

# **VEER NARMAD SOUTH GUJARAT UNIVERSITY, SURAT**

## **M.A Part-1 Effect From 2008 Optional Paper: Money and Banking**

### **Module I: Basic Concepts**

Definition of Money Evolution of Money – Function of Money – Kinds of Money – Measures of Money Supply – Money in Equilibrium and Non-Equilibrium States – Money and Economic Circulation flow of money in the economy.

### **Module II: Demand and Supply of Money**

The Traditional Quantity Theory – Fisher's Equation of Exchange – The Cambridge Case Balance Approach - The Keynesian Theory – The Modern Quantity Theory: Friedman's Approach – Concept of Money Supply, Determinants of Money Supply, High Power Money and Money Multiplier.

### **Module III: Banks, Non-Banks and the Capital market**

Banking system in India; Credit and the Financial System – Kinds of Credit – Financial Markets: Meaning and function of Money Markets and Capital Markets –Commercial Banking in India – Concept of Credit-Creation – Cooperative Banks, Regional rural Banks, – Development Banks – Non-Bank Financial Intermediaries (NBFI) – Changing Scenerio of Indian banking..

### **Module IV: The Central Banking System**

Changing Concepts of Central Banking – Function of Central bank, Objectives, Guides and Measures of Central Banks – Role of Central Banks in Developing Countries: Regulation and Promotional – The Currency and the Credit Schools – Real Bills Doctrine – Qualitative versus Quantitative controls – The Reserve Bank of India (RBI): Role, Functions and Working.

### **Module V: Instruments of Monetary Control**

RBI's Instruments of Control: Open Market Operations – Role of the bank Rate – Variable Reserve Requirements – General versus Selective Credit Controls – The Statutory Liquidity Ratio (SLR) – The Credit Authorization Scheme – Credit Planning – The Techniques of Implementation.

### **Module VI: Principles of Monetary Policy**

Monetary Policy: Frame Work, Objectives and Characteristics – Goals, Targets and Indicators of Monetary Policy – Transmission Mechanism of Monetary Policy – Restrictive vs. Accommodating Monetary Policy – Guide for Monetary Management – Problem of Debt Mangement – Discriminatory Effects of Monetary Policy – Lags in Monetary Policy – Current Issues in Monetary policy.

## **Module VII: Growth, Stability and Equilibrium**

The Policy mix and the Growth Objectives – Growth without Inflation – Monetary Stability with Fixed/Flexible Monetary Policy – Money and the Business Cycle – The Policy-mix and international equilibrium – Appropriate Monetary/Fiscal Policies for External Stability.

### **REFERENCES**

- Davidson, P. (1978), Money and the Real World, 2<sup>nd</sup> ED, Macmillan, London.
- Goodhart, C. (1977), Money Information and Uncertainty, 2<sup>nd</sup> Ed, Macmillan, London.
- Gupta, S.B. (1983), Monetary Economics, 2<sup>nd</sup> Ed, S. Chand and Company, New Delhi.
- Friedman, ed., (1956), Studies in the Quantity Theory of Money, University of Chicago Press, Chicago.
- Harries, L. (1985), Monetary Theory, McGraw-Hill, New York.
- Sayers, R.S. (1978), Money and Banking, 7<sup>th</sup> Ed. Oxford University Press, New Delhi
- Mitra, S., Ed., (1970), Money and Banking, Random House, New York.
- Dornbusch, R. and S. Fischer, (1984), Monetaryeconomics, 3<sup>rd</sup> Ed, McGraw-Hill, New York.
- Gibson, W.E. and G. Kaufman, Eds. (1975), Monetary Economics: Readings on Current Issues, 2<sup>nd</sup> Ed, Tata McGraw-Hill, New Delhi.
- Reserve Bank of India, Bulletins.
- Chick, V. (1977), The Theory of Monetary policy, 2<sup>nd</sup> Ed, Basil Blackwell, Oxford.
- Culbertson, J.M. (1971), Macroeconomic Theory and Stabilization Policy, McGraw-Hill, London.
- D.M. Mithani (2002), Money, Banking International trade and Public finance, Himalaya Publishing, Mumbai.
- Sampat Mukharji (1996), Modern Economic Theory, Vishwa Prakashan, New Delhi.
- P.K. Shivastava (2003), Macro Economic: Theory and Applications, Tata McGraw Hill Publication Company, New Delhi.
- Gordan E, Natrajan K (2002), Banking: Theory, Law and Practice, Himalaya Publication, Mumbai