

## Supply of money.

\* Supply of money means the total stock of all money forms (paper money, coins, demand deposits of Banks) which are held by the public at any particular point of time.

### \* Features of money supply.

- (i) It includes money held by public only and excludes any money held by the supplier of money. (Government of the country, Central Bank and Commercial Bank).
- (ii) It is concerned with the volume of money held by public at a particular point of time.
- (iii) In India there are four concepts of money supply as  $M_1$ ,  $M_2$ ,  $M_3$  and  $M_4$ .

- (A)  $m_1$  includes those assets which can be directly used for transaction.
- \* It is also called transactions money.
  - \* The emphasis in the definition is on directly used.
  - \*  $m_1$  is met by (a) currency (b) chequeable deposits (c) other deposits.