

**JYOTI NIVAS COLLEGE AUTONOMOUS
SYLLABUS FOR 2018 BATCH AND THEREAFTER**

Programme: B.A

Semester: V

**ECONOMICS PAPER V
MONEY, BANKING AND FINANCIAL MARKETS**

Course Code: 18VEC5

No. of Hours: 60

COURSE OBJECTIVES:

- To help the student understand how the monetary forces operate.
- To understand the working of the banking system.
- To understand the working of financial markets.

LEARNING OUTCOME

- To understand simple articles concerned with monetary and banking theory.
- To understand the current monetary phenomenon in the economy.
- To understand the functioning of financial systems.

UNIT1: MONEY AND INFLATION

13 HRS

Money- meaning, functions, components of supply of money, Value of money- Cash Transactions and Cash Balance Approach.

Inflation- meaning, Approaches- Demand Pull and Cost Push Inflation; Effects of Inflation on Production, Consumption, Distribution; Methods to Control Inflation- Fiscal, Monetary, and Administrative Measures.

Inflationary gap [only concept]; Philip's Curve [only concept]; Consumer Price Index (CPI) and Wholesale Price Index (WPI) [concepts].

UNIT2: FINANCIAL SYSTEM AND FINANCIAL MARKETS

11 HRS

Financial System- Definition, Components -financial institutions, financial markets, financial instrument and services (an overview).

Financial Markets- Functions and types-Money Market- Meaning, institutions, instruments. Significance of Money Market. Capital Market- definition, primary market and secondary market. Capital market in India-Gilt-Edged Market-Definition, Functions; Industrial Securities Market-Definition, Types, Functions; Development financial institutions, financial intermediaries (meaning).

UNIT3: CENTRAL BANK AND COMMERCIAL BANKS

11 HRS

Central Bank-Meaning, Functions, Credit Control- Quantitative - Bank Rate, CRR and Open Market Operations, Qualitative Methods, Limitations.

Role of RBI. Repo Rate (Concept).

Commercial Bank-Meaning, Functions, Instruments- Bills Of Exchange, Promissory Note, Cheque, Bank Draft, Loans, Overdraft, Cash Credit; RTGS & NEFT (concepts)

Balance Sheet and Portfolio Management; Credit Creation by Commercial Banks

UNIT4: DEVELOPMENT FINANCIAL INSTITUTIONS

09 HRS

Development Financial Institutions in India – Industrial Development Bank of India (IDBI), National Bank for Agriculture and Rural Development (NABARD), National Small Industries

Corporation (NSIC), Infrastructure Development Finance Company (IDFC), Export- Import Bank (EXIMB) - functions

UNIT5: NON-BANKING FINANCIAL INTERMEDIARIES

09 HRS

Non- Banking Financial Intermediaries in India – Loan and Investment Companies, Hire Purchase and Leasing Companies, Merchant Banks, Mutual Funds, Venture Capital, Housing finance, factoring services- (concept)

Insurance Companies- LIC and GIC- Functions.

Small Savings, Provident Fund and Pension Fund – (concepts).

The role of SEBI.

UNIT6 - FOREIGN EXCHANGE MARKETS

07 HRS

Foreign Exchange Market- Definition, Functions, Structure- Spot And Forward Exchange Rate, Hedging, Arbitrage, Speculation (Concepts), Euro-Dollar Market-Meaning, Growth, Role And Limitations.

REFERENCE

1. Appanaiah and Reddy, T.N. – Financial Markets and Services, Himalaya Publishing House, 2014.
2. Bhole L.M. - Financial Institutions and Markets, 4th edition, Tata Mcgraw Hill, 2004.
3. Hajela, T.N. – Money and Banking theory with Indian banking, AneBooks Pvt. L, 2009.
4. Jhingam M.L. - Monetary Economics, Vrinda Publishers Ltd, 1997.
5. Sethi T.T. –Money, Banking and International trade, S. Chand and Company, Ltd, 2001.
6. Shekhar and Shekhar- Banking Theory and Practice, 18th Edition, Vikas Publishing House Pvt. Ltd, 1998.

ADDITIONAL REFERENCE

1. Apte P.G. – International Finance, Tata Mcgraw Hill, 2003
2. Bhat N.K. - International trade and Financial Environment, Ane Books Pvt. Ltd, 2009.
3. Crowther, G- An Outline of Money, Thomas Nelson and Sons, 1962.
4. Chandler, Goldfeld S.M. – The Economics of Money and Banking, 7th edition, Harper International Edition, 1977.
5. Gupta S.B. – Monetary economics, S. Chand and Company, 2004.
6. Khan, M.Y. - Indian Financial System, 6th edition, Tata Mcgraw Hill, 2009.
7. Pathak, Bharathi V.- The Indian Financial System- Markets, Institutions and Services, Third edition, Pearson publication, 2008.
8. Singh, Asha and Gupta M.S. and Shandilya, T.K. - Banking and Financial Sector Reforms in India, Serials publications, 2010.
9. RBI- Report on Currency and Finance, various issues.
