

# \* ——— MONEY ——— \*

⇒ A Current medium of exchange in the form of coins and banknotes.

⇒ Types of money :-

① Legal tender money :-

→ This money issued by the Govt. (RBI)

eg:- Coins and Paper Currency.

② Non-legal tender money :-

→ this money issued & accepted basis on trust & faith.

eg:- check, Demand Draft, Bills of exchange.

③ full Bodied money :-

→ face value = Commodity / Intrinsic value.

1000 Rs

=

2 Rupees.

↓

eg:- Gold & silver coins.

value of cost during the note. Build

④ Representative full Bodied money :-

→ face value = commodity / Intrinsic in term  
of Reserve

eg: Paper currency.

⑤ Credit money :-

→ face value > commodity value

eg: Paper Currency, check, plastic money.

↳ (ATM/Debit card/  
credit card)

⑥ fiat/order money :-

→ this money issued by the Govt. at the time of  
Emergency. Like - war.

→ A paper to convert by fiat.

⑦ Near money :-

→ A Type of money which can easily convertible  
into cash.

eg: check, Plastic money.

⑧ Dear money :-  
→ money demanding at the high rate of Interest.  
→ It is used in case of Inflation.

⑨ cheap money :-  
→ Money demanding at the low rate of Interest.  
→ It is used in case of deflation.

⑩ HARD money :-  
→ Money used for the transaction of International Level.  
eg: US-Dollar, British pound.

⑪ Soft money :-  
→ money used for Transaction of Domestic level.  
eg: ₹.

⑫ HOT money :-  
→ Demand for the Hot money is always more than It's supply at International level.

eg: US-Dollar.

(13) Narrow money :-  $M_1$

(14) Broad money →

Commonly use =  $M_3$ .