

Paper Code:2332

B.A. HONOURS IN ECONOMICS
SECOND YEAR HONOURS
PAPER – VI
MONEY AND FINANCIAL MARKETS

Course Outcome:

CO1: The course will provide the basic information to students about the concepts, theories and scope of financial sector.

CO2: The students will understand the significance and functions of short term and long term financial markets, Exchange Rate and their impact on economic indicators.

UNIT – I

Money – Meaning, Functions and Classification; Importance of Money, Gresham's Law; Main Components of Money Supply, New measurement of Money supply, Concept of Money Multiplier, Near Money. Quantity Theory of Money – Cash Transaction, Cash Balance and Keynesian Approach.

UNIT – II

Commercial Banks – Meaning, Types and Functions, The Process of Credit Creation in single Bank system and Multi-banking system, Limitation to Credit Creation; Liabilities and Assets of Banks. Role and importance of Non-Banking Institutions in economy.

Role and functions of Central Bank, Quantitative and Qualitative Methods of Credit Control: Bank Rate, Open Market Operations, Variable Reserve Ratio and Selective Methods; RBI and Monetary policy in India.

UNIT – III

Financial system – Financial intermediary, financial assets and financial market. Financial Assets-Share, Bond and debenture and financial innovation. Problems in financial transactions- Asymmetric information and Moral hazard. Financial Market- Money Market and Capital Market; Components, Functions and Sources of Long Term and Short Term Finance. Non-Banking Financial Institutions (NBFI's) – Mutual fund, LIC, Investment Companies, Venture Capital. Co-operative Institutions: Structure, Objectives and Limitations.

UNIT-IV

Financial System in India – Components, Functions and Importance; Markets, Measures taken by Government of India to liberalize the financial system, Financial Sector Reforms and their Impact on economic growth in India. Role of SEBI in capital market,

UNIT – V

Foreign Exchange – Determination of Exchange Rate under Fixed and Flexible Exchange Rate, Spot and Forward Exchange Rate, Future ,Forward and option contract to control the Exchange Rate. The role of hedging in the determination of Exchange Rate, Euro-Dollar Markets – Its rate and significance.

Basic Reading List

1. Mitthani, D.M. – Money and Banking, Himalaya Publishing Company, New Delhi.
2. Sethi, T.T. – Monetary Economics, Laxmi Narayan Agarwal, Agra.
3. Seth, M. L. – Money and Banking, Lakshmi Narayan Agrawal, Agra.
4. Ojha, B.L. – Money Banking and Public Finance, Ramesh Book Depo., Jaipur.
5. vxzoky] ,e- vkj- & foÙkh; çcU/kA
6. vkgqtk] ,p- ,y- & mPprj lef"V vFkZ'kkL=] ,l- pUn ,.M dEiuh fy-] ubZ fnYyhA
7. feJk] oh-ds- & foÙkh; cktkj ifjpkYuA
8. lsBh] Vh-Vh- & ekSfæd vFkZ'kkL=] y{ehukjk;.k vx zoky] vkxjka