

## Types of Metallic Money

(i) Standard or full-bodied coins

(ii) Token coins

(i) Standard or full-bodied coins :- Standard or full-bodied coins are paradigm as prominent coins. Their face value, market value and internal value are almost equal. The coin may be made up of same metal or different metal, when coins are made up of one metal is in circulation it is called monometallic while

coins made of two metals are called bimetallic coins.

### Merits of Standard coins :-

(a) Since the face value and market value of standard coin is equal, so people have trust on it.

(b) Since these are full bodied coins so can easily be preserved for usage in future.

(c) It can be used for making foreign payments.

(d) Since the amount of coins in any country is not limited so there is no change or fear of inflation.

### Demerits of Standard coins :-

(a) Metals depreciates after circulation so it is nations loss.

(b) flexibility is not found i.e. with increase in demand of coins the supply doesn't



2. Increase in the same ratio,

(c) Standard coins are made up of valuable metal so there is a change in of paradigm.

(ii) **Token coins**:- The coins whose market value is more than their internal value. These type of coins are made up of cheap metals like nickel, copper, brass etc. Their market value is fixed by the govt. Token coins are also called "fiat money"

**Merits of token coins**:-

(a) Due to use of token coins, costly metals are saved.

(b) Token coins have the quality of flexibility.

(c) Small payment can be done by token coins.

**Demerits of token coins**:-

(a) These lack public faith



(b) Since cheap metals are used so it is produced on large scale

(c) It is not suitable for storage.

### Is Indian Rupee Token Money?

Indian rupee also changes from time to time. In 1835 a rupee of 180 grains was introduced in the market which consisted of 165 grains of pure silver. As the time passed quantity of silver too went on reducing. Till 1893 Indian rupee was made up of silver, and its face value and internal value was equal. But the present rupee are neither made up of silver nor are full-bodied coins. Therefore it is general view of experts that Indian rupee are token money. But today Indian rupee has a lot of qualities of standard coin. For example it is the prime currency, it is unlimited legal tender money and measures the cost of goods or commodity. Thus we can say that Indian rupee is standard token money.



2) Paper Money:- Paper money is that paper notes which are issued by the central bank or the govt and promises to pay the written amount.

According to prof Crowther, paper money passes through four stages:-

(i) First stage:- A certificate was given to the depositors against their deposits, which they would get back after a span of time by showing that certificate.

(ii) Second stage:- Some bank got the right by the govt to issue paper notes to their depositors.

(iii) Third stage:- Some bank got the right to print money more than their deposits.

(iv) Fourth stage:- It is the present stage of note issue. The central bank of the country has the right to issue note.