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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 7<sup>th</sup> 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**

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