

IV. CORE COURSE -C 14:

(Credits: Theory-05, Tutorial-01)

Marks : 25 (MSE: 1Hr) + 75 (ESE: 3Hrs)=100**Pass Marks (MSE + ESE) =40*****Instruction to Question Setter for******Mid Semester Examination (MSE):***

There will be **two** group of questions. **Group A is compulsory** and will contain five questions of **very short answer type** consisting of 1 mark each. **Group B will contain descriptive type** six questions of five marks each, out of which any four are to answer.

End Semester Examination (ESE):

There will be **two** group of questions. **Group A is compulsory** and will contain two questions. **Question No.1 will be very short answer type** consisting of ten questions of 1 mark each. **Question No.2 will be short answer type** of 5 marks. **Group B will contain descriptive type** six questions of fifteen marks each, out of which any four are to answer.

Note: There may be subdivisions in each question asked in Theory Examinations.

MONEY BANKING AND FINANCIAL MARKETS**Theory: 75 Lectures; Tutorial:15 Lectures****Course description**

This Course exposes students to the theory and functioning of the monetary and financial sectors of the economy. It highlights the organization, structure and role of financial markets and institutions. It also discusses interest rates, monetary management and instruments of monetary control. Financial and banking sector reforms and monetary policy with special reference to India are also covered.

Course Outline**1. Money**

Concept, functions, measurement; theories of money supply determination.

2. Financial Institutions, Markets, Instruments and Financial Innovations

- a) Role of financial markets and institutions; problem of asymmetric information – adverse selection and moral hazard; financial crises
- b) Money and capital markets: organization, structure and reforms in India; role of financial derivatives and other innovations.

3. Banking System

- (a) Balance sheet and portfolio management.
- (b) Indian banking system: Changing role and structure; banking sector reforms.

4. Central Banking and Monetary Policy

Functions, balance sheet; goals, indicators and instruments of monetary control; monetary management in an open economy; current monetary policy of India.

Readings

- F.S. Mishkin and S. G. Eakins, Financial Markets and institution, Pearson Education, 6 the edition, 2009.
- F. J. Fabozzi, f Modigliani, F. J. Jones, M. G. Ferri, Foundations of Financial markets and Institutions, Pearson Education, 3rd editin. 2009.
- L.M. Bhole and J. mahukud, financial Institutions and Markets, Tata McGraw Hill, 5th edition, 2011.
- M. Y. khan, Indian Financial System, Tata McGraw Hill, 7th edition, 2011.
- Various latest issues of R.B.I. Bulletins, Annual Reports, reports on Currency and Finance and Reports of the Working Group, IMF staff Papers.