

Fundamentals of Economics – Types of Money

Agenda

- Money
- Types of money
- Attributes of good money

https://www.youtube.com/watch?v=prPp1H_-1wA

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Money



https://www.youtube.com/watch?v=prPp1H_-1wA

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Types of Money

Animal Money

Commodity Money

Metallic Money

Paper Money

Credit Money

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Animal Money

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Common medium
of exchanged in the
primitive hunting
stage.

Go-Dhan (Cattle-
wealth)



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Commodity Money



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Commodity Money

Different commodities were used as a medium of exchange.

Commodity chosen to serve as money is affected by

- Location of community
- Climatic environment of the region
- Cultural and Economic standard of society etc.

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Drawbacks of animal and commodity money

- Lack of uniformity and standardization
- Inefficient store of value
- Lack of easy transferability
- Indivisibility

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Metallic Money



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Metallic Money

Metals like gold, silver, bronze, nickel etc.

Differs in terms of size, shape, weight, fineness etc.

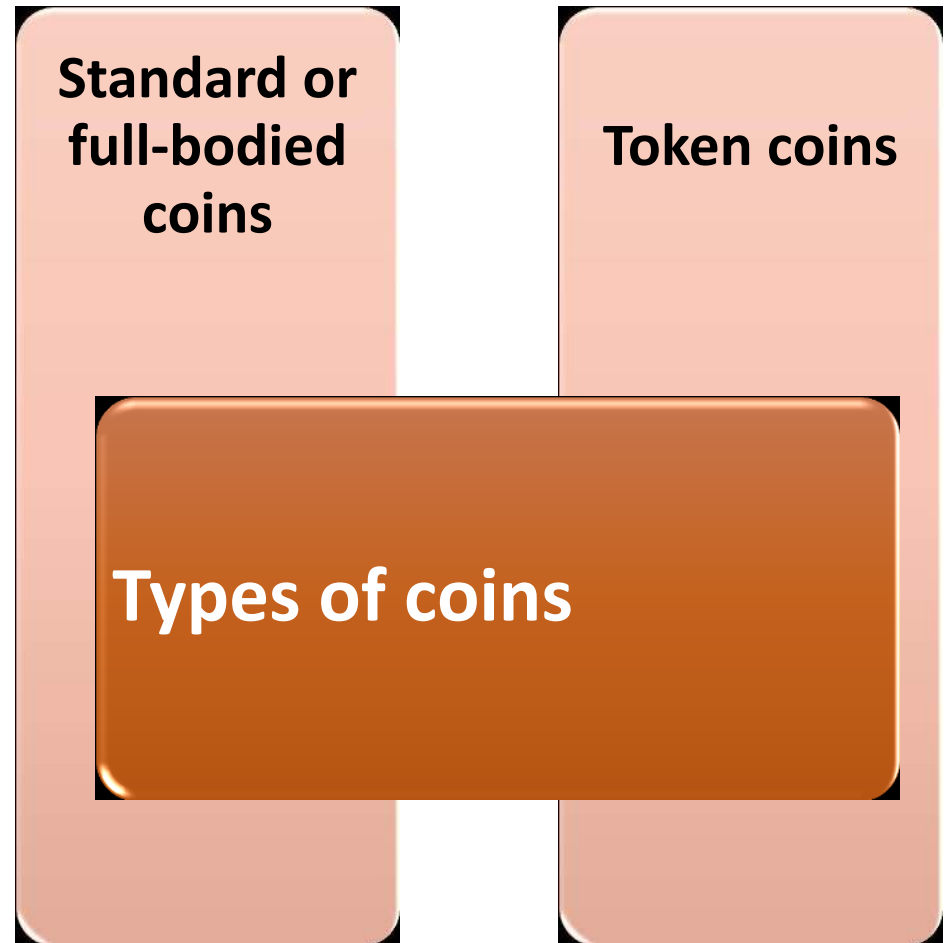
Value certified by state.

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Drawbacks of metallic money

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graph TD; A[Drawbacks of metallic money] --- B[Bulkiness]; A --- C[Unsafe to carry]; A --- D[Rapid transactions were not feasible.]
```

Bulkiness

Unsafe to
carry

Rapid
transactions
were not
feasible.

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Paper money



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Paper money

- Consist of currency notes
- Issued by state treasury or the central bank of the country.
- In India, one rupee notes are issued by the ministry of finance of the govt. of India,
- All other currency notes are issued by RBI.

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Advantages of Paper Money

Economical

Economizes the use of precious and scarce metals

Convenient to carry from place to place

Easy to store

Supply can easily adjustable

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Disadvantages of paper money



- Danger of over issue of notes

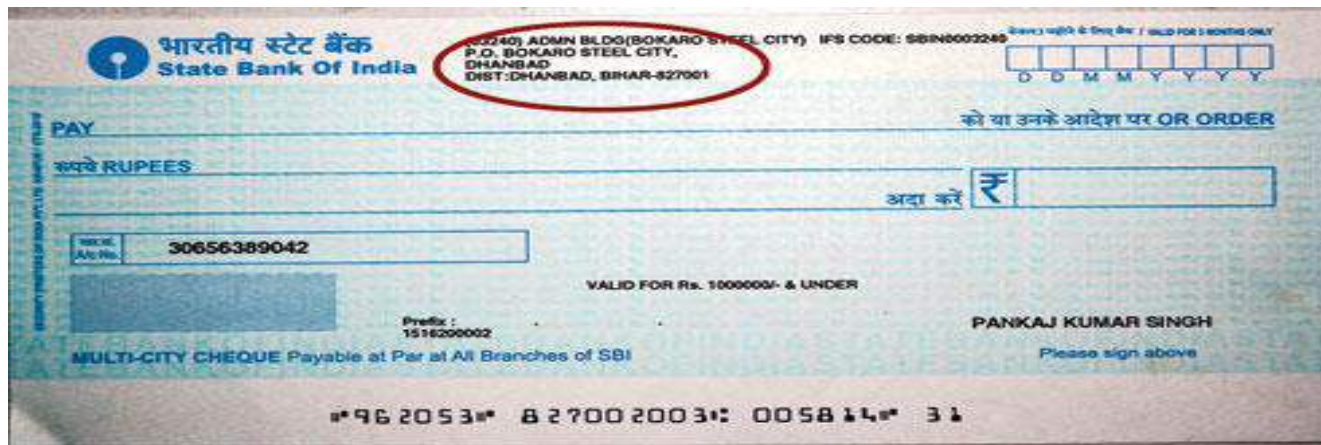
- Lacks general acceptability

- Durability is less

- Circulate in domestic economy only

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Credit Money or Bank money



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Credit Money or Bank money



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Bank money



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Attributes of good money

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General acceptability

Portability

Divisibility

Uniformity

Durability

Stability of value

Adequacy

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