

SHYAMA PRASAD MUKHERJI COLLEGE FOR WOMEN

TEACHING PLAN January 2022 TO May 2022

Course and Year: General Elective in Economics B.A (Hons.) II Year

Semester: Semester III

Taught individually or shared: Individually

Paper: Money and Financial Markets

Faculty: Deepali

No. of Classes (per week): 5 + 2 Tutorials

Course Objective: - The course seeks to equip the students with sector-specific knowledge and skills to analyze key economic issues and policy documents. It will also enable them to relate theoretical frameworks of macroeconomics and microeconomics to the Indian context.

Course Learning Outcomes: - Students will have the ability to understand the role of financial system and how it enhances the economy growth. They will have informed choices while participating in economic decision making, thus improving their employment prospects and career advancement.

Course outline:

TOPIC 1

MONEY: Concept, Functions, Measurement, Theories of Money Supply Determination

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|--------------------|---|
| 1. Baye and Jansen | Chapter 1 (p 2 – 27); Chapter 14 (p.465-486) |
| 2. N Jadhav | Chapter 2 Section 2.1, (p.18 –25);
Section 2.3 (p.37-45); Annexure 2.1 |
| 3. RBI Report | Money Supply Analytics and Methodology
of Compilation 1998 chapter 2 (p.11-17) |

TOPIC 2

FINANCIAL INSTITUTIONS, MARKETS, INSTRUMENTS AND FINANCIAL INNOVATIONS:

a) Role of Financial Markets and Institutions; problems of asymmetric information – adverse selection and moral hazard, financial crisis

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| 1. Mishkin & Eakins | Chapter 15 (p 369 – 396) |
| 2. M Y Khan | Chapter 1 |
| 3. Baye and Jansen | Chapter 5 (p.153-161) |

b) Money and Capital Markets; Organization, Structure and Reforms in India; Role of Financial Derivatives and Other Innovations

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| 1. M Y Khan | Chapter 9 (9.29-9.32) |
| 2. Bhole | Chapter 5 (p.137-146) |
| 3. Fabozzi et al | Chapter 26 (p.496 -504) |
| Chapter 27 (p.517-529) | |
| | Chapter 30 (p.577-580) |

TOPIC 3

INTEREST RATES: Determination, Sources of interest rates differentials, Theories of term structure of interest rates ; interest rates in India

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|--------------------------------|---|
| 1. Baye & Jansen | Chapter 8 (p.236-251)
Chapter 9 (p.274-294)
Chapter 10 |
| 2. RBI Report, October 4, 2017 | ‘Report of the Internal Study Group to Review
The Working of the Marginal Cost of Funds Based
Lending Rate System’, Reserve Bank of India, September, 2017;
Chapter 1, (p.1-2) and Chapter 2, (p.5-7). |

TOPIC 4

BANKING SYSTEM:

a) Balance Sheet and Portfolio Management b) Indian Banking System. Changing Role and Structure, Banking Sector Reforms

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|-------------------------|---|
| 1. Sengupta and Vardhan | Non-performing Assets in Indian Banks, EPW, Vol. 52, Issue
No. 12, 25 Mar, 2017, Money, Banking and Finance 2017 |
|-------------------------|---|

2. RBI Glossary, Master Circular - Prudential Norms on Capital Adequacy - Basel I Framework – 2012, July 2, 2012.
3. RBI Bulletin Oct 2012 Basel III in International and Indian Context by D.Subbarao
Reprinted in Indian Financial Reforms edited by Uma Kapila.

TOPIC 5

CENTRAL BANKING AND MONETARY POLICY Functions, Balance Sheet Goals, Targets, Indicators and instruments of monetary control, monetary management in an open economy, current monetary policy of India

1. Baye & Jansen Chapter 19 (p. 666-687, p.692-693, p.697-705)
2. Jadhav Chapter 9.3 - except 9.3.4
3. M.Y.Khan Chapter 9 (9.1 - 9.10, 9.12-9.13)
4. P.Dua Monetary Policy Framework in India.
5. 5.Annual Report of RBI 2015 -16 Chapter 3, Box III.1 and III.2 (p. 44, p.50)
6. Annual Report of RBI 2018 -19 Chapter 3
7. Monetary Policy https://www.rbi.org.in/scripts/FS_Overview.aspx?fn=2752

No of classes required to complete the units (approx.):

- 1) Unit I: 10 Lectures
- 2) Unit II: 20 Lectures
- 3) Unit III: 12 Lectures
- 4) Unit IV: 8 Lectures
- 5) Unit V : 10 lectures

Methodology of Teaching:

Online interactive lectures supplemented with relevant e-materials (videos, PPTs etc., if required). A WhatsApp group is created for regular communication and problem-solving discussion.

Tutorials: Clarification of doubts related to the subject and discussion on topics studied and assignments.

In tutorials, students will be asked to participate in discussions and debate on ongoing trends in Money market and financial institution with reference to business newspaper.

Internal Assessment

INTERNAL ASSESSMENT and END-SEMESTER EXAMINATION shall be conducted as per the University guidelines for the current semester in the form of 25 marks + 75 marks breakup respectively.

Test 1: Scheduled in Feb 2022

Assignment: Scheduled in Mar 2022

Test 2: Scheduled in Apr 2022

Criteria of Assessment: Graded tests, Home assignments and semester examinations. The students are assessed on clarity and understanding of concepts based on learning and application.

Additional books:

1. **Polakoff, Murray E. and Thomas A. Durking (1981), *Financial Institutions and Markets* (Houghton Mifflin, Boston).**
2. **Bhole, L.M. (2004), *Financial Institutions and Markets*, 4th edition, Tata McGraw-Hill, New Delhi.**
3. **Fama, E.F. (1972) *Foundations of Finance*, Basic Books, New York.**
4. **Smith, Paul F.(1971), Smith, Paul F.(1971), *Economics of Financial Institutions and Markets* (Richard D.Irwin, Homewood).**

We will be adhered to the above mentioned teaching plan and will complete the course on time.

Deepali

