

Demand for money

Money is the most liquid off all assets. In this sense it's universally acceptable. demand for money refer to us liquidity preferences people desire to hold money for three motives.

1. Transaction motive

It means people need money to carry on transaction of buying goods and services to satisfy day to day needs to satisfy date today needs. Their ultimate aim is to get maximum satisfaction from the given money.

2. Speculative motive

It relates to the desire to hold once resources in the liquid form in order to take advantage by market movements due to the , changes in the rate of investment and bond prices in near future.

3. Precautionary motive

people also demand money to meet unforeseen emergencies like accidents, disease etc are called precautionary demand.

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