

“AN OVERVIEW ON THE FUNCTIONS AND CHARACTERISTICS OF MONEY”

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Abstract

Money and the availability of money are key components in enhancing the appeal and efficacy of economic development. Students can mentally comprehend the qualities of each of these functions without the use of any modern innovations, etc. A wide range of economic issues are founded on the functions of the term "money," which is essentially a phrase used to describe natural forms of medium of exchange. Paper money was produced, and it has several advantages both historically and economically. allows one to easily resolve exchange concerns, as it did historically. Money is a calculating device used for carrying out fundamental exchange transactions. It is often referred to as a counting and storing medium. Therefore, efforts should be made to raise instructors', students', and parents' awareness of the value of learning about the characteristics of money and its purpose while keeping in mind their significance. As a result, the researcher considers that it is important to investigate the characteristics and functions of money.

Key Words: Money, Finance, Functions, Characters, Affairs, The Science etc.

I. INTRODUCTION

Money is an economic concept that is frequently used in the exchange of goods and services. Money is a very important component of survival in the competitive world of today. One of the most crucial elements for survival is money. Because of this, we are in urgent need of money. Now is the period when life is lived for money rather than the other way around. The most fundamental need in life is money. Without it, one is unable to meet his daily demands.

A good life requires money, and it is the most important thing in our lives. To live a proper life, one must have money. The wealth definition, the welfare definition, the scarce definition, and the development definition are some examples of economic definitions.

II. MONEY DEFINITIONS

Money has no defined meaning in law. Money is a sort of wealth; it is a stock of assets that is utilized for transactions. Since money is a medium of exchange, it is used to purchase goods and services. The ability of an asset to be exchanged for other products and services and used as a means of exchange can be referred to as its liquidity.

The most movable asset in the economy is money. Efficiency is increased via monetization. The unit of measurement for economic transactions is money. We would have no choice but to barter without it. Barter, on the other hand, necessitates the rare circumstance of two individuals, each possessing a good that the other desires at the correct time and location to conduct an exchange. Based on products and services that have been translated from these media. created a simpler, more comprehensible method from a complex one. describing all-natural solutions to a variety of economic issues. These processes explain how the mind naturally operates, and they are consequently very helpful in guiding economics toward the most suitable approach to a problem.

Economic theory is referred to as "the science of money" by eminent economists. The first economist to make an effort to distinguish economics as a separate science was Adam Smith. Adam Smith is referred to as the father of economics for this reason. "In his 1776 work, *An Inquiry into the Nature and Causes of Wealth of Nation*," he introduced a straightforward approach to economics. Economics, in his words, is the "science of money."

According to Adam Smith, "Economics is the science concerned with the study or discovery of nature, that is, of the nature and causes of the wealth of nations". In other words, it is the 'science of wealth.'

"Economics is the science that studies the money in the entire economy," claims J. B. Se.

Walker claims that "Economics is that branch of knowledge that is concerned with money, that is, which is directly related to money."

The aforementioned definitions make it evident that all of these economists' primary goal is to make money. In any case, money is believed to be the definition of money in simple terms. But in economics, money is employed for products that meet human wants. You might infer that the emphasis of the definitions above is on money. Whether it is the age of the industrial revolution, the green revolution, or the age of economics, money has always made a vital contribution to the advancement of society.

Money continues to play an important role in modern finance and economics, even in this day and age. Since money is a fundamental topic in economics, it is rightfully at the core of the discipline. The money function, which a student learns at various times, is crucial to so many other courses. Additionally, it is important to keep in mind that while the economy develops, the money functions that were performed in the past are always relevant. For this reason, it is crucial that students have a solid understanding of the fundamental money functions. It is challenging and dull, according to the students. The majority of pupils in India study traditional means of exchange, such as utilizing gold, which cannot resolve issues that are challenging to maintain records.

Lack of clarity in fundamental concepts is the cause of this. As a result, there is a need for such practical notions that offer fundamental clarity in place of the conventional approach in order to enhance learning as a whole. For pupils to master economics, there are certainly a variety of highly popular functions of money available nowadays. study of income calculation, management of limited resources, and employment. Resource distribution for growth and stability maintenance and social science related to appropriate applications.

III. IMPORTANCE OF MONEY

Modern society places a high value on money. We have all turned materialistic in today's world and want to indulge in as many pleasures as possible, which requires a lot of money. Money has a lot of influence. This allows us to purchase anything. You can hire the services of any competent engineer or doctor. You can buy wholesome food. Money cannot be compared to anything else in life. Money is required everywhere. For instance, we need money to meet other necessities in order to eat, drink water or milk, enroll in school, receive education, etc. Without money, these facilities cannot be finished. Coins made of gold, silver, and other metals were once used as our currency. Bartering was used previously, where individuals traded goods and services. To have a respectable social life, we must all have money. To purchase food, clothing, and a variety of other items, you need money. Money is also necessary for our pleasure, education, and health care.

- a. To meet the demands of the contemporary day, everyone seeks to make money through employment, business, and other ventures.
- b. In the modern world, money is very important, and having money is undoubtedly necessary for happiness.
- c. When a person has money, he may take care of his smaller financial concerns. With the money, we can perform charitable activities and assist others. The expense of life is rising along with the worth of money every day.
- d. Some people think that money is only necessary for luxuries in life.
- e. Some people work hard for their money, but others use dishonest methods like theft and bribery.
- f. Money obtained dishonestly might not endure very long. Money is crucial and necessary, yet it is unacceptable to obtain it through unethical means.
- g. Everyone's life depends on money. Everybody has an equal chance to make money. All of us can become significantly wealthy with perseverance and hard effort.
- h. People use money as a means to purchase necessary commodities and services. It is employed to provide for both comfort and essential needs.
- i. The most essential component of a happy and healthy existence is money.

IV. FUNCTIONS OF MONEY

The money system's medium of exchange is arguably its most notable feature. The entire system is elegantly interconnected and united rather than a mishmash of unconnected methods: the general technique, for instance, is readily reversed to allow two-way exchange method, it can be used as store of value, and they are all clearly understood. It is highly rewarding to have this commonality since it facilitates innovation and makes economic progress simple. It is an accounting unit. Money's liquidity is the ease with which it may be transformed into other things, such as commodities and services.

V. TYPES OF MONEY

1. **Fiat money is money by declaration**
2. **Commodity money**

In terms of the sort of money to comprehend one method of conducting a medium exchange. There are general types in the economics system that constantly function, such as fiat money, which is money by declaration and has no inherent value unlike paper money. There are numerous varieties of money, each of which has a unique quality that can be used to more quickly identify the solution. There are therefore distinct types that are applicable in particular instances as well as general methods. The gold exchange standard is a sort of money that has inherent worth. For instance, when individuals use gold as currency, the economy is said to be on the gold standard. The gold standard's money supply is an old method.

VI. FEATURES OF MONEY

- The features and simplicity of money means that monetary system can be carried out by government.
- Paper money increases the capability for economic growth management reducing the dependence upon other standards.
- It also improves the overall performance of the economics.

VII. MONETARY SYSTEM

The government might intervene in the monetary system to assist citizens in lowering transaction costs. Due to the high cost of using gold as money, the purity and weight must be confirmed. Coins are also more well-known than gold bullion.

Gold certificates, which are pieces of paper that may be redeemed for real gold, are received from the general population. Gold is then accepted by the government. As paper rather than as gold, it is more portable. If people believe that the government will provide them with the gold upon request, then the paper money will have value and function as money because no one will redeem the gold any longer and everyone will accept it.

VIII. MONEY SUPPLY VS MONETARY POLICY

- The amount of money in an economy is referred to as the supply of money
- Monetary policy is said to be the control over the money supply.
- In India, partially independent institution called the Reserve bank conducted as monetary policy.
- The central bank in the U.S. is called the Federal Reserve, or the Fed.

IX. ADVANTAGES OF PAPER MONEY

- i. It is inexpensive and economical to make paper money.
- ii. It is easy to store and transport.
- iii. It is homogeneous and nearly all of the notes are the same. It has a Stability-Value that can be maintained.
- v. It is elastic; the government has the power to expand or lower it. Its affordable remittance capabilities make it portable.
- vii. Banks benefit greatly from it.
- viii. The government can print money or destroy it as needed, which offers financial benefits.

X. ESSENTIALS OF A SOUND CURRENCY SYSTEM

A sound currency system must preserve an acceptable level of price stability throughout the nation, which indicates that internal value is stable. It should Must maintain a reasonable stability external value of currency like Purchasing power in foreign countries should remain constant.it should be economical – avoid national waste. Elasticity and automatic to expand and contract as required by trade, industry and government. Must be simple enough for an average person to follow.

XI. VALUE OF MONEY

- a. Control over a specific weight and purity of gold/ silver ('gold/ silver standard')
- b. The foreign currency units it will buy.
- c. Control of products and services within a nation implies domestic purchasing power.
- d. 1 US\$- Rs 71.93 approx.
- e. Quantity of goods and services that will be exchanged for a unit of money.
- f. Quantity of goods and services that a unit of money can buy.
- g. Value of money inverse to general price level.
- h. Mmedium has been mastered the same method can be applied
- i. The beautiful coherence between goods and services is clearly manifest in the money supply system.

XII. CONCLUSION

The purpose of money and its attributes follow naturally and immediately from its use as a medium of exchange. This, not the strict and tedious "system" that is currently prevalent, is the true nature of money. In conclusion, it can be said that both products and services are crucial in the modern world, where people's ability to manage their finances is declining as paper money usage starts to overtake the use of gold at every stage. Economics and Abacus students lose their phobia of paper money and earn newfound confidence that they can utilize to solve problems without hesitation. Therefore, efforts should be made to increase instructors', students', and parents' awareness of the significance of knowing how money works and how it behaves.

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