



JAYOTI VIDYAPEETH WOMEN'S UNIVERSITY, JAIPUR

Government of Rajasthan established

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[NAAC Accredited University](#)

Faculty of Education and Methodology

Faculty Name- JV'n Dr. Md Meraj Alam

Program- BA B.Ed 4th Semester

Course – Money Banking and Public Finance

Digital session name – **Types of Money**

Following are the important types of money.

(a) Commodity Money:

Refers to a form of money as per the classical approach. The commodity form of money involves commodities, such as cattle, grains, leather, skins, utensils, and weapons. However, in the present time, commodity money is not preferable as it lack certain important characteristics of money, such as uniformity, homogeneity, standard size and weight, portability, and divisibility.

(b) Metallic Money:

Includes money made up of metals, such as copper, brass, silver, gold, alloys, and aluminium. The need for metallic money was realized due to the limitations of commodity money. However, the exact period when metallic money was invented is unknown.

It is supposed that metallic coins were traded in India around 2500 years ago. Initially, the pieces of metals, such as gold, silver, copper, and aluminum, served the purpose of money. However, in later years, these pieces took the form of coins.

(c) Paper Money:

Refers to the form of money printed, authenticated, and issued by the government of a country. Paper money is regarded as the most common form of money and constitutes a large part in the money supply of a country. Some of the countries adopted the dual system of currency notes.

For example, in India, both, five rupees notes and coins are issued by Reserve Bank of India (RBI). The currency notes issued by RBI are promissory notes, but they get a status of legal money. For example, on every currency note, it is written, “I promise to pay the bearer a sum of.... Rupees.”

Paper money was invented as the supply of metallic coins, such as silver and gold, was very less as compared to its demand. In addition, a large amount of metallic money is not easily portable and the value of metallic coins depreciates with time.

(d) Bank Deposits:

Refers to money that is in the form of current account deposits, saving account deposits, and time deposits. This form of money was invented with the evolution of the banking system. Unlike metallic money and paper money, this form of money cannot be passed hand to hand for purchasing goods and services.

Deposit money is considered as entries in the ledger of the bank to the credit of the holder. These deposits can only be transferred through checks.

Since time immemorial, money has retained some value; therefore has demand.