Notes

purchasing power to give ₹ 2500 as value. Hence a value of₹ 2500 was stored in the money received by Harpreet as a seller. Harpreet could not have stored furniture but she can definitely store money which in turn has stored the value of ₹ 2500.

(ii) Standard of Deferred Payments

Deferred payments are those payments which are promised to be made in future. Money acts as a means of deferred payments mainly because it has general acceptability. Its value remains relatively constant over time and it is more durable as compared to other goods. In case of borrowing and lending activities only money is normally acceptable to be paid at a future date. Goods loose their value over time and due to possibility of lack of double coincident of wants they are not acceptable to settle debts in future.

(iii) Transfer of Value

This function of money is derived from the store of value function of money. Money is used to transfer value from one place to another or from one person to another. As a traveller when you move from one place to another, you can easily carry money to make necessary transactions on the way and in your destination place. You can also transfer the money through bank. Now people carry ATM card and withdraw cash wherever the facility is available.

Other functions of Money

(i) Distribution of National Income

Income is generated by the factors of production engaged in the production process. The factors are land, labour, capital and entrepreneurship. For the supply of these factor services to the production units, the supplier of labour gets wage, the supplier of land gets rent, the supplier of capital gets interest and the supplier of entrepreneurship gets profit. It should be noted that wage, rent, interest and profit are paid by the firms in money terms and received by the respective suppliers as factor incomes. Thus national income is measured by using income method.

(ii) Liquidity and Uniformity of Value

Money can be easily carried and is easily divisible into smaller units as per convenience. The liquidity feature of money is manifested at the time when it can be withdrawn from the bank account repeatedly in certain amount in each transaction. For example, your father has ₹10,000 deposited in his bank account. You want to purchase a shoe worth ₹600. Your father can withdraw the amount from the bank to give you. The balance of ₹9,400 will remain in your father's account.

Money brings uniformity in value of different goods and services which are not comparable physically due to their differences in the units of measurement.