INDIAN SCHOOL AL WADI AL KABIR

Class: VII	**Department: SOCIAL SCIENCE**	**Subject: Economics**
Chapter :11 **Worksheet No :5**	**Topic: From Barter to Money**	**Year :2026-27**

I	**Choose the correct option:**
Q 1	What is a problem faced by people who use the barter system? (a) There is a common standard measure of value (b) People find it hard to store goods **(c) It is difficult to find someone who wants exactly what you offer** (d) People cannot use digital payments
Q 2	What do people exchange at the Junbeel Mela in Assam? (a) Digital money **(b) Local products like roots, vegetables, and fruits** (c) Paper currency (d) Gold and silver coins
Q 3	What is the barter system? (a) A system where people use money to buy goods **(b) A system where people exchange goods and services directly** (c) A system where people use mobile phones for transactions (d) A system where people work for wages
Q 4	What were coins made of in ancient times? (a) Plastic (b) Paper **(c) Gold, silver, and copper** (d) Wooden materials
Q 5	Which of the following is an example of a modern digital payment method? (a) Barter system (b) Using coins **(c) Scanning a QR code for payment** (d) Exchanging goods directly
Q 6	There are two statements marked as Assertion (A) and Reason (R). Choose your answer as per the options given below: Assertion (A): Coins were one of the earliest forms of money used in ancient times. Reason (R): Rulers controlled the minting and issuing of coins for transactions. **(a) Both (A) and (R) are true and (R) is the correct explanation of (A).** (b) Both (A) and (R) are true but (R) is not the correct explanation of (A). (c) (A) is true but (R) is false. (d) (A) is false but (R) is true.
II	**Answer the following:**
Q 7	What are the advantages of using UPI and QR codes for payments? Ans. The use of **Unified Payments Interface (UPI)** and **QR codes** has modern digital transactions. Key advantages include: • Transactions happen in real-time, 24/7. Users don't need to enter bank account details or IFSC codes; they can simply scan a QR code.

	• It uses two-factor authentication (usually a mobile lock and a UPI PIN). Since no physical card is required, there is less risk of card skimming. • You can send or receive money across different banks and different apps (like Google Pay, PhonePe, or BHIM) using a single ID. • Most UPI transactions for individuals are free of charge, making it more affordable than traditional wire transfers. • Scanning a QR code allows for touch-free payments, which is more hygienic and faster at checkout counters.
Q 8	Explain how money helps us compare the value of goods and services. Ans. Money acts as a **Unit of Account**, which is a standard measure used to set prices and make economic calculations. It allows comparison in the following ways: • Just as we use kilograms for weight, money provides a single numerical scale (price) to measure the worth of vastly different items, like a loaf of bread versus a laptop. • Without money (as in a barter system), you would have to know the value of a goat in terms of chickens, cloth, or grain. Money simplifies this by giving everything a price in a common currency. • By seeing prices, consumers can easily determine which goods offer better value for their money, helping them decide how to spend their limited resources efficiently.
Q 9	What are the key functions of money in an economy? Ans. Money serves four primary functions that facilitate economic activity: **Medium of Exchange:** It is a widely accepted item that buyers give to sellers when they want to purchase goods and services. **Unit of Account (Measure of Value):** It provides a common yardstick people use to post prices and record debts, allowing for the comparison of values. **Store of Value:** It is an item that people can use to transfer purchasing power from the present to the future. **Standard of Payment:** It allows for the agreement of payments to be made in the future (e.g., loans and credit).
Q 10	Explain the role of digital money in modern economies. Ans. Digital money refers to any form of currency or payment that exists purely in electronic form. Its roles include: • It enables to make easy transactions across the globe, reducing the time and cost associated with physical cash and traditional banking. • It facilitates e-commerce and mobile banking, allowing people to manage finances and make purchases from anywhere. • It often involves encrypted systems and digital ledgers (like blockchain), which can provide better security and a clearer audit trail than physical cash. • It can provide banking services to “unbanked” populations through simple mobile phone technology.
Q 11	How did the Barter System work in ancient societies? Give an example. Ans. The barter system was a method of exchange where goods or services were directly traded for other goods or services without using a medium of exchange like money. **How it worked:** It relied on the **"double coincidence of wants,"** meaning two people each had to have exactly what the other person wanted at the same time and place. **Example:** A farmer who had surplus grain but needed shoes would have to find a shoemaker who specifically needed grain at that exact moment to make a successful trade.
Q 12	In the Barter System, what could happen if the goods you want to trade are not needed by others? How would this affect the economy? Ans. If the goods you want to trade are not needed by others, you face a trade deadlock. Economic Impact: Trade becomes incredibly slow and inefficient. People might spend more time searching for trade partners than producing goods. This can lead to a lower standard of

	living and limited economic growth because surpluses cannot be easily exchanged for necessary items.
Q13	Why do people need money in today's world instead of relying on the barter system? Can you think of a scenario where money is more practical than bartering? Ans. People need money today because modern economies are too complex for bartering. We produce highly specialized services (like software engineering or teaching) that are difficult to trade directly for a specific grocery list. **Practical Scenario:** Imagine trying to buy a laptop by offering piano lessons. You would have to find a laptop seller who specifically wants to learn piano at that exact time. With money, you can simply teach piano to anyone, receive cash, and use that cash to buy the laptop from any retailer.
Q14	What are the advantages of using Coins in transactions over the Barter System? Ans. Using coins (money) is more efficient than bartering because: Coins provide a standard unit to express the price of all goods and services, making comparison easy. Coins come in different denominations, allowing for small transactions. In bartering, some goods (like livestock) cannot be easily divided. Coins are easier to carry and do not spoil, whereas many barter goods are bulky or perishable.
Q15	**Case study-1** In an ancient village, people rely solely on the barter system to exchange goods and services. For example, a blacksmith exchanges tools with a farmer in written for grain, and a weaver trades cloth for meat from a local hunter. The villagers do not use any form of money, and everything is based on mutual agreement and need. Questions: a. What challenges might the blacksmith face when trying to exchange tools for grain from the farmer? Ans. Challenges for the blacksmith: The main issue is the "double coincidence of wants." The blacksmith must find a farmer who specifically needs tools and simultaneously has the exact amount of grain the blacksmith wants. b. Why do you think the barter system worked in small communities but would be difficult to manage in large, modern cities? Ans. Barter works in small villages because people know each other, needs are simple, and trust is high. In large, modern cities, the scale of transactions and the diversity of goods make finding direct trade partners nearly impossible, requiring a universal medium of exchange (money). c. Imagine you are the king of the region and you have introduced coin and paper currency. What are the changes you will observe in the market? Ans. You would observe increased trade efficiency. Money acts as a measure of value, making pricing clearer. It also allows for wealth storage, as people can save money rather than perishable goods. **Case study-2:** A country introduces a new form of digital currency. People are excited about the convenience of using their phones or computers to make payments instead of carrying cash. However, some people are concerned about the securities of their fund. a. What concerns might people have about using digital money? Ans. Common issues include cybersecurity risks (hacking and fraud), loss of privacy, technical glitches or power outages preventing access to funds, and a lack of digital literacy among some populations.

	b. What advantages does digital money offer over traditional paper money? Ans. Advantages over paper money: Digital money offers convenience (no need to carry physical cash), speed of transactions, easy tracking of expenses, and reduced costs associated with printing and transporting physical currency. c. How would you feel about using digital money in your daily life? Would you trust it? Why or why not? Ans. Personal Perspective: This answer depends on your viewpoint. You might feel positive due to the ease of use and security of encrypted transactions, or hesitant if you value the anonymity and offline reliability of physical cash.