

સરકારી વાણિજ્ય કોલેજ, વડાલી

એકાઉન્ટન્સી વિભાગ

પ્રોજેક્ટ વર્ક અંગે નોટીસ

તારીખ : 01/10/2019

આથી કોલેજમાં અભ્યાસ કરતા તમામ વિદ્યાર્થીઓને જણાવવાનું કે, આચાર્યશ્રીની સૂચના અનુસાર શૈક્ષણિક વર્ષ 2019-2020 દરમિયાન દરેક સેમેસ્ટરના વિદ્યાર્થીઓએ પ્રોજેક્ટ વર્ક કરવા જરૂરી છે. આ વર્ષે કોલેજ દ્વારા પ્રથમ વર્ષ દરમિયાન નીચે જણાવેલ વિષય ઉપર પ્રોજેક્ટ વર્ક કરી પ્રોજેક્ટ નિર્ધારિત તારીખે કોલેજમાં જમા કરાવવાનો રહેશે.

પ્રોજેક્ટનો વિષય	: 'નાણાંનો ઇતિહાસ'
પ્રોજેક્ટ માટે નામ નોંધાવાની અંતિમ તારીખ	: 30/11/2019
પ્રોજેક્ટ શરૂ થવાની તારીખ	: 01/12/2019
પ્રોજેક્ટ જમા કરાવવાની તારીખ	: 28/02/2020

નિયમો :

- પ્રોજેક્ટ વર્ક એક ટીમ પ્રોજેક્ટ છે જેમાં મહત્તમ પાંચ (05) વિદ્યાર્થીઓ અને ઓછામાં ઓછા ચાર (04) વિદ્યાર્થીઓ હોવા આવશ્યક છે.
- પ્રોજેક્ટમાં ભાગ લેનાર સભ્યો કોઈ એકજ સેમેસ્ટરના અથવા અલગ-અલગ સેમેસ્ટરના હોય તો પણ ટીમ બનાવી શકાશે.
- પ્રોજેક્ટ માટે નામ નોંધાવાની અંતિમ તારીખ બાદ કોઈ પણ વિદ્યાર્થીઓના નામ પ્રોજેક્ટ વર્ક માટે સ્વીકારવામાં આવશે નહિ.
- પ્રોજેક્ટ નિર્ધારિત સમય મર્યાદામાં પરિપૂર્ણ કરવાનો રહેશે.
- નિર્ધારિત સમય બાદ પ્રોજેક્ટ સ્વીકારવામાં આવશે નહિ.
- નિર્ધારિત સમય મર્યાદામાં આવેલ પ્રોજેક્ટનું મૂલ્યાંકન કોલેજ દ્વારા નક્કી કરેલ ટીમ દ્વારા કરવામાં આવશે.
- પ્રથમ ક્રમે પસંદગી પામનાર પ્રોજેક્ટના વિદ્યાર્થીઓને કોલેજ વાર્ષિકોત્સવમાં પ્રમાણપત્ર અને ટ્રોફી આપીને સન્માનિત કરવામાં આવશે.
- દ્વિતીય અને તૃતીય ક્રમે પસંદગી પામનાર પ્રોજેક્ટના વિદ્યાર્થીઓને કોલેજ વાર્ષિકોત્સવમાં પ્રમાણપત્ર આપીને સન્માનિત કરવામાં આવશે.
- અન્ય ક્રમે આવનાર પ્રોજેક્ટના વિદ્યાર્થીઓને પ્રોજેક્ટમાં ભાગ લીધાનું પ્રમાણપત્ર આપવામાં આવશે.
- પ્રસ્તુત પ્રોજેક્ટના માર્ગદર્શક પ્રા. શૈલેષ એસ. બારીયા રહેશે.
- પ્રોજેક્ટ સંબંધિત તમામ માહિતી અને માર્ગદર્શન પ્રા. શૈલેષ એસ. બારીયા પાસેથી મેળવવાનું રહેશે.



R.S. Kulkarni
આચાર્યશ્રી

સરકારી વાણિજ્ય કોલેજ, વડાલી
મુ. વડાલી, જિ : સાબરકાંઠા

Government College of Commerce, Vadali

Accountancy Department

Notice regarding project work

Date : 01/10/2019

Therefore, to inform all the students studying in the college that as per the instruction of the Principal, the students of each semester are required to do 'Project Work' during the Academic Year : 2019-2020. This year the college has to do project work on the below mentioned subject during the first year and submit the project to the college on the scheduled date.

Project Topic	: 'A history of money'
Last date of registration for the project	: 20/11/2019
Project Commencement Date	: 01/12/2019
Project Submission Date	: 28/02/2020

Rules:

- 1) Project work is a team project, which must have a maximum of **five (05)** students and a minimum of **four (04)** students.
- 2) A team can be formed whether the members participating in the project are from the same semester or from different semesters.
- 3) No students' names will be accepted for project work after the last date of registration for the project.
- 4) The project has to be completed within the stipulated time limit.
- 5) Projects will not be accepted after the stipulated time.
- 6) The project within the stipulated time limit will be evaluated by the team decided by the college.
- 7) Students of first selected project will be felicitated with certificate and trophy in college annual festival.
- 8) Second and third ranked project students will be felicitated with certificate in college annual festival.
- 9) The students of the second ranked project will be given a certificate of participation in the project.
- 10) **Prof. Shaileshkumar S. Baria** is Present Project Guide.
- 11) All project related information and guidance given by **Prof. Shaileshkumar S. Baria**.



P. S. K. K. K.
Principal

Government College of Commerce, Vadali
At. Vadali, Dist : Sabarkantha

GOVERNMENT COMMERCE COLLEGE, VADALI

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**HEMCHANDRACHARYA NORTH GUJARAT
UNIVERSITY, PATAN**

PROJECT WORK

ACADEMIC YEAR : 2019-2020

Name of Project : **History of Money**

Name of Concern Subject : Accountancy, Commerce Economics

List of Participant for Project Work

Sr. No.	Name of Student	Semester	Roll No.	Remarks/ Signature
1	Dhawal Bhadreshbhai Chaudhri	B.Com. Sem-2	02	Dhawal
2	Devanshi Manorkumar gahdvi	B.Com. Sem-2	06	Devanshi
3	Saniya Umardin Luhar	B.Com. Sem-2	11	Saniya
4	Vibhuti Dipakbhai Patel	B.Com. Sem-2	17	Vibhuti
5	Sujal Bhagyanbhai Chaudhry	B.Com. Sem-2	22	Sujal

Project Guide

- 1) PROF. SHAILESH. S. BARJA *Shail*
- 2) DR. GURUPRAKASH Z. SINGH *G. Singh*

P.S. Khetani
Principal
Govt. Commerce College
Vadali, Dist. Sabarkantha



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PROJECT WORK

ACADEMIC YEAR : 2019-2020

Full Name of Student: Dhaval Bhadreshbhai Chaudhari

Semester: 2 Roll No. 02 Subject: Accountancy & Economics

Name of Project: History of Money

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	Origin and Evolution of money	28-02-2020		Shaili verify

Certificate

This is to certify that Mr/Ms. DHAVAL BHADRESHBHAI CHAUDHARI has satisfactorily completed the Project Work/Assignment prescribed by the PROF. SHAILESH. S. BARTHA in the Academic Year : 2018-2019

DR. GURUPRAKASH Z. SINGH

Verified By

Guide-1 Signature



Guide-2 Signature

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Education Department
Government of Gujarat

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UNIVERSITY, PATAN



PROJECT WORK

ACADEMIC YEAR : 2019-2020

Full Name of Student: DEVANSHI M. GADHVI

Semester: 1 Roll No. 06 Subject: ACCOUNTANCY &

Name of Project: HISTORY OF MONEY ECONOMICS

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	THE HISTORY OF MONEY - A WALK THROUGH TIME	28-02-2020		verified by shail

Certificate

This is to certify that Mr/Ms. DEVANSHI M. GADHVI has satisfactorily completed the Project Work/Assignment prescribed by the PROF. SHAILESH S. SHAIKH the Academic Year : 2018-2019
DR. GURUPRAKASH SINGH

Verified By

shail
Guide-1 Signature



Gp Singh
Guide-2 Signature

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PROJECT WORK

ACADEMIC YEAR : 2019-2020

Full Name of Student: Saniya Umardin Luhar

Semester: 2 Roll No. 11 Subject: Accounting & Commerce

Name of Project: _____

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	A brief history of Money	19-02-20		verified by <u>Shan</u>

Certificate

This is to certify that Mr/Ms. SANIYA UMARDIN LUHAR has satisfactorily completed the Project Work/Assignment prescribed by the PROF. SHAILESH S. BARNIN in the Academic Year : 2018-2019
DR. GURUPRAKASH Z. SINGH

Verified By

Shan
Guide-1 Signature



Gpr Singh
Guide-2 Signature

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PROJECT WORK

ACADEMIC YEAR : 2019-2020

Full Name of Student: Vibhuti Dipakbhai Patel
Semester: 2 Roll No. 17 Subject: ACCOUNTANCY & ECONOMICS
Name of Project: History of Money

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	History of Money	28-02-2020	—	verified Shw

Certificate

This is to certify that Mr/Ms. VIBHUTI DIPAKBHAI PATEL has satisfactorily completed the Project Work/Assignment prescribed by the PROF SHAILESH. S. BARTAI in the Academic Year : 2018-2019
DR. GURUPRAKASH Z. SINHA

Verified By

Shw
Guide-1 Signature



Cp Singh
Guide-2 Signature

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UNIVERSITY, PATAN

PROJECT WORK

ACADEMIC YEAR : 2019-2020

Full Name of Student: Sujal Bhagvanbhai Chaudhry
Semester: 2 Roll No. 22 Subject: Accountancy, Commerce
Name of Project: History of Money

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	History of money	28-02-20	-	verified by <u>shail</u>

Certificate

This is to certify that Mr/Ms. SUJAL BHAGVANBHAI CHAUDHRY has satisfactorily completed the Project Work/Assignment prescribed by the PROF. SHAILESH S. BARIJA in the Academic Year : 2018-2019
DR. GURUPRASHANTH Z. JINAH

Verified By

shail
Guide-1 Signature



Gprishk
Guide-2 Signature

GOVERNMENT COMMERCE COLLEGE, VADALI
ACADEMIC YEAR : 2019-2020

PROJECT WORK

ORIGIN AND EVOLUTION OF MONEY

Origin and Evolution of Money

Barter

Money, as we know it today, is the result of a long process.

At the beginning, there was no money. People engaged in barter, the exchange of merchandise for merchandise, without value equivalence.

Then, a person catching more fish than the necessary for himself and his group, exchanged his excess fish for the surplus of another person who, for instance, had planted and harvested more corn than what he would need. This elementary form of trade prevailed at the beginning of civilization, and may be found today among people of primitive economies, in regions where difficult access makes money scarce and, even in special situations, where people barter items without regard for their equivalence in value. This is the case, for instance, of a child who exchanges with his friend an expensive toy for another of lesser value, which it treasures.



Goods used in barter are generally in their natural state, in line with the environment conditions and activities developed by the group, corresponding to elementary needs of the group's members. This exchange, however, is not free from difficulties, since there is not a common measure of value among the items bartered.

Commodity Money

Some commodities, for their utility, came to be more sought than others are.

Accepted by all, they assumed the role of currency, circulating as an element of exchange for other products and used to assess their value. This was the commodity money.



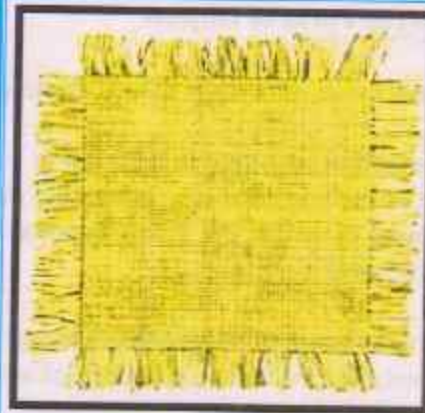
Cattle, mainly bovine, was one of the mostly used, and had the advantages of moving for itself, reproducing and rendering services, although there was the risk of diseases and death.

Salt was another commodity money, difficult to obtain, mainly in the interior part of continents, also used as a preservative for food. Both cattle and salt left the marks in the Portuguese language of their function as an exchange instrument, as we keep using words such as *pecunia* (money) and *pecúlio* (accumulated money) derived from the Latin word *pecus* (cattle). The word *capital* (asset) comes from the Latin *capita* (head). Similarly, the word *salário* (salary, compensation, normally in money, due by the employer for the services of an employee) originates from the use of *sal* [salt], in Rome, for payment of services rendered.



Brazil used, among other commodity moneys, cowry – brought by Africans –, Brazil wood, sugar, cocoa, tobacco and cloth, exchanged in Maranhão in the 17th Century due to the almost complete lack of money, traded in the form of yarn balls, skeins and fabrics.

Later, commodities became inconvenient for commercial trades, due to changes in their values, the fact of being indivisible and easily perishable, therefore checking the accumulation of wealth.



Metal

As soon as man discovered metal, it was used to make utensils and weapons previously made of stone.

For its advantages, as the possibility of treasuring, divisibility, easy of transportation and beauty, metal became the main standard of value. It was exchanged under different forms. At the beginning, metal was used in its natural state, and later under the form of ingots and, still, transformed into objects, from rings to bracelets.



The metal so traded required weight assessment and assaying of its purity at each transaction. Later, metal money gained definite form and weight, receiving a mark indicating its value, indicating also the person responsible for its issue. This measure made transactions faster, as it saved the trouble of weighing it and enabled prompt identification of the quantity of metal offered for trade.



Money in the Form of Objects

Metal items came to be very valued commodities.

As its production required, in addition to knowledge of melting, knowing where the metal could be found in nature, the task was not at the reach of everyone.

The increased value of these objects led to its use as money and the circulation as money of small-scale replicas of metal objects.



This is the case of the knife and key coins found in the East and the talent, a copper or bronze coin with the form of an animal skin that circulated in Greece and Cyprus.

Ancient Coins

In the 7th century B.C. the first coins resembling current ones appeared: they were small metal pieces, with fixed weight and value, and bearing an official seal, that is the mark of who has minted them and also a guaranty of their value.

Gold and silver coins are minted in Greece, and small oval ingots are used in Lydia, made of a gold and silver alloy called electrum.



Coins reflect the mentality of a people and their time. One may find political, economic, technological and cultural aspects in coins. Through the impressions found in coins, we are able to know the effigy of personalities who lived centuries ago. Probably, the first historic character to have his effigy registered in a coin was Alexander the Great, of Macedonia, around the year 330 B.C.

At the beginning, coin pieces were made by hand in a very coarse way, had irregular edges, and were not absolutely equal to one another as today's ones.

Gold, Silver and Copper

The first metals used in coinage were gold and silver. Employment of these metals happened for their rarity, beauty, immunity to corrosion, economic value, and for old religious habits. In primeval civilizations, Babylonian priests, knowledgeable about astronomy, taught to people the close relationship between gold and the sun, silver and the moon. This led to a belief in the magic power of such metals and of objects made with them.



Minting of gold and silver coins was common for many centuries, and pieces were guaranteed by their intrinsic value, that is to say, by the trade value of the metal used in their production. Then, a coin made with twenty grams of gold was exchanged for goods of even value.

For many centuries, countries minted their most highly valued coins in gold, using silver and copper for lesser value coins. This system was kept up to the end of the last century, when cupronickel, and later other metallic alloys, became used, and coins came to circulate for their extrinsic value, that is to say, for their face value, which is independent from their metal content.

With the appearance of paper money, minting of metal coins was restricted to lower values, necessary as change. In this new role, durability became the most requested quality for coins. Large quantities of modern alloys appeared, produced to support the high circulation of change money.

Paper Money

In the Middle Ages, the keeping of values with goldsmiths, persons trading with gold and silver items, was common. The goldsmith, as a guaranty, delivered a receipt. With time, these receipts came to be used to make payments, circulating from hand to hand, giving origin to paper money.

In Brazil, the first bank notes, precursors of the current notes, were issued by Banco do Brasil in 1810. They had its value written by hand, as we today do with our checks.



With time, in the same form it happened with coins, the government came to conduct the issue of notes, controlling counterfeits and securing the power to pay.

Currently, all countries have their central bank in charge of issuing coins and notes.

Paper money experienced an evolution regarding the technique used in their printing. Today, the printing of notes uses especially prepared paper and several printing processes, which are complementary to each other, assuring to the final product a great margin of security and durability conditions.

Different Shapes

Money has greatly changed its physical aspect along the centuries.



Coins had already very small sizes, as the *stater*, which circulated in Aradus, Phenicia, and some reached large sizes, such as the *thaler*, a 17th century Swedish copper piece.

Although today the circular form is used in almost the whole world, there had been oval, square, polygonal and other shapes for coins. They were also minted in different non-metallic materials, such as wood, leather and even porcelain. Porcelain coins circulated, in this century, in Germany, when the country was under the economic hardships caused by the war.

Bank notes were generally of rectangular lengthwise format, although with great variety of sizes. There are, still, square notes and those with inscriptions written in the vertical.

Bank notes depict the culture of the issuing country, and we may see in them characteristic and interesting motifs as landscapes, human types, fauna and flora, monuments of ancient and contemporary architecture, political leaders, historical scenes, etc.

Bank notes bear, in addition, inscriptions, generally in the country's official language, although several also bear the same inscriptions in other idioms. The inscriptions, frequently in English, aim at permitting the piece to be read by a larger number of people.

Monetary System

The set of coins and bank notes used by a country form its monetary system. The system is regulated by appropriate legislation and organized from a monetary unit, its base value.

Currently almost all countries use a monetary system of centesimal basis, in which the coinage dividing the unit represents one hundredth of its value.



Normally, higher values are expressed in notes while smaller values are represented by coins. The current world trend is that daily expenses be paid with coins. Modern metallic alloys enable coins to be more durable than notes, making them more appropriate to the intense use of money as change.

The countries, through their central banks, control and guarantee the issue of money. The set of notes and coins in circulation, the so called monetary mass, is constantly renewed through the process of sanitation, substitution of worn out and torn notes

Checks

As coins and notes ceased to be convertible into precious metal, money became more dematerialized and assumed abstract forms.

One of these forms is the check that, for simplicity of use and security offered, is being adopted by an increasing number of people in their day-by-day activities.



This document, by which one orders payment of a certain amount to its bearer or to a person mentioned in it, aims mainly at transactions with bank deposits.



The important role played today in the economy by this form of payment is due to the innumerable advantages offered by it, speeding transactions with large sums, avoiding hoarding and diminishing the need of change by being a document completed by hand in the necessary amount.

Money, whatever the form it has, is not valuable for itself, but for the goods and services it may purchase. It is a sort of security giving its bearer the faculty of being creditor of society and take advantage, through his or her purchasing power, of all conquests of modern man.

Money was not, hence, invented by a stroke of genius, but stemmed from a need, and its evolution reflects, at each time, the willingness of man to harmonize its monetary instrument to the reality of its economy.

Checked By
Shail

Dhawal
Dhawal Bhadrashbhai Chaudhri
B.Com. Sem-2
Roll No. 02



GOVERNMENT COMMERCE COLLEGE, VADALI

ACADEMIC YEAR : 2019-2020

PROJECT WORK

The History of Money – A Walk through Time

Most of us take money for granted - not necessarily earning money, but using our money to buy the things that we need or want. We'll hand over a little cash, swipe a card or fill out a check – and never think about how it all came to be.

Money can be defined as any “identifiable object of value that is generally accepted as payment for goods and services and repayment of debts in a market”

As you know from reading around our blog and knowledge center, money has come in many forms, including gold and silver coins. Today, we trade pieces of paper issued by a central bank. Current laws on the books require Americans to use this paper currency, as the dollar bill says, “...for all debts, public and private.”

If we go back farther in time, other items of value like cattle, grain, shells, beads and countless others were used to barter or trade.

A timeline from the PBS show Nova provides us a glimpse of what prior civilizations used as “money.” As you'll likely surmise, the differences between a few thousand years ago and today are vast, just as striking though...the similarities.

The History of Money – A Timeline

10,000+ years ago – Like we said above, barter was the first method of trade and pre-dates money. Barter involves the exchange of resources and/or services for mutual benefit between 2 or more parties. Barter has also survived throughout the ages, and is still a popular form of trade throughout the world. The A&E series Barter Kings is certainly proof of this.

9000 – 6000 BC (Cattle) - Cattle, which can include cows, sheep, camels and other livestock, are considered to be the first form of what's considered money, which you can argue is a “standardized” form of barter. And as many cultures began farming, items like grain and other vegetable and plant products also became standard.

1200 BC (Cowrie Shells) – These shells of a mollusk are widely available in shallow areas of the Pacific and Indian Oceans. China was the first area of the world to use these shells as money, but their use did spread to many other civilizations. In fact, many areas of Africa used cowrie shells as currency up until the mid-20th century.



1000 BC (First coins) – Near the end of the Stone Age, China began making imitation cowries out of bronze and copper, which are base metals. These are considered by many to be the earliest form of metal coins.

500 BC (Modern coins) – In other parts of the world, round coins were developed out of lumps of silver and stamped with different gods and emperors depending on the location. The earliest silver coins came out of modern-day Turkey, but techniques were further refined by the Greek, Persian, Macedonian, and Roman empires.

100 BC – 1800 AD (Various other items are used for money) – Even though coinage as we know it began around 500 BC, other items were used as money too. Leather in the form of white deerskin (1-foot square pieces) was popular in China. There were also a few obscure forms of money that might be called “brutal” by some. The phrase “To pay through the nose” for example, comes from Danes in Ireland, who slit the noses of those who didn’t pay Danish poll taxes.

Other forms of money from this time include:

- Potlach – From Native American cultures, a “potlach” was a ceremony where gifts were exchanged, and other festivities held.
- Wampum – A form of money originating from Native Americans, wampum consisted of strings of beads made from clam shells.

806 AD (The first paper money) – Paper banknotes first appeared in China and were used from around the 9th to 15th century. Over time, production of paper notes continued to grow to the point where their value rapidly depreciated. Around 1455, paper money disappeared in China for several hundred years. It re-emerged in Europe a few decades later, but it was another 3 centuries before it was considered common.

1792-1816 AD (The Gold Standard) – Although the U.S. began tying its currency to precious metal with the 1792 Mint and Coinage Act, 1816 is considered the seminal year, which is when gold was adopted as the official standard of value in England. Guidelines were developed to allow for a fixed, non-inflationary production of banknotes that represented a specific amount of gold.

1930s AD (The Great Depression and the End of the Gold Standard) – The coming of the Great Depression brought major changes in money and is considered the beginning of the end for the gold standard. The first step was revising the gold standard, which involved confiscating individual gold holdings and increasing its price, which essentially devalued the paper currency that represented the gold. By the 1970s, the dollar was completely delinked from gold.



Present day and the future – Since the early 1970s, the U.S. and most of the world have used a paper-based currency whose value is regulated by a central bank. International monetary regulations are complex at best and downright impossible to understand at worst. Many feel this standard has brought unbridled monetary expansion, eroding value, stagnant wages and more.

While the future is always uncertain, gold coins and other precious metals have become more popular investments. Many investors also buy junk silver and other coins for barter in case the need arises.

The history of money can be explained in many ways. It's fascinating to think about how our forbearers went about trading for things they needed. It's clear that what we call money hasn't really been in use for that long. While "paper currency" has been around for centuries, it was tied in some way to a precious metal. Never before has money been completely un-tethered from a resource or metal

HISTORY OF MONEY

From bartering to digital transactions

What is the timeline of money's history? Currency evolution and development have been fundamental components of human history. To exchange goods as civilisations became more complex, an unusual instrument of trade was required. Money evolved from herd animals to precious metals and coins and banknotes to fulfil this function. Money is now transferred abstractly through electronic transactions.

The origin of money – Prehistoric

The history of money spans at least 5,000 years, with bartering being the earliest form of trade before introducing a standardised medium of exchange. Bartering involved directly exchanging goods and services, which could be time-consuming and inefficient. For example, a farmer might exchange a bushel of wheat for a pair of shoes from a shoemaker. However, finding someone willing to accept the trade could be challenging.

As trade became more complex, the need for a single, portable token of value arose. This led to various forms of money, including easily traded items like animal skins, salt, and weapons. These items served as a medium of exchange, even though their value was negotiable.

1000-500 BC – Instrument money



The world's oldest known coin-minting site was discovered in China around 640 BCE. Spade coins, one of the earliest standardised forms of metal coinage, were struck at this minting facility. Coin minting quickly spread worldwide, with different civilisations adopting their own coinage systems. The introduction of coins significantly increased the speed and efficiency of business transactions.

640-630 BC – The first real currency

In the sixth century BCE, the Lydians in Asia Minor minted the first official currency, known as the Lydian stater. These coins were made from electrum, a natural mixture of silver and gold. The use of coins in trade helped enhance both internal and external trading systems, contributing to the prosperity of the Lydian empire.

806-821 – Paper money

The transition from coins to paper currency began in China when the emperor Xianzong issued the first paper coins during the copper shortage. The Jin dynasty issued the first real paper money around 1189. Paper money offered greater convenience and portability compared to coins. European countries also started using paper banknotes issued by banks and private institutions instead of metal coins. These notes could be exchanged for their face value in metal coins anytime.

17th century – Modern check

The checks, also known as banker's checks or bank drafts, emerged as a widely accepted payment method in Europe during the 17th century. Major jewellers typically issued these checks, endorsed their authenticity and guaranteed the payment. They provided a more secure and convenient alternative to carrying large amounts of currency or valuable items during transactions.

19th century – Gold as currency

The 19th century saw the establishment of the gold standard, which tied the currency's value to the amount of gold held in reserves. However, this system was eventually abandoned after the First World War due to economic crashes and the need for greater flexibility in monetary policy.

1949 – Credit and debit cards

The 20th and 21st centuries brought further advancements in the evolution of money. Mobile payments emerged, allowing people to transact using portable electronic



devices like smartphones and tablets. Services like Apple Pay, Google Pay, Venmo, and PayPal revolutionised how people transfer money and make purchases.

2009 – Digital currency

Virtual currencies, such as Bitcoin, gained prominence in the digital age. Bitcoin, released in 2009, became the standard for virtual currencies and introduced the concept of decentralised authorities. Other virtual currencies, like Ethereum, XRP, and Dogecoin, have also entered the market. Today, electronic transactions are becoming increasingly common, with traditional forms of payment being replaced by digital alternatives.

As we reflect on the history of money, it becomes clear that the concept of money is continually evolving. Neobanks like Ampere represent the latest chapter in this story, offering businesses a modern and efficient way to manage their finances. Neobanks are digital financial institutions that operate exclusively online, offering innovative and convenient banking services without the need for physical branches. As technology advances, the future of money will undoubtedly be shaped by further innovations and the ever-growing capabilities of neobanks.

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ACADEMIC YEAR : 2019-2020

PROJECT WORK

A Brief (and Fascinating) History of Money



Money. People worry about it, think of ways to get more of it, and dream about how to spend it. But how much do we really know about money? Keep reading for a short history of currency.

- **Cowrie shells and other items from nature**

Some of the earliest currencies were objects from nature. A notable example is **cowrie** shells, first used as money about 1200 BCE. Although they may seem a pretty random choice, the shells had a number of advantages: they were similar in size, small, and durable. While the mollusks that produce the shells are found in the coastal waters of the Indian and Pacific oceans, the expansion of trade meant that even some European countries accepted cowrie shells as currency. Shells in the form of **wampum** (tubular shell beads) were used as money by Native Americans. Another currency from nature was whale teeth, which were used by Fijians. And the people of **Yap Island** (now part of Micronesia) carved



huge disks of limestone that eventually became currency and remain part of the island's culture.

- **Counterfeiting**

Counterfeiting dates to the invention of money. Even wampum was the target of counterfeiters. Forgery proved such a huge problem around the world that harsh penalties were enacted. Chinese currency from about the 14th century carried the warning that counterfeiters would be decapitated, and England was known for punishing perpetrators by burning them at the stake. In the American colonies too, death greeted early counterfeiters. Numerous measures were taken to prevent forgeries. **Ben Franklin**, who owned a firm that printed money for several colonies, notably misspelled *Pennsylvania*, believing that counterfeiters would correct the error in their forgeries. Today anti-counterfeiting measures are much more elaborate. For example, the \$20 bill—the most counterfeited note in the United States—has raised printing and a watermark and security thread that are visible when the note is held to the light. However, penalties for counterfeiting have relaxed. In the United States, the maximum prison sentence is 20 years.

- **Coins**

While the use of metal for money can be traced back to **Babylon** before 2000 BCE, standardized and certified coinage may not have existed until the 7th century BCE. According to many historians, it was during this time that the kingdom of **Lydia** (in present-day Turkey) issued the first regulated coins. They appeared during the reign (c. 610–c. 560 BCE) of King **Alyattes** and were made of **electrum**, a natural mixture of gold and silver. Crudely shaped like beans, these coins featured the royal symbol, a lion. Alyattes' son, **Croesus** (reigned c. 560–546), reformed the kingdom's currency, introducing silver coins and gold coins. Soon such currency began appearing elsewhere.

- **Leather money**

About the 6th century BCE leather and animal hide began to be fashioned into currency. Early ancient Rome reportedly used this type of money. It was also found in such areas as Carthage and what is now France, and Russia is believed to have used leather money into **Peter the Great's** reign (1682–1725 CE). The Chinese emperor **Wudi** (reigned 141–87 BCE) created currency out of skins from his personal collection of white stags. It was fringed and decorated with elaborate designs. Although no longer used, leather money may have left a lasting legacy: some believe it gave rise to the use of *buck* as slang for *dollar*.

- **Paper money**

Given that **paper** is widely believed to have originated in China, it is fitting that that country introduced paper currency. This innovation is widely thought to have occurred during the reign (997–1022 CE) of Emperor **Zhenzong**. It was made from the bark of mulberry trees (so, in a sense, money really did grow on trees). By the late 18th and early 19th centuries, paper money had spread to other parts of the world. The bulk of this currency, however,



was not money in the traditional sense. Instead, it served as promissory notes—promises to pay specified amounts of gold or silver—which were key in the development of **banks**.

- **Gold standard**

Unsurprisingly, currency comes with a number of problems, one of which concerns **fiat money**. This is currency that is issued on the “fiat” (decree) of a sovereign government and, unlike gold and silver coins, has no intrinsic value. Countries can thus issue such money at will, and some did (and do), potentially making the currency worthless. This became such a problem that in 1821 the United Kingdom—then the leader in international finance—introduced the **gold standard**. In this monetary system, the standard unit of currency is typically kept at the value of a fixed quantity of gold, which increases confidence in international trade by preventing governments from excessively issuing currency. Eventually, other countries, including Germany, France, and the United States, adopted the gold standard. However, the system had its drawbacks. Notably, it limited a country’s ability to isolate its economy from depression or **inflation** in the rest of the world. After the **Great Depression** (1929–c. 1939), countries began to rethink the gold standard, and by the 1970s gold was no longer being tied to currency. Since then there have been a number of extreme cases of **hyperinflation**. A notable case is Zimbabwe in the early 2000s, when the country issued currency in denominations as high as \$100 trillion—which was worth about a loaf of bread.

- **Credit cards**

While credit has existed for ages, the first universal **credit card** was not introduced until 1950. That year Americans Ralph Schneider and Frank McNamara founded the Diners Club. Other cards were soon created, and in 1959 American Express debuted a plastic card. We have **IBM** to thank for the magnetic stripe on credit cards, which was introduced in the 1960s to contain account information. Because of the stripe, merchants no longer needed to make phone calls to obtain authorization from credit companies. In the 1990s, cards began to have chips embedded in them to encrypt their information, providing even greater security. Other changes involved account balances. In the beginning, credit card users were required to pay the full balance at the end of the month. Eventually, American Express allowed consumers to carry balances—though interest was applied—and other credit companies quickly followed. Customers took advantage of this development—maybe a little too much. In 2017 American consumers were carrying \$1 trillion in credit card debt.

- **Bitcoin**

Bitcoin is a digital currency system created in 2009 by an anonymous computer programmer or group of programmers known as Satoshi Nakamoto. The currency is not issued by a central bank and is not regulated, though a decentralized network of computers keeps track of transactions. Users of Bitcoins are anonymous, known only by their digital wallet ID. The value of Bitcoins is determined by bidding, similar to the way stocks are valued. How are Bitcoins created? In a process called mining. This involves a race between computers to solve complex math problems and thus verify blocks of transactions. While



that may sound easy, it isn't. It's estimated that nearly seven trillion attempts may have to be made before a solution is discovered. In the end, the owner of the winning computer gets newly created Bitcoins, and the system is made more secure. The cap for the number of Bitcoins that can be created is 21 million, and more than 17 million have been created so far.

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GOVERNMENT COMMERCE COLLEGE, VADALI

ACADEMIC YEAR : 2019-2020

PROJECT WORK

HISTORY OF MONEY



CREDIT CAME FIRST

A brief history of cash in India.



GANDHARA
540 BCE The punch-marked silver bar that is taken as evidence of a sophisticated credit system.



SELEUCUS
320 BCE Greek tetradrachm used in India by Alexander's general. It set the standard for later coins.



VASUDEVA I
185 BCE An Indo-Greek gold dinar with a depiction of Shiva and the king's name in Bactrian script.



CHANDRAGUPTA II
380 CE A gold coin with Lakshmi. The horse-borne king is hailed as 'Ajatashatru' in Brahmi script.



SHER SHAH SURI
1540-41 CE India's original rupee. It also has 'Shah Suri' in Devanagari.



MUHAMMAD BIN TUGHLAQ
1349-51 CE The Infamous token currency in brass that proved a failure.



MAHENDRAGUPTA
1027-28 CE Silver dirham with the saint in Arabic and the ruler portrayed as a divine 'overlord' in Sanskrit.



KUMARAGUPTA I
430 CE With Lakshmi. The 'lion-slayer' king is described as 'Mahendragupta' in Brahmi.



AKBAR
1571-72 CE Standard-issue Mughal silver rupee made in a mint at Agra.



JAHANGIR
1614-15 CE Gold mohar that has the emperor with a wine goblet. It also has a couplet in Persian.



NIZAM SHAHI
1627-28 CE A rupee with an eye to the queen, recalled by Shah Jahan.



EDWARD VI
1550 CE Quarter ounce produced under the British flag for use in India.



GEORGE V
1912 CE The Raj era silver rupee immortalised in shaloy as the perfect coin for a toss-up.



BANK OF HINDOSTAN
1804 CE An early note issued by a private bank.

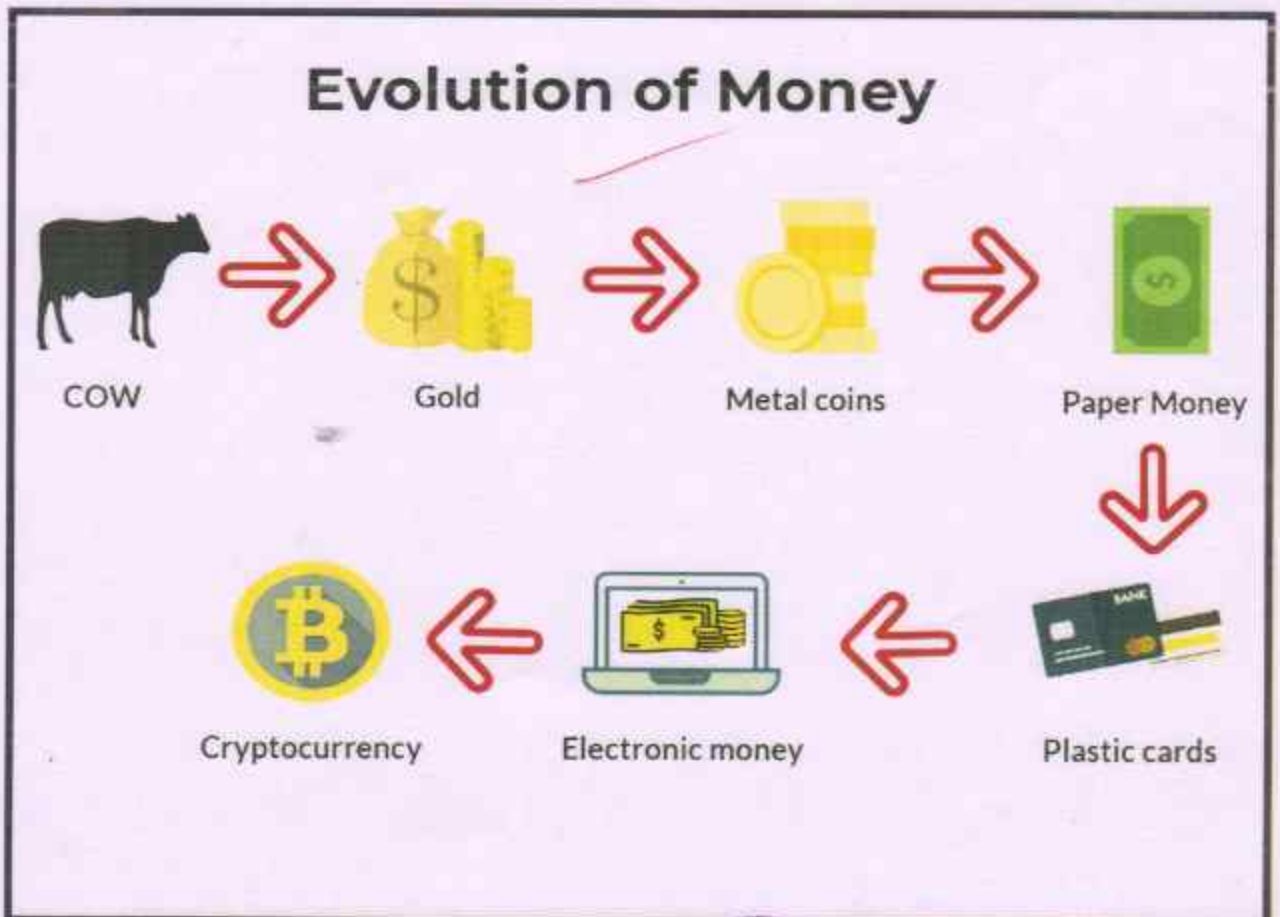
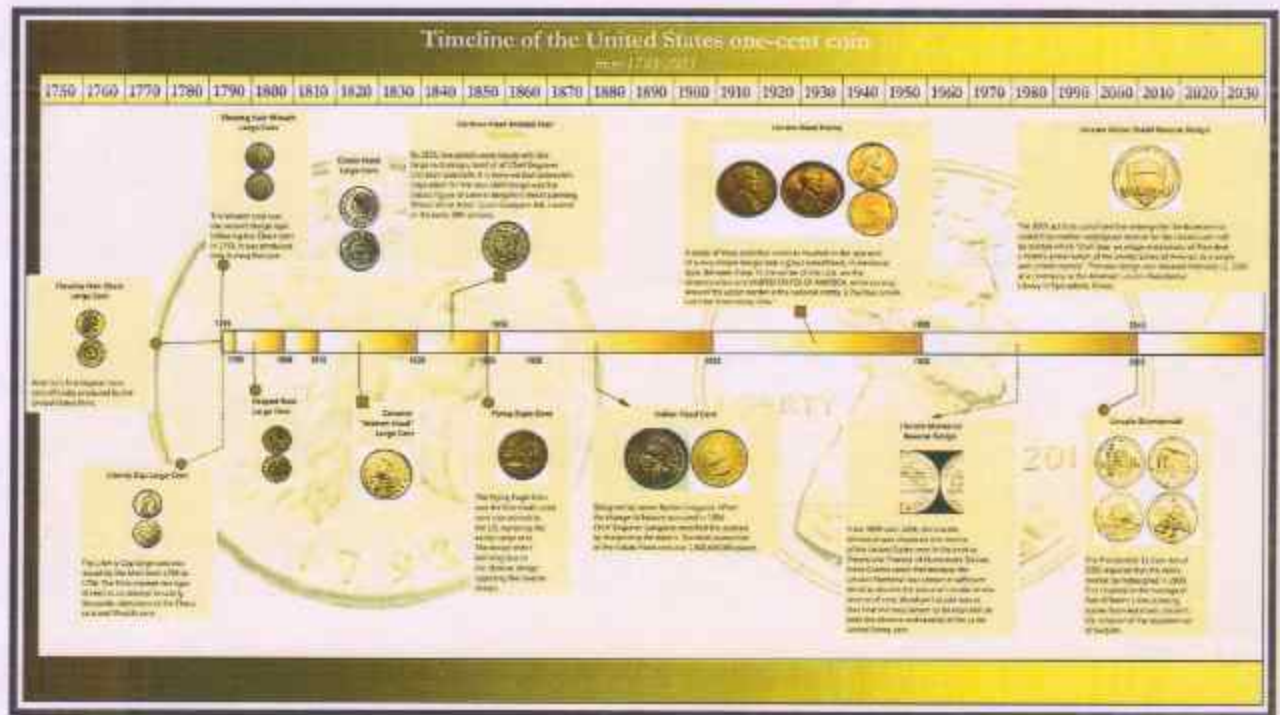


GENERAL BANK OF BENGAL AND BIHAR
1829 CE Another private banknote.



BRITISH INDIA
1837 CE An Imperial bank note with King George VI on it.





A BRIEF HISTORY OF MONEY

Money derives its value by being a medium of exchange. Here's a brief history of how it has evolved and how it is used today.

A LONG TIME AGO **BARTER TRADE**



SHELL MONEY 1200 BC

700 - 500 BC **COINS**



RAI STONES 500

500 - 600 **SALT**



PARMESAN CHEESE 1200

1600 **RICE**



FIAT CURRENCY 1661

1816 **GOLD**



MOBILE PAYMENTS 1999

2008

CRYPTOCURRENCY



© 2004 Blackwell Publishing Ltd *Journal of Internal Medicine* 255: 105–112

1250 AD The Chinese invent gunpowder, which he uses to build weapons and launch rockets.

ink saving Eco

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GOVERNMENT COMMERCE COLLEGE, VADALI

ACADEMIC YEAR : 2019-2020

PROJECT WORK

HISTORY OF MONEY:

In the world of finance and economics, the terms "money" and "currency" are often used interchangeably. However, delving deeper into the subject reveals that they are not quite the same. In this article, we will explore the distinctions between money and currency, the [history of money](#), and their significance in today's global economy. This forms a major part of the [UPSC IAS](#) exam, and questions related to this topic are seen in Prelims, UPSC Mains Paper I, as well as in [UPSC History Optional](#). This topic is equally important for the [UGC NET History](#) exam.

Timeline in History of Money

- **Barter System (Prehistoric Times):** In early human societies, people exchanged goods and services directly without a standardized medium of exchange. This barter system had limitations due to the double coincidence of wants.
- **Commodity Money (Ancient Times):** Various items with intrinsic value, such as grain, cattle, or shells, were used as money in different cultures. These commodities were widely accepted as a medium of exchange.
- **Metal Coins (7th Century BCE):** The first standardized metal coins were created by the Kingdom of Lydia (modern-day Turkey). These coins were made from electrum, a naturally occurring alloy of gold and silver.
- **Chinese Paper Money (7th Century CE):** China introduced the world's first paper money during the Tang Dynasty. This paper currency helped reduce the need for carrying heavy metal coins.
- **Islamic Banking and Bills of Exchange (7th Century CE):** Islamic banks developed sophisticated financial instruments, including the use of bills of exchange, which were early forms of checks.
- **Medieval European Coins and Banking (12th Century CE):** European nations started minting their own coins, and banking systems began to emerge. Promissory notes and bills of exchange were used for trade.
- **Bank of England (1694):** The Bank of England was established as the first central bank in the world. It issued banknotes that became widely accepted as a form of money.
- **American Continental Congress Money (1775-1781):** During the American Revolutionary War, the Continental Congress issued paper money known as "Continental Currency," which experienced hyperinflation and became nearly worthless.
- **Gold Standard (19th Century):** Many countries adopted the gold standard, where the value of their currency was tied to a specific amount of gold. This system provided stability but limited monetary flexibility as per the history of money.
- **Bretton Woods System (1944):** After World War II, the Bretton Woods Conference established a new international monetary system, where currencies were pegged to the U.S. dollar, which was convertible to gold.



- **End of the Gold Standard (1971):** President Richard Nixon announced the suspension of the U.S. dollar's convertibility to gold, effectively ending the gold standard and transitioning to a system of fiat currencies.
- **Digital Currency (Late 20th Century - Present):** The rise of computers and the internet led to the development of digital currencies and electronic payment systems, making it easier to conduct transactions online.
- **Cryptocurrencies (2000s - Present):** Bitcoin, created by an anonymous person or group known as Satoshi Nakamoto, was introduced in 2009. It marked the beginning of cryptocurrencies, which are decentralized and based on blockchain technology.
- **Mobile Payments and Digital Wallets (21st Century):** The proliferation of smartphones led to the widespread use of mobile payment apps and digital wallets, allowing people to make transactions and store money digitally.
- **Central Bank Digital Currencies (CBDCs) (Ongoing):** Some central banks are exploring the creation of digital versions of their national currencies to modernize the financial system and enhance payment efficiency as per the recent history of money.

Brief History of Money

Money is a concept that transcends the physical realm. It cannot be touched, smelled, or held in one's hand. Instead, money is an abstract medium of exchange with a recognized value. It serves as a common unit of measurement, making it easier for individuals to trade products and services. In essence, money is a societal construct, a shared belief that empowers economies to function smoothly.

On the other hand as per the history of money, currency represents the tangible manifestation of the abstract concept of money. It takes physical forms such as coins, banknotes, or plastic cards like credit and debit cards. Currency acts as a practical tool that facilitates transactions in the real world. It is the cash in your wallet, the coins jingling in your pocket, and the plastic card you use to pay for groceries.

From Bartering to Currency

The history of money traces back thousands of years, with its roots intertwined in human civilization. Prior to the adoption of money, societies relied on bartering as a means of trade. Bartering involved the direct exchange of goods and services. For example, a farmer might swap a bushel of wheat for a pair of shoes from a shoemaker. While bartering was functional, it had its limitations, mainly in terms of time and finding mutually agreeable trades.

Over time, societies began to develop various forms of currency, representing a significant leap forward in the world of economics. These early currencies included easily tradable items like animal skins, salt, and weapons. While the value of these items was often negotiable, they provided a more efficient medium of exchange. As currency evolved, it spurred economic growth by facilitating faster and more diverse transactions, from mammoth hunting to monument building.

Birth of Official Currency

As per the history of money, one remarkable milestone was the emergence of official coinage. In ancient China, around 640 BCE, the world witnessed the birth of standardized metal coins at the Guanzhuang mint in Henan Province. This marked a pivotal moment in the transition from bartering to formalized currency systems. Coins became a universally accepted means of trade, simplifying commerce and promoting economic stability.

Meanwhile, in the western world, the Lydians introduced the concept of metal coinage in approximately 600 BCE. Their coins, known as Lydian staters, were made from electrum—a mixture of silver and gold. These coins featured denominations, making them easy to use in everyday transactions. The adoption of official currency not only eased trade but also contributed to the prosperity of empires like Lydia in Asia Minor as per the history of money.

Evolution of Money Forms

Money has continuously adapted to meet the changing needs of societies. It serves as a medium of exchange, a unit of account, and a store of wealth. Throughout history, money has taken various forms, from seashells to metal coins and paper banknotes. In modern times, we have witnessed the transition to digital currencies, including virtual currencies like Bitcoin.

Modern Landscape of Money

In today's interconnected world, money's value is a reflection of its importance as a medium of exchange. With global wealth estimated at approximately \$463.6 trillion in 2022, money's value is deeply intertwined with people's trust in it. Money enables trade, communicates the price of goods, and allows individuals to store their wealth securely.

Money has also evolved to include digital forms of payment, offering unparalleled convenience and accessibility. Digital currencies, like Bitcoin, have gained prominence, offering the promise of lower transaction fees and decentralization. These innovations have transformed the way we think about and use money.

Key Contributors in the History of Money

Contributor	Contribution to the History of Money
Lydians	Invented the first standardized metal coins in the ancient kingdom of Lydia (modern-day Turkey) around 600 BCE.
Chinese	Developed paper money during the Tang Dynasty (7th century CE), one of the earliest instances of paper currency.
Marco Polo	Introduced Europeans to the concept of paper money during his travels in the 13th century, particularly in China.
Goldsmiths and Bankers	Played a significant role in the evolution of banking and the issuance of banknotes, which eventually became a form of currency.
Sir Isaac Newton	As Master of the Royal Mint in England, Newton implemented the gold standard in 1717, stabilizing currency values.

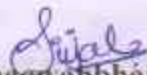


Alexander Hamilton	As the first Secretary of the Treasury in the United States, he established the U.S. monetary system and the First Bank of the United States.
John Maynard Keynes	Developed Keynesian economics, which influenced modern monetary policy and government intervention in economic crises.
Bitcoin Creators (Satoshi Nakamoto)	Introduced the concept of cryptocurrency, with Bitcoin being the first decentralized digital currency.
Central Banks	Institutions like the Federal Reserve and European Central Bank control monetary policy, currency issuance, and interest rates.
Economists and Theorists	Various economists, such as Milton Friedman, have contributed to monetary theory and policy, shaping modern economic practices.

These contributors have had a significant impact on the development and evolution of money and monetary systems throughout history.

In conclusion, money and currency, though often used interchangeably, represent distinct aspects of our economic system. Money is the intangible concept that underpins our economic interactions, while currency is its tangible representation. Understanding the evolution and significance of these two terms helps us navigate the complex world of finance and economics.

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