

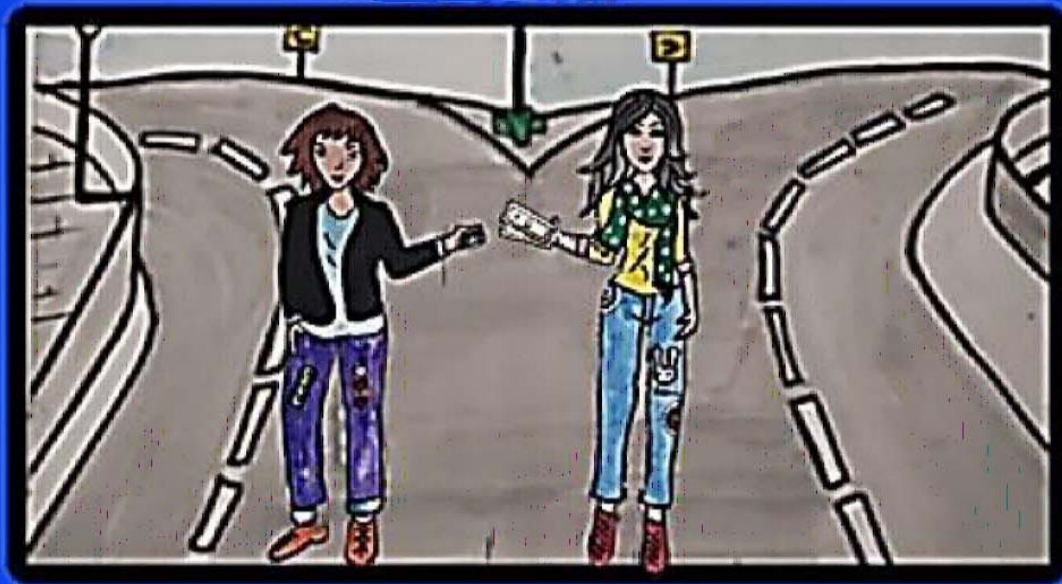


RAINBOW SCHOOL
JHOTWARA, JAIPUR
AFFILIATED TO C.B.S.E.
(AFFILIATION NO. 1730496)



1210SCH03

MONEY AND BANKING (Part - I)
Subject- Macroeconomics
Class- XII



Acknowledgement

This book is a collective effort of teachers and students who toiled together for days to give out their best and produce this masterpiece. Our heartfelt gratitude goes out to each person who was instrumental in the development of this novel. The illustrations in the book would have been impossible without the help of many individuals.

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INDEX

Sr.No.	Topic	Page No.
1	Preface	4
2	Disclaimer	4
3	Learning Outcomes	5
4	Flowchart	6
5	Story Board	7
6	Characters	8
7	Unit-Money and Banking-Part-1-Barter System of Exchange and Evolution of Money	9
8	Quiz and Jumble Words	29
9	Unit-Money and Banking-Part-2-Money	30
10	Quiz and Crosswords	40
11	Answer key	42
12	Glossary	43
13	Bibliography	43
14	From the Principal's Desk	44
15	Summary	45

PREFACE

The goal of this Graphic Novel is to familiarize the learner with the concepts of “Money and Banking”, in a way that generates interest and at the same time is easy to understand.

The pictorial description and the colloquial language of the novel holds the attention of the learner. The fast-paced story with an exciting plot circumnavigates the “I hate reading” problem.

The illustrations paired with clear dialogues creates a smooth story. Due to space constraint the words have been chosen with great care for maximum impact on the learner.

DISCLAIMER

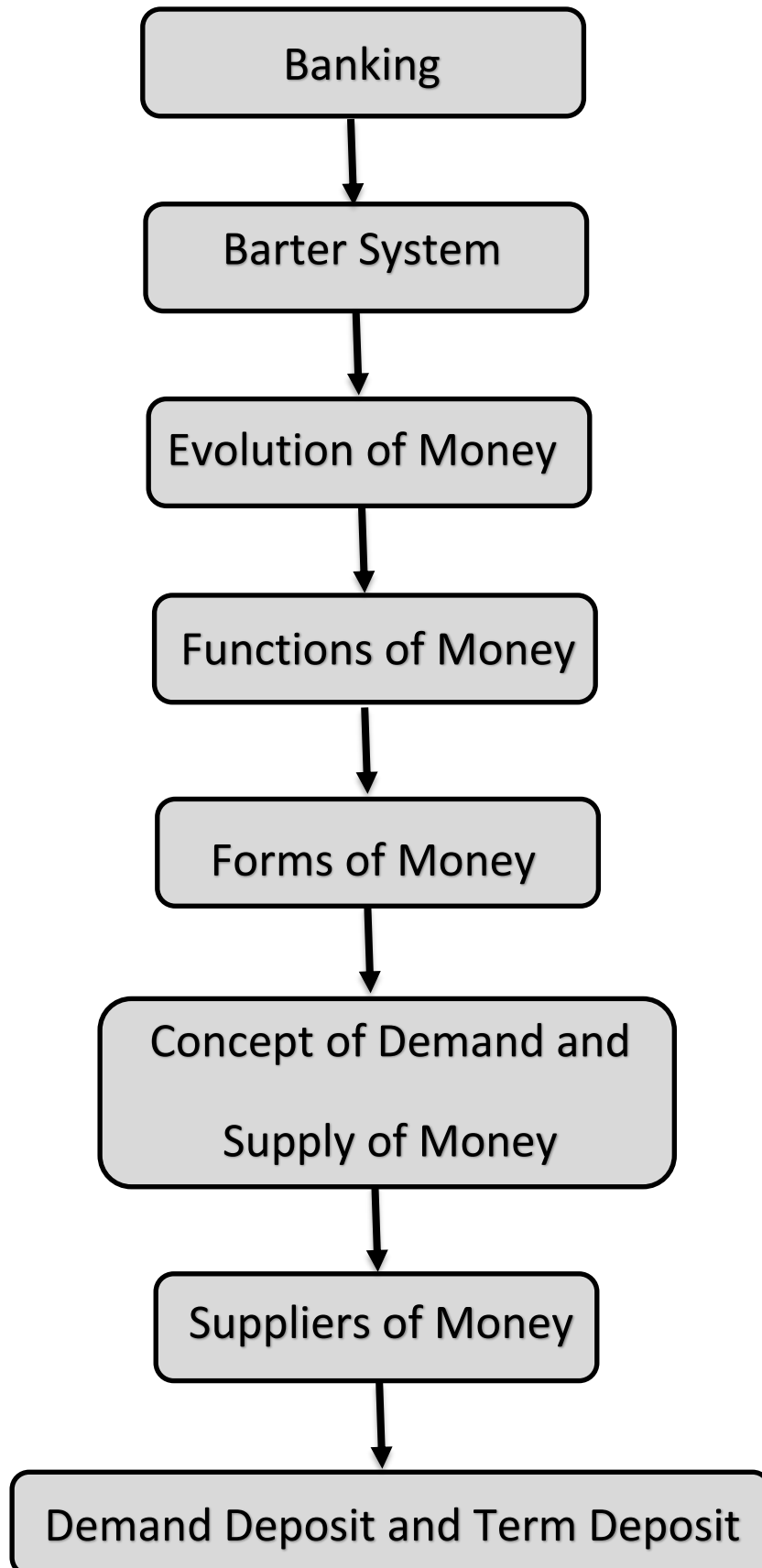
This Novel is published as an extra study material for the understanding of the concept of Money. It is our endeavour to familiarize the learner with a trail of development of money from Barter System to E-Money.

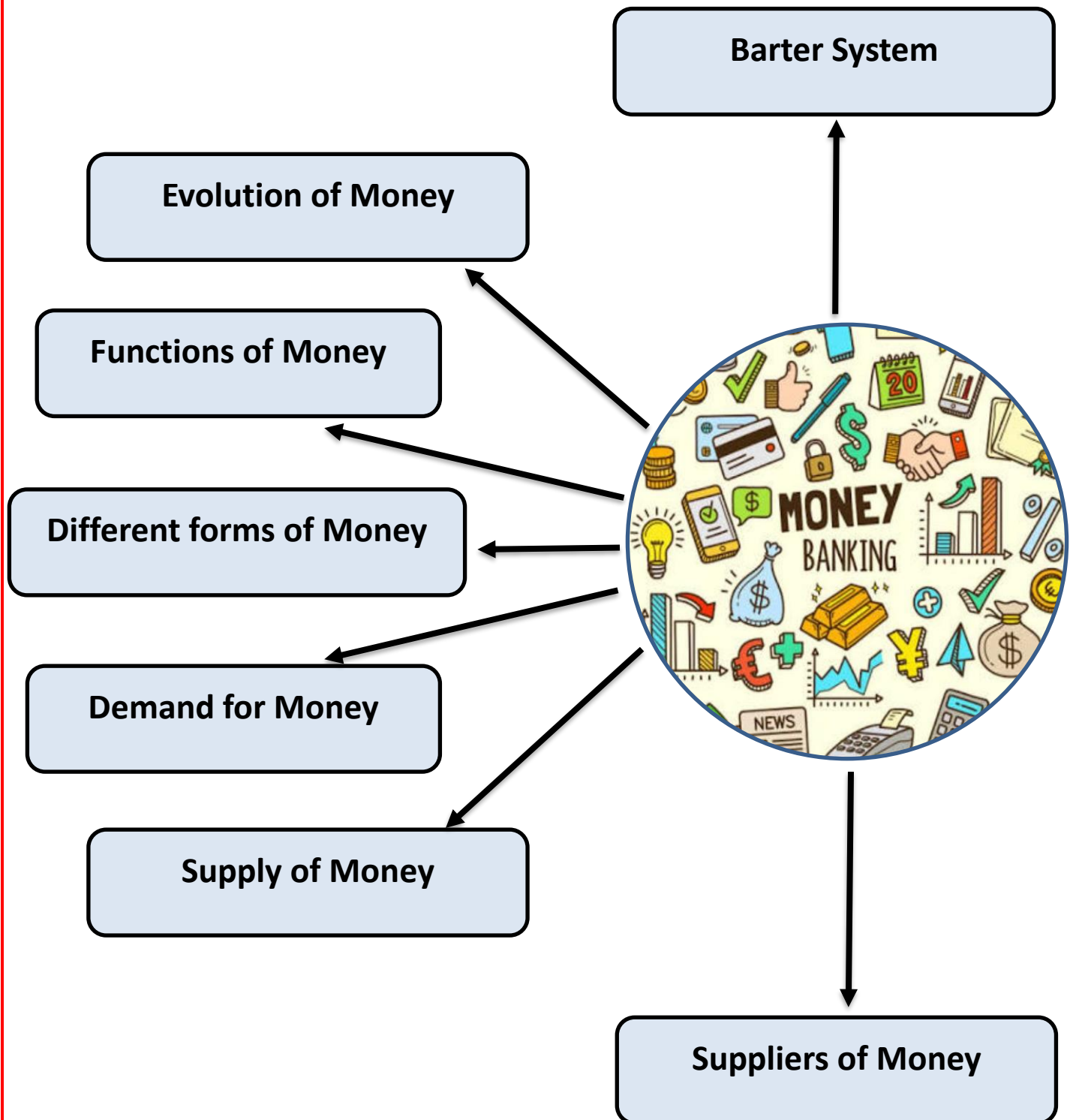
Published by: Rainbow School, Jaipur, Rajasthan

LEARNING OUTCOMES

- The students will understand the meaning of Barter System of exchange.
- They will be able to analyze the evolution of money.
- They will be able to identify the drawbacks of Barter System of Exchange, that are:
 - Double coincidence of wants
 - Lack of common unit of value
 - Difficulty of future payments
 - Difficulty of storage of value and transfer of value
- The students will understand the meaning of money.
- The students will gain the knowledge about how money eliminated the drawbacks of Barter System of exchange (Functions of Money).
- They will be able to identify different forms of money.
- They will understand the concept of demand and supply of money.
- They will be able to discuss about the suppliers of money.
- They will become familiar with the terms like demand deposit and term deposit.

FLOWCHART



STORY BOARD**TOPIC-MONEY AND BANKING(PART-I)**

CHARACTERS



Name: Sid
Age-19 Years
Student of B.Sc II year



Name: Sandhya
Age-17 Years
Student of class XII



Name: Nichole
Age-80 Years



Name: Adam
Age-25 Years



Name: Balu
Age-40 Years
A milkman



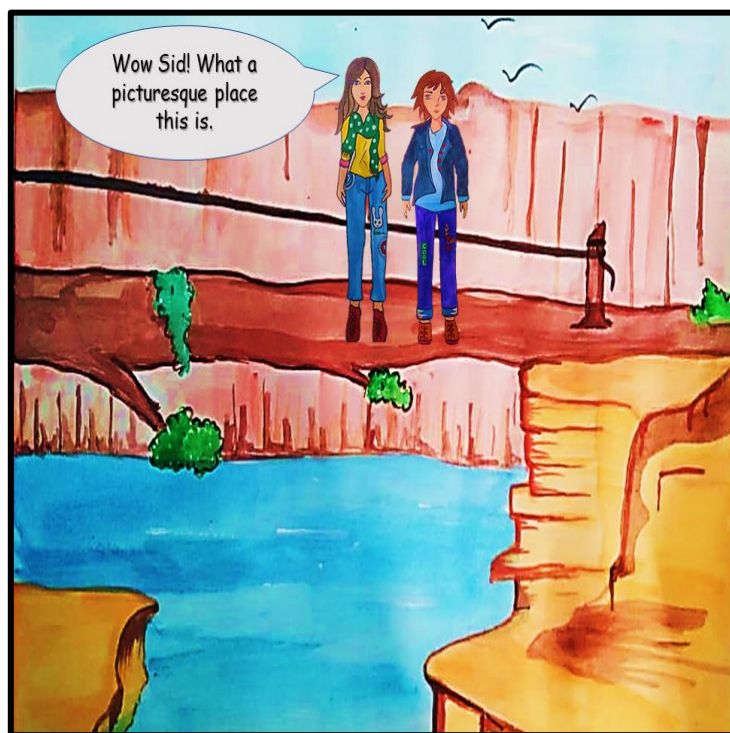
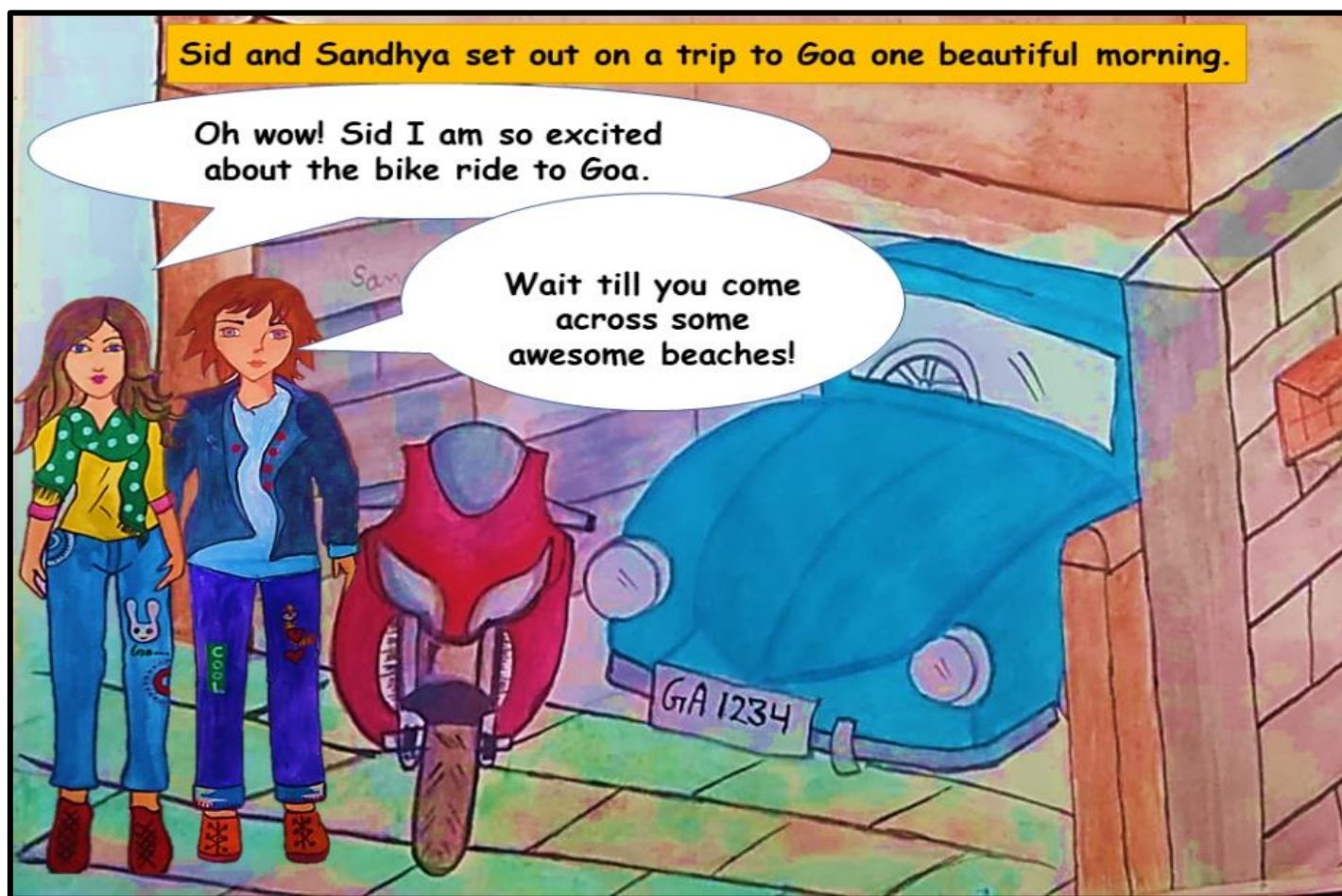
Unit-Money and Banking

Chapter 1-Money

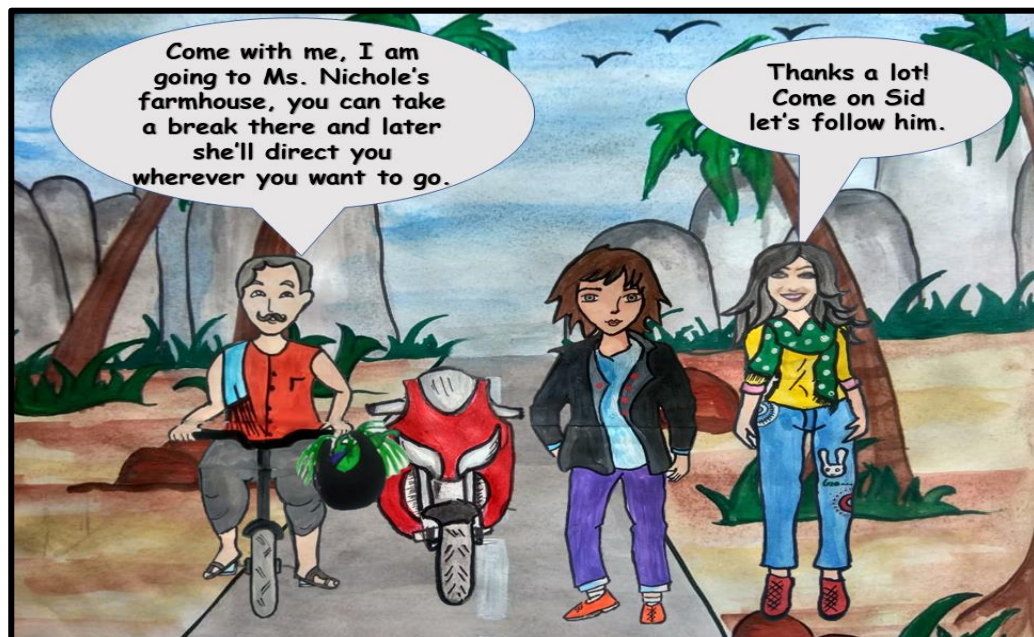
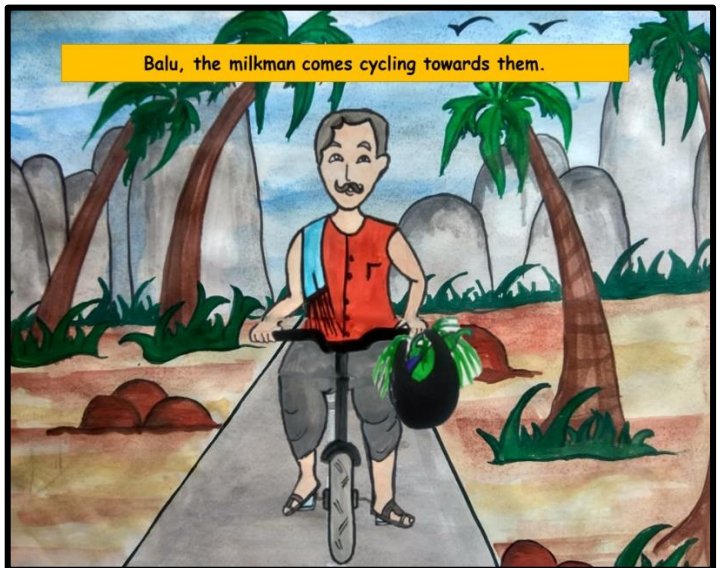
Part 1



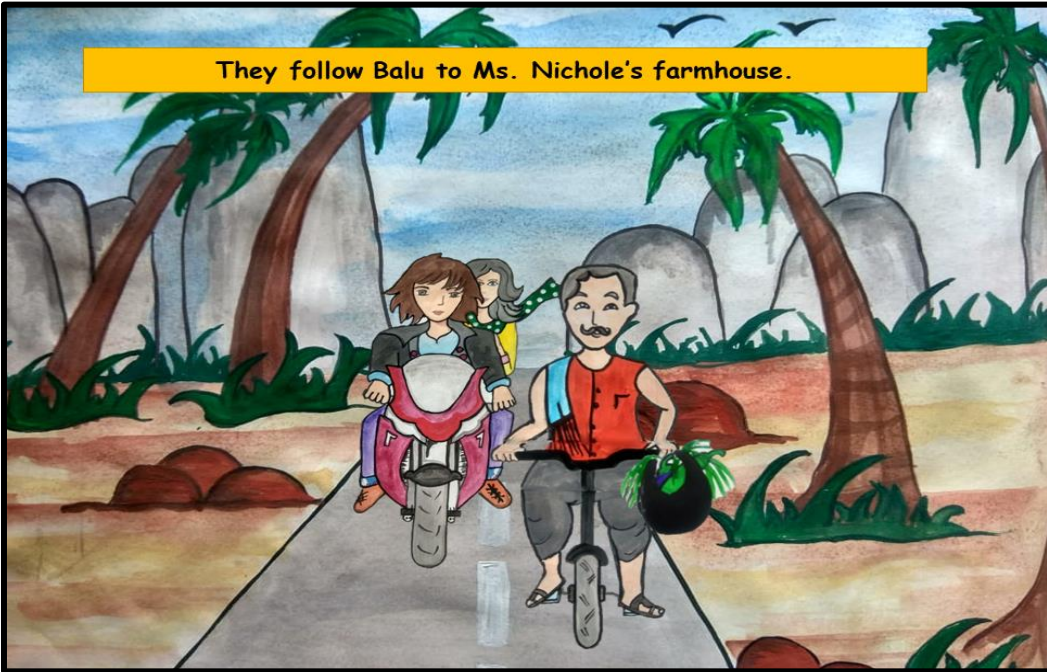
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They follow Balu to Ms. Nichole's farmhouse.



Hey, Ms. Nichole!



What a stylish name! She must be a young and smart girl.



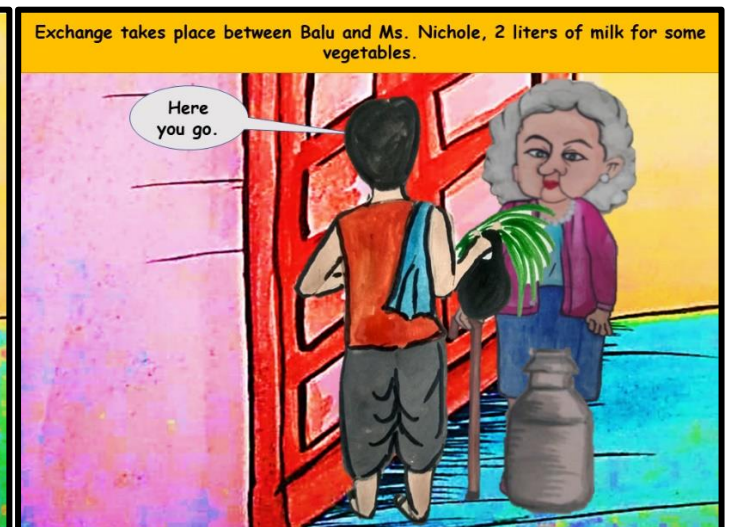
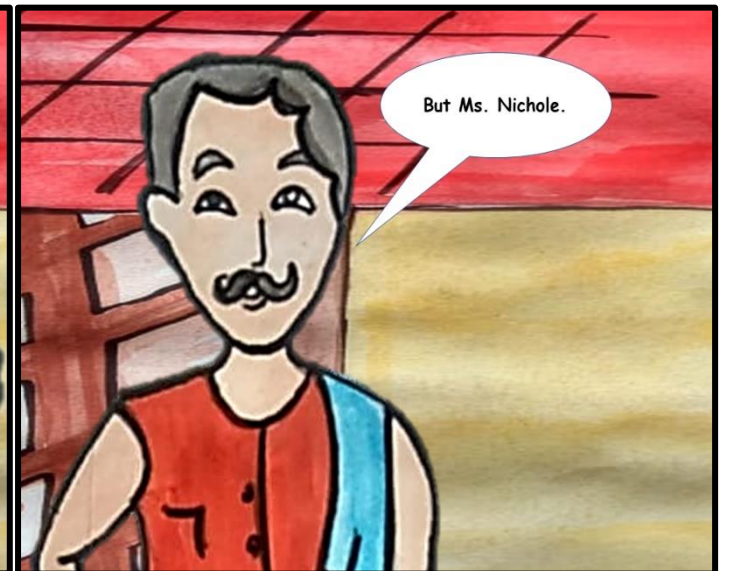
Why are you smiling?

Never mind.



The door opens and an old lady- Ms. Nichole comes out.









All three of them sit at the patio. (Sid and Sandhya are eager to know about the Barter Trade)

In Barter Trade commodities were exchanged for commodities, as the concept of Money did not exist.

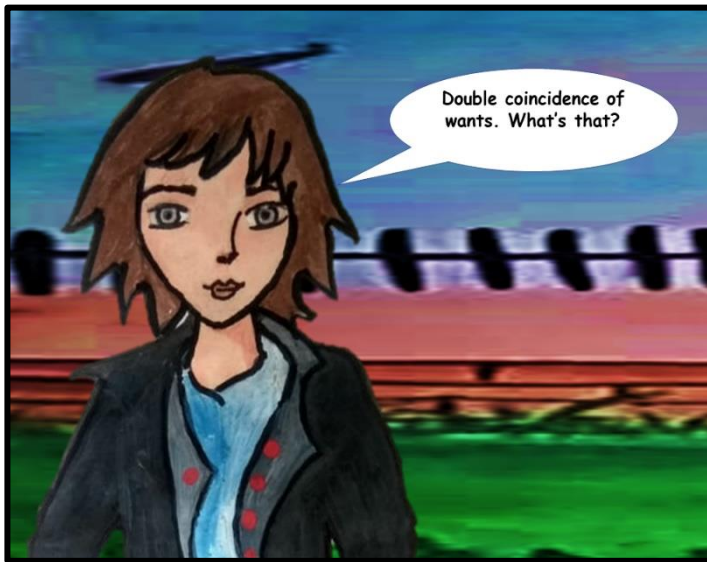
In olden days people used to exchange grains, livestock, cattle etc. with each other.

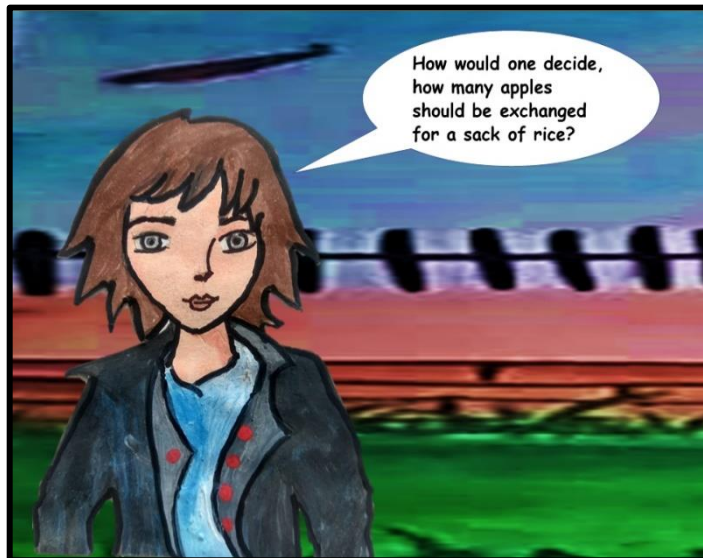
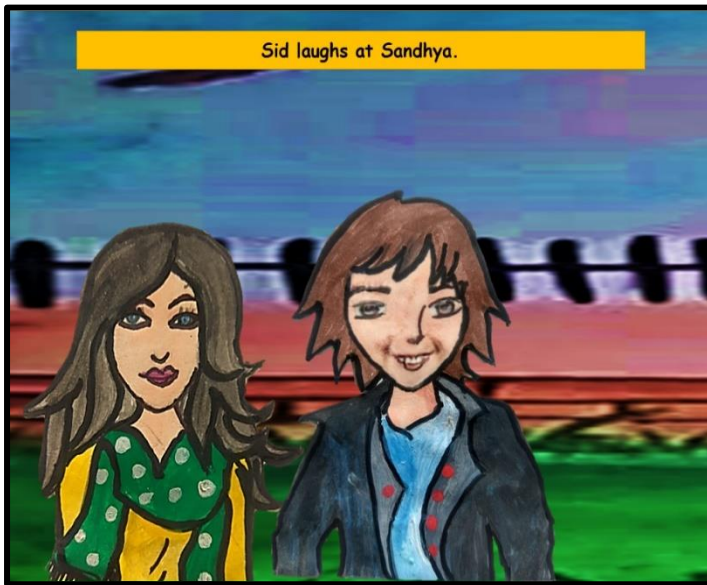
Aha! that means, when I complete Sid's college assignments in return of chocolates it's Barter Trade, right?

Yes! you are a smart girl.

Wow! A world without money, life must be so simple back then.

Simple? No dear, life was more complicated. As for Barter one needed DOUBLE COINCIDENCE OF WANTS.

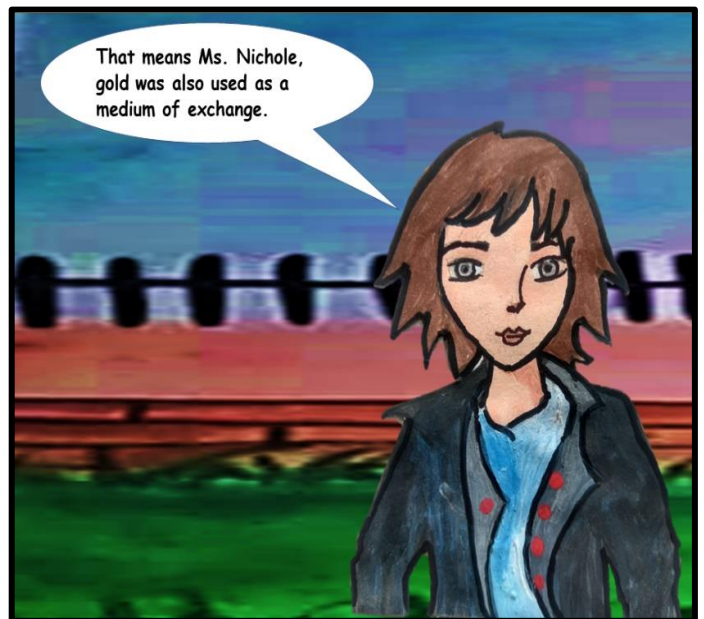




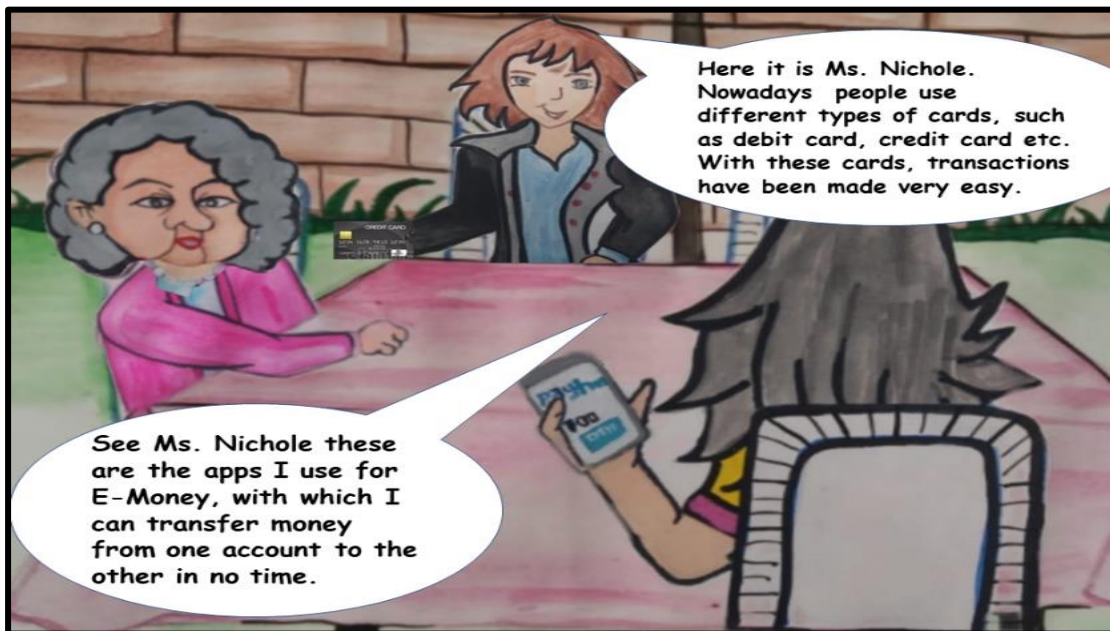
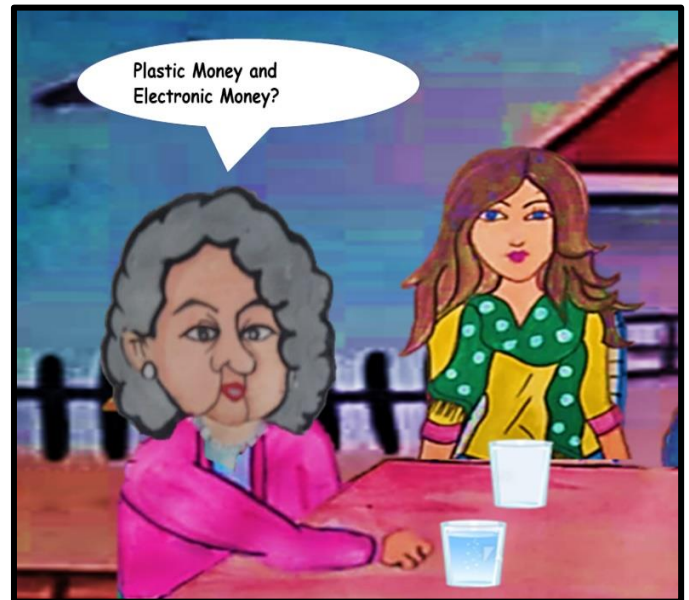


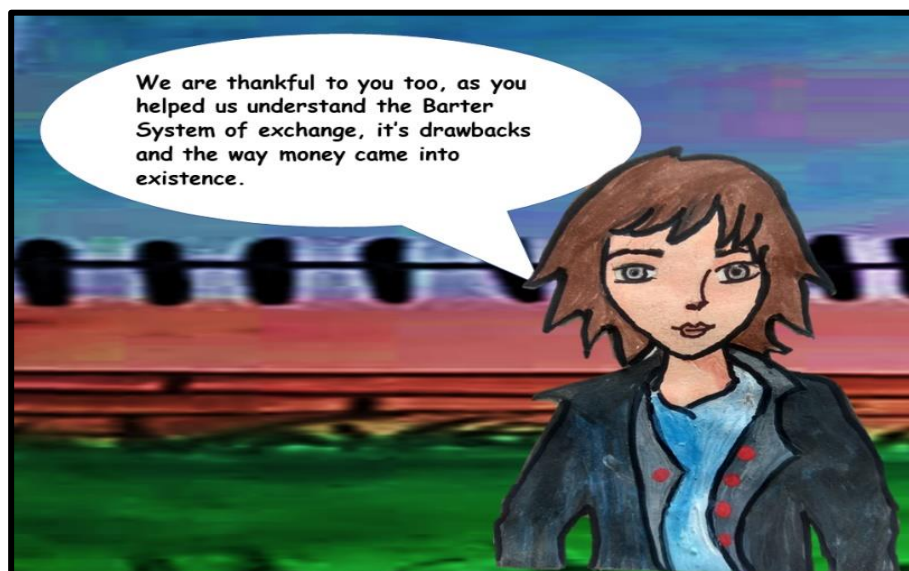
















JUMBLLED Words

The letters of the words below are jumbled. Figure out what the word is and write it on the boxes provided.

1. The gradual process of change and development of something

O N O E L I T V U

2. The value of goods and services is expressed in terms of money

E A U S R M E F O U E V L A

3. Future payments

E R R E D D E F T M N E S Y A P



True & False:

1. C-C economy is an economy dominated by Barter System of exchange. ()
2. Expansion of exchange has led to expansion of markets for goods and services. ()
3. In barter system deferred payments are made in the form of goods. ()
4. Double coincidence of want is an essential requirement of exchange. ()
5. There is no common unit of value in barter system. ()
6. Barter system of exchange facilitate much greater exchange than the Monetary system. ()
7. Money may be used as a commodity. ()

FILL UPS

1. Origin of money is related to the need to _____ exchange. (Delay/facilitate)
2. Money is used as a standard for _____ payments. (Immediate/Deferred)
3. Under the barter system of exchange, act of sale and purchase of an individual occur at the _____ points of time. (same/different)
4. Money has led to the _____ of exchange. (expansion/contraction)
5. Evolution of money has facilitated _____ payments. (contractual/penalty)
6. Main characteristic of money is _____. (Liquidity/solidness)
7. Barter system lacks a/an _____ unit of exchange. (common/essential)

MCQ'S

1. Which of the following is a commonly accepted definition of money?
 - a) Any good which is commonly used as a store of value
 - b) Any good which is exchanged for gold at a fixed rate
 - c) Any good which is acceptable to the bank
 - d) Any good which is commonly accepted as a medium of exchange.
2. Which of the following is a typical characteristic of barter system?
 - a) Standard for deferred payments
 - b) Double coincidence of wants
 - c) A common unit of account
 - d) A common medium of exchange
3. Money as a standard for deferred payments has led to the emergence of
 - a) Commodity market
 - b) Financial market
 - c) Both A & B
 - d) None of these



Unit-Money and Banking

Chapter 1-Money

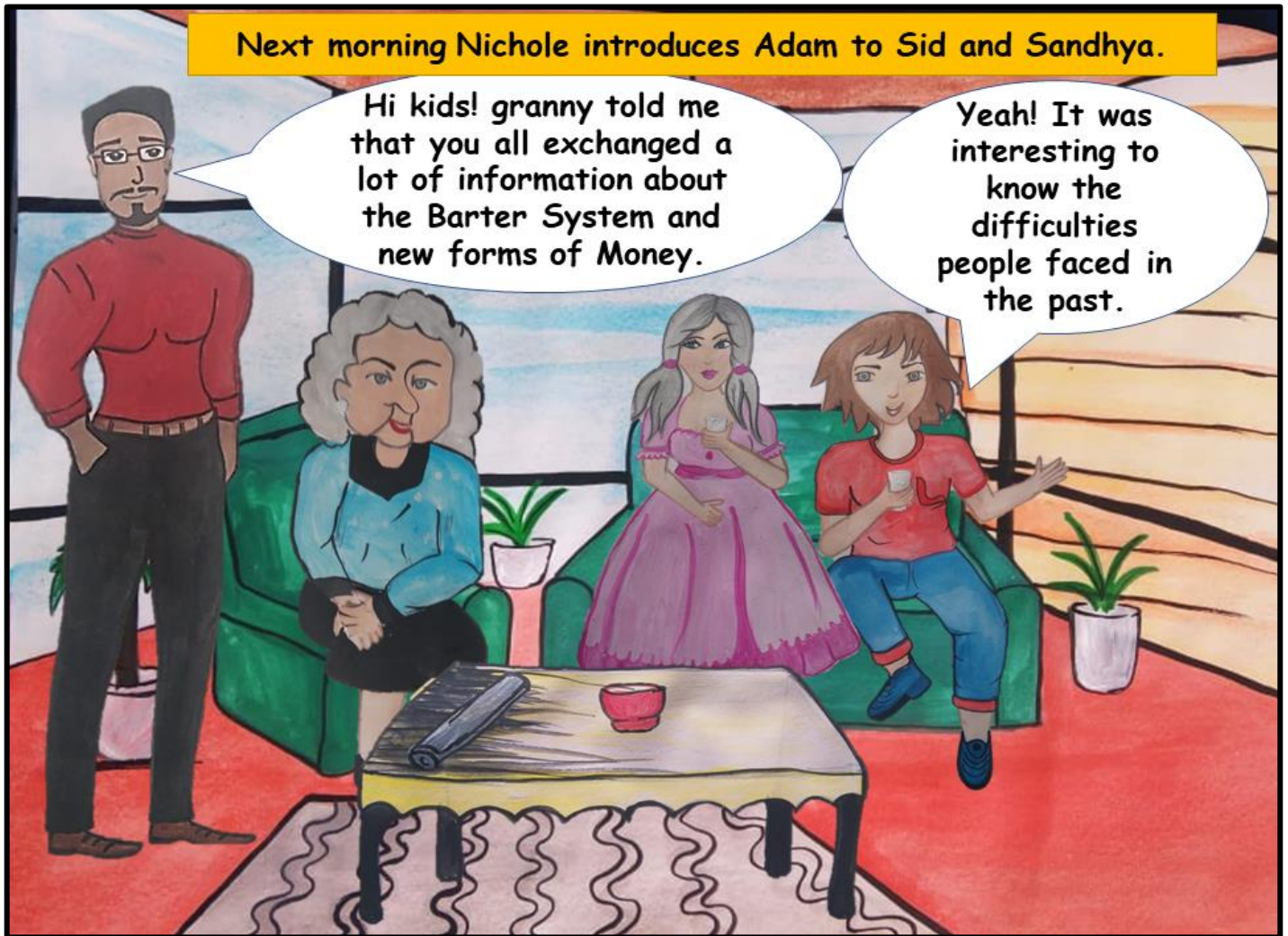
Part 2

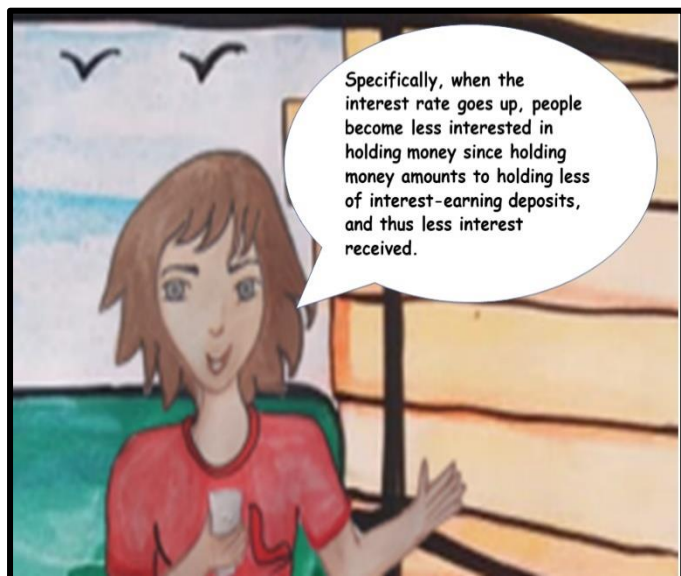


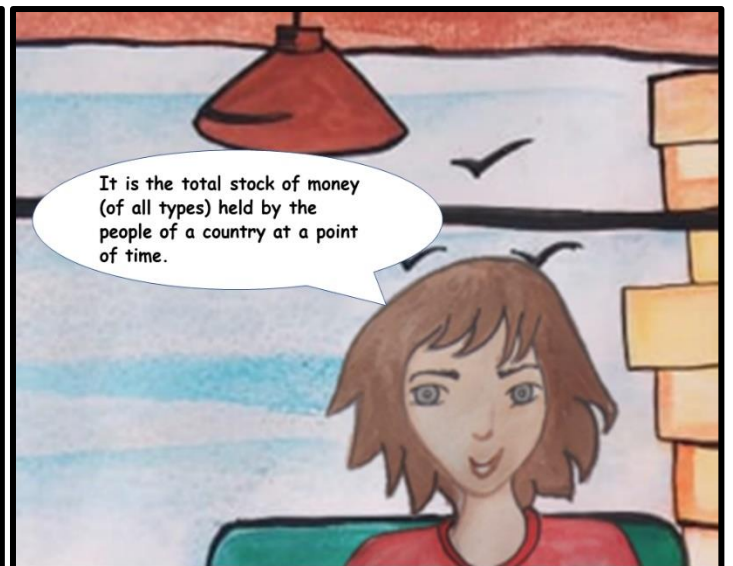
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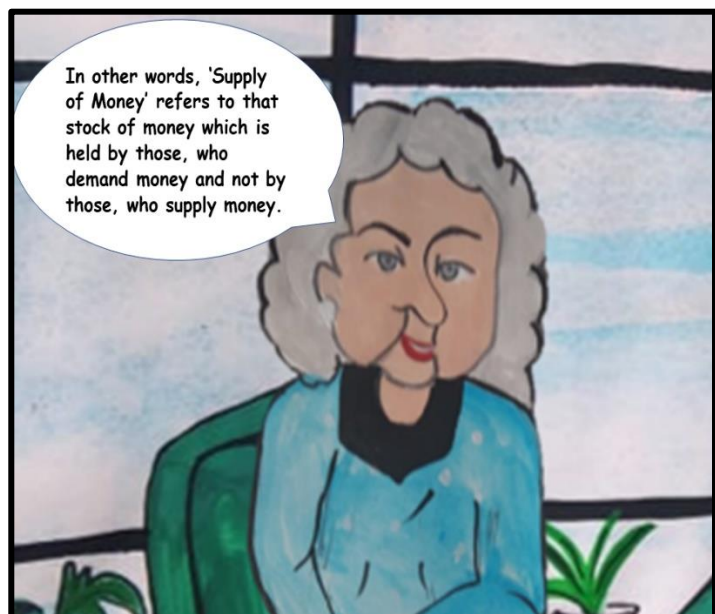


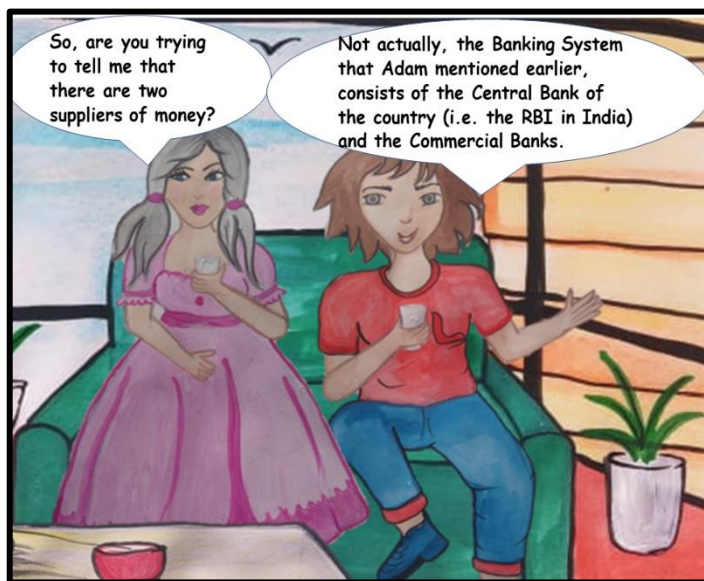
Next morning Nichole introduces Adam to Sid and Sandhya.

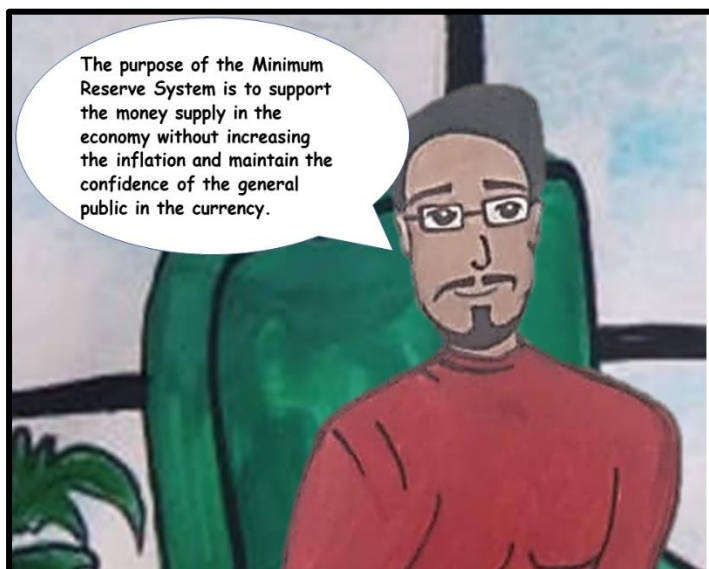




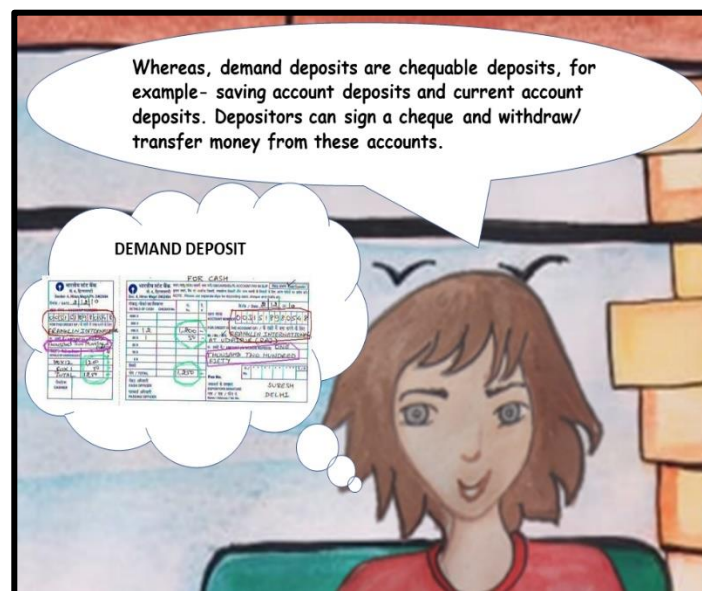
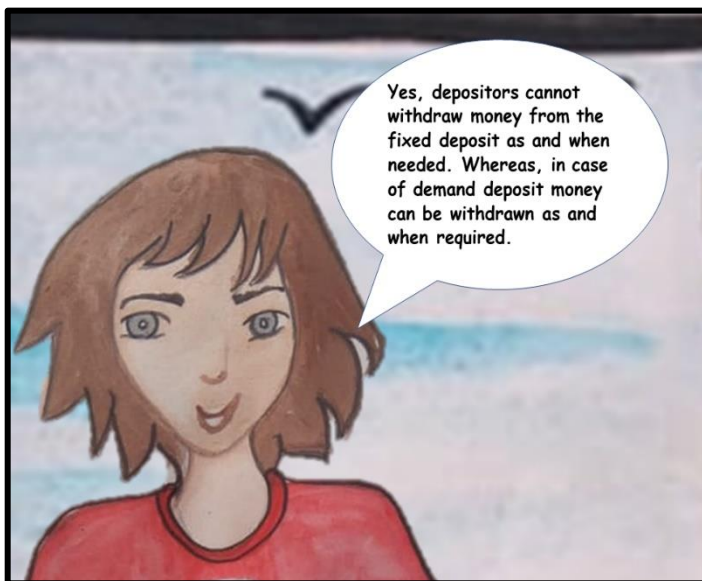
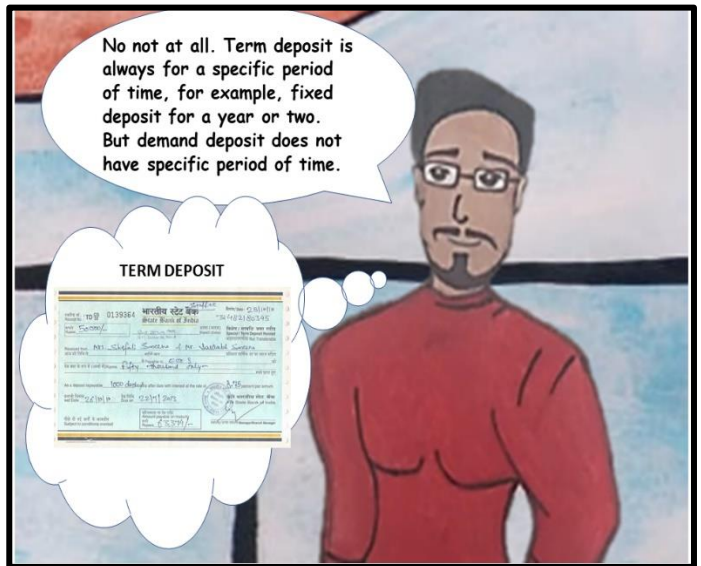


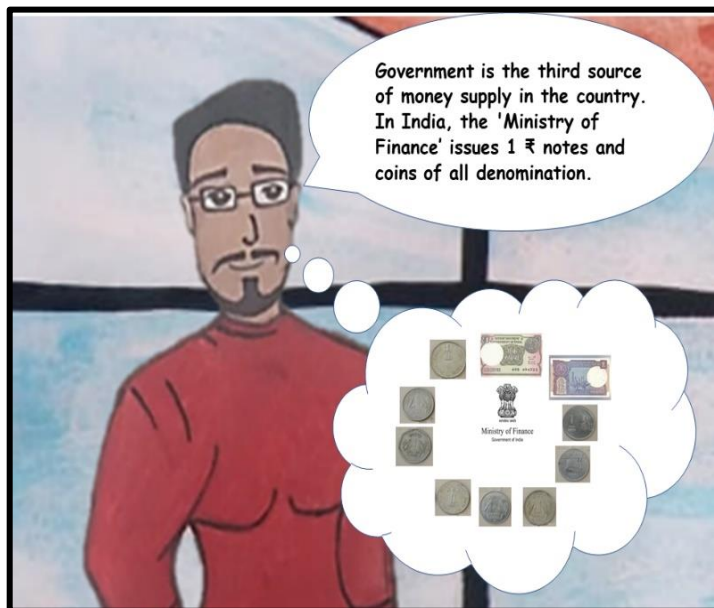












To be continued.....

Match the column

Column A	Column B
a) Government of a country	i. Legal tenders
b) Supply of Money	ii. Principal supplier of Money
c) RBI	iii. Supplier of money
d) Notes & Coins	iv. A stock concept

Across:-

1. Sophia wants to trade vegetables in exchange of milk with Rahul, the milk vendor, but unfortunately Rahul doesn't want vegetables. What can be used by Sophia as a medium of exchange that will be acceptable in the market? (5)

2. Ronak is travelling to Mumbai for business. He always carries cash but during his last visit he was robbed by a group of boys and now he is worried about carrying the cash. Identify the type of money that Ronak should carry instead of cash. (12)

3. It is the apex institution which monitors all the banking institutions. It is also responsible for the supply of uniform currency in the country. Identify the institution. (3)

4. Siddharth deposited ₹ 1 lakh in his bank account for a predetermined period, the interest rate on this amount is guaranteed and it does not change for that nominated period of time. Typically, the money can only be withdrawn at the end of the period or earlier with a penalty attached. Identify the type of deposit Siddharth is going to avail. (6)

Down:-

5. Chandrakanta wants to trade vegetables from her garden for a can of milk. Anubhav the milk vendor, readily agrees for the exchange. Identify the type of exchange system Chandrakanta is following here. (12)

6. Banks create a lot of money via demand deposits. These are also called chequeable deposits of the public with the commercial bank. Identify the concept. (9)

7. Shubham explains to his grandmother how the mobile applications help in day-to-day transactions, also tells her that he need not carry any cash or card for the transactions. Identify the type of money used by Shubham. (6)

8. In ancient times the commodities were exchanged for commodities. Identify the type of economy. (9)



FILL IN THE BLANK.

1. Fixed deposit_____ withdrawn before maturity. (can be/ cannot be)
2. Money created by commercial banks by way of demand deposit is called_____ Money. (commercial/bank)
3. When interest rates are high people are _____ interested in holding the money with themselves. (more/less)
4. Demand for credit _____ when interest rates are high. (goes up/comes down)
5. Demand deposits serve as supply of money because they are _____ deposits. (portable/chequable)

MCQ

Multiple Choice Questions

1. Who supplies money in India?
 - a) The RBI
 - b) The commercial banks
 - c) The government
 - d) All of these
2. Demand Deposits include:
 - a. Chequable deposits
 - b. Deposits which can be withdrawn on demand
 - c. Fixed deposits for a period of time
 - d. Both A & B
3. Supply of money is a:
 - a. Stock variable
 - b. Real flow
 - c. Flow variable
 - d. None of these
4. Which of the following system is followed by Reserve Bank of India for issuing currency?
 - a. Proportionate system
 - b. Simple deposit system
 - c. Minimum reserve system
 - d. Fixed fiduciary issue system

5. In India who issues ₹1 notes and coins of all denomination?

- a. RBI
- b. Ministry of Finance
- c. Government Department
- d. Commercial banks

6. Banks pay interest on:

- a. Deposit
- b. Loan
- c. Both A & B
- d. None of these

7. Currency notes are issued by

- a. NABARD
- b. Central government
- c. Commercial bank
- d. RBI





UNSCRAMBLE JUMBLED WORDS

1. An amount of something that has been kept ready to be used
O K T S C
[][][][][]
2. A person who keeps money in a bank or building society account
S S D P O O R E I T
[][][][][][][][][][]
3. That stock of money which is held by those, who demand money and not who supply money
L P S P U Y F O Y M O E N
[][][][][] [][] [][][][][]

ANSWER KEY

Answers : Pg no. – 29

Jumbled Word – 1. Evolution 2. Measure of Value 3. Deferred Payments

True & False – 1. True 2. True 3. True 4. False 5. True 6. False 7. True

Fill Ups – 1. facilitate 2. Deferred 3. same 4. expansion 5. contractual 6. liquidity 7. Common

MCQ's – 1. d 2. b 3. b

Answers : Pg no. – 40

Match the Column - a) iii b) iv c) ii d) i

Crossword Puzzle – 1. Money 2. Plastic Money 3. RBI 4. Term Deposit 5. Barter System 6. Bank Money

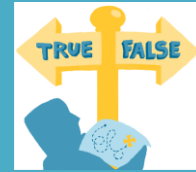
7. EMoney 8. C C Economy

Fill Ups – 1. cannot be 2. bank 3. less 4. comes down 5. chequable

Jumbled Word – 1. Stock 2. Depositors 3. Supply of Money

True & False - 1. True 2. True 3. False 4. False 5. False

MCQ's- 1.d 2.d 3.a 4.c 5.b 6.a 7.d



1. Only net demand deposits are taken as a part of money supply. ()
2. Commercial banks add to the money supply through demand deposits. ()
3. Supply of money includes stock of money held by the government. ()
4. Stock of money with the money issuing authorities is an important component of money supply. ()
5. Commercial banks play no role in the stock of money supply in the economy. ()

GLOSSARY

- **Barter System**- A system of exchange where goods or services are exchanged for other goods or services without using a medium of exchange.
- **Double coincidence of wants**- When two people swap their goods, in exchange for one another.
- **Evolution of money**- The gradual development of money.
- **Silent Trade**- A method by which traders who cannot speak each other's language, can trade without talking.
- **Medium of exchange**- Something commonly accepted in exchange for goods and services.
- **Currency**- A system of money in general use in a particular country.
- **Plastic Money**- Refers to Debit cards & Credit cards.
- **Electronic Money**- Currency that is stored in banking computer system.
- **Financial Transaction**-An agreement or communication between the buyer and seller to exchange an asset for payment.
- **Market Price**- The price of a commodity when sold in the market.
- **Deferred Payments**- Temporary postponement of the payment of an outstanding debt.
- **Interest Rate**- The proportion of a loan that is charged as interest to the borrower.
- **Demand for Money**- The desired holding of financial assets in the form of money.
- **Supply of Money**- The total stock of money circulating in an economy.
- **Banking System**-A group of institutions that provides financial services to us.
- **Inflation**- A general increase in price and fall in the purchasing value of money.
- **Minimum Reserve System**- Reserve kept by the central bank against its currency liability.
- **Bank Money**-Refers to demand deposits (chequable deposits) of the people with the commercial banks.
- **Term Deposits**-Popularly known as fixed deposits, is an investment instrument in which a lump-sum amount is deposited at an agreed rate of interest for a fixed period of time, ranging from 1 month to 5 years.
- **Demand Deposits**- A deposit of money that can be withdrawn without prior notice.

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From the Principal's Desk



It is hard to believe the twists and turns this year the schools have taken and the unusual time we all are facing, but I am proud to see how the students, their families and the staff have managed to stay connected and support one another so that the students could continue learning even during this pandemic.

The world has changed during this pandemic, the new normal forced us to explore new means to reach out to the students during the lockdown. The Graphic Novel is one such effort. Under this, the teachers created an interesting story to explain the chapter, its topics and sub topics, in a playful methodology. This effort would help to develop an interest for the subject in the minds of the young learners. Creating the Graphic Novel also helped to inculcate various skills among the students along with the enrichment of the subject. The school is oriented towards the holistic development of the students and for this we adapted various methods keeping in sync with the 'new normal'.

I would like to extend my heartfelt gratitude to Mr Sandeep Sethi, Director (Education) M.S.M.S.II Museum Trust, for his constant encouragement and guidance. He always held the teachers' hand wherever they stumbled, his supervision helped our team to complete the Graphic Novel with zest and zeal. I would personally like to appreciate my enthusiastic team. The efforts put in by the team cannot be explained in a few words. Kudos to the Commerce teacher, Art teachers, Computer teacher and the English teachers. Their unfailing dedication, desire to experiment and personal involvement is exceptional. I'm extremely proud to present our novel Money and Banking(Part-I). The work on Part-II(Banking) of the novel is under process. I feel honoured and happy to be a part of this endeavour.

Happy Reading !

Seema Dewan
Principal



SUMMARY

Sid (19) and Sandhya (17) set out on a road trip to Goa. They lose their bearing en route to Goa but luckily meet Balu (40) a milkman who takes them to Ms. Nicole's farmhouse.

An exchange of milk and vegetables takes place between Balu and Ms. Nicole at her farmhouse. Later, Ms. Nicole explains the concept of the "BARTER SYSTEM" to Sid and Sandhya that how in ancient times people exchanged commodities for commodities due to absence of money as a common medium of exchange. She then discusses about "Evolution of Money" how coins of different metals came into existence.

All three have a good time, sharing information when Sandhya tells Ms. Nicole about "Plastic Money and Electronic Money" and the ease of transferring money from one place to another electronically. They discuss the benefits and functions of different "Forms of Money".

Ms. Nicole asks the two of them to stay back for the night as it was late to travel. She is expecting her grandson Adam (25) the next day.

The next morning, Adam shares with Ms. Nichole that he is a bit worried about the increasing bank interest rates and explains how the interest rate stimulates the "Demand for Money" in the market.

Sid adds to the ongoing conversation and talks about the concept of "Supply of Money". Adam further talks about the "Suppliers of Money".

Sid and Adam clear Sandhya's confusion by differentiating between "Term Deposits and Demand Deposits". Ms. Nicole and Balu enter the room with some samosa and hot coffee. Everyone enjoys the conversation over coffee.



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