

# ***VALUE OF MONEY***

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Money is an object of desire .Efforts are made to obtain it not for its own sake but for the goods it can purchase. The value of money , thus, lies in its buying capacity. The greater its buying capacity , the higher shall be its value. The term "Value of money" means the purchasing power of money. It refers the number of goods and services that can be bought by a unit of money..

According to **Robertson** , The value of money means "The amount of things in general which will be given in exchange for a unit of money."

According to **Crowther**, "The value of money is what it will buy."

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- What money can buy i.e., value of money depends on the level of prices of goods and services to be purchased with money. When the price level rises ,a unit of money can purchase less goods than before and when the price level falls , a unit of money can purchase more goods than before.Hence,there is inverse relationship between the value of money and the price level. The lower the price level, the higher shall be the value of money ; the higher the price level , the lower shall be the value of money.

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- The conception of value of money is relative as it always express the relationship between a given unit of money and the amount of goods and services that can be exchanged for it. But this conception of value of money is not easy to handle in actual practice. Since money buys everything that has a price , we will do well to express the value of money in terms of all commodity . But the difficulty here is that if we express the value of money , in terms of all commodities , we will have an infinite number of values of money since there are infinite commodities and infinite prices in the world. Hence, this method of expressing the value of money should be ruled out as impracticable.
- To be continued.....