

B.Com. III, Paper -3

Unit-1 Money and Financial System

**Topic-Money , its Origin and
Functions**

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Money Definition

There are various definitions of Money given by various by authors and economists.

1. Prof. A. Walker says “Money is that money does”.
2. Prof. Crowther’s says “anything that is generally acceptable as a means of exchange (as a means of setting debts) and at the same lime, acts as a measure and a store of value.”
3. “Anything which is defined by the state as money is money”

So from the conclusion of above definitions, We can say
that

**“MONEY IS ANYTHING THAT IS REGULARLY USED IN
ECONOMIC TRANSACTIONS AND SERVES AS A MEDIUM
OF EXCHANGE, A UNIT OF ACCOUNT AND A STORE OF
VALUE.”**

Origin of Money

The first known **currency** was created by King Alyattes in Lydia, now part of Turkey, in 600BC. The first coin ever minted features a roaring lion.

The most common theory of the origins of money is the one found in “**The Wealth of Nations**” (1776) by Adam Smith (Father of Economics).

Money in India

The **currency** of **India** is the "Rupee (₹)" which is derived from the Sanskrit word "Rupya" meaning a coin of silver.

Ancient India was one of the earliest issuers of coins in the world. **Currency** in **India**, traces back to the 7th century BC, where gold, silver, copper and bronze coins without any denominations were used.



5 Different Stages of its Development

1. Commodity Currency
2. Metal Currency
3. Paper Currency
4. Plastic Currency
5. Electronic Currency



Tiberius (14-37AD)



Genuine AU Aureus
(7.82 grams)

India Imitation
(6.69 grams)



FUNCTIONS OF MONEY

1. PRIMARY FUNCTIONS OF MONEY

2. SECONDARY FUNCTIONS OF MONEY

3. CONTINGENT FUNCTIONS OF MONEY

4. OTHER FUNCTIONS OF MONEY

Functions of Money

Primary Functions

1. Medium of Exchange
2. Measure of Value

Secondary Functions

1. Standard for Deferred Payment
2. Store of Value
3. Transfer of Value

Contingent Functions

1. Distribution of Income
2. Giving a General form to Capital
3. Basis of Credit
4. Maximum Satisfaction

Other Functions

1. Liquidity
2. Bearer of Options
3. Guarantor of Solvency

WORLD CURRENCY SYMBOLS



Rupee
(India)



Dollar
(US)



Pound
(UK)



Euro
(Europe)



Yen
(Japan)



Rand
(South Africa)



Hryvnia
(Ukraine)



Liras
(Turkey)



Colon
(Costa Rica)



Franc
(Switzerland)



Won
(Korea)



Nairas
(Nigeria)



Kips
(Laos)



Tugriks
(Mangolia)



Pesos
(Cuba)



Baht
(Thailand)

Thanks You