



Pakistan School
Kingdom of Bahrain

**A warm welcome to all the
students to our virtual class.**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

A decorative flourish consisting of symmetrical, swirling lines and small leaf-like motifs, positioned below the main text.

We are going to start our First online economics class today. I hope we all will enjoy and learn.

❖ Rules for class:

- 1) Be on time for all your classes.
- 2) Respect all the participants of the class.
- 3) Do not create any disturbance.
- 4) Pay attention to your teacher.
- 5) Raise hand if you have a question.
- 6) Enter the class with your actual name to mark your attendance.
- 7) Ask only relevant questions to topic taught.

Chapter 9

Money

Brainstorming

- **Short Question Answer**
- How Many kinds of Metallic money?
- Define Bill of Exchange.
- Define Debtor and Creditor.

Lesson Objectives:

- By the end of this part of lesson, students will be able to:
 1. Define Value of Money.
 2. Determine the different equations of money.

Money

Definition of Money



- “Anything which is widely accepted in payments for goods or in discharge of other kinds of business obligations.”

Or

- Anything that is generally acceptable as a means of exchange and that at the same time acts as a measure and a store of value.







Value of Money

- The value of money, then, is the quantity of goods in general that will be exchanged for one unit of money. The value of money is its purchasing power, i.e., the quantity of goods and services it can purchase. What money can buy depends on the level of prices.

Definition of value of Money by K.K Deweet

- “The Value of Money is the quantity of goods and services in general that will be exchanged for a unit of Money. In other words, the value of money is its purchasing power, i.e. the quantity of goods and services that a unit of money can purchase.”

Example of Value of Money

Price of Rice per Kg
Rs.100



Price of Wheat Per Kg
Rs.150





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Example

- If we buy one kg of rice for Rs. 100 ; it means the value of Rs. 100 is equal to One Kg of Rice.
- But if we are able to buy 2 kg of rice for Rs. 100, it means the purchasing power of money is increased. On the other hand, if the price of half Kg of rice reaches upto Rs. 100, it means, the purchasing power of money has fallen down.

Value of Money

1: Price of One Kg Rice = 100

2: When Two kg rice price = 100 Value of Money Increased.

3: When Half Kg rice price = 100 value of money decreased.

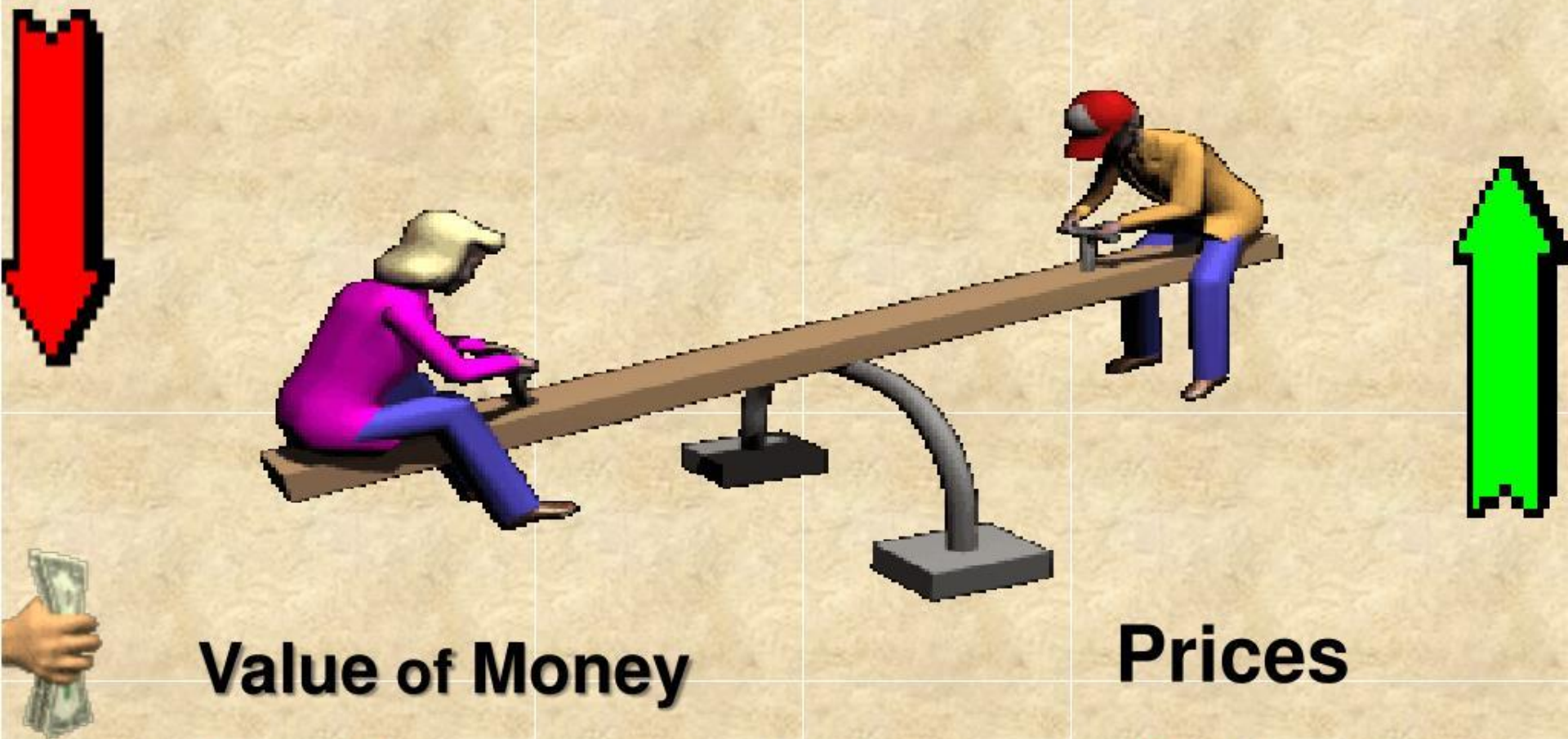
1 Kg = 100

2 Kg = 100 increased

Half Kg = 100 decreased



The Value of Money and Price Level



Value of Money

Prices

The **value of money goes** in the **opposite** direction of the **general price level**.

Or, the **amount a dollar will buy** varies **inversely** with the **price level**.



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Price of Rice Kg

1 kg = 100

2 kg = 100

Half Kg= 100

Price of Wheat Kg

1 kg =150

2 kg = 150

Half Kg=150

Price Milk Ltr

1 Ltr = 100

2 Ltr = 100

Half Ltr= 100

Assessment

Price of Mangoes Per Kg
Rs. 150

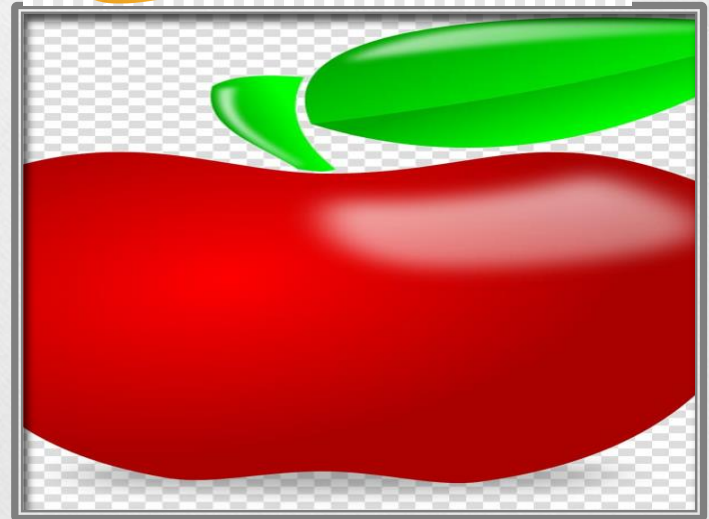
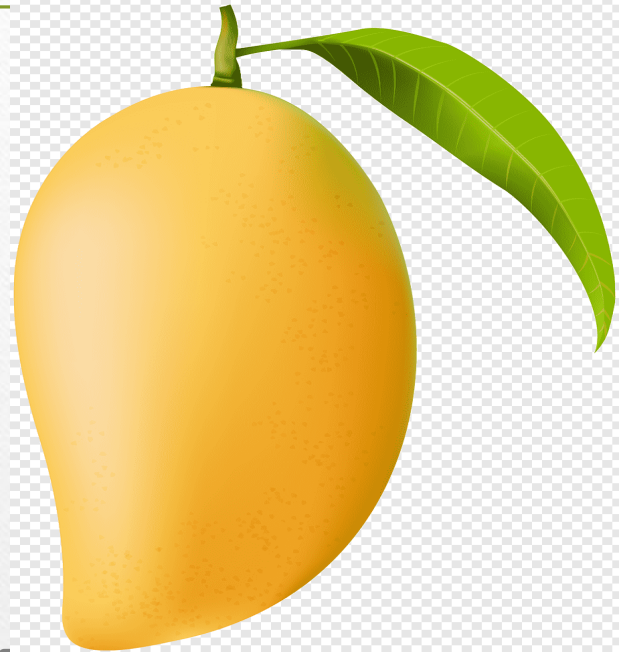
2 kg = 150 VM ?

Half Kg = 150 VM ?

Price of Apple per kg
Rs. 100

2 Kg = 100 VM ?

Half Kg = 100 VM ?



Assessment

Price of Mangoes Per Kg
Rs. 150

2 kg = ? VM Increased

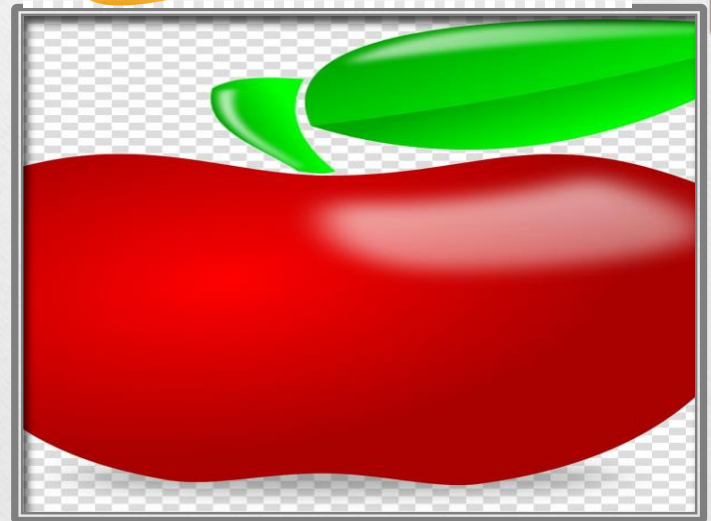
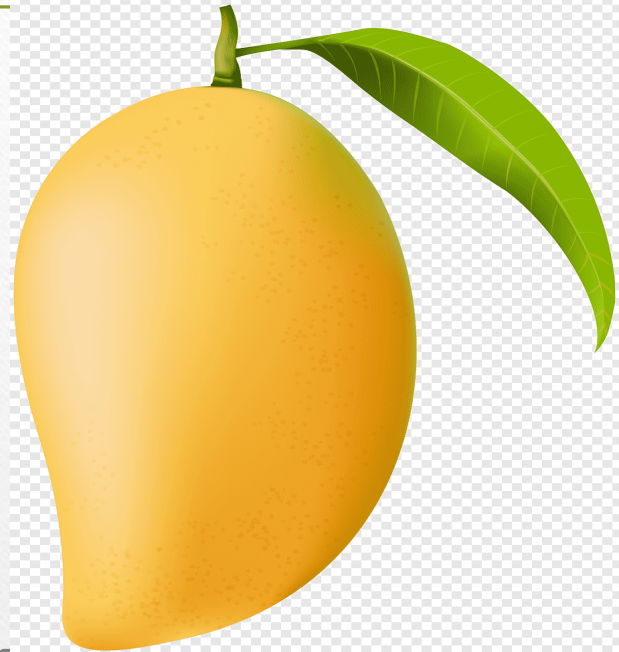
Half Kg = ? VM Decreased

Price of Apple per kg

Rs. 100

2 Kg = ? VM Increased

Half Kg = ? VM Decreased





Making Change Reflection



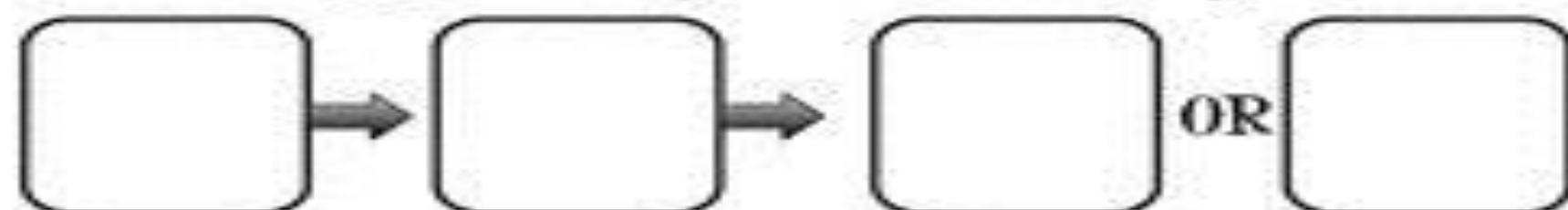
Directions: Use this reflection sheet to help you figure out how much change the customer should get back after making a purchase!

Customer Purchase and Price	Amount Paid	Choose a Strategy to Solve the Problem!	How Much Change?

Closure

- Value of money
- Price increase Value of money
Decrease
- Price decrease Value of money
Increase

Spending and Saving



Spending money

Places to spend	Ways to spend

Some things I ...

Want	Need

I know I need to spend my money on things I need first, I know sometimes I need to save for things I _____. I also know I can _____ some money for things I want.

Thank you. See
you in the next
lesson