

(D) Fast Money! —

It is called emergency money. This type of inconvertible money is issued in limited quantity at the time of emergency without any reserve fund.

Advantages of paper money

- (i) Paper is required instead of metal so, it is economical in manufacturing and fear of depreciation is also nil.
- (ii) It is light weight so it can be carried any where.
- (iii) The quantity and amount can be changed according to the need and demand.
- (iv) In the time of need the govt can circulate additional money even the amount of gold and silver are not in sufficient quantity.

Disadvantages of Paper Money

- (i) There is fear of inflation as the govt can issue additional money in the time of emergency.

- (ii) The value of paper money is just the public faith in the govt. otherwise the value is zero.
- (iii) The paper money is not durable, it may get torn or worn when they get perished then difficulties arises in the terms of exchange.
- (iv) As the value of the paper money fluctuates on international bases, it gives rise to speculations.

Near Money

This type is that money which is actually not money but passes a lot of qualities of money. They can be converted into money. i.e. liquidity is found.

Bills of exchange, bonds, shares are example of near money.

Qualities of a good money material -

- (a) The metals used for coinage should have general acceptability of public. Gold and silver are considered as best money material.

- (b) It must possess a durable quality, It must be available and should not rot, thaw or rust.
- (c) The metal should be known to the public.
- (d) Money should have the quality of portability as it is transferred to many places paper money is portable.
- (e) It must be divisible as in adverse situation it can be fragmented into small units.
- (f) Money material must be malleable so that it can be easily melted and brassaged into any shape and size.
- (g) The material must be stable and the value should not fluctuate.
- (h) It should be homogenous in nature.

By going through above points we can conclude that no other metals other than gold or silver passes the qualities of a good money material.