

GE: MG 405: MONEY AND BANKING

Course Objectives:

This course is designed to provide the students with a thorough understanding of the importance of money and banking in various economies. It aims to provide the students with an introduction to understand the concept of money, theories of money supply and money demand and working of monetary policy. It provides an insight into the Banking system.

Learning Outcomes:

- Explain and discuss why people hold money
- Understand the working of the monetary policy
- Describe the working of commercial banks
- Understand the role and functioning of RBI

Course Contents:

Unit I

(3 weeks)

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.

References:

P.N. Hajela. (2009). Money and Banking Theory with Indian Banking. Ane Books Pvt. Ltd (Chapter 1, Chapter 4 and Chapter 5)

N.Jadhav, (2006). Monetary Policy, Financial Stability and Central Banking in India. Macmillan (Chapter 2)

Unit II

(2 weeks)

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

References:

P.N. Hajela. (2009). Money and Banking Theory with Indian Banking. Ane Books Pvt. Ltd (Chapter 25)

N.Jadhav, (2006). Monetary Policy, Financial Stability and Central Banking in India. Macmillan (Chapter 6)

RBI latest publication

MONEY AND BANKING

Unit III

(4 weeks)

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.

References:

N.Jadhav, (2006). Monetary Policy, Financial Stability and Central Banking in India. Macmillan (Chapter 15, Chapter 16, Chapter 21 and Chapter 22)

Unit IV

(3 weeks)

Reserve Bank of India: establishment of RBI; Organizational structure of RBI; objectives of RBI; functions of RBI, Monetary Policy of RBI; achievements of RBI, failures of RBI.

References:

P.N. Hajela. (2009). Money and Banking Theory with Indian Banking. Ane Books Pvt. Ltd (Chapter 24 and Chapter 25)

Text Books:

1. N.Jadhav, (2006). Monetary Policy, Financial Stability and Central Banking in India. Macmillan
2. P.N. Hajela. (2009). Money and Banking Theory with Indian Banking. Ane Books Pvt. Ltd.

Additional Readings:

1. S.Natarajan and R.Prameswaran.(2013) Indian Banking. S.Chand Publishing

Note: Latest edition of all References: should be used

Teaching Learning Process:

Lectures, class room discussions, team paper, presentations, and case studies

Assessment Methods:

- Internal Assessment 25 marks
- Written Theory Exam 75 marks

Keywords:

Money, money multiplier, monetary policy, commercial bank, central bank