

Financial Education

Workbook

Class:VII



Financial Education Workbook for Class VII

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

¹और 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 (बयालीसवां संशोधन) अधिनियम, 1976 की धारा 2 द्वारा (3.1.1977) से "प्रभुत्व-संपन्न लोकतंत्रात्मक गणराज्य" के स्थान पर प्रतिस्थापित।
2. संविधान (बयालीसवां संशोधन) अधिनियम, 1976 की धारा 2 द्वारा (3.1.1977) से "राष्ट्र की एकता" के स्थान पर प्रतिस्थापित।

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 की 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 ज्ञानार्जन 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;
- ¹(ट) यदि माता-पिता या संरक्षक है, छह वर्ष से चौदह वर्ष तक की आयु वाले अपने, यथास्थिति, बालक या प्रतिपाल्य के लिये शिक्षा के अवसर प्रदान करे।

1. संविधान (छयासीवां 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 the² 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;
- ¹(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.

The development of this book would never have been possible but for the sincere effort, devotion and leadership of Ms. Sugandh Sharma, Additional Director (Research & Innovation), CBSE and Mr Sandeep Sethi, Education Officer with his team. Any further suggestions are welcome and will be incorporated in the future editions.

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I, **Rashi**, will tell you how to calculate simple interest, sources of borrowing and banking using internet and mobile.



I, **Mudra**, will explain the role and functions of the Reserve Bank of India. I will also teach you cashless shopping.

I am **Saif** and I am going to protect you as a consumer and tell you what we should check before making a purchase.



I, **Munaf**, will introduce you to different types of bank accounts and banking with new technology and will tell you about money and peace.

So, let us have fun with crosswords, puzzles, jumbled words and abbreviations.

Central Bank

ATM

Nuances of Financial Management

When from banks, money we borrow
We promise to return it after a particular number of tomorrows
There's one rule that binds us all
That is about an interest levied on what we take however big or small

The Reserve Bank of India plays several roles
With consumer protection, many things the customer controls
When dad signed to pay my school fee a cheque
I wonder why suddenly he turned into a wreck

Nowadays the internet helps us pay our dues
As for E-banking we'll learn with some clues
Can we get any- a credit card or
a debit card based on whichever we choose?

Financial education makes me sound smart
Let's try and understand why and not by-heart
In case I get confused, I quickly sketch a chart
That is something that helps set clarity apart

Banks and credit and E-banking and RBI
It is difficult but fun, I won't deny
Some rules with which we need to comply
There's a lot in real life waiting for us to apply

Consumer protection and its nitty gritty
Have you wondered if there is such a committee?
Financial management is becoming a subject so busy
It forms the core in each and every small and big city.

Bank Account

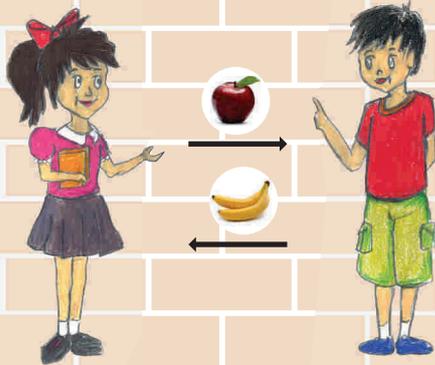
Loan

Simple Interest



Class VI Review

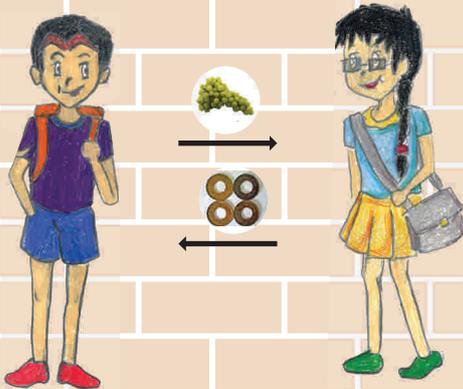
Barter



Need

Want

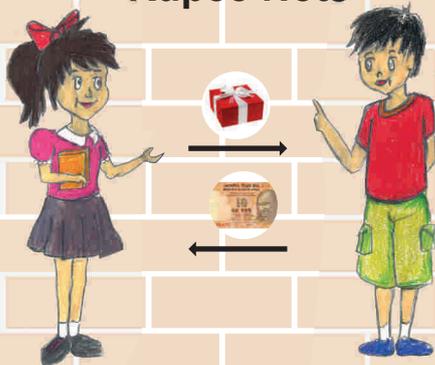
Metal Coins



I am thirsty



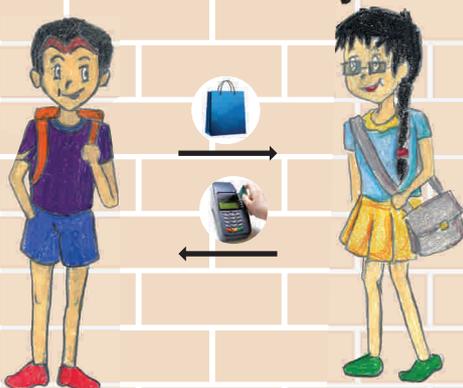
Rupee Note



I am hungry



Plastic Money



Types of Taxes

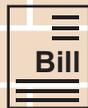


Direct Taxes

Income Tax
Corporation Tax

Indirect Taxes

Service Tax
Sales Tax
Entertainment Tax



Now we will take you to Class VII

This was Class VI

We will learn more...

Yeah, we will have fun.



Can I borrow a pen from you?



National Bank

931

Need and Sources of Borrowing



Need of borrowing

One day when Karthik opened his bag he found that he had left his pen at home. He decided to buy a new pen. The shopkeeper told him that a new pen would cost him ₹ 30, but Karthik had only ₹20 with him. He asked his friend Anil to help him by giving him ₹10 which he would return the next day. This is an example of borrowing money. Karthik borrowed ₹10 from his friend Anil. We borrow because there is a gap between what we have and what we need. Karthik borrowed ₹10 from Anil because he had only ₹20 while he needed ₹30 to buy the new pen.



Sources of borrowing

While in the above example Karthik borrowed from his friend Anil, there are several other sources from which one can borrow money. We sometimes borrow money from our friends, family, relatives, etc. These are known as **internal sources of borrowing**. Apart from these we borrow money from banks, other financial institutions and non-institutional lenders e.g. moneylenders, NBFCs (Non Banking Financial Companies) etc. These are known as **external sources of borrowing**.



Loan is a sum of money borrowed from a financial institution and is repaid with an **Interest**. Banks accept deposits from people who have savings and lend to people who need them for various purposes such as setting up of business, buying equipment for factory, for purchasing house or for paying for an education. Banks charge interest on the money lent to the people (which is called as

loan) and this interest forms part of an income to the bank.

Interest is the extra money we pay along with the principal amount borrowed. Let us assume your father borrows ₹10000 from a bank. This is known as the **principal amount**. Now when your father decides to repay the loan after one year, it is found that he has to give the bank ₹11000 . Why do you think your father needs to pay more than what he borrowed? This is because the bank lent money to your father when he sought it from the bank in the form of a loan.

Your father paid ₹1000 extra money to the bank as interest. Commonly, interest is expressed in percentage terms. In this example we can say that your father paid an interest of 10% on the loan. This interest amount is an income for the bank.

Exercise

Ram Lal, a farmer wants to buy a tractor. The price of a tractor is ₹ 3,20,000. However, Ram Lal has only ₹ 20,000 with him. He decides to borrow the rest of the amount he needs to buy the tractor. He goes to a bank and the bank agrees to loan Ram Lal the amount he needs.

Fill in the blanks

- 1) Gap between what we have and what we need is known as _____
- 2) Borrowing from _____, _____, and _____ is known as internal sources of borrowing.
- 3) Borrowing from _____, _____ is known as external source of borrowing.
- 4) _____ is a sum borrowed from a financial institution.
- 5) We pay _____ to a financial institution from where we borrow money.
- 6) Interest is generally expressed in _____ terms.

Match the following

- | | |
|--|---------------------------------------|
| 1) Income to bank | a) Interest percentage |
| 2) Borrowing money from a bank is called a | b) Non- Banking Financial Corporation |
| 3) 10% on loan | c) Interest on loan lent |
| 4) NBFC | d) Loan |



Jumble Time

jumble words

Jumbled Words	Clue	Solution
Spoh Kpeere	Owner of a shop	
Brroow	Opposite of Lend/may I	
Fialancin itlontitusns	A group of banks	
Lano	You may take this from a bank but have to return it	
lestrtne	We get this on our principal	
Ppalicnir	Original amount	

- _____ is a sum of money borrowed from a financial institution and is repaid with an interest.
 - Loan
 - Principal
 - Interest
 - Money
- _____ on loan becomes an income for the bank.
 - Loan
 - Principal
 - Interest
 - Money
- _____ is the extra money we pay along with the principal amount borrowed.
 - Loan
 - Principal
 - Interest
 - Sum of money
- An external source of borrowing money is _____.
 - money lenders
 - family
 - NBFC's
 - both (a) and (c)
- Which one of these is not a valid reason to get a loan from a bank?
 - Setting up a Business
 - Purchasing a house
 - Education
 - To eat ice cream at ice cream parlour

Fun Time

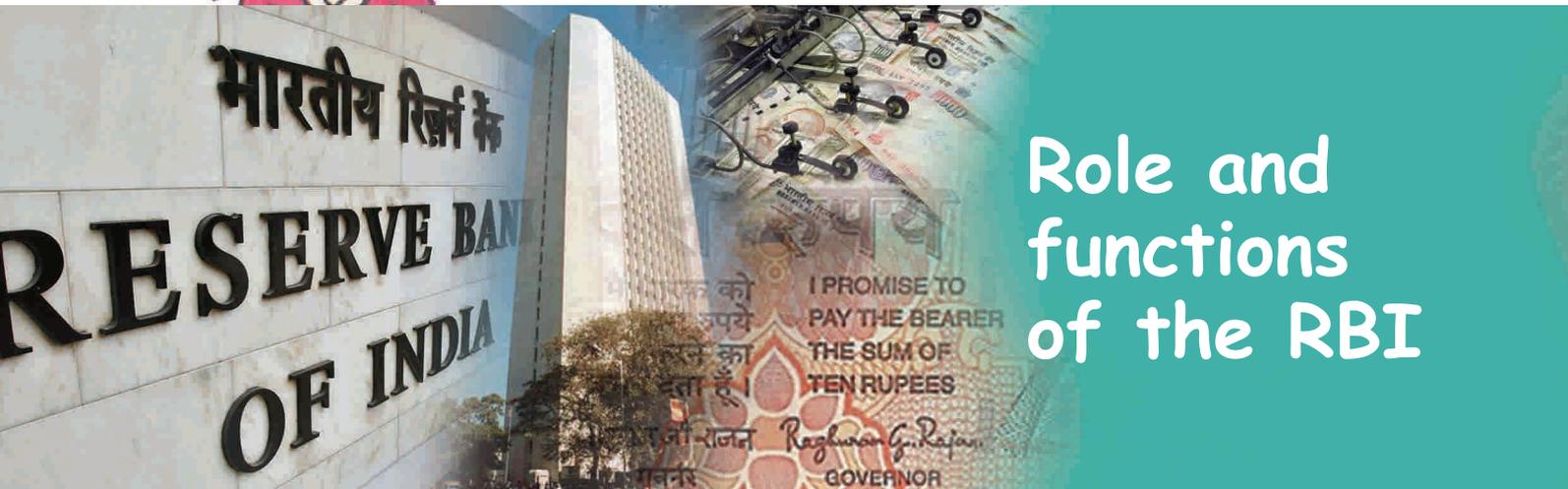


We can borrow money from banks and other financial institutions





Who governs
all the banks?



Role and Functions of the RBI

In every country there is one organization which works as the central bank. The function of the central bank of a country is to control and monitor the banking and financial system of the country. In India, the **Reserve Bank of India (RBI)** is the Central Bank.



The RBI was established in 1935 and was nationalized in 1949. The RBI plays the role of a regulator of the banking system in India. The Banking Regulation Act 1949 and the RBI Act 1935 has given the RBI the power to regulate the banking system. The RBI has different functions in different roles. The main functions of RBI are :



- Monetary authority
- Issuer of currency
- Banker and debt manager to Government
- Banker to Banks
- Regulator and supervisor of the financial institutions
- Manager of Foreign Exchange
- Regulator and Supervisor of the Payment and Settlement Systems
- Maintaining financial stability
- Developmental role

The RBI is responsible for controlling the overall operations of all banks in India. These banks may be:

- Public sector banks
- Private sector banks
- Foreign banks
- Co-operative banks,
- Regional rural banks

As a regulator, RBI helps maintain people's confidence in the banking system and also provides forums for redressing customer's grievances. Along with supervising the banking system in India, RBI also issues currency notes. However, coins and one rupee notes are supplied by Government of India and RBI only helps in its distribution. Have you seen that all currency notes issued by RBI have, "I promise to pay the bearer the sum of Rupees....."written on it? This is called the **promissory clause** and it refers to the Bank's obligation to pay. While every bank note issued by RBI also has the signature of the RBI Governor on it, Rupee one notes have the signature of the Finance Secretary, Government of India.

Exercise

1) What is the name of India's central bank?

2) When was RBI established?

3) Who issues currency notes in India?

4) Who is the present Governor of RBI?

Fill in the blanks

1) The function of the central bank is to _____ and monitor the _____ and _____ system of the country.

2) The _____ is the Central bank of India.

3) The _____ and _____ has given the RBI power to regulate the Banking system.

4) The _____ issues currency notes.

5) "I promise to pay the bearer the sum" written on the currency notes is called the _____

Match the following

- | | |
|---------------------------|-------------------------|
| 1) 1935 | a) RBI Governor |
| 2) 1949 | b) RBI |
| 3) Banker to banks | c) RBI was nationalised |
| 4) Chief executive of RBI | d) RBI was established |



Jumble Time



Jumbled Words	Clue	Solution
Cralten Bnka	Controls commercial banks	
Rervese Bnka fo liand	Apex bank of India	
Pcilbu Srotce Bkna	Bank where a major stake is held by a government	
Patevir Srotec Bkna	Bank where greater parts of equity are held by private shareholders	
Fignore Bkna	Banks with headquarter in a foreign country	

Fun Time



- 1) _____ is the central bank of India.
a) Reserve Bank of India b) State Bank of India
c) Rupee Bank of India d) Delhi Bank of India

- 2) RBI was established in _____.
a) 1950 b) 1935
c) 1949 d) 1950

- 3) _____ is responsible for controlling the overall operations of all banks in India.
a) RBI b) SBI
c) RPI d) SPI

- 4) Banker and debt manager to government of India.
a) SBI b) BOI
c) RBI d) PNB



RBI regulates all the banks in India.



Out for shopping...
Time to learn



पीली मटर दाल

उचित मूल्य पर पौष्टिक व
स्वास्थ्यवर्धक संतुलित आहार

पीली मटर दाल के कई लाभ हैं

- प्रोटीन
- कार्बोहाइड्रेट
- फाइबर...

आदि का सर्वोत्तम खेत होने के साथ-साथ हमारे और भी लाभ हैं।
(सेन्टर फ़ूड टेक्नॉलॉजी रिसर्च इन्स्टीट्यूट, मैसूर के अध्ययन के आधार पर।
विस्तृत रिपोर्ट के लिए लॉग ऑन करें
www.fcaminic.in)



Consumer protection



स्त्री में विक्ल
पर उपलब्ध

केंद्रीय भंडार

nafed नैफेड

NCCF एनसीसीएफ काउंटरर्स

मदर डेरी ब्यूथ

उपभोक्ता! ऑनलाइन शिकायत दर्ज करने के लिये लॉग ऑन करें : www.core.nic.in या टेल प्री नं. 18001804566 डायल करें।

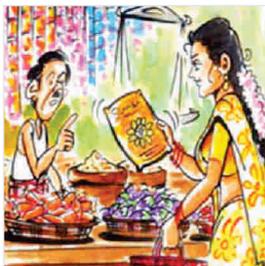


Shivansh, a 13 year old boy, loves to accompany his mother for shopping. He enjoys shopping but feels very bad when he buys something which stops working or breaks within a week's time after buying. He then loses confidence in shopping and feels very low. Please help him and make him aware about his rights as a consumer.



In general, the **consumer rights** in India are listed below:

- The right to be protected from all kinds of hazardous goods and services.
- The right to be fully informed about the performance and quality of all goods and services.
- The right to free choice of goods and services.
- The right to be heard in all decision-making processes related to consumer interests.
- The right to seek redressal, whenever consumer rights have been infringed.



If there is **infringement of rights of consumer** then a complaint can be made under the following circumstances:

- The goods or services purchased by a person or agreed to be purchased by a person has one or more defects or deficiencies in any respect.
- A trader or a service provider resorts to unfair or restrictive practices of trade.
- A trader or a service provider charges a price more than the price displayed on the goods or the price that was agreed upon between the parties or the price that was stipulated under any law that exist.

Exercise

Consider the following consumer issues and recommend the consumer rights in each situation:

1) I bought a shirt but when I came home I changed my mind. I took it back to the shop the next day but the staff would not give me a refund. Can they do this?

2) I bought a pair of new shoes but the heel of one shoe broke when I wore them for the second time. The shop is offering to repair them. Do I have to accept this?

3) I bought a pair of jeans for ₹1500 but discovered that a shop down the street was selling the same brand for ₹ 1280. What can I do?

4) My mother washed a pair of trousers that were labeled “hand wash only” in the washing machine, and they shrunk. What can I do?

5) I bought a CD player after seeing an advertisement in the local newspaper. When I brought it home, I discovered that it was not working. What are my rights?

6) I bought a television set on my birthday but it did not work properly. The shop manager told me to send it back to the manufacturer, as the shop had nothing to do with the defective TV set. Is this correct?

Identify the consumer right violated in the following cases:

- 1) Ankit purchased a box of crackers from the market but there were no instructions written on it regarding how to use it. _____
- 2) Sita purchased ghee from the shop but there was no quality mark on the carton. _____
- 3) Fiona went to a shop to buy toothpaste and the shopkeeper kept insisting her to buy a particular brand and refused to give her the other available brands. _____

- 1) Which of the following is consumer right in India?
 - a) Right to speak
 - b) Right to be heard
 - c) Right of full disclosure
 - d) Right to complaint

Fun Time



We can enjoy shopping more using our consumer rights





Bank... keep your money here.



Introduction to Banking



Introduction to Banking?

What is a bank?

Bank is an institution which accept deposits and give loans in return for an interest. Can you name a few banks that operate in India?

Deposit

When bank accepts money from public, it is called a **deposit**. As the person is depositing his money, the bank gives him some benefits in the form of interest.



Loans

When a bank gives money to public for various purposes like building a house, buying a car, setting up a business, etc, it is called a **loan**. Bank charges an interest on the loans.

Credit card

A card issued by a financial institution, usually banks, giving the holder an option to buy goods and services without making any actual cash payment. This is a type of short-term borrowing. It works on the card holder's promise to pay at a later date, varying from 30 to 50 days. If the holder fails to pay within the stipulated time period, the issuer of the card charges an interest.

Debit card

An electronic card issued by a bank which allows the card holder access to his account to withdraw cash or pay for goods and services. This removes the need for the card holder to go to the bank branch as they can now just go to an ATM or pay electronically at merchant locations. This type of card, as a form of payment, also

removes the need for cheques as the debit card immediately transfers money from the client's account to the merchant's account.

Automated Teller Machine



ATMs are electronic machines, which are operated by a customer himself for availing various banking services such as cash withdrawals, checking account balance, bill payments, transfer of funds etc. ATMs provide service round the clock. The customer can withdraw cash upto a certain limit during any time of the day or night. For using an ATM, a customer has to obtain an ATM card from his bank. The ATM card is a plastic card, which is magnetically coded and contains a unique card number and some security information such as expiry date. It can be easily read by the machine.

To operate an ATM, the customer has to insert the card in the machine and then enter the Personal Identification Number or PIN. If the authentication or PIN is correct, the ATM permits a customer to make transactions.

Cheque

Cheques are simply a payment instruction from the account holder to his/her bank directing to pay a certain sum of money to a specific person or to the bearer of the instrument. On receipt of cheques, the beneficiary will deposit it with his bank which will collect the money through **clearing house** system. Clearing house is a system in which banks in a city exchange cheques with one another and settle the payments by arriving at a net amount of payables and receivables. After exchange of cheque, the account of the issuer of the cheque is debited and the credit is passed on to the beneficiary. An account holder should ensure that a cheque is issued only when there is sufficient balance of funds in the account. Cheques drawn on any bank in the country can be cleared through various mechanisms available in the clearing system. The process usually takes 1-3 days depending on the local clearing house procedures.

Case study: ATM and its benefits

Mr. Sharma works with an Multinational Company (MNC). Being busy he is not able to devote time at home. His wife looks after all the household activities. One day while Mr. Sharma was out of station on an official tour, his mother fell ill and was advised hospitalization. It was late night and Mrs. Sharma took her mother-in-law to the hospital. She was worried because she had little money with her. Suddenly she spotted an ATM booth near the hospital. She immediately took out her ATM card and used it to withdraw money. In this way she was able to arrange money for the treatment. Thus ATM cards help account holders withdraw money at any time without the use of cheques.

- 1) Mrs. Sharma has withdrawn money with the help of a/an
 - a) ATM card
 - b) credit card
 - c) cheque
 - d) withdrawal form

- 2) If you want to withdraw money by ATM, you can withdraw,
 - a) Only in the day time
 - b) Any time
 - c) Only on week days
 - d) On holidays

Fun Time



- 3) Where have you seen an ATM booth?
- | | |
|----------------------|----------------------|
| a) Inside the banks | b) Outside the banks |
| c) In shopping malls | d) All of the above |
- 4) What is the full form of ATM?
- | | |
|-----------------------------|-------------------------|
| a) Automated teller machine | b) All time money |
| c) Any time money | d) Advance time machine |
- 5) What are the benefits of having an ATM card?
- | | |
|---|---------------------------------------|
| a) We can save time and it involves less paper work | b) You can withdraw money at any time |
| c) Checking your account balance is easy | d) All of the above |

Exercise

1) What can a customer do with an ATM card?

2) How can a credit card company charge interest to the holder?

3) Bank pays an interest on _____ (deposits or loans).

4) What are the benefits of a debit card?

Fill in the blanks:

- 1) Bank is an institution which accepts _____ and gives _____ in return for an interest.
- 2) When a person deposits money, the bank gives him some benefits in the form of _____.
- 3) When a bank gives money to public for various purposes like building a house or buying a car, it is called a _____.
- 4) Credit card is a form of _____.
- 5) If the credit card holder fails to pay within the stipulated time period, the issuer of the card charges an _____.
- 6) When a bank issues an electronic card to a person so that he can have access to his account to withdraw cash or pay for goods and services, it is called a _____.
- 7) An _____ allows a customer to withdraw cash 24/7.
- 8) _____ is a system in which banks in a city exchange cheques with one another and settle the payments.
- 9) Cheque processing usually takes place around _____ days depending upon the local clearing house procedures.
- 10) An account holder should ensure that a cheque is issued only when there is _____ of funds in the account.

Jumble Time

jumble words



Jumbled Words	Clue	Solution
Dsitope	Money deposited in bank	
Cditer Cdra	A small plastic card issued by a bank	
Dtibe Cdra	Electronic card issued by a bank which allows holder access his account to withdraw cash.	
Enicortcel Cdra	Eg: Debit Card, Credit Card, etc	
Atedamotu llerTe Mchaeni	An electronic banking outlet	

- When banks accept money from public, it is known as _____.
 - withdrawal
 - deposit
 - loan
 - acceptor
- Which among the following creates short-term borrowing?
 - Deposit
 - Loan
 - Credit card
 - Debit card
- It is easier to withdraw money using _____.
 - cheque
 - credit card
 - debit card
 - both (a) and (b)
- Which one of the following is NOT true:
 - Debit card removes need for cheques.
 - We can use debit card only in ATM machine.
 - Bank charges interest on loan.
 - ATM card is magnetically coded.

Fun Time



Banks gives us so many facilities like Debit Card, Credit Card, ATM and Cheque



Different accounts
for different people?



Banking: Types of accounts



Banking: Types of Accounts

Bank is an institution which accepts money from one person as deposit and lends to other person as loan in return for some interest. Traditionally banks in India have four types of deposit accounts namely, Current Account, Savings Bank Account, Recurring Deposit and Fixed Deposit.



Current Accounts

Current account is mainly opened to run a business such as proprietorship, partnership firms, public and private companies, trusts, association of persons, etc. that have a large number of daily banking transactions, i.e. receipts and/or payments. It is a **non-interest bearing** bank account and needs a higher minimum balance to be maintained as compared to the savings account. There is no restriction on the number and amount of deposits and withdrawals made, as long as the current account holder has funds in his bank account.



Savings Bank Accounts

Savings Bank Account is one of the most popular deposit accounts for individuals. Saving accounts are opened to encourage the people to save money and deposit their savings. Interest is paid on saving accounts which is often nominal. These accounts can be opened in **single or joint names**. The savings account holder is allowed to withdraw money from the account as and when required. These accounts not only provide cheque facility but also have a lot of **flexibility** for deposits and withdrawal

of funds from the account. Most of the banks have rules for the **minimum balance** requirement for these accounts.

However, now banks are also required to open **Basic Savings Bank Deposit Account** which do not have any minimum balance requirement . The benefit of a savings bank account over a current account is that money in a savings bank account earns interest.

Recurring Deposit Accounts

Recurring Deposit Accounts are popularly known as RD accounts. Recurring deposit account is opened by those who want to save regularly for a certain period of time and earn a higher interest rate than Savings account offers. These are best if you wish to create a fund for any special occasions such as a college education or buy a car or **save for the future**. In recurring deposit account certain fixed amount is accepted every month for a specified period and the total amount is repaid with an interest at the end of the particular fixed period. These are suitable for people who do not have large amount of savings, but are ready to save a small amount every month. No withdrawals are allowed. However, the bank may allow closing the account before the maturity period. Any default in payment within the month attracts a small penalty. Recurring Deposit accounts are normally allowed for maturities ranging from 6 months to 120 months. These accounts can be opened in single or joint names.

Fixed Deposit Accounts

These are popularly known as FD accounts. The account which is opened for a particular fixed period (time) by depositing a particular amount (money) is known as **Fixed (Term) Deposit Account**. Under fixed deposit account, money is deposited for a fixed period, say six months, one year or five years. The period of fixed deposits range between 7 days to 10 years. The money deposited in this account cannot be withdrawn before the expiry of the fixed period. The depositor is given a fixed deposit receipt, which he/she has to produce at the time of maturity. Withdrawals are not allowed. However, in case of need, the depositor can ask for closing the fixed deposit account by paying a penalty. The rate of interest paid for fixed deposit varies (changes) according to amount, period and differ from bank to bank. Usually fixed deposits are paid in lump sum on the date of maturity. However, most of the banks also provide a facility to pay interest at the end of every month or quarter. The deposit can be renewed for a further period.

Do you know that you can also open a bank account? According to Reserve Bank of India rules, **minors** above the age of 10 years are allowed to open and operate savings bank accounts independently. A minor of any age can also open a savings bank or fixed deposit or recurring deposit account through his/her natural or legally appointed guardian.

Exercise

1) Which type of account can be opened and operated independently by a minor above the age of 10 years?

2) What does the term 'fixed' in fixed deposit accounts refer to?

3) What is a savings bank account with no minimum balance requirement called?

True or False.

- 1) In recurring deposit accounts you are required to deposit a small amount every month. _____
- 2) A minor of any age can open a fixed deposit account through his/her natural or legally appointed guardian. _____
- 3) Current accounts are most suitable for businessmen. _____

Answer the following questions:

1) Name the different types of bank accounts.

2) Name the account opened by a business firm to run its business on a daily basis.

3) Is there any restriction on the number of transactions made in a current account?

4) Which is a non-interest bearing bank account?

5) Name the most popular deposit account for individuals?

6) Enlist one reason for opening a savings bank account.

7) Name a benefit of savings bank account over a current account.

8) Name the account opened by those who want to save regularly for a certain period of time.

9) Why is opening of recurring deposit suited for certain type of people?

10) Will closing of a recurring deposit attract any penalty? If so, how much?

11) What is the normal maturity period allowed for a recurring deposit?

12) Why is a fixed deposit account so called?

13) Is withdrawal allowed in a fixed deposit account?

14) When does a deposit holder produce a fixed deposit receipt to the bank?



Jumbled Words	Clue	Solution
Centurr Aoutncc	Account mainly used for large number of transactions on a daily basis.	
Ssngiva Aoutncc	Account that have a lot of flexibility for deposits and withdrawal of funds and also pays a nominal interest.	
Rringeruc Dsitope	Account mainly opened for saving small amounts and earning higher rate of interest	
Fedix Dsitope	Amount deposited in this account cannot be withdrawn before specified period of time	

- _____ should be opened to run a business.
 - Current Account
 - Recurring Deposit Account
 - Savings Bank Account
 - Fixed Deposit
- _____ encourages people to save money and deposit their savings.
 - Current Account
 - Recurring Deposit Account
 - Savings Bank Account
 - Fixed Deposit
- _____ is opened by those who wants to save regularly for a certain period of time.
 - Current Account
 - Recurring Deposit Account
 - Savings Bank Account
 - Fixed Deposit
- The account which is opened for a particular fixed period by depositing particular amount is known as _____.
 - Recurring Deposit Account
 - Fixed Deposit Account
 - Current Account
 - Savings Account
- The rate of interest paid for Fixed Deposit _____.
 - varies according to period and account
 - same in all banks
 - differ from bank to bank
 - both (a) and (c)



So, which bank account will you open?





Banking through internet... wow...



Banking: With new technology



Banking with New technology

The rapid advancement in information and communication technology such as widespread use of computers, mobiles and internet has enabled Indian banks to provide more diversified and convenient services to its customers. A few such technology enabled services are as follows.



Real Time Gross Settlement

Real Time Gross Settlement (RTGS) system, is a system through which electronic instructions can be given to transfer funds from the account of a customer in one bank to the account of a customer of another bank. It facilitates **instant transfer** of money from one account to the other across cities. As the name suggests, funds transfer between banks takes place on a 'real time' basis. Therefore, money can reach the beneficiary instantaneously and the beneficiary's bank has the responsibility to credit the beneficiary's account within two hours from the time the transaction is initiated. RTGS is settled on a gross basis which means that each transaction is settled independently. Complete details such as the receiver's name, bank account number, account type (savings or current account), bank name, city, branch name, etc., should be furnished to the bank at the time of requesting for such transfers so that the amount reaches the beneficiaries' account correctly and faster. This is basically a large value remittance system where funds can be transferred quickly with the minimum amount to be transferred through RTGS being 2 lakh rupees. This facility is useful to banks for their funds management, for companies to transfer large amounts and for individuals who require urgent payments.



National Electronic Fund Transfer

National Electronic Funds Transfer or NEFT is a system whereby anyone who wants to make payment to another person / company etc. can approach his bank and give instructions / authorisation to **transfer funds directly** from his account to the bank account of the receiver / beneficiary. NEFT operates in hourly batches and funds will be transferred after each settlement cycle. There are twelve settlement cycles during weekdays and six settlement cycles on Saturday. Amount is credited in beneficiary's account within two hours. Complete details such as the receiver's name, bank account number, account type (savings or current account), bank name, city, branch name, etc., should be furnished to the bank at the time of requesting for such transfers so that the amount reaches the beneficiaries' account correctly and faster.

There is no minimum or maximum limit for transferring money through NEFT.

Internet Banking

Internet banking is a system that allows individuals to carry out banking activities from anywhere and at any time via the internet without visiting a bank branch. Through online banking, individuals can access their account information anytime and perform all kinds of routine transaction such as money transfers, balance inquiries, bill payments, etc. Anyone with internet access can avail online banking facilities by registering with his/her bank. Online banking is also known as internet banking, e-banking, web banking, virtual banking, etc.



Mobile Banking

Mobile banking refers to the use of a cellular device to perform banking activities such as monitoring account balances, transferring money, paying bills, etc. Similar to online banking, a customer needs to register with the bank to avail mobile banking facilities. Until recently most of the mobile banking facilities were offered via SMS and known as SMS banking.



Exercise

True or False.

- 1) A maximum amount of two lakh rupees can be transferred through RTGS. _____
- 2) There is no minimum or maximum limit for transferring money through NEFT. _____
- 3) To avail online banking facilities you have to register with your bank. _____
- 4) It is easy to pay bills through mobile banking. _____

Answer the following questions

- 1) What is RTGS and NEFT?

- 2) What is Internet banking?

- 3) What is Mobile banking?

- 4) Enlist the various details which should be furnished to the bank at the time of requesting for RTGS facility?

5) What is the minimum amount required to be transferred through RTGS?

6) What is the minimum limit of money required for transferring money through NEFT?

7) What are the other names for Internet banking?

8) Differentiate between NEFT and RTGS.

Match the following

- | | |
|--------------------------------------|---|
| 1) RTGS | a) Banking activities done through mobile |
| 2) Funds transferred on hourly basis | b) Internet banking |
| 3) Mobile Banking | c) NEFT |
| 4) Online banking | d) Minimum amount to be transferred is 2 lakh |

Fill in the blanks

- 1) In RTGS each transaction is settled on a _____.
- 2) There are _____ settlement cycles during weekdays and _____ settlement cycles on Saturday in NEFT.
- 3) Virtual banking is also called _____.
- 4) When mobile banking facilities are offered via SMS, it is called _____.
- 5) Amount is credited in beneficiary's account within _____ hours using NEFT
- 6) The minimum amount to be transferred through RTGS is _____.

1) Under which system minimum two lakh rupees need to be transferred?

- | | |
|---------------------|-------------------|
| a) RTGS | b) NEFT |
| c) Internet Banking | d) Mobile Banking |

2) _____ system allows individuals to carry out banking activities through internet.

- | | |
|---------------------|-------------------|
| a) RTGS | b) NEFT |
| c) Internet Banking | d) Mobile Banking |

3) _____ allows the use of cellular device for performing few banking activities.

- | | |
|---------------------|-------------------|
| a) RTGS | b) NEFT |
| c) Internet Banking | d) Mobile Banking |

4) In NEFT how many settlement cycles are there in a weekdays?

- | | |
|-------|-------|
| a) 2 | b) 12 |
| c) 14 | d) 11 |

5) In RTGS funds transfer between banks takes place on

- | | |
|----------------------|---------------------|
| a) Random time basis | b) Real time basis |
| c) Rough time basis | d) Real total basis |

Fun Time



We have our bank in our mobiles and computers



Shopping without cash...
How?



Living within means



Living within means

11 year old Sneha was a happy little girl who lived with her parents and Grandma. When Diwali came, her father bought a lot of gifts for her. Sneha was excited and went to her Grandma's room to show her gifts. "Look Grandma, Daddy bought me a whole load of Diwali gifts."



Her grandma looked up from the magazine she was reading and said, "That was very kind of him. It must have been expensive." "Yes," Sneha said. "He got me a Barbie doll that costs a lot of money and he also got me loads of other toys I wanted." She then paused and asked, "Grandma, Daddy hasn't got any money, has he?" Her granny put the magazine down and said, "What makes you say that?"



"Well Daddy said he didn't have the money, so he put it on his card," said Sneha. "If you don't have any money, you can just put what you want to buy on your card, can't you Grandma?" Granny took a deep breath. "You still need to have money to pay back on the card," she pointed out but Sneha was already away to play with one of the toys her Daddy had bought her. Grandma shook her head and got up to find Sneha's father.

After hearing his mother's concerns, Sneha's father said, "I paid for the toys with a debit card that takes the money straight from my account. I did not pay with a credit card, where you pay interest and the debt can pile up if you let it."

Now Sneha does not understand the difference between debit card and credit card. The purchases we make using a debit card or the money we take out from an ATM is our own money that is deposited

in our bank account. On the other hand, any purchases made using a credit card is a loan. We borrow money from the issuer of the credit card, usually a bank, to buy things with a promise to pay them later, generally within 30-50 days. But what if we do not have enough money to repay after that period? The issuer bank will charge interest as well as a fine for our failure to keep our promise. This will increase our loan amount. Hence, it is important to live within our means and not borrow money unnecessarily.

Exercise

1) How did Sneha's father pay for the toys he bought for her?

2) What was Sneha's Grandma concerned about?

3) What will happen if we fail to pay our credit card dues in time?

True or False.

1) Even if you don't have money, you still can buy things using your debit card. _____

2) If you purchase things using your debit card, you are not borrowing any money. _____

Jumble
Time



Jumbled Words	Clue	Solution
beDit arCd	Help in purchases without cash	
redCti arCd	Help in purchases without cash but creates loan	

1) Sneha's father paid for the toys with _____.

- a) debit card b) loan
c) credit card d) cash

2) Purchases made using _____ card is a loan.

- a) debit card b) loan
c) credit card d) cash

Fun Time

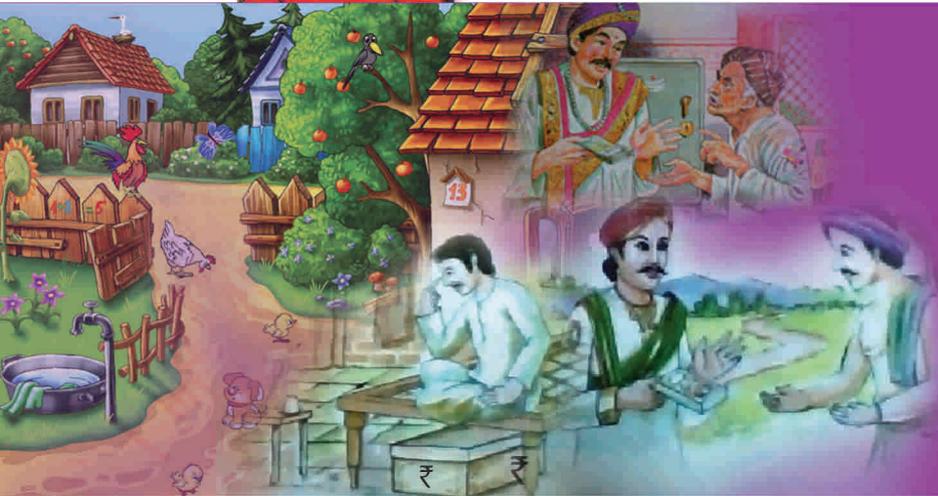


We should take care
which card we are
using while shopping





Story time!



The poor man's wealth



Ramchand and Premchand were neighbours. While Ramchand was a poor farmer, Premchand was a rich land owner.

Ramchand used to be very relaxed and happy. He never bothered to close the doors and windows of his house at night. Although he had no money he was peaceful and slept soundly at night.



On the other hand, Premchand used to be very tense always. He closed the doors and windows of his house at night. He could not sleep well and was always worried that someone might break open his safe and steal away his money. He envied his neighbour, the peaceful Ramchand.

One day, Premchand called Ramchand and gave him a box full of cash saying, "Look my dear friend. I am blessed with plenty of wealth. I find you living in poverty. So, take this cash and live in prosperity."



Ramchand was overwhelmingly happy. He was joyful throughout the day. Night fell and Ramchand went to bed as usual. But, that night, he could not sleep. He went and closed the doors and windows. He still could not sleep. He kept on looking at the box of cash. The whole night he was disturbed.

As soon as day broke, Ramchand took the box of cash to Premchand. He returned the box to Premchand saying, "Dear friend, I am poor. But, your money took away peace from me. Please bear with me and take back your money."

Money cannot give you everything. Learn to be satisfied with what you have and you will always be happy.

Exercise

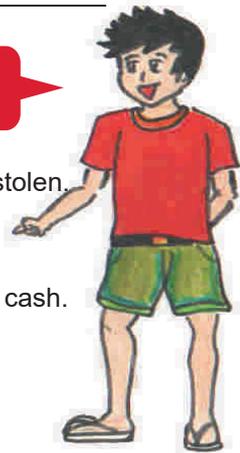
1) Why Premchand could not sleep well at night?

2) What did Premchand give Ramchand? What was the result?

3) Why did Ramchand return the money to Premchand?

- 1) Why was Premchand very tense at night?
- a) He had lots of expensive things in his house. b) He had sleeping problem.
c) He was scared of darkness. d) He thought the money may get stolen.
- 2) Ramchand was not able to sleep the whole night because _____.
- a) he was ill. b) he was worried about the box of cash.
c) it was raining. d) there was a cold breeze.
- 3) What took peace from Ramchand?
- a) Jewellery b) Gold
c) Winds d) Money given by Premchand

Fun Time



Can money give you peace?
keep your money safe...



Time for shopping...
but be careful.



Go for shopping



Marked Price: In big shops and departmental stores, every item is tagged and its price is written on it. This is called the marked price of that item. In India this is commonly known as the MRP or Maximum Retail Price. MRP is an upper limit on the price of an item set by the manufacturer, distributor or a governmental or regulatory authority. Shops cannot charge customers over the MRP. Sometimes shops also charge below MRP i.e. they offer discounts, to draw more customers to their stores. However, in some remote areas, tourist spots and in situations where a product is difficult to obtain, consumers are often charged more than the MRP. This is illegal.



Selling Price: The price you actually pay to the shopkeeper for purchasing an item is called selling price or SP. This may or may not be the marked price.



Cost Price: The price it costs to produce an item without making any profit is called cost price or CP. It is also known as the original price of any item.

Profit: When selling price is greater than cost price.

Loss: When selling price is less than cost price.

Exercise

- 1) Rahul bought a pair of shoes on which it was written MRP ₹500. However, the shopkeeper took only ₹450 from him. Calculate the discounted amount?

2) On Snigdha's birthday, her mother bought a pizza for ₹300. Assuming cost price of that pizza is ₹180, calculate the profit made by the pizza outlet.

3) The selling price and cost price of a pen is ₹10 and 8 respectively. Raju bought 5 pens. However, the MRP written on each pen is ₹12. Calculate the total profit and discount for 5 pens. Also find out the profit and discount for 1 pen.

4) Why do shopkeepers sell products at prices lower than the MRP?

Jumble Time

jumble words

Jumbled Words	Clue	Solution
Singell Peirc	Price we actually pay to shopkeeper.	
Ctos Peirc	Cost to produce any item without adding any profit.	

- Price tagged or written on a product in shops or departmental store is _____.
 a) market price b) selling price
 c) discounted price d) maximum retail price
- The price we actually pay to shopkeeper for purchasing an item is _____.
 a) market price b) selling price
 c) discounted price d) maximum retail price

Fun Time

- _____ is the cost to produce an item without adding any profit.
 a) market price b) selling price
 c) discounted price d) cost price
- When selling price is greater than cost price it is known as _____.
 a) loss b) profit
 c) margin of safety d) no profit no loss
- When selling price is less than cost price it is known as _____.
 a) profit b) loss
 c) margin of safety d) no profit no loss

We should always check marked and selling price before purchasing any item



Let us calculate
simple interest.



Simple interest rates



As we all know, it costs to borrow money i.e you have to pay an interest. Similarly, we also earn interest if we deposit money in a bank account. Interest is always calculated for a specific period of time, usually a year. At the end of that period, interest is calculated and added to the principal i.e. the initial amount of money you borrowed or deposited. This is called **simple interest** and the rate at which it is calculated is called Simple interest rate.



There is a formula to calculate simple interest: $SI = \frac{Prt}{100}$

Where

SI = Simple Interest

P = Principal

r = Interest rate

t = Time

Case study



Rohan wanted to buy a bike to go on rides with his friends. He had saved ₹400 but the bike is being sold at ₹6400. He went to his father to borrow the extra money he needed to buy that bike. But his father had a very different idea. He told Rohan to help him in cleaning up their garden for which he would pay him ₹500 every month. In this way Rohan would be able to buy that bike after a year. His father also agreed to help Rohan open a bank account so that he could deposit ₹500 every month in a bank and earn interest.

Assuming that the bank agreed to pay an annual simple interest rate of 12 % to Rohan on his deposits, answer the following questions.

Exercise

1) Calculate how much money Rohan will have in his bank account at the end of the year.

2) What will be the total interest amount earned by Rohan?

3) Will Rohan have the required amount of money to buy his bike at the end of the year?



Jumble
Time

jumble words

Jumbled Words	Clue	Solution
isteretn	We get on Principal amount	
ppalincnr	Amount invested	
temi	Duration for which principal amount is invested.	

1) Amount on which we get interest is known as _____.

- a) principal b) interest
c) sum of money d) amount

2) _____ is the amount we get on principal invested.

- a) principal b) interest
c) sum of money d) amount

3) Simple Interest we get on principal is for specific _____ duration.

- a) year b) time
c) term d) day

4) The formula to calculate simple interest is _____.

- a) $SI = \frac{PQR}{100}$ b) $SI = \frac{PQT}{100}$
c) $SI = \frac{PRT}{100}$ d) $SI = \frac{QRT}{100}$

Fun Time



I am going to calculate
simple interest using
formula: $SI = \frac{PRT}{100}$



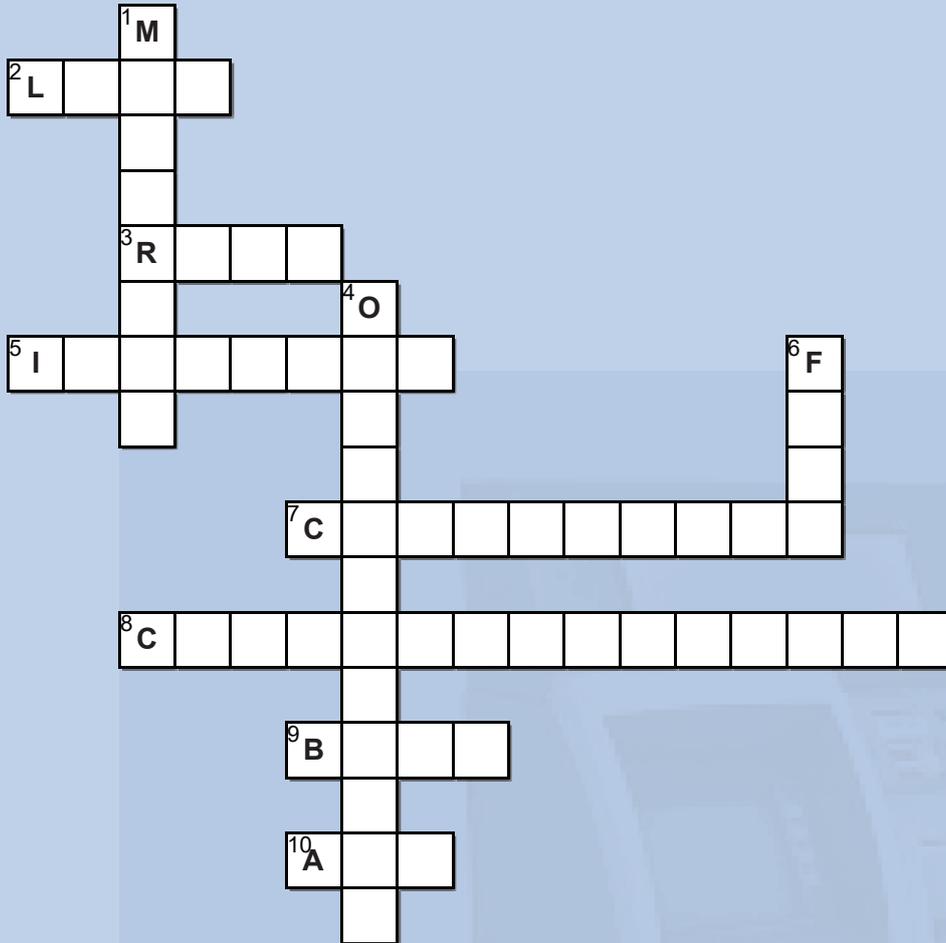


Time to solve
crosswords Rashi

Yeah, we will have fun
Saif.



CROSSWORD



Across

2. A sum of money which is expected to be returned along with some compensation
3. A system through which payments between banks are processed and settled individually, on real time basis
5. It is the additional price paid for borrowing money
7. A type of short term borrowing. It gives the holder an option to buy things without making an actual cash payment
8. These accounts are used by businesses and there is no set limit to the number of transactions in a day
9. Oldest surviving bank in the world
10. An electronic telecommunications device that allows customers to complete basic banking transactions

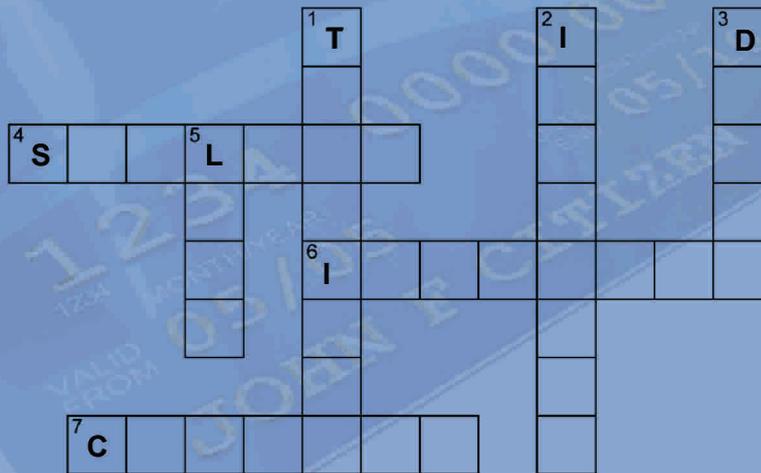
Down

1. The payment date of a loan
4. First Governor of RBI
6. A sum of money saved for a particular purpose



Time for more crosswords Munaf.

Gaming and learning together isn't it great



ACROSS

- 4 _____ is the price actually paid to the shopkeeper for purchasing an item.
- 6 _____ is the extra money we pay along with the principal amount borrowed.
- 7 _____ account is mainly opened to run a business that have a large number of daily banking transactions.

DOWN

- 1 Assets which are having physical form are called _____ assets.
- 2 Banking is a system that allows individuals to carry out banking activities from anywhere and at any time.
- 3 _____ card is an electronic card issued by a bank which allows the holder access to his account to withdraw cash or pay for goods and services.
- 5 _____ is a sum of money borrowed from a financial institution and is repaid with an Interest.

ABBREVIATIONS

1. ATM
2. PIN
3. RTGS
4. NEFT

Time for abbreviations





Lending



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Banking



Tanessa
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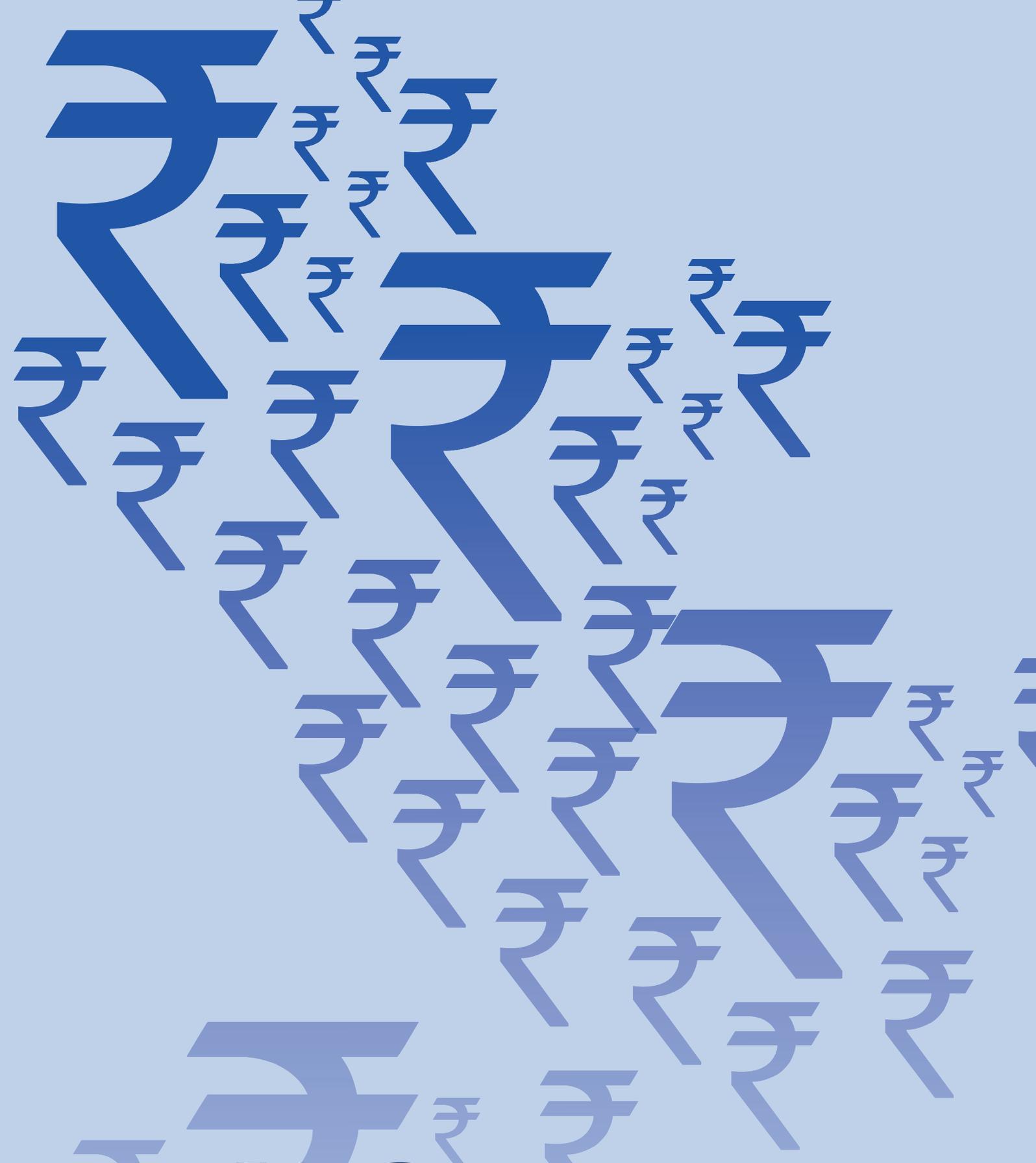


Activities

- Suppose you have ₹1000/- in your pocket and you want to travel to the nearest town for a day. Take the help of your parents and prepare a list of things required while travelling. Also, prepare an estimate of the expenses that you will incur during your visit.
- Ask all the teachers in your school and parents the following questions as a part of a survey and calculate the % of people using bank accounts/ Debit card/ Credit Card atleast twice a month:
 - Do you have a bank account?
Yes No
 - Do you have an ATM/Debit card?
Yes No
 - How often do you use your ATM/Debit card?
Never Daily Weekly Monthly
 - Do you own a credit card?
Yes No
 - How often do you use your credit card?
Never Weekly Monthly
 - How often do you check your bank statement?
Never Weekly Monthly Yearly
- Make a list of ATM centres available in your locality (within 5 km radius of your place of residence)?
- Check any wrapped product of daily consumption (for example: soap, toothpaste, biscuits, medicines, packed milk, bread etc.) and note down the details available on the packet?
- Prepare a poster on any one of the following topics:
 - Importance of Savings
 - Need for Borrowing
 - Shopping
- Ask 8 person from your neighborhood the following questions and note down the answers given by them. Also, note the total persons who gave correct answers and explain the formula to calculate the problems in case of wrong answers being given.
 - Ballu invested Rs.10,000/- in a savings bank account that earned 2% simple interest. Find the interest earned if the amount was kept in the bank for 4 years.
Steps:
Simple Interest (I) = P (Principal) x R (Interest rate) x T(Time)
 - Hritik deposits Rs.6000 and got back an amount of Rs.6600 after a year. Find the simple interest he got in percentage.
Steps:
 - Simple Interest (SI) = Amount (A) – Principal (P)
 - SI/Principle x 100

7. Make a list of 5 Banks available in your locality and check if they allow opening of minor bank account?
8. Ask the following questions to your parents:
 - a) Is there any difference between monthly spending during festivals and monthly spending during normal days?
 - b) Take an example of any one of the festivals and note the additional things purchased during such occasions.
 - c) How do you plan your expenses for the festivals?
9. Get a latest bus or train ticket bought by you or your family members and find out the details mentioned on it.
10. Prepare a 2 minutes speech on any one of the following topics:
 - a) I am a bank: the benefits I provide
 - b) Consumer Rights
 - c) If I go for shopping with Rs. 1000 in my pocket.





Prepared by:

