

Generic Elective (GE-8): Money and Banking

Semester	Course title & Code	Credits	Duration (per week)			Eligibility Criteria	Prerequisite
			Lecture	Tutorial	Practical/ Practice		
III/V/VII	Money and Banking – ECON062	4	3	1	0	Class 12 th Pass	Introductory / Principles of Macroeconomics

Learning Objectives

The Learning Objectives of this course are as follows:

- 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.

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.

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; Problems of Asymmetric information, Financial Crises; Financial derivatives: Futures, Options and Swaps; Financial markets and Institutions 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

Digital currency: implications and emerging issues in Indian economy

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

- M.R. Baye and D.W. Jansen Money, Banking and Financial Markets AITBS, 1996
- 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 2020
- 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.