

VEER NARMAD SOUTH GUJARAT UNIVERSITY

T.Y. B.A.

PAPER VI (B)

BANKING AND FINANCIAL MARKETS

Module I : Money and Commercial Banking

Meaning function and kinds of money; Components of supply of money; Money market and capital market; Regulated and unregulated credit markets; Features of a developed money and capital market; Importance of Financial System in India; Function, types and objectives of commercial banks; The Process of credit creation; Liabilities and assets of banks; Role of Commercial bank before and after nationalization in economic development in India; Mechanism of credit creation by the Commercial banks, purpose and limitation; Perquisites of a sound Commercial banking system; A brief review of the measures taken to liberalize the financial system - direction of future reforms.

Module II : Financial Institution in India

Functions and Financial Institutions in India. Function and objectives of Central Bank; Instruments of credit control - Quantitative and qualitative methods - Bank rate policy, open market operations, Variable Reserve Ratio and Selective method; Role and functions of the Reserve Bank of India; Development and regulatory role of RBI; Objectives and Imitations of monetary policy;

Recent monetary policy of RBI; Banking financial system and their impact on economic growth in India; Structure of co-operative institution and development banks in India - their objectives; role and limitations; Definition and types of NBFI's viz., Mutual Funds, LIC, Investment Companies, Venture Capital Growth and importance; Recent measures taken by the RBI and SEBI to regulate their working in the sound monetary management of India.

Module III : Financial Markets

The structure of Financial markets - Call money, treasury bills and Commercial Bills; The Stock market and market for gilt edged securities; Unregulated credit market; Financial Sector Reforms in India; SEBI and Working of Capital Market in India.

Module IV : Foreign Exchange Markets

Foreign exchange: Foreign exchange rate, Foreign exchange market - concepts of exchange rate and forward exchange rate; Determination of exchange rates under fixed and flexible exchange rate regime and role of hedging in the determination of exchange rates; Euro-dollar market - its role and significance.

References:

Chandler L.V., and S.M. Goldfeld (1977), The Economics of Money and Banking, Harper & Row, New York.

Gupta, S.B. (1983), Monetary Economics, S. Chand & Co. New Delhi.

Gupta, S.B. (1979), Monetary Planning for India, Oxford university Press, Delhi.

Mitra, S. (1970), Money and Banking, Random House, New York.

Rangarajan, C. (1999), Indian Economics : Essays on Money and Finance, UBS Publishers, New Delhi.