

Definition of Money

In short we can say that money is what money does, but the above statement is very broad in the sense of definition as with money no. of activities can be performed.

Various scholars have various opinion on the definition of money, so the definitions of money can be classified as follows on the basis of their nature.

Definition based on the nature of money

It can be further classified into following three groups.

- (i) Descriptive or functional definition
- (ii) Definition based on common acceptance
- (iii) legal definition.

1) Descriptive or functional definitions :-

This category includes the definition of scholars who stated functions of money in their definitions, & such as :-

(a) Crowther :- "Money is anything that is commonly used and generally accepted as means of exchange and at the same time acts as a measure and store of value,

(b) Prof. Thomas :- It is a means to an end not for its own sake but as a means of obtaining other articles or commanding the services of others

(c) Coulborn :- Money may be defined as the means of valuation and payment

(d) Nogaro :- Money is a commodity which serves as an intermediary in exchange and as a common measure of value.

(e) Harte withers :- Money is what money does.

(f) Whiteley :- If a particular unit is commonly

employed to state values, exchange goods and services or perform other money functions, ~~then~~ it is money then it is money whatever its legal or physical appearance characteristics."

All the above definitions are practical but they describe money in place of defining it. These definitions don't claim any universal acceptance or recognition of governments, so these may be accepted in practice but can't be given recognition.

(ii) Definitions based on Common Acceptance :-

It is the most important characteristics of money that it should be accepted commonly in return of goods and services. So some scholars have defined money on the basis of this characteristics.

(a) Marshall :- ~~For~~ Money includes all those things which are at given time or place generally current without doubt or special enquiry as a means of purchasing commodities or services and defraying expenses.

(b) Robertson :- Money is anything which is widely

acceptable in discharge of obligation.

(c) **Seligman** :- Money is one thing that possesses general acceptability

(d) **Ely** :- Any thing that passes freely from hand to hand as a medium of exchange and is generally received in final discharge of debts

(e) **Prof Keynes** :- Money itself is that by delivery of which debts contracts and price contracts are discharged and in the shape of which a store of general purchasing power is held.

(f) **G.B.H Cole** :- Money is simply purchasing power sometimes which buys things, it is anything which is habitually and widely used as a means of payment and is generally acceptable in the settlement of debts.

(g) **R.P. Kent** :- Money is anything which is commonly used ~~as a means~~ and generally accepted as a medium of exchange or as a standard value.

All the above definition shows that general acceptance is a chief characteristics of money, but it is one characteristics out of no. of other characteristics such as credit instruments so it is not a full definition of money.

(iii) **legal Definition** :- Only such thing can be money which has been declared legally by the government.

(a) **Knapp** :- Anything which is declared money by state becomes money.

(b) **Hartle** :- Money should not be defined only in terms of recognition by the government, but also as a unit of settlement of transaction.