

Money and Banking

Course Code: **IECO2C003T**

Course Title : **Money and Banking**

Semester : **III**

Credits : **4**

Rationale

This course is designed to analyze the impact of money on some of the economy's key variables such as interest rates, inflation, and the banking industry. Students will learn the role of central and commercial banks in the process of money creation and control.

Course Outline:

Contents	No. of Lectures
Unit-I Introduction to Money Money: Functions, kinds of money, kinds of deposits and measures of money supply; Demand for money: classical, neo classical, Keynesian, Baumol's and Tobins; Supply of money: H theory of money supply, money multiplier process, determinants of money multiplier.	10
Unit-II Monetary Policy Objectives, targets, Indicator, Instruments of monetary policy; monetary policy during depression; monetary policy during inflation; role of monetary policy in developing countries; current monetary policy of Reserve Bank of India.	10
Unit-III Commercial Banking System Banking: Meaning and types of Banks. Functions of Commercial banks. Process of credit creation. Purpose and limitations. Liabilities and assets of banks.	10
Unit-IV Indian Banking System Development of Banking since independence; increase in effectiveness of Reserve Bank of India; shortcomings of Indian Banking System; Banking Sector Reforms; Commercial Banks: classification, functions, organization, structure and credit creation; progress of commercial banks and failures of commercial banks in India.	10
Unit V- Reserve Bank of India and Capital Markets Establishment of RBI; Organizational structure of RBI; objectives of RBI; functions of RBI, Monetary Policy of RBI; achievements of RBI, failures of RBI. Capital markets- definition, functions, types; components of capital markets: gilt-edged market and the industrial securities market. Distinction between primary and secondary market. Features, role and functions of stock exchange.	10

Course Outcomes

Upon successful completion of this course, candidates will be able to

- To understand the concept of monetary market.
- To Explore the theories of money demand and supply.
- To develop the link between money market and capital markets.
- To understand the Indian banking system.
- To explore the government role in regulating the money supply and securities.

Reference Books

1. Hajela, T.N., (2009) Money and Banking, Ane Books Pvt Ltd., New Delhi.
2. Sundharam KPM, Banking: Theory, Law and Practice, Sultan Chand and Sons, New Delhi(recent edition)
3. M.R. Baye, D.W. Jansen (1996), Money, Banking and Financial Markets, AITBS (Indian ed.)
4. K.C. Sekhar: Banking – Theory and Practice, Vikas Publishing House, New Delhi (recent edition).
5. S.B. Gupta, Monetary Economics, S. Chand Publications, New Delhi.
6. M.L. Seth, Monetary Economics, Vikas Publications, New Delhi
7. R.R. Paul, Money, Banking & International Trade, Kalyani Publications, Ludhiana.