



**Hatichong College, Gauhati
University, Assam, India
Pin-782142**



QUADRANT II TEACHER'S PRESENTATION & FLIPPED CLASSROOM VIDEO

Tek:2.0 as e- Content in Four Quardents OER
C Conceptualised and designed by Bubu Sensowa

hatichongcollege.org.in



SUBJECT THEORY PAPER: ECONOMICS (As per Model CBCS Curriculam)

UG Programme
Conceptualised and designed by Bubu Sensowa

Module content c Author(s)

hatichongcollege.org.in

Topic: Money Sub –Topic: Concept & Functions of Money



What is Money?

❖ Money is an important invention of man as it helps to make steps ahead from simple barter to money accounting.

❖ Money is anything that is generally accepted as a medium of exchange of goods and services and at the same time acts as a measure and store of value.

Definition of Money

Money is what money does.-
Walker

One thing that possesses general
acceptability-Saligman

Anything which is widely accepted in
payment for goods or in discharge of other
kinds of business obligations is called money-
D.H. Robertson

Definition of Money

Money is anything that is generally accepted as a medium of exchange of goods and services and at the same time acts as a measure and store of value. -Crowther

Crowther's definition may be considered better as it covers most of the qualities of money.

Functions of Money

Primary

- **Medium of Exchange**
- **Store of Value**

Secondary

- **Standard of Deferred Payment**
- **Store of Value**
- **Transfer of Value**

Contingent

- **Distribution of National Income**
- **Maximisation of satisfaction**
- **Basis of credit System**
- **Liquidity to Wealth**

Medium of Exchange

- The most important function of money is to serve as a medium of exchange or as a means of payment.
- Money overcomes all the difficulties of barter system.
- It helps in facilitating the multiple exchange of goods and services
- It allows freedom of choice of the people.

Measure of Value

- Money acts as a common measure of value in terms of which the value of goods and services is measured and expressed.
- Money has made the transactions easy and simplified the problem of measuring and comparing the prices of goods and services in the market.
- Money also act as a unit of account.

Standard of Deferred Payment

- It means money serves as standard for making future payments. Money not only helps in current transactions but also facilitates credit transactions.
- It has made credit transactions much easier than before.

Store of Value

- Money provides a liquid store of value as it is easy to store.
- It provides security to the individuals to meet the unpredictable emergencies.

Transfer of Value

- Money also functions as means of transferring value
- Value can be easily and quickly transferred from one place to another.

Distribution of National Income

9/21/2022

- Money facilitates the division of national income between people.
- It helps in the distribution of national product through the system of wages, rent, interest and profit.

Maximisation of satisfaction

- Money helps consumers and producers to maximise their benefits.
- A consumer maximises his satisfaction by equating the prices of each commodity with its marginal utility.
- A producer maximises his profits by equating the marginal productivity of a factor unit to its price.

Basis of credit System

- Money constitute the basis of credit.
- People deposit their money in the banks and on the basis of these deposits , the banks create credit.

Liquidity to Wealth

- Money imparts liquidity to various forms of wealth.
- All forms of wealth (e.g., land, machinery, stocks, stores, etc) can be easily converted into the money.



QUADRANT II: Teacher's Presentation

Tek:2.0 as e-Content in Four Quadrants OER
© Conceptualized and Designed by Bubu Sensowa

Module Content © Author(s)



**THANK YOU
AND
WISH YOU A HAPPY
SELF-LEARNING!**