

\* Money - There are many definitions are given by economists. Some of them are as below -

"Money is something which facilitates the transaction of goods and services."

\* "Money is what money does."

\* Money is the pivot around which whole economic system clusters.

Before adopting money we used to Barter system for transaction of goods and services. In this system we transact goods to goods. There were

many difficulties in this barter system.

Like (i) It requires double coincidence of wants which is a rare occurrence.

(ii) It lacks a common unit of exchange

(iii) It lacks the system of future payment.

(iv) It lacks the system of storage of value.

This is also called commodity for commodity exchange economy.

We use money to avoid previous problems of barter system.

\* Legal definition of money is - "money is anything declared by law as money by the government."

\* Functional definition of money - is - money is anything that act as medium of exchange, measure of value, store of value and standard deferred payment.