various qualities (such as general acceptability, divisibility, stable monetary value etc), money acts as a standard measure of payment over a time. Hence, it makes borrowing and lending easy. Money has overcome the difficulty (relating to deferred payment) experienced under the barter system. E.g. in barter system it was difficult to make repayment due to perishable nature of certain commodities and difficulties associated with storing bulky goods. With the advent of money, people can easily borrow money and repay it at a later date.

ii. **Store of value:**

Money acts as a store of value. When money is received, it is not necessary to use it immediately. Money can be saved for future use. Since money has purchasing power, it can satisfy present wants as well as make provision for satisfaction of future wants through savings. According to Lord J. M. Keynes, 'money is a link between the present and future'.

iii. **Transfer of value:**

With the development of trade & commerce, it becomes necessary to transfer value from one person to another and from one place to another. This transfer of value is possible only because of money. E.g. It is possible to sell real assets like land, building, house, shop etc. at one place and purchase them at another place with the help of money.

3) CONTINGENT FUNCTIONS

According to Prof. Kinley, in the modern period, money plays an important role almost in all economic transactions.



i. Measurement of national income:

National income is the aggregate monetary value of all final goods and services produced in an economy during a year. It is measured in terms of money. Further, money is used as a means to distribute income among the various factors of production for their contribution in the production process. E.g. rent on land, wages of labourers, interest on capital, profits of entrepreneur are all expressed in terms of money.

ii. Basis of credit:

Credit play an important role in the modern economic system. Money provides a liquid base for creation of credit money. People deposit their money (saving) in the banks and on the basis of these primary deposits, the commercial banks create credit money. Without money, it is not possible to create credit. Credit instruments like cheque, demand draft etc. will be of no use without money. Thus, money forms a base for the credit system in the economy.

FOR YOUR UNDERSTANDING

Primary deposits are basically initial cash deposits made by people in the form of cash, cheques etc. People deposit their money in the banks (savings) and commercial banks create credit on the basis of these deposits.

iii. Imparts liquidity to wealth:

Money is called the 'most liquid asset'. It can be easily converted into any asset like gold, shares etc. Similarly, any asset can be easily converted into money by selling the asset. E.g. John can purchase mutual funds with money. He can sell units of his mutual funds if he wants to convert it back to money.

iv. Estimation of macro-economic variables:

Macro-economic variables (E.g. Gross Domestic Product (GDP), Gross National Product (GNP), total savings, total investment etc.) can be easily estimated in monetary terms. Money also facilitates government tax collection, preparation of budget etc.

As individuals, we look at money as a medium of exchange which is used to satisfy various wants. But in reality, it performs various important functions in the economy.

5. Explain the concept of black money.

Ans: The concept of black money can be explained as follows:

1) MEANING

Black money is any money which is received in cash but not accounted for and on which tax is not paid to the government. In simple words, it is unaccounted and tax evaded income.

2) SOURCE

Black money can be earned through both legal and illegal means. E.g. While selling plot, land owner asks for certain amount of cash in addition to the actual agreement value from buyer. He doesn't give the buyer receipt for this cash payment. This cash is unaccounted for and tax won't be paid on it. Hence, it is an instance of black money.

3) EFFECT

Black money results in illegal activities such as corruption, bribery, black marketing, hoarding etc. These activities create economic, political and social instability in the economy. Hence, black money hinders the process of economic development.

4) REMEDY

One of the tools to control black money in the economy is demonetization. Many countries have adopted demonetization to counter the adverse effects of black money on the economy.

FOR YOUR UNDERSTANDING

Demonetization refers to the withdrawal of a currency (coin or note) from use as legal tender.


ACTIVITIES FROM TEXTBOOK

1. Find out (Textbook page no. 11)
Recent changes introduced by banks for safe use of plastic money.

Ans: Earlier, payments could be made through plastic money, (E.g. debit card) simply by swiping it. Now, banks have started sending OTP (One Time Password) on the registered mobile number of account user. It prevents misuse of cards by someone other than the account holder.

2. Find out (Textbook page no. 11)
List of various modes of digital transactions.

Ans: The various modes of digital transactions in India include: banking cards such as credit/ debit/ travel cards etc, mobile wallets such as Paytm, MobiKwik, BHIM etc., mobile banking, internet banking, POS terminals (machines through which you swipe cards at restaurants/ malls etc. for making payment).


Objective Questions: (T)
(A) Choose the correct option:

1. Arrange in the order of evolution of money.

- | | |
|----------------------|----------------------|
| i. Metallic money | ii. Animal money |
| iii. Metallic coins | iv. Commodity money |
| a. i, ii, iii and iv | b. ii, iv, i and iii |
| c. iv, iii, i and ii | d. iii, i, ii and iv |

2. Arrange in the order of evolution of money.

- | | |
|-----------------------|----------------------|
| i. Plastic money | ii. Paper money |
| iii. Electronic money | iv. Credit money |
| a. ii, iv, i and iii | b. i, ii, iii and iv |
| c. iv, iii, ii and i | d. iii, ii, i and iv |

Answers:

1 – b

2 – a

(B) Complete the correlation:

- Barter system : Goods : : Modern economy : _____
- Commodity money : Shells : : _____ : Credit card
- Divisibility : Smaller denomination : : _____ : Easy to carry from one place to another.
- Primary function of money : Medium of exchange : : _____ : Transfer of value
- _____ : Basis of credit : : Secondary functions of money : Standard of deferred payments

Money

Plastic Money

Portability

Secondary
Function of money

Contingent
Function of money

(C) Suggest an economic term for the given statements:

- The act of exchanging goods for goods.
- Provision for making payments in future.
- System that makes use of currency for facilitating payments.
- Credit instrument through which bank deposits are transferable
- Monetary value stored and transferred electronically by means of computer hard drive or servers.
- Money not accounted for in the bank and not disclosed to the government.

Barter system

Deferred payment

Modern economy

Cheque,
demand draft

Electronic money
(E-money)

Black money



Identify and explain the concepts from the given illustrations: (T)

1. **Vasantsheth provides coal from his shop to farmers in exchange for food grains.**

Ans: Concept: Barter System

Explanation:

- i. Barter system refers to exchange of goods for goods.
- ii. Vasantsheth exchanges coal (one good) for food grains (another good) from farmers.
- iii. Hence, the given illustration relates to barter system.

2. **Babanrao deposits his money in a nationalized bank.**

Ans: Concept: Bank Money

Explanation:

- i. Bank money means the cash deposited by the people in bank account i.e. money deposited in current account and savings account.
- ii. Babanrao deposits his money in a nationalized bank.
- iii. Hence, the given illustration relates to the concept of bank money.

3. **Charu used her debit card to purchase a shirt for her younger brother.**

Ans: Concept: Plastic Money

Explanation:

- i. On the background of global economy, cashless transactions gained importance. It resulted in the introduction of plastic money.
- ii. Debit cards and credit cards are used as plastic money.
- iii. Charu made use of plastic money in the form of debit card to purchase a shirt for her younger brother.
- iv. Thus, the given illustration relates to concept of plastic money.

4. **Malathi purchased a house through an agent. The agent accepted the commission amount in cash but did not issue a receipt to her.**

Ans: Concept: Black Money

Explanation:

- i. Black Money is any money which is received in cash but not accounted for and on which tax is not paid to the government.
- ii. In this case, the agent accepted the commission amount in cash from Malathi. However, he did not issue any receipt indicating that he will not account this money.
- iii. In other words, the agent won't pay any tax on the amount he received as commission.
- iv. Hence, the given illustration relates to the concept of black money.

5. **To prevent misuse/fraudulent use of the national currency, a note ban is imposed on its use at certain times.**

Ans: Concept: Demonetization

Explanation:

- i. Black money creates obstacles in the economic development.
- ii. To control black money, demonetization is one of the tools adopted by many countries.
- iii. Demonetization refers to the withdrawal of a currency (coin or note) from use as legal tender.
- iv. A note ban refers to prohibition of use of the currency as legal tender.
- v. Thus, the given illustration relates to the concept of demonetization.



State with reasons whether you agree or disagree with the following statements: (T)

1. **There are no difficulties in barter system.**

Ans: I disagree with the above statement. There are many difficulties associated with the barter system.

Reason: Refer Q.1. – 1 from theory section.

2. **Money can be sent anywhere through electronic means.**

Ans: I agree with the above statement.

Reason: It is possible to send money anywhere due to Electronic Money (E-money). The concept of E-money can be explained as follows:

- i. The innovation in smart transactions led to introduction of electronic money.



- ii. E-money is a monetary value that is stored and transferred electronically through a variety of electronic devices such as mobile phones, tablets, smart cards, computers etc.
- iii. E-money is backed by central bank.
- iv. It is used for purchases and transactions globally.
- v. Digital wallets are also a form of stored electronic money.
- vi. Thus, through various electronic devices, money can be sent anywhere through electronic means.

3. There are many good qualities found in modern currency.

Ans: I agree with the above statement.

Reason: Refer Q.1. – 3 from theory section.

4. Many tasks are accomplished by money.

Ans: I agree with the above statement.

Reason: Refer Q.1. – 4 from theory section.



Answer the following questions on the basis of the following information: (T)

1. Ganesh travelled to the mall by bus. He gave the conductor ₹ 10 coin for the ticket. He purchased many commodities from the mall. At the billing counter, he gave his credit card for payment but the billing clerk informed him that only debit cards were accepted. Since Ganesh had forgotten his debit card at home, he offered to make payment by cash.

i. Identify the types of money used in the information

Ans: The types of money used by Ganesh are as follows:

₹ 10 coin	Token coin (Type of Metallic coins)
Credit card	Plastic money
Cash	Paper money

ii. Explain any two of them.

Ans: The types of money used by Ganesh can be explained as follows:

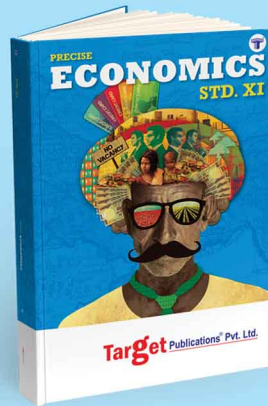
- a. **Token coins:** Token coins are those whose face value is higher than their intrinsic value. These coins are made of cheaper metals like aluminium, nickel etc. These coins are of lower denominations and are generally used for settling smaller transactions. In India, all coins in circulation today are token coins.
- b. **Plastic money:** On the background of global economy, cashless transactions gained importance. It resulted in the introduction of plastic money. Plastic Money is easy to use in transactions due to advanced technology. Debit cards and credit cards are used as plastic money.
- c. **Paper Money:** It consists of paper currency issued by Government and Central Bank of the country. Paper money was introduced as a substitute for metallic money. In India, one rupee note and all coins are issued by the Government of India. Currency notes of higher denominations are issued by the Central Bank (Reserve Bank of India).



EXPLORE OUR RANGE FOR COMMERCE

1 PRECISE NOTES

For to the point exam oriented study



- Book Keeping & Accountancy
- Economics
- Organisation of Commerce & Management
- Secretarial Practice
- Mathematics & Statistics – I & II
- English Yuvakbharati
- Hindi Yuvakbharati
- Marathi Yuvakbharati

2 SMART PPT



Attractive presentations to make concept learning more engaging & more interesting.

3 PRUDENT TEST SERIES



Ready-made test papers (chapter-wise tests, unit tests & prelim papers) in PDF format along with solutions

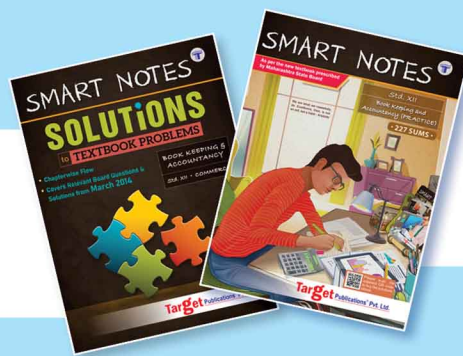


4 QUILL – THE PADHAI APP

To help you study on the move. The mobile app includes PDF files of all the books for you to read.

Outstanding titles for additional practice of Book Keeping & Accountancy

Detailed solutions of all textual problems & board problems from March 2014.



Practice yourself to perfection with this practice book that covers 227 additional sums

Visit Our Website

Target Publications® Pvt. Ltd.
Transforming lives through learning.

Address:
2nd floor, Aroto Industrial Premises CHS,
Above Surya Eye Hospital, 63-A, P. K. Road,
Mulund (W), Mumbai 400 080

Tel: 88799 39712 / 13 / 14 / 15

Website: www.targetpublications.org

Email: mail@targetpublications.org



Explore our range of **STATIONERY**

