

M.A (ECONOMICS)
MAEC24303T- MONEY AND BANKING
SEMESTER – III

MAX. MARKS:100

EXTERNAL:70

INTERNAL:30

PASS:40%

CREDITS:6

OBJECTIVES

The present course is designed to acquaint the students with operations of money and banking and their interaction with the rest of the economy is essential to realize how monetary forces operate.

INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any ten questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
4. The duration of each paper will be three hours.

INSTRUCTIONS FOR THE CANDIDATES:

Candidates are required to attempt any two questions each from the sections A and B of the question paper and any ten short questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated

Section A

UNIT 1- The definition of money: Function and Types of Money, Post-War Controversy on the Definition of Money and Money Supply – The Theoretical Debate and Empirical Attempts

UNIT 2- Demand for Money: The Classical Quantity Theory of Money, The Keynesian Approach, Friedman's Theory

UNIT 3- Supply of money: Money Creation by the Banking System. High-Powered Money and Money Multiplier. Measures of Money Supply in India.

UNIT 4- Term Structure of Interest Rates: The Expectations Theory, Liquidity Premium Theory, Market Segmented Theory, and Preferred Habitat Theory.

Section B

UNIT 5- Monetary Policy: Targets, Goals and the Trade-Offs among Alternate Goals, Lags in Operation, Transmission Mechanism – Classical Model, Keynesian Model and Monetarist Model

UNIT 6- Central Banking: Origin and Evolution, Main Functions, Policy Tools, RBI - Monetary Policy and Autonomy.

UNIT 7 - Commercial Banking: Functions, Major Developments in Commercial Banking in India Since Nationalization. Banking Sector Reforms.

UNIT 8- Development Financial Institutions: Role, Growth and Structure of Development Financial Institutions in India. Types and Control of Non-Banking Financial Companies (NBFCs) by RBI.

Suggested Readings:

1. Bofinger Peter (2001): Monetary Policy: Goals, Institutions, Strategy and Instruments. Oxford University Press
2. Dennis Geogfrey, E J (1981): Monetary Economics Longman

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- 3. Dinlio, A Eugene: Theory and Problems of Money and Banking International Edition (Schaum's Outline Series)
- 4. Howells, Peter and Bain Keith (2002): The Economics of Money, Banking and Finance. Prentice Hall, Pearson Education Ltd.
- 5. Khanna, Perminder (2005): Advanced Study in Money and Banking Theory and Policy Relevance in the Indian Economy. Atlantic Publishers, New Delhi.