



MONEY

DEFINITION OF MONEY

- According to Walker's "money is what money does".
- According Robertson money is a "commodity which is used to denote anything which is widely accepted in payment for goods or in discharge of other business obligations."

FUNCTIONS OF MONEY

- Main functions
 - a) Money is a medium of exchange
 - b) Money is a measure of value

FUNCTIONS OF MONEY

- Secondary function of money
 - a) Money is a standard of deferred payments
 - b) Money is a store of purchasing power
 - c) Money is a means of transferring purchasing power

FUNCTIONS OF MONEY

- Contingent Functions

a) Money is the basis of credit

b) Money facilitates distribution of social income

c) Money helps to equalize to marginal equalities and marginal productivities

d) Money increases productivity of capital

FUNCTIONS OF MONEY

- Other Functions

- a) Money helps to maintain repayment capacity
- b) Money represent generalized purchasing power
- c) Money gives liquidity to capital
- d) Money

IMPORTANCE OF MONEY

- 1) Advantage to the consumer.
- 2) Advantage to the producer
- 3) Money has made specialization and division of Labour possible
- 4) Money eliminates the drawbacks of the Barter system
- 5) Money Transforms savings into investments
- 6) Money helps in the allocations of resources to different lines of production
- 7) Money facilitates trade
- 8) Money makes capital more productive by increasing its mobility
- 9) Money establishes a link between the present and the future
- 10) Money has made future transactions possible

IMPORTANCE OF MONEY

- 11) Importance of money in distribution
- 12) Significance in Public Finance
- 13) Money makes efficient accounting and budgeting possible
- 14) Money helps to raise living standards
- 15) Money is the measure of social welfare
- 16) Money has extended the field of Social freedom
- 17) Money has made the promotion of National Unity
- 18) Money makes material progress possible

EVILS OF MONEY

- 1) Money gives birth to trade cycles
- 2) Money encourages over capitalization and over production in the economy
- 3) Money strengthens capitalism
- 4) Lack of stability in the value of money
- 5) “Money” and “Purchasing Power” may not be synonymous
- 6) Money has encouraged greed and acquisitiveness
- 7) Money creates in men the desire and urge to exploit others

ROLE OF MONEY

- 1) Money in a Capitalist Economy
- 2) Money in a Socialist Economy
- 3) Money in an Underdeveloped Economy



- THANK YOU