

Course No. ECONA311
Course title: Money and Banking
Nature of Course: SEC – 7
Number of credits: 4
Number of Lectures (L): Practical (P): Tutorial (T):): 44:0:16

Course Description

This course exposes students to the theory and functioning of the monetary and financial sectors of the economy. It highlights the organization, structure and role of financial markets and institutions. It also discusses interest rates, monetary management and instruments of monetary control. Financial and banking sector reforms and monetary policy with special reference to India are also covered. The course does not require any prior knowledge of economics.

Course Outline

Unit	Title	Credits	
		L	T
I.	Money: Theory and Approaches Money: Meaning, functions and classification, Role of money in capitalist, socialist and mixed economies, Monetary standards – Metallic and paper standards, Principles and System of Note Issue. Qualities of Good Monetary Standard. Grasham's law. Measures of Money Supply.	10	4
II.	Financial Markets: Money Market and Capital Market Financial markets and institutions; Money and capital markets: organization, structure, importance and role in economic development of India; financial crises.	10	4
III.	Commercial Banking Banking: Meaning and types of Banks. Indian banking system: Changing role and structure; banking sector reforms. Functions of Commercial banks. Process of credit creation. Purpose and limitations. Commercial banking in India. Nationalization of commercial banks in India. Recent reforms in banking sector in India.	12	4
IV.	Central Banking and Monetary Policy Central Bank: Functions of Central Bank. Quantitative and qualitative methods of credit control. Role and functions of the Reserve Bank of India. Monetary Policy: goals, targets, indicators and instruments of monetary control; success and limitation of monetary policy in India.	12	4
Suggested Readings:			
<ol style="list-style-type: none"> 1. F. S. Mishkin and S. G. Eakins, Financial Markets and Institutions, Pearson Education, 6th edition, 2009. 2. F. J. Fabozzi, F. Modigliani, F. J. Jones, M. G. Ferri, Foundations of Financial Markets and Institutions, Pearson Education, 3rd edition, 2009. 3. L. M. Bhole and J. Mahukud, Financial Institutions and Markets, Tata McGraw Hill, 5th edition, 2011. 4. M. Y. Khan, Indian Financial System, Tata McGraw Hill, 7th edition, 2011. 5. Various latest issues of R.B.I. Bulletins, Annual Reports, Reports on Currency and Finance and Reports of the Working Group, IMF Staff Papers. 			