

Discipline Specific Elective 17 (DSE-17): Money and Financial Markets

Semester	Course title & Code	Credits	Duration (per week)			Eligibility Criteria	Prerequisite
			Lecture	Tutorial	Practical/ Practice		
IV/VI/VIII	Money and Financial Markets – ECON047	4	3	1	0	Class 12 th Pass	Introductory Macroeconomics

Learning Objectives

The Learning Objectives of this course are as follows:

- This course exposes 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.

Learning outcomes

The Learning Outcomes of this course are as follows:

This allows students to understand current monetary policies and financial market outcomes. It also enables them to critically evaluate policies and role of the central bank.

Syllabus

UNIT I: Money (9 hours)

Understanding concept and functions of money, Measurement of money supply, Analytics and methodology of computation of money supply, Theories of money supply determination

UNIT II: Financial markets: an Introduction (12 hours)

Role of financial markets and institutions, Money and Capital markets: Pricing and other analytical issues, Financial derivatives: Futures, Options and Swaps, Financial markets in India: Organization, Structure and Reforms in India

UNIT III: Interest Rates (12 hours)

Determination of interest rates, Sources of interest rates differentials and risk, Theories of term structure of interest rates, Interest rates in India

UNIT IV: Central Banking and Monetary policy (12 hours)

Central Bank: Functions and Balance Sheet, Monetary Policy: Targets and instruments, Monetary management in an open economy, Monetary Policy Framework in India: Evolution and current scenario, critical evaluation, Emerging issues in Monetary policy- Changing payment mechanism, Cryptocurrency and others

Recommended readings

- F J Fabozzi et al: Foundations of Financial Markets and Institutions Pearson
- F S Mishkin , S G Eakins, T Jayakumar, R K Pattnaik : Financial Markets and Institutions Pearson
- N Jadhav: Monetary Policy, Financial stability and Central Banking in India Macmillan

- Report of the Working Group: Money Supply Analytics and Methodology of Compilation, 1998 Annual Report; Master Circular - Prudential Norms on Capital Adequacy - Basel I Framework - 2011; RBI Bulletin; Report of Currency and Finance (latest).
- Dua, P., "Monetary Policy Framework in India", Indian Economic Review, Vol. 55, Issue 1, June 2022
- Ghate, C., & Kletzer, K. M. (Eds.). (2016). Monetary policy in India: A modern macroeconomic perspective. Springer.
- Various publications of RBI and other agencies / institutions

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.