

Characteristics of Money:

1. General Acceptability:

Money is accepted by all as a medium of exchange. Thus, it has general acceptability. No one denies to accept money as a medium of exchange. People do not hesitate to accept it as standard of payment.

2. Measure of Value:

Value of any good or service can easily be measured in terms of money. It is accepted as a measure of value.

3. Active Agent:

Money is an active agent of an economic system. In modern economy, money is required in every commercial process. Process of production cannot start without the participation of money.

4. Liquid Assets:

Money is highly liquid asset. It can easily be converted in goods and services. Debt, stock and bills, etc., are the other liquid assets but the liquidity of money is highest than the other liquid assets. One has to first get to convert other liquid assets into money, then it can be converted in desired goods or services, while money can directly be converted.

5. Money is a Means and not an End:

The word money is means to acquire things desired. Money itself cannot be used to satisfy. It is indirectly used to get any goods or services to satisfy human wants.

6. Voluntary Acceptability:

Money is voluntarily accepted by people. There is no requirement to get legal approval. People always wish to hold money.

7. Government Control:

Reserve Bank of India and Govt, of India have an authority to issue currency which is accepted as a form of money in India. No other authority can issue currency notes. Thus, the government keeps control over the money supply in the country.