

Financial Education

# Workbook

Class:VI



# Financial Education Workbook for Class VI

## Disclaimer

This book is presented as a reading and teaching material with a sincere purpose of making the reader financially literate. It is not intended to influence the reader in making a decision in relation to any particular financial product/s or service/s.

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# भारत का संविधान

## उद्देशिका

हम, भारत के लोग, भारत को एक सम्पूर्ण प्रभुत्व-संपन्न समाजवादी पंथनिरपेक्ष लोकतंत्रात्मक गणराज्य बनाने के लिए, तथा उसके समस्त नागरिकों को:

सामाजिक, आर्थिक और राजनैतिक न्याय,  
विचार, अभिव्यक्ति, विश्वास, धर्म

और उपासना की स्वतंत्रता,  
प्रतिष्ठा और अवसर की समता

प्राप्त कराने के लिए

तथा उन सब में व्यक्ति की गरिमा

और राष्ट्र की एकता और अखंडता  
सुनिश्चित करने वाली बंधुता बढ़ाने के लिए

दृढ़संकल्प होकर अपनी इस संविधान सभा में आज तारीख 26 नवम्बर, 1949 ई० को एतद्वारा इस संविधान को अंगीकृत, अधिनियमित और आत्मार्पित करते हैं।

1. संविधान ( बचालीसवां संशोधन ) अधिनियम, 1976 की धारा 2 द्वारा ( 3.1.1977 ) से "प्रभुत्व-संपन्न लोकतंत्रात्मक गणराज्य" के स्थान पर प्रतिस्थापित।
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## भाग 4 क

### मूल कर्तव्य

51 क. मूल कर्तव्य - भारत के प्रत्येक नागरिक का यह कर्तव्य होगा कि वह -

- (क) संविधान का पालन करे और उसके आदर्शों, संस्थाओं, राष्ट्रध्वज और राष्ट्रगान का आदर करे;
- (ख) स्वतंत्रता के लिए हमारे राष्ट्रीय आंदोलन को प्रेरित करने वाले उच्च आदर्शों को हृदय में संजोए रखे और उनका पालन करे;
- (ग) भारत की प्रभुता, एकता और अखंडता की रक्षा करे और उसे अक्षुण्ण रखे;
- (घ) देश की रक्षा करे और आह्वान किए जाने पर राष्ट्र की सेवा करे;
- (ङ) भारत के सभी लोगों में समरसता और समान भ्रातृत्व की भावना का निर्माण करे जो धर्म, भाषा और प्रदेश या वर्ग पर आधारित सभी भेदभाव से परे हों, ऐसी प्रथाओं का त्याग करे जो स्त्रियों के सम्मान के विरुद्ध हैं;
- (च) हमारी सामाजिक संस्कृति की गौरवशाली परंपरा का महत्त्व समझे और उसका परिरक्षण करे;
- (छ) प्राकृतिक पर्यावरण को जिसके अंतर्गत वन, झील, नदी, और वन्य जीव हैं, रक्षा करे और उसका संवर्धन करे तथा प्राणी मात्र के प्रति दयाभाव रखे;
- (ज) वैज्ञानिक दृष्टिकोण, मानववाद और जनार्जन तथा सुधार की भावना का विकास करे;
- (झ) सार्वजनिक संपत्ति को सुरक्षित रखे और हिंसा से दूर रहे;
- (ञ) व्यक्तिगत और सामूहिक गतिविधियों के सभी क्षेत्रों में उत्कर्ष की ओर बढ़ने का सतत प्रयास करे जिससे राष्ट्र निरंतर बढ़ते हुए प्रयत्न और उपलब्धि की नई उंचाइयों को छू ले;
- (ट) यदि माता-पिता या संरक्षक हैं, छह वर्ष से चौदह वर्ष तक की आयु वाले अपने, यथास्थिति, बालक या प्रतिपाल्य के लिये शिक्षा के अवसर प्रदान करें।

1. संविधान ( छ्यासीवां संशोधन ) अधिनियम, 2002 की धारा 4 द्वारा प्रतिस्थापित।

# THE CONSTITUTION OF INDIA

## PREAMBLE

**WE, THE PEOPLE OF INDIA**, having solemnly resolved to constitute India into a '**SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC**' and to secure to all its citizens :

**JUSTICE**, social, economic and political;

**LIBERTY** of thought, expression, belief, faith and worship;

**EQUALITY** of status and of opportunity; and to promote among them all

**FRATERNITY** assuring the dignity of the individual and the<sup>2</sup> unity and integrity of the Nation;

**IN OUR CONSTITUENT ASSEMBLY** this twenty-sixth day of November, 1949, do **HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.**

- 
1. Subs. by the Constitution (Forty-Second Amendment) Act, 1976, sec. 2, for "Sovereign Democratic Republic" (w.e.f. 3.1.1977)
  2. Subs. by the Constitution (Forty-Second Amendment) Act, 1976, sec. 2, for "unity of the Nation" (w.e.f. 3.1.1977)
- 

# THE CONSTITUTION OF INDIA

## Chapter IV A

### FUNDAMENTAL DUTIES

#### ARTICLE 51A

**Fundamental Duties** - It shall be the duty of every citizen of India-

- (a) to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem;
- (b) to cherish and follow the noble ideals which inspired our national struggle for freedom;
- (c) to uphold and protect the sovereignty, unity and integrity of India;
- (d) to defend the country and render national service when called upon to do so;
- (e) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities; to renounce practices derogatory to the dignity of women;
- (f) to value and preserve the rich heritage of our composite culture;
- (g) to protect and improve the natural environment including forests, lakes, rivers, wild life and to have compassion for living creatures;
- (h) to develop the scientific temper, humanism and the spirit of inquiry and reform;
- (i) to safeguard public property and to abjure violence;
- (j) to strive towards excellence in all spheres of individual and collective activity so that the nation constantly rises to higher levels of endeavour and achievement;
- <sup>1</sup>(k) who is a parent or guardian to provide opportunities for education to his/her child or, as the case may be, ward between age of 6 and 14 years.

- 
1. Subs. by the Constitution (Eighty - Sixth Amendment) Act, 2002



## PREFACE

The CBSE's Financial Education curriculum for classes VI-X, is marked for its strong dynamism, continuous evolution and development. The curriculum has been developed by adopting a functional approach. In the current climate of psychological, social and economic changes, society is influenced by explosive knowledge creation and exponential technology growth.

The need of financial education is to improve understanding of basic financial concepts and using them in our daily life. To know about various financial products and to become more aware of financial risks and opportunities to enable each one of us to make informed choices, and in return we can improve our financial well-being.

The vision of financial education is that it could enable students, at their level of need, to understand the role of money in their life, the need and use of savings, the advantages of using the formal financial sector and various options to convert their savings into investments, protection through insurance and a realistic recognition of the attributes of these options.

This financial doctriation will help us learn more about the importance and advantages of savings, necessity of staying out of unproductive loans that are beyond our capacity to repay, borrowing with formal financial sector, concept of interest and the power of compounding, time value of money, inflation, the need to insure, role of major financial sector institutions such as ministries, regulators, banks, stock exchanges and insurance companies and basic concept regarding relation between risks and rewards. Through this we can help ourselves and others in managing money more effectively by accessing appropriate financial products and services provided by various financial regulators.

Financial education will help especially those who are financially excluded at present.

The objective of this workbook is to create awareness and educate students on access to financial services, availability of various types of products and their features and to make students understand their rights and responsibilities as clients of financial services.

Teachers handling the course need to inform themselves regarding the effective use of course content, teaching methodology, management of group work and independent individual work, management of large classes, appropriate use of assessment tools, grading and record-keeping to benefit their students.

We would like to thank the stakeholders- Reserve Bank of India, Securities and Exchange Board of India, The Insurance Regulatory and Development Authority of India and Pension Fund Regulatory and Development Authority for taking the time and effort in development of these books.

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Hello friends, my name is Mudra and I am what people of today cannot do without. In earlier days trade existed in my absence but with the coming of kings and government I got different names, shapes and forms. Trade cannot take place without me. I am normally different for each country but some countries share me. Can you guess what my name means?

Hi...everyone wants to invest and gain revenue these days but all investments are not safe. I am going to help you select the right investments and you can safely call me **Saif**.



Hi, I am what everyone wants from investments and be rest assured, I will come only when my friend Saif is around. I make you happy and help you to achieve your dreams. Call me **Munaf**-it is short for munaffa which means profits.



Through stories, games, crosswords and jumbled words we all are going to take you to the history of barter, kings and kingdoms, bringing to today's cash memo, bills and trade. I will not rush but **Rashi** is my name. I shall teach you how and why to save.







# Beckonings of Faraway Land

Long ago in Faraway Land so benign  
Started the discovery of money once upon a time  
We exchanged goods and services without rupees or dime  
Called it the barter system, but it didn't turn out as fine

Then we found metals and coins we made  
Each country had their own currency, neatly laid  
In India we have the RBI, in minting money the government they aid  
Don't forget to ask dad about what's balance of trade

Clothing, shelter, food and air  
Without these how would we live, we aren't aware  
Things we require to live are called needs  
Would toys also count because for them I have to plead?

To record transactions there are bills  
Remember those imported toys you bought in the hills?  
I heard they were traded across from China through the cold and chills

Grandpa says if I save in my piggy bank so small  
One day, I'll be able to buy anything just anything at all  
From candies to chocolates to bubblegum to big balls  
What kind of tax did Mum pay on her shawl?  
Oh, wait! Did she pay any tax at all?

From barter system to taxes  
From important transactions to price waxes  
Financial management is the effective managing of funds  
Do you know the actual meaning of a refund?

From its definitions to its functions  
The subject has various important junctions  
This year of financial management we lay the base  
Do study carefully as all obstacles we must conquer and chase



Hi!  
Let's Begin



## Barter System



Long ago, there was a prosperous kingdom. The people of this kingdom were very hard-working and were engaged in different productive activities. Some were farmers, while others were weavers, tailors or cobblers etc. While everything was produced in abundance, each person could not produce all the goods required by him for his use.

The people in the kingdom used a system by which one person could exchange the goods and services produced by him with the goods and services produced by another. Thus, if the farmer needed to get a shirt stitched, he would give the tailor food grains and if the cobbler required cloth, he would give the weaver shoes made by him. This exchange of goods and services by one person in return for goods and services from another person is known as **barter system**. However, people faced difficulties with this system. The farmer sometimes required shoes but the cobbler would not exchange his shoes for food grains because he had enough food grains and required clothes, which a farmer could not provide. The weaver would not exchange his clothes for shoes because he wanted a haircut. Also, we all know some commodities are perishable and cannot be kept for a long time in the store. So, if someone had lots of apples or oranges he could not store them to exchange later. People could not exchange their goods or services unless they found someone who was willing to take their goods in exchange for something which they actually required.

The barter system works on **double coincidence principle**. Two coincidences have to happen at the same time. The first coincidence is that you find someone who is willing to sell something that you want to buy. The second coincidence is that the seller wants to buy something that you are willing to sell.

### Exercise

1) What is a barter system?

---

2) In barter system, if a person needs some goods or services what does he do?

---

3) What are the demerits of barter system?

---

**State whether True or False:**

- 1) In barter system, money was used to buy things. \_\_\_\_\_
- 2) It was difficult to exchange big commodities under barter system. \_\_\_\_\_
- 3) People used to exchange different goods or services in barter system. \_\_\_\_\_
- 4) The barter system works on double coincidence principle. \_\_\_\_\_

**Jumble Time**



Jumbled Words	Clue	Solution
Brtrea smSety	Exchange of goods and services without using money	
Eagenchx	Give and take	
Gdoso dna svsecier	Example is Bread and tailor	
Cmomtyido	Marketable item produced to satisfy wants or needs.	

**Fun Time**

- 1) Exchanging goods and services without using money is called
  - a) selling
  - b) exchange
  - c) barter system
  - d) marketing
- 2) Items produced to satisfy needs and wants
  - a) services
  - b) goods
  - c) commodity
  - d) product
- 3) The barter system works on the principle of
  - a) single coincidence
  - b) double coincidence
  - c) single incidence
  - d) double incidence
- 4) What was generally exchanged in a barter system?
  - a) Goods
  - b) Services
  - c) Commodities
  - d) All of the above
- 5) The main disadvantage of the barter system was not being able to \_\_\_\_\_.
  - a) store goods that are perishable
  - b) find goods and services one needed
  - c) give away one's goods or services
  - d) get what one needed in few exchange

Will you give me your pen in exchange for my pencil?







Who brought these Metal coins?



## Evolution of Money



Money, as we know today, is the end product of a long process. In the beginning, there was no money. People engaged in barter. It was a moneyless economy. The barter system had various problems.



The direct exchange of one commodity for another requires direct satisfaction of both the parties. For example, a man might want to exchange one cow for two goats. It is necessary that a person who owns the cow should find a man who wants to exchange his two goats with the cow. All the goods which are to be exchanged are not necessarily of the same value, so it is very difficult to determine the ratio of exchange between the different goods. In case of goods which are indivisible there would be a different value for different goods. For example, if the owner of a cow, wants to purchase a hen then it would not be possible for him to give a small part of the cow to the owner of a hen. It would also be very difficult to store goods particularly perishable goods like fish for a long period.



Thus, the exchange of goods was not free from difficulties. Therefore, the need for money arose. Once metal was discovered, it began to be used as money. In the 6th century B.C. the first coins resembling the current ones appeared. They were small metal pieces, with fixed weight and value, and bearing an official seal, which is the mark of the government who has minted them and also a guarantee of their value. The first metals used in coinage were gold and silver. During the Mauryan period, silver, gold and copper coins were being used. King Sher Shah Suri also issued a coin of silver, weighing 178 grains, which was termed as the “Rupiya”. The Hindi word “rupiya” is derived from Sanskrit word “rūpya”, which means “a coin of silver”. The silver coin remained in use during the Mughal period, the Maratha era as well as in British India.

Among the earliest issues of paper money include, the issue of Rupee by the Bank of Hindustan (1770-1832). Following the independence of India in 1947, and the accession of the princely



states to the new Union, the Indian rupee replaced all the currencies of the previously autonomous states. After its formation, the Reserve Bank of India issued notes and coins on behalf of the Government of India. It is interesting to know that with the Partition of India, the Pakistani rupee came into existence, initially using Indian coins and Indian rupee notes simply over-stamped with "Pakistan".

### Exercise

- 1) First paper money was issued by \_\_\_\_\_.
- 2) Notes and coins are issued on behalf of Government of India by \_\_\_\_\_.

### Match the followings:

Currency	Country	Symbol
Rupee	China	€
Yen	Europe	\$
Dollar	United Kingdom	¥
Yuan	India	£
Pound Sterling	United States of America	¥
Euro	Japan	₹



Jumble Time



Jumbled Words	Clue	Solution
Dectri eagEnchx	Forms of exchange	
Sehr Sahn Sriu	Introduced metal coins	

Fun Time



- 1) If I purchase shoes using pounds, which country am I in?
  - a. Japan
  - b. United States of America
  - c. India
  - d. United Kingdom
- 2) I am going to Japan. Which currency will I be using there?
  - a. Yen
  - b. Rupee
  - c. Dollar
  - d. Euro
- 3) I recently visited the Eiffel Tower. Which currency did I spend to buy my ticket?
  - a. Dollar
  - b. Yuan
  - c. Euro
  - d. Rupee
- 4) My mother bought me a pair of shoes for 45 dollars. Which country did she visit?
  - a. Japan
  - b. China
  - c. France
  - d. United States of America
- 5) The Hindi word "Rupiya" is derived from a Sanskrit word. Tick the right word.
  - a) Rupaya
  - b) Rupia
  - c) Rupya
  - d) Rupay
- 6) \_\_\_\_\_ issues coins and notes on behalf of the government of India.
  - a) RBI
  - b) RPI
  - c) SBI
  - d) SPI

- 7) Which discovery helped in the introduction of money as a medium of exchange?  
a) Chemicals                      b) Fire  
c) Forging techniques            d) Metal
- 8) When were coins first introduced?  
a) 5th century B.C                b) 6th century B.C  
c) 7th century B.C                d) 8th century B.C
- 9) What were coins first made of?  
a) Gold and silver                b) Silver and copper  
c) Copper and gold                d) Silver, copper and gold
- 10) Who introduced a silver coin termed as the 'Rupiya'?  
a) Aurangzeb                      b) Babur  
c) Shahjahan                      d) Sher Shah Suri
- 11) By whom was the Rupee issued in the period between 1770-1832 ?  
a) Bank of India                  b) British Government  
c) Bank of Hindustan              d) Bank of Bharat
- 12) Who issues notes and coins in India now?  
a) State bank of India            b) Reserve Bank of India  
c) State Governments            d) Bank of India



Now we know how Mudra or Money came into existence.

I need a glass of water or a cold drink. Any difference?



## Needs and Wants



A **need** is something you must have, something you can not do without. Examples of basic needs include food, water, and shelter. Our needs may be different at different times in our life. Besides basic needs, we have other things that we use and buy. These “extras” make our lives more enjoyable and comfortable. They are often things you would love to have but could do without. These items are called **wants**. Some examples are eating out in restaurants, going to movies, purchasing a play station, etc.



Also one person's wants may be another person's needs. For example, buying a cricket bat to play with friends may be a need, but buying a costly one becomes a want. At the same time, if you are playing for your school cricket team, you “need” to buy a costly, good quality bat.



Before you buy something, ask yourself, “Do I need this item, or do I just want it?” You may be surprised at how many things are actually “needs.”



## Exercise

1) List some of your needs in the spaces below. Try to think of needs that are immediate, as well as things you'll need in the next several months. Then, write down some wants. Are you starting to see the difference? Are there wants that you could do without?

Needs		Wants	

2) Are some “needs” actually “wants”? Cross off the “wants” that are the least important to you.

## Budgeting



1) Sumit received ₹ 500 as his birthday gift. Here are some of the ways he could use this money.

Price Chart	
Item	Price
Music CD	₹ 20
Computer Game	₹ 75
Cake	₹ 75
Comic Book	₹ 30
Movie Ticket	₹ 40
Toy Car	₹ 75
Video CD	₹ 30
Ice Cream	₹ 25
Cricket Bat	₹ 100
Cricket Ball	₹ 50
Save for Dad's birthday gift	₹ 50
Give to the needy	₹ 30

2) Has Sumit exceeded the budget? How would you help him balance the budget?







Now, I am going to tell you about bills.



# Bills/Cash Memo



## What is a bill?

A **bill** of sale is a legal document made by a 'seller' to a 'buyer' recording the transaction between two parties. It contains important contact information, item description and price, payment method, warranties, and signatures. As a legal document, it offers protection and benefits for both the buyer and seller.



## Why should we insist on taking a Bill?

It is very important that we always ask for a bill or receipt on every purchase or payments made. In the absence of a bill or receipt, the buyer loses the right to complain under law if the goods turn out to be faulty or not up to the mark.

## Exercise

### Fill in the blanks

- 1) A bill of sale is a \_\_\_\_\_ document made by a seller to a buyer
- 2) A bill records \_\_\_\_\_ between two parties
- 3) A bill offers \_\_\_\_\_ and \_\_\_\_\_ for both buyer and seller





Jumble Time

# Jumble words

Jumbled Words	Clue	Solution
IBil	legal document made by seller to buyer recording the transaction between two parties	
asCh mome	Buying against cash	

- Identify any five places/ vendors who issue a bill.
  - Roadside vegetable vendor
  - Local kirana shop
  - School canteen
  - Movie theatre
  - Book shop
  - Bus/ Train
  - Auto rickshaws
  - Hair cutting saloon
- Study a bill and look for the following details.
  - Date of purchase/ sale
  - Number of units purchased/ sold
  - Price per unit
  - Discount, if any
  - Taxes levied
  - Total bill amount
  - Customer care details
- What right does the consumer lose when he does not receive a bill?
  - Right to purchase
  - Right to complain
  - Right to receive change
  - Right to choose

Fun Time



Now you know why it is necessary to ask for a bill after every purchase.

Remember Kabuliwala,  
He used to trade.



# Trade



## What is Trade?

Trade is the transfer of ownership of goods and services from one person or entity to another in exchange for something.

Broadly there are two types of trade: domestic trade and foreign trade. **Domestic trade** refers to all kinds of trading activity that happens within the geographical boundary of a country. For example, a shopkeeper buying clothes from Mumbai and selling it in New Delhi. On the other hand, **foreign trade** happens between two or more countries. An example of foreign trade is India buying sugar from Pakistan.



## Exercise

1) You must have visited a market place or a shop in your locality. List any five things you bought from there. Does the shopkeeper just sell those products or does he manufacture them also?



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2) Write the products / goods the following places are famous for.

- |                  |                     |                    |
|------------------|---------------------|--------------------|
| a) Kashmir _____ | b) Nagpur _____     | c) Jaipur _____    |
| d) Benaras _____ | e) Darjeeling _____ | f) Hyderabad _____ |
| g) Panna _____   | h) Shimla _____     |                    |

3) List any five things you need daily and also mention from where you get them.

\_\_\_\_\_

\_\_\_\_\_

**Fill in the blanks**

- 1) Trade is the \_\_\_\_\_ of ownership of goods and \_\_\_\_\_ from one person to another.
- 2) The two types of trade are \_\_\_\_\_ and \_\_\_\_\_ .
- 3) Domestic trade refers to trading activity within the \_\_\_\_\_ boundary of a country.
- 4) Foreign trade takes place between \_\_\_\_\_ countries.
- 5) Kumar grew spices in his farm in Kottayam, Kerala. He decided to sell his spices to a dealer in Chandigarh, Punjab. This kind of trade will be termed as \_\_\_\_\_
- 6) Vikrant is making handmade carpets in Kashmir. He purchased some material from Turkey for his carpets. This kind of purchase is termed as \_\_\_\_\_



**Jumble Time**

**Jumble Words**

Jumbled Words	Clue	Solution
oriegnF raTed	Trade outside the boundaries of the country	
mticesDo raTed	Trade within the geographical boundaries of the country	
raTed	Exchange of goods and services	

**Fun Time**

- 1) Trading activity that happens within the geographical boundary of a country is \_\_\_\_\_.
  - a) Trade
  - b) Domestic Trade
  - c) Foreign Trade
  - d) State Trade
- 2) Trade between two or more countries is \_\_\_\_\_.
  - a) Trade
  - b) Domestic Trade
  - c) Foreign Trade
  - d) State Trade



**Kabuliwala used to trade in cashew nuts**







Why trade?



# Benefits of Trade



## Why countries trade?

Opportunity for trade exists if an area or a country produces goods at a lesser cost than another area or country. Of course, the opportunity for trade also exists when a country can produce goods that another country is unable to produce. In each of these cases, both the consuming country and the producing country will be better off with trade than without it.



Countries have different natural, human and capital resources. They are not equally good at producing the same goods and services. The decision to produce any goods or services has an **opportunity cost**. This is the cost of other goods or services that could have been produced. It is better for a country to produce goods with low opportunity cost and **specialise** in goods that it can sell to other countries. This will help trade.

Let us use an example to explain. Say Sunny lives on an island with coconut trees. Bobby lives on another island with banana trees. Sunny is tired of eating coconuts and wants to eat something new. Surprisingly enough, Bobby is also tired of bananas and would love some nice sweet coconut. In this example, trade would benefit both parties.

## Exercise

1) What is opportunity cost?

---

2) What is specialisation?

---

3) How does specialisation help trade?

---

---



By trading use get varieties of goods that too at low cost



**Jumble Time**

# Jumble words

Jumbled Words	Clue	Solution
Cetvetiomp aegvdnAat	producing goods at lower cost than other producers	
Aebtsulo aegAtanvt	Producing more goods than other producers with same resources.	

1) Sheetal manufactures 1 shirt for Rs 100 whereas Anuj manufactures 1 shirt for Rs 150. This means Sheetal has \_\_\_\_\_ advantage.

- a) Comparative                      b) Absolute  
c) Competitive                      d) Relative

2) Using Rs 150 Anuj can make 15 chocolates whereas Sheetal can make 10 chocolate. This means Anuj has \_\_\_\_\_ advantage.

- a) Comparative                      b) Absolute  
c) Competitive                      d) Relative

**Fun Time**



**By trading we get a variety of goods that too at low cost.**



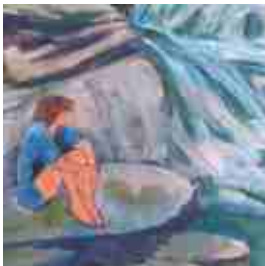


## Radha and the Frog



Once upon a time, in a land far away, there lived a young girl called Radha. She was like every other young girl. She went to school, hang out with her friends and dreamt of becoming a princess.

Just because she wanted to be a princess didn't excuse her from having to help her parents out at home. So she did her chores every day and in return, her father gave her pocket money at the end of the week. But being just 9 years old, she never saved any of it and instead bought lots of pretty dolls and chocolates.



But one day, that happy, carefree life came to an end. Radha's father died. She and her mother were very sad and didn't know what to do. Every month, they struggled to scrape together enough money to pay for Radha's school fees, the rent, the electricity, the water bills and everything else they needed.



Radha missed her happy, carefree life. Her life was so hard now. She was always hungry and her clothes no longer fit. But as she watched her mother grow more tired and more worried as each day went by, she made a promise. "When I grow up, I am going to make sure we have enough money so we never have to worry about it anymore," she vowed. "I will take care of my mother and we will have enough food to eat." The only problem was she didn't know where to begin. Even though her parents had loved her very much, they had never taught her about the value of money and how important it was to save it.

One day, she was sitting by the pond near her house and dreaming about being a rich princess when, all of a sudden, a frog appeared

beside her. The frog said, "Hello Radha! My name is Champak Lal. Back when I was human, I was an evil money lender who took money from the poor and became rich. As a punishment, God has asked me to spend some time as a frog and teach one person about smart money management technique before I can turn human again. But everyone runs away from me."

Radha could not believe her ears. She thought perhaps she could learn from him how to save money so that she and her mother would never have to worry again. And then she started to tell him how her father had died and how there was no money for her and her mother to live now.

"First, you have to work out your budget", Champak Lal told Radha. "That means you have to write down everything you have to pay for every month and how much it costs. Then you have to work out what you have left over and how much you can save from that. It probably won't be much at first, but every little bit helps. When you get older, you can take all your money and use it to buy a house or pay for your college education. You could keep some of it and even use it when you are too old to work. If you manage to save enough money, you and your mother will be OK."

And with that, Champak Lal began to change back into a human because Radha had learnt a valuable lesson from him. Today, Radha and her mother have enough money for their future. And now they are saving to buy back their house.

### Exercise

1) How did Radha's carefree and happy life come to an end?

---

2) What problems did Radha and her mother face after the death of her father?

---

3) What was the promise made by Radha for her future?

---

4) What were the difficulties faced by Radha in fulfilling her promise?

---

5) Who was Champak Lal and why did he become a frog?

---

6) What were the lessons taught by Champak Lal on Smart Money Management to Radha?

---

7) What is the moral of the story?

---



Jumble Time



Jumbled Words	Clue	Solution
Btegdu	Estimation of the revenue and expenses over a specified future period of time.	
Mneyo Mnetngamea	To manage the money	



**Fun Time**

- 1) Radha used to spend money for purchasing \_\_\_\_\_.  
a) dolls and chocolates      b) books  
c) utensils                      d) pencils
  
- 2) Champak asked Radha to make \_\_\_\_\_ for money management.  
a) list                                b) sources  
c) budget                            d) list of items she needed



**We should  
practise smart  
money  
management**



What I save from  
my pocket money?



## Grandfather's coins



### Grandfather's coins

Every week, Medha and her cousins would go for a big family meal to their grandparents' house. They would always wait excitedly for the moment when their grandfather would give them a few coins each to buy whatever they wished to.



Most of the children would spend their coins buying candies and toys, but Medha saved all her coins without spending any on candies or toys. After two years Medha surprised everyone at her grandparents' house with a violin. When everyone asked her about it, she proudly said that she had bought it with her own money. She explained how she had saved all those coins that her grandfather gave every week. She had also learnt to play the violin. Hearing this, everyone was happy and they all praised Medha.



Years later, when Medha became a very famous violinist, she would always tell people how it was possible to do that with just a few coins well spent.

## Exercise

Who do you think used Grandfather's coins better? Tick on the correct box. Give your reasons.

Spending/ Saving	Wise Spending	Wasteful Spending	Reasons
Medha			
Medha's cousins			

Jumble Time

Jumble words

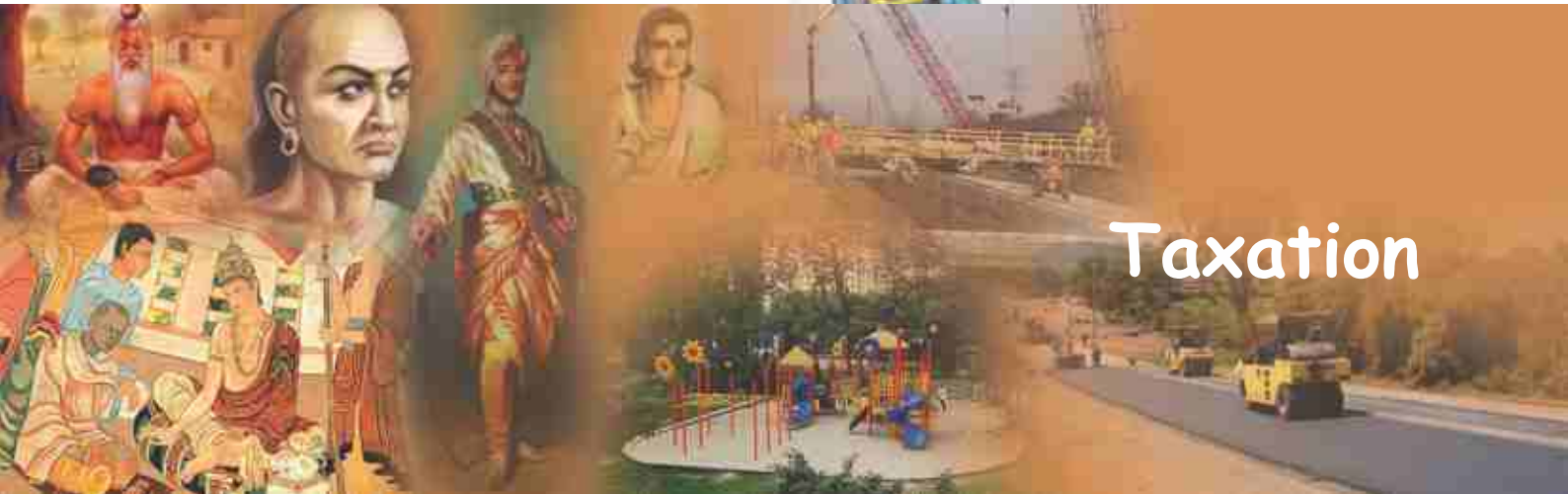
Jumbled Words	Clue	Solution
niocS	Metal Rupee	
npeSnigd	Opposite of saving	

- Children spend money in buying \_\_\_\_\_.
  - books
  - pencil box
  - candies and toys
  - clothes and shoes
- Medha became a very famous \_\_\_\_\_.
  - piano player
  - dancer
  - violinist
  - singer

Fun Time

I am going to save some amount from my pocket money for future needs

Tax? My money to the government.



# Taxation



## Types of Taxes

Do you know who build the roads, hospitals, parks and bridges, etc in our country? The answer is our government - central, state or local. But have you wondered from where government gets money to spend on building these facilities or infrastructure?



To promote economic growth and to improve the standard of living of people, the government has to take various welfare measures. These can be financed by collecting money from the public. Government gets money to spend by imposing charges on citizens and corporate entities, this is called "Taxation". Taxation enables the government to generate a huge amount of revenue. There are two types of taxes in India – Direct taxes and Indirect taxes.



**Direct Taxes**, as the name suggests, are taxes that are directly paid to the government by the taxpayer. It is a tax applied on individuals and organizations directly by the government e.g. income tax, corporation tax, etc.

**Indirect Taxes** are applied on the manufacture or sale of goods and services. These are initially paid to the government by an intermediary, who then adds the amount of the tax paid to the value of the goods / services and passes on the total amount to the end user. For Example- Goods and Services Tax .

## Goods and Services Tax

The Goods and Services Tax has revolutionized the Indian taxation system. The GST Act was passed in the Lok Sabha on 29th March, 2017, and came into effect from 1st July, 2017.





### Meaning of GST and its working:

GST is one indirect tax for the whole nation, which will make India one unified common market. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. The final consumer will bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

**Rate of GST:** Under GST, goods and services are taxed at the 0%, 5%, 12%, 18% and 28% rates. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.

### Exercise

#### Fill in the blanks:

- The medium through which government finances its expenditure is called \_\_\_\_\_.
- A \_\_\_\_\_ tax is the tax whose burden falls on the person on whom it is imposed.
- One example of direct tax is \_\_\_\_\_.
- Taxes play an important role in a country's \_\_\_\_\_.



Jumble Time



Jumbled Words	Clue	Solution
tTionaxa	An income for the government	
Emiccoon Gthrwo	Society grows	
Santardd fO Lvingi	A means of measurement of wealth and comfort available to a community	
epxnetidEru	An amount of money spent	
Dectir Txase	paid directly by an individual	
etidnrlic Txase	tax collected by an intermediary from the person who bears the ultimate economic burden of the tax.	
Icnome xTa	I am proud to pay this on my salary	

1) \_\_\_\_\_ tax is directly paid by taxpayer.

- a) Direct
- b) Sales
- c) Service
- d) Entertainment

2) \_\_\_\_\_ are applied on sale of goods and services.

- a) Indirect tax
- b) Direct tax
- c) Income tax
- d) Toll tax

**Fun Time**



**I feel proud in paying tax.**





Can we multiply money?



## Nurturing the money plant



### Pocket money

When they were 10 years old, Sunny and Bobby, twins, decided not to spend all of their pocket money and instead save some amount every month with their mother. Bobby stopped saving any money after five months whereas Sunny continued to save money regularly for twelve months. However, during this twelve month period Sunny had spent some money from his savings. After one year they compared their savings.

### Sunny and Bobby's savings chart

Month	Sunny			Bobby		
	Pocket Money (A)	Expenses (B)	Savings (A-B)	Pocket Money (A)	Expenses (B)	Savings (A-B)
January	100	50	50	100	50	50
February	100	50	50	100	50	50
March	100	50	50	100	50	50
April	150	70	80	150	70	80
May	150	70	80	80	60	20
June	150	100	50			
July	200	70	130			
August	200	70	130			
September	200	120	80			
October	250	100	150			
November	250	50	200			
December	250	100	150			
<b>Total</b>	<b>2100</b>	<b>900</b>	<b>1200</b>	<b>530</b>	<b>280</b>	<b>250</b>

## Exercise

1) Who has more balance at the end of May?

---

2) How much is Sunny's balance at the end of May?

---

3) What are Bobby's total savings at the end of April?

---

4) At the end of the year who has more balance?

---

5) Why has Bobby's balance not increased from May till end of the year?

---

1) Bobby stopped saving any money after \_\_\_\_\_ months.

- a) five      b) six
- c) nine      d) four

Fun Time



2) Sunny saved money regularly for \_\_\_\_\_ months.

- a) five      b) six
- c) nine      d) four



Yes, we can  
grow money



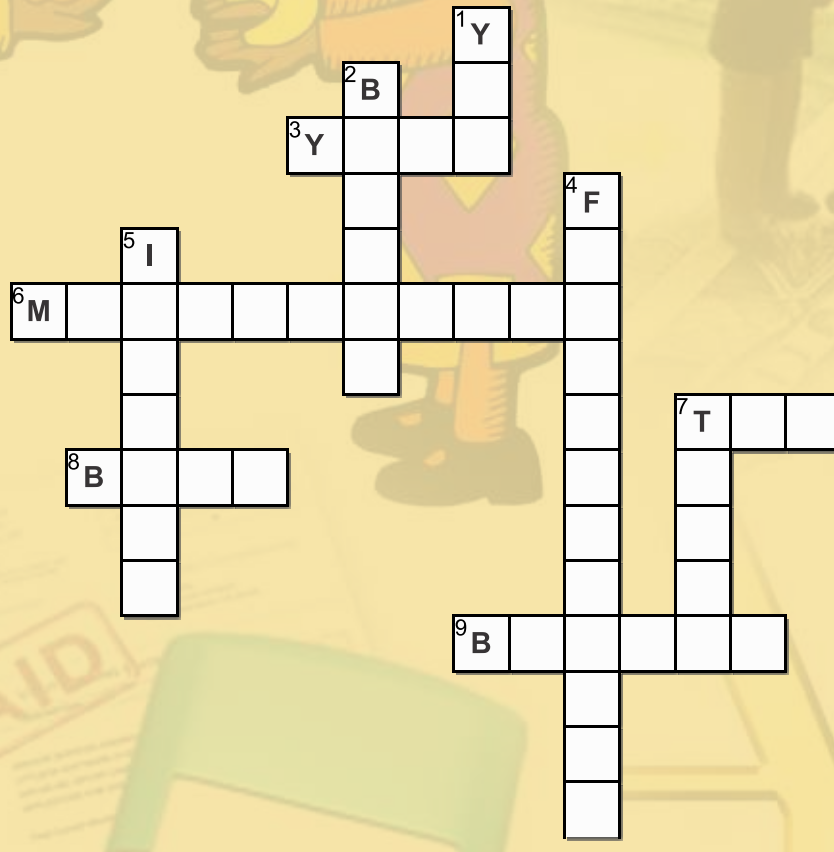


Time to solve crosswords Rashi



Yeah, we will have fun Saif.

## CROSSWORD



### Across

- 3.Currency of China
- 6.A person or group who lends money to others
- 7.A compulsory contribution to State revenue levied by the government on citizen
- 8.A legal document stating the cash received for goods sold
- 9.Exchange of goods and services without the use of money

### Down

- 1.Currency of Japan
- 2.An estimate of income and expenditure for a set period of time
- 4.Exchange of commodities between two or more countries
- 5.A document showing the amount due from the buyer or debtor
- 7.Business of buying and selling commodities



Time for more crosswords Munaf.



Gaming and learning together, isn't it great?

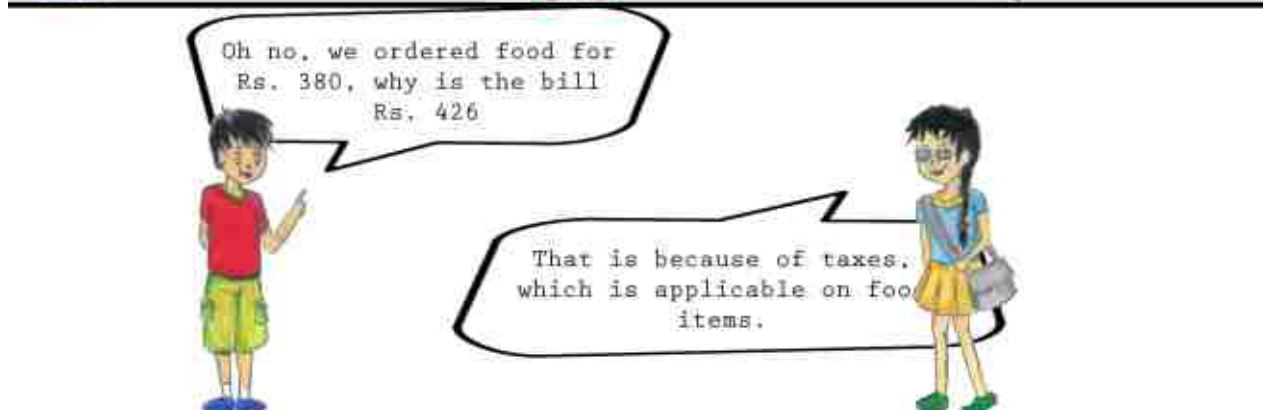


**ACROSS**

- 4 \_\_\_\_\_ system is a trade in which goods and services are exchanged without the use of money
- 5 \_\_\_\_\_ was written by Chanakya and had a organized tax system mentioned in it.
- 7 Sher Shah Suri issued a coin of silver called \_\_\_\_\_

**DOWN**

- 1 \_\_\_\_\_ Bank of India issues notes and coins on behalf of government of India
- 2 '\$' symbol is of the currency used in the USA
- 3 \_\_\_\_\_ enables the government to generate a huge amount of revenue
- 6 \_\_\_\_\_ is the transfer of ownership of goods and services from one person or entity to another by getting something in exchange





## Activities

1. Make a chart of currencies of 7 countries of the world with symbols.
2. Collect 5 bills of expenses made by you or your family by the end of the month and calculate the total Indirect Taxes (VAT, Service tax, etc.) paid by you during that month.
3. Classify at least 10 objects in your home on the basis of needs and wants and also write the cost of item which you could have avoided at the end of purchasing.
4. Make a list of at least five visual features mentioned on a currency note and identify the features of currency note for visually impaired person.
5. Collect different types of one rupee and five rupee coins in circulation and identify the different features.
6. Make a list of products you use very often. (For example, pen, pencils and crayons, etc). Select any one of the products and find the price difference among different brands and arrange the prices in ascending order.
7. Survey 10 of your friends and ask them the following questions:
  - a) Do you save money?  
Yes  No
  - b) Do you have a piggy bank?  
Yes  No
  - c) On what items would you like to spend your saved money?  
\_\_\_\_\_  
\_\_\_\_\_
  - d) Specify whether the items you mentioned above come under need or want.  
\_\_\_\_\_  
\_\_\_\_\_
8. Draw a poster on any one of the following topics:
  - a) Barter System
  - b) Evolution of Money
  - c) Needs and Wants
9. Discuss with your mother, details about monthly kitchen expenses and prepare a checklist of the same.





## Notes:



Prepared by:

