



Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

Revision Class-10th

(Based on N C E R T pattern)

Date:- 11.10.XX.

Economics

Money and credit

1. Define Double Coincidence of Wants.

Ans. In the barter system, when the demand of two persons for each other's commodity is raised at the same time, it is called double coincidence of wants.

2. How does money act as an intermediate in the exchange process?

Ans. Money eliminates the need for double coincidence of wants e.g., once the shoe manufacturer exchanges his shoes for money, he can purchase wheat or any other commodity in the market.

3. What is the reason for accepting paper notes as a medium of exchange?

Ans. Paper notes are accepted as a medium of exchange because the currency is authorized by the government of the country.

4. How does money act as a medium of exchange?

Or

Why is money used for exchange?

Ans. Since money acts as an intermediate in the exchange process, it is called a medium of exchange.

5. How does the use of money make it easier to exchange things?

Ans. The use of money makes it easier to exchange things because money, by providing the crucial intermediate step, eliminates the need for double coincidence of wants.

6. Define money.

Ans. (1) Money refers to a medium of exchange used in economic transactions or in exchange of goods and services.

(2) Transactions are made in money because it eliminates the inconvenience of barter system of exchange. In an economy, where money is in use, money by providing the crucial intermediate step, eliminates the need for double coincidence of wants.

(3) The use of money spans a very large part of our everyday life. There are several transactions involving money in any single day.

7. How is money used in everyday life? Explain with examples.

Ans. (1) The use of money spans a very large part of our everyday life. There are several transactions involving money in any single day.

(2) In many of these transactions, goods are bought and sold with the use of money. In some other transactions, services are exchanged with money. For some, there might not be any actual transfer of money taking place now but, a promise to pay money later.

(3) For example, we purchase books, pencils, chocolates from money. We give doctor's fee and school fee in money. My father receives a monthly salary in money. Hence, money is used in everyday life.

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