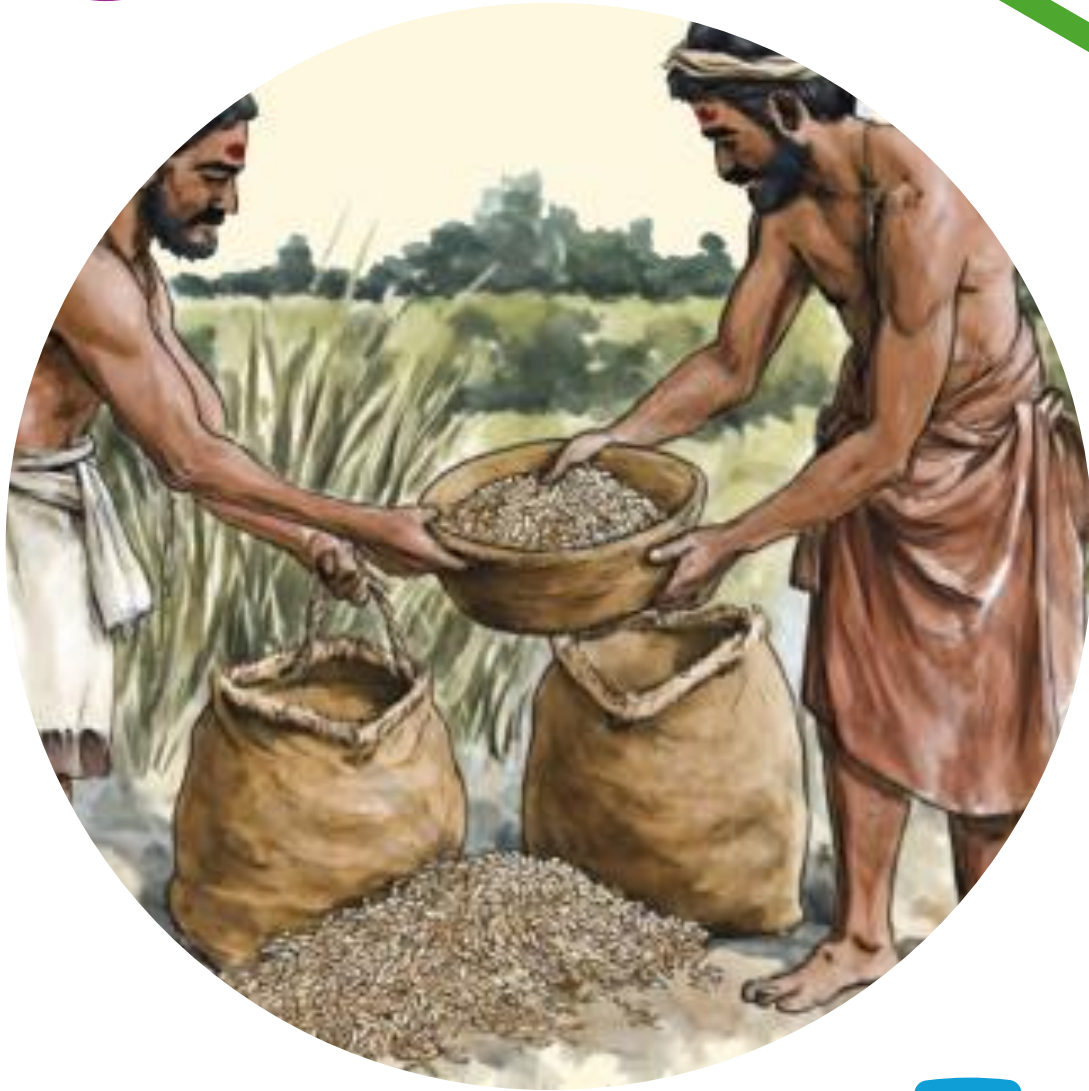




Chapter 11

From Barter to Money

Class VII
Social Science

The Big Questions?

1. How did exchange take place before money?
2. Why did money come into existence?
3. How has money transformed into various forms over time?



Barter System – Early Form of Exchange



People exchanged **goods or services** directly without money.



Example: **Eraser for pencil** – both parties get what they need.



No currency involved – only mutual exchange.



Used **before coins and notes** were introduced.



Common **barter items**: Cowrie shells, Salt, Tea, Tobacco, Cloth, Cattle (cows, goats, horses, sheep), Seeds



Evidence of barter found **worldwide**.



Stone Money: Giant
discs of rock – called Rai
stones – were used as
money on the Yap Island,
in the Pacific Ocean
country of Micronesia





The Aztec copper Tajadero (Spanish word for chopping knife) was a form of money used in Central Mexico and parts of Central America.

Tevau (Red feather coil made from birds' feathers) used as money on the Solomon Islands.



Why Do We Need Money? Let's Explore.

Imagine that you are a farmer and that people use a barter system where you live. You need a whole variety of things—a pair of new shoes, a sweater, and medicines for your grandmother. But you only have an ox that you can spare. How would you be able to exchange the ox for all the different things you need from different people or places? What difficulties are you likely to face? Let us see.





Barter System – Farmer's Difficulties



Need for Multiple Items
The farmer needs shoes, a sweater, and medicine—but has only one ox to offer in exchange.



Finding the Right Person
Must first find someone who needs an ox—no double coincidence of wants.



Unfair Exchange
Swapping an ox directly for shoes is not a fair trade—no common measure of value.



Series of Exchanges
Ox may be traded for wheat → wheat carried to different people → exchanged for shoes, sweater, medicine.



Storage & Transport Problems
Bags of wheat are heavy to carry, hard to store, and may **spoil** over time.



Repeated Effort
Every time the farmer needs something, the same long, tiring process must be repeated.

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

1. Lack of Double Coincidence of Wants Trade required both parties to want what the other had.

2. No Common Measure of Value Difficult to compare the worth of different goods/services.

3. Indivisibility of Certain Goods Some items (like cows or tools) couldn't be split for smaller trades.

4. Lack of Portability Barter items were often bulky and hard to carry over distances.

5. Lack of Durability Perishable items (like food) couldn't be stored for long or reused easily.



Why Do we Need Money?



Medium of Exchange:

Money replaces barter, making trade easier and more efficient.



Measure of Value:

Money provides a common unit to compare the value of goods and services.



Standard of Deferred Payment:

Money is accepted for future payments, enabling credit and contracts.



Important Economic Concepts

- **Double Coincidence of Wants** A situation where two people each have what the other wants and can trade directly.
- **Common Standard Measure of Value** A way to assign and compare the value of goods and services in the economy.
- **Divisibility** The ability of a good to be divided into smaller units for easier trade.
- **Portability** The ease with which a good can be carried or transported.
- **Durability** The ability of a good to last over time without damage or spoilage.

Modern Example of the Barter System

- **Barter Still Exists Today!**
- Though money has replaced barter globally, some communities still practice it.
- **Junbeel Mela – Assam, India**
 - A **three-day annual fair** held in **Junbeel**, Morigaon district, Assam.
 - “**Jun**” = Moon, “**Beel**” = Wetland (in Assamese).
 - Tribes and local people **exchange goods without using money**.
 - Begins with **Agni Puja** (worship of fire) – a ritual for **universal wellbeing**.





History of Junbeel Mela

- **Origin in the 15th Century**
 - Chiefs of **Tiwa, Karbi, Khasi, and Jaintia** tribes (from Assam & Meghalaya) gathered annually.
 - Purpose: To **discuss political issues** and **maintain peace and cooperation**.
- **How It Became a Fair**
 - Local people began **gathering around the event**.
 - They brought **agricultural and homemade produce**.
 - Started **exchanging goods through barter**, forming a **traditional fair**.

Junbeel Mela – A Living Tradition

- **Continues Today** as a major **socio-cultural event** in Assam.
- **Barter starts early morning** with local tribal communities.
- Items commonly exchanged:
 - **Roots, vegetables, fruits, herbs, and spices**
 - **Handmade goods and artifacts** from forest materials
- **Hill people** exchange goods with **plains people**:
 - Receive **rice cakes** and other **lowland foods** not grown in the hills.



Modern Barter Example – Old Clothes for Utensils

- A **traditional practice** still seen in many parts of India.
- **Vendors visit homes**, offering **new utensils or household items**.
- In return, they collect **used clothes or fabrics**.
- **Mutually beneficial:**
 - Households **declutter** by giving away old items.
 - Vendors **reuse, resell, or recycle** the collected materials.



Basic Functions of Money

“Necessity is the mother of invention”
– money was created to solve the problems of barter.

As trade **expanded** and **distances grew**, barter became impractical.

A **common medium of exchange** was needed to simplify trade.

Money came into existence to meet this need.

It became the **accepted method of payment** for buying and selling goods and services.

Functions of Money – Explained with Examples

- **Store of Value**
 - Unlike wheat, money **does not spoil** or get eaten by rats.
 - It can be **saved and used later** for future purchases.
- **Measure of Value**
 - Money gives a **common value** to goods and services.
 - Helps in **comparing prices** easily.





Medium of Exchange in Daily Life

- Parents **pay money** to **shopkeepers** for products.
- Shopkeepers **pay salaries** to workers.
- Workers use money to **buy essentials**, **pay fees**, and **more**.

Money as a Standard of Deferred Payment



Money is **widely accepted** for payments to be made **in the future**.



This allows people to **buy now and pay later** (e.g., loans, credit).



Because of this, money acts as a **standard of deferred payment**.



It makes **contracts, borrowing, and lending** possible in the economy.

The Journey of Money – Coinage



Coins were among the **earliest forms of money** used for transactions.



Rulers issued coins in their kingdoms, each with its **own design and value**.



Coin minting was **controlled by rulers** and reflected their authority.



Powerful rulers' coins gained wider acceptance, aiding **inter-kingdom trade**.



Coins were made of **precious metals** like **gold, silver, copper**, or their alloys.

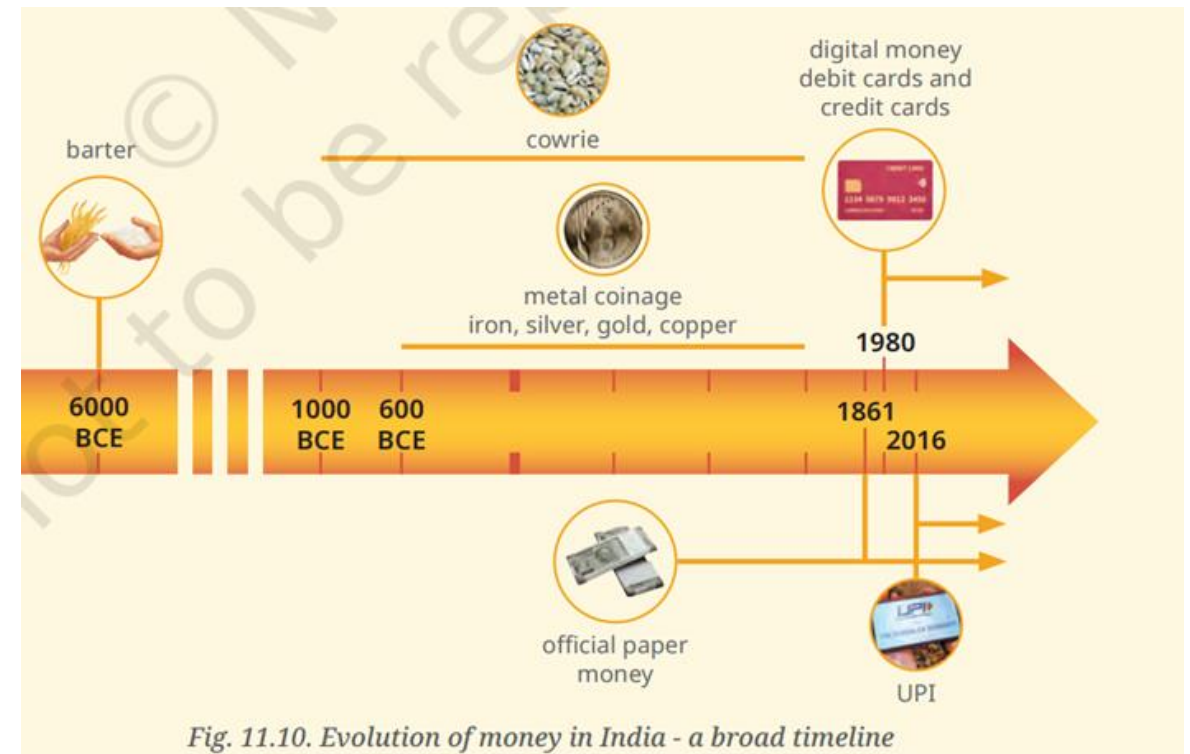


Early Indian coins were called **kārṣhāpaṇas** or **paṇas**.



They had **symbols called rūpas** punched onto them.

Evolution of money in India - a broad timeline





Did You Know?

The word “**paṇas**” (ancient coin) sounds similar to “**paisa**”,
a word we still use for money in India today!

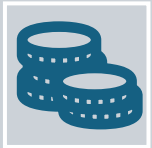
The Journey of Money – Coinage and Language



Variations of the word “**paṇa**” are still used in South Indian languages:

Tamil, Telugu, Malayalam: **paṇam**

Kannada: **haṇa**
(All meaning money)



Ancient coins were made from **alloys of silver and copper**.



Modern coins are also alloys, mainly made of **iron** with materials like **chromium, silicon, and carbon**.

Ancient Coins – Symbols and Motifs

Coins had two sides:

- **Head (Obverse)** and **Tail (Reverse)** with different engravings.

Common motifs included:

- **Animals, trees, hills** (nature motifs)
- Images of **kings, queens, and deities**.

Example: Chalukya coins

- One side had **Varaha** (avatar of Vishnu).
- Other side showed a **decorated three-tiered parasol**.



*from Chalukyas of K
Varaha (avatar of V
nd Royal Parasol*

Coinage and India's Maritime Trade

- Coins were found in **Kerala** and **Tamil Nadu**, indicating active trade.
- This shows **southern India's maritime trade** with other parts of the world.
- Scholars believe the **trade benefited India**, suggesting a positive trade balance.
- Coinage helped **boost and facilitate trade** across regions and countries.



Silver coin showing tiger emblem of Cholas (850–1279 CE)



Roman Coins Found in Tamil Nadu – What Does It Mean?

- Presence of Roman coins indicates **active trade between India and the Roman Empire**.
- Shows **cultural and economic exchanges** between ancient India and the West.
- Suggests **Tamil Nadu was part of important international trade routes**.
- Reflects the **demand for Indian goods** like spices, textiles, and precious stones in Rome.
- Highlights the **global connections of ancient Indian kingdoms**.

gold coins excavated

Coins and Denominations – Then and Now

- **1 anna = 1/16 of a rupee**
 - In 1947, **1 anna could buy a dozen bananas.**
- Examples of old coins:
 - Half anna (1942)
 - Quarter anna (1918)
 - 1 anna (1943)
 - 1 paisa (1945)
- Today's coins come in **different sizes and denominations.**
- Coins have **both Hindi and English** inscriptions.
- Special coins are minted to **commemorate important national events.**



The Indian Rupee Symbol (₹)

- Adopted by the Government of India in **2010**.
- Designed by **Udaya Kumar** from **IIT Bombay**.
- Combines the **Devanagari “Ra” (र)** and the **Roman “R”**.
- Features **two parallel horizontal stripes** at the top:
 - Represent the **Indian national flag**.
 - Also symbolize the **“equal to” sign** (equality).



Coinage today

From Barter to Metallic Money and Beyond

1

BARTER SYSTEM USED
**NON-METALLIC
MONEY** (GOODS AND
SERVICES).

2

**COINAGE (METALLIC
MONEY)** WAS
INTRODUCED LATER,
MAKING TRADE EASIER.

3

OVER TIME, **OTHER
FORMS OF MONEY**
LIKE PAPER CURRENCY
AND DIGITAL MONEY
EMERGED.

Paper Money



Carrying and storing **large amounts of coins** became difficult.



This led to the invention of **paper money** as a convenient alternative.



First used in China, paper money was introduced in **India in the late 18th century**.



Made trade and transactions **easier and lighter to carry**.



Fig. 11.15. Uniface notes of Bank of Bengal (Left) and

Coins and Paper Currency

- **Coins** are commonly used for **smaller denominations**.
- **Paper currency** is used for **higher denominations**.
- Together, they make transactions of all sizes **convenient and efficient**.

Today, most of
the currency
notes you see
look like this

...

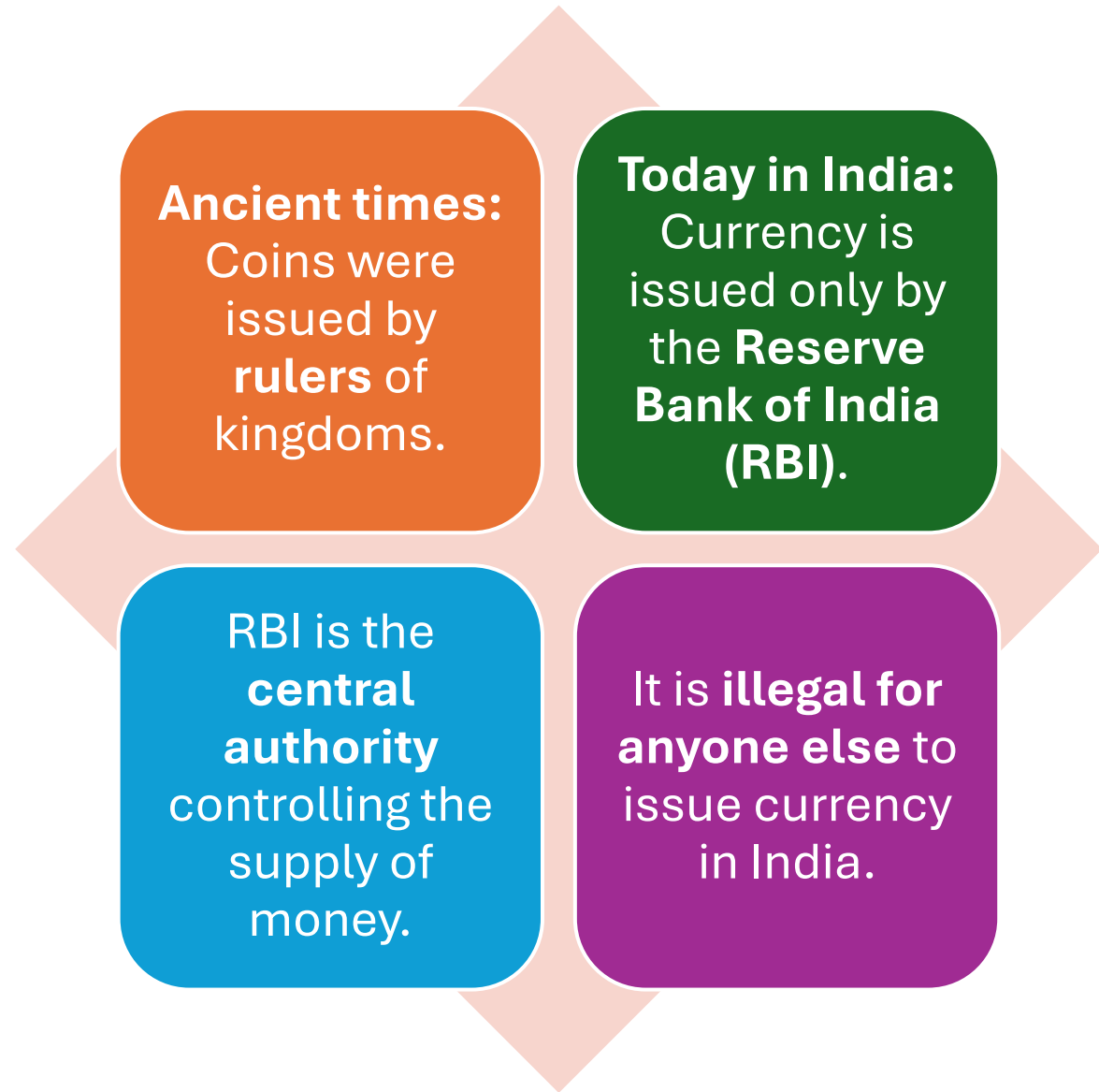


Exploring Indian Currency Notes

- **Look at ₹50 and ₹100 notes:**
 - Can you identify the **motifs depicting India's cultural heritage** on the reverse side?
 - What do these symbols represent?
- **Feel the surface of the notes:**
 - What **special features** help **visually impaired persons** identify the denominations?
 - Examples include **raised prints, tactile marks**, and **distinct sizes**.



Currency Issuance – Then and Now



New Forms of Money



With the advancement of **technology**, money has evolved beyond coins and notes.



Today, we use **new forms of money** for easier and faster transactions.

Digital Payments in Action

- Krishnappa sells seasonal fruit from his cart.
- He displays a **QR code** for digital payments.
- Customers **scan the QR code** using their mobile phones.
- Payments are made **digitally and instantly**.
- The money goes directly into **Krishnappa's bank account**.



Digital Money – The Intangible Form

Money isn't just coins and notes anymore — it also exists in **digital form**.

Digital money is **electronic** and cannot be touched or held.

Common digital payment methods include:

- **Debit cards**
- **Credit cards**
- **Net banking**
- **UPI (Unified Payments Interface)**

These methods **transfer money directly** between bank accounts.



THANK YOU