

Advantages of paper money

- (i) Paper is required instead of metal so it is economical in manufacturing and fear of depreciation is also ~~not~~ nil.
- (ii) It is light weight so it can be carried anywhere.
- (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 zero because the value is only the faith in the govt.~~

(iii)

(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 arise in the time of exchange.

(iv) As the value of the paper money fluctuates on international bases, it gives rise to ~~speculation~~ speculations.

Near. Money

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

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 ~~can be~~ is portable.
- (e) It must be divisible as in adverse situation it can be fragmented in small units.

(f) Money material must be malleable so that it can be easily melted and massaged 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 possess the qualities of a good money material.