

**Vivekanand College, Kolhapur (Autonomous)**

**Department of Economics**

**Subject- Business Economics (Macro)**



*Topic- Supply of Money*

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# Supply of Money- Constituents of Money Supply

- It is total stock of money held by people of a country at a point of time.
- The money supply is all the currency and other liquid instruments in a country's economy on the date measured.
- The money supply roughly includes both cash and deposits that can be used almost as easily as cash.
- Stock of money held by governments, central bank and commercial banks of a country does not come under supply of money. Because this money is not in actual circulation of country.

## Measures of money supply-

$$M1 = C + DD + OD$$

$$M2 = M1 + PD$$

$$M3 = M1 + TD$$

$$M4 = M1 + PD + TD$$

# Constituents/Components of Money Supply

