BACHELORS WITH ECONOMICS AS MAJOR
3rd SEMESTER

CREDITS: THEORY: 4; TUTORIAL: 2

ECO322J - ECONOMICS _ MONETARY ECONOMICS

Course Description: *This is the core course of 06 credits (01 credit for each unit with the last two units as tutorials). The course starts with some basic concepts required for understanding the essence of the subject. It covers topics such as money supply, monetary standards, and the structure of Indian financial system. The course also includes tutorials that explore additional aspects such as inflation targeting, credit creation, and the impact of digital money and crypto-currency.*

Course Objective: *The objective of this course "Monetary Economics" is to provide students with a comprehensive understanding of concepts and measures of money supply. The course enables the students to understand the structure of Indian Financial System and conduct of monetary policy by the RBI.*

Learning Outcomes: *After completing this course, the students are expected to:*

L01: *Demonstrate a clear understanding of the fundamental concepts of money, its evolution, and the functions it serves in an economy.*

L02: *Analyse and evaluate how to measure the money supply, and the factors influencing money supply, including high-powered money.*

L03: *Analyse the structure of Indian Financial System including its various components.*

L04: *Evaluate the role of the Reserve Bank of India in conducting monetary policy.*

Unit I: Basic Concepts

Concept of Money and its Functions, Kinds of Money, Approaches to Definition of Money: Conventional, Chicago, Gurley and Shaw, and Central Bank Approaches. Evolution of Monetary Standards from Gold Standard to Paper Standard, Gresham's Law, Principles of Note Issue: Currency and Banking Principle, Methods of Note Issue.

Unit II: Money Supply

Measures of Money Supply, Concept of High-Powered Money, Determinants of High-Powered Money, Concept of Money Multiplier, Credit Multiplier and Deposit Multiplier, Reserve Bank Money, RBI's analysis of Money Supply

Unit III: Indian Financial System

Role of Finance in an Economy; Overview of Indian Financial System; Banks and Non-Banking Financial System; Commercial Banks; RRB's and Development Banks; Financial Markets: Money & Capital Market and Their Instruments; Stock Exchange Markets (NSE & BSE, Nifty & Sensex); Role of SEBI.

Unit IV: RBI and Conduct of Monetary Policy in India

RBI: Evolution and Functions, Monetary Policy: Objectives, Instruments: SLR, CRR, OMOs, LAF: Repo and Reverse Repo Rate, Market Stabilization Scheme, Marginal Standing Facility and Standing Deposit Facility, Bank Rate, Analysis of Current Monetary Policy.

Unit V: Tutorial – I

- Reports of I, II, and III Working Groups on Money Supply by the RBI
- Measurement of Liquidity Aggregates
- Working of Digital Money and Cryptocurrency (Bitcoin)
- Assets and liabilities of commercial banks.

Unit VI: Tutorial – II

- Concept and Working of Inflation Targeting
- Role and Structure of Monetary Policy Committee (MPC)
- Credit Creation by Commercial Banks – Using Hypothetical Data
- Demonetisation in India

REFERENCES:

1. Gupta, S. B. (2010). *Monetary Economics: Institutions, Theory & Policy*. S Chand & Company (1 December 2010).
2. Sethi, T.T (2005). *Money, Banking and International Trade*. S Chand Publication.
3. Khan, M. Y. (2015). *Indian Financial System*. McGraw Hill Publication.

ADDITIONAL READINGS:

1. Bhalla, V. K. (2020). *Money, Banking, and Financial Markets in India*. S. Chand Publishing.
2. Mishkin, F. S. (2018). *Money, Banking, and Financial Markets*. Pearson Education.
3. Pathak, B. V. (2019). *Indian Financial System*. Pearson Education.

BACHELORS WITH ECONOMICS AS MINOR
3rd SEMESTER

CREDITS: THEORY: 4; TUTORIAL: 2

ECO322N - ECONOMICS _ MONETARY ECONOMICS

Course Description: *This is the core course of 06 credits (01 credit for each unit with the last two units as tutorials). The course starts with some basic concepts required for understanding the essence of the subject. It covers topics such as money supply, monetary standards, and the structure of Indian financial system. The course also includes tutorials that explore additional aspects such as inflation targeting, credit creation, and the impact of digital money and crypto-currency.*

Course Objective: *The objective of this course "Monetary Economics" is to provide students with a comprehensive understanding of concepts and measures of money supply. The course enables the students to understand the structure of Indian Financial System and conduct of monetary policy by the RBI.*

Learning Outcomes: *After completing this course, the students are expected to:*

L01: *Demonstrate a clear understanding of the fundamental concepts of money, its evolution, and the functions it serves in an economy.*

L02: *Analyse and evaluate how to measure the money supply, and the factors influencing money supply, including high-powered money.*

L03: *Analyse the structure of Indian Financial System including its various components.*

L04: *Evaluate the role of the Reserve Bank of India in conducting monetary policy.*

Unit I: Basic Concepts

Concept of Money and its Functions, Kinds of Money, Approaches to Definition of Money: Conventional, Chicago, Gurley and Shaw, and Central Bank Approaches. Evolution of Monetary Standards from Gold Standard to Paper Standard, Gresham's Law, Principles of Note Issue: Currency and Banking Principle, Methods of Note Issue.

Unit II: Money Supply

Measures of Money Supply, Concept of High-Powered Money, Determinants of High-Powered Money, Concept of Money Multiplier, Credit Multiplier and Deposit Multiplier, Reserve Bank Money, RBI's analysis of Money Supply

Unit III: Indian Financial System

Role of Finance in an Economy; Overview of Indian Financial System; Banks and Non-Banking Financial System; Commercial Banks; RRB's and Development Banks; Financial Markets: Money & Capital Market and Their Instruments; Stock Exchange Markets (NSE & BSE, Nifty & Sensex); Role of SEBI.

Unit IV: RBI and Conduct of Monetary Policy in India

RBI: Evolution and Functions, Monetary Policy: Objectives, Instruments: SLR, CRR, OMOs, LAF: Repo and Reverse Repo Rate, Market Stabilization Scheme, Marginal Standing Facility and Standing Deposit Facility, Bank Rate, Analysis of Current Monetary Policy.

Unit V: Tutorial – I

- Reports of I, II, and III Working Groups on Money Supply by the RBI
- Measurement of Liquidity Aggregates
- Working of Digital Money and Cryptocurrency (Bitcoin)
- Assets and liabilities of commercial banks.

Unit VI: Tutorial – II

- Concept and Working of Inflation Targeting
- Role and Structure of Monetary Policy Committee (MPC)
- Credit Creation by Commercial Banks – Using Hypothetical Data
- Demonetisation in India

REFERENCES:

1. Gupta, S. B. (2010). *Monetary Economics: Institutions, Theory & Policy*. S Chand & Company (1 December 2010).
2. Sethi, T.T (2005). *Money, Banking and International Trade*. S Chand Publication.
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2. Mishkin, F. S. (2018). *Money, Banking, and Financial Markets*. Pearson Education.
3. Pathak, B. V. (2019). *Indian Financial System*. Pearson Education.

Semester I to III

Multi-Disciplinary Course

ECO022I: ECONOMICS (INTRODUCTORY ECONOMICS)

CREDITS: 3

Course Objectives: The course is designed to expose the students to the basic principles of economic theory. The coursed illustrates how economic concepts can be applied to analyze real life situations.

Learning Outcomes:

After completing this course, the students are expected to:
LO1: Develop a basic understanding of theoretical concepts in economics
LO2: Exhibit a basic understanding of the theory of demand and its exceptions.
LO3: Exhibit a basic understanding of National Income and its measurement

Unit I: Introduction **(15 Marks/ 1 credit)**

Definition and Scope of economics; Micro and Macroeconomics; Positive and Normative Economics; Scarcity, Choice and Opportunity Cost; Central Problems of an Economy; Economic Systems – Basic Economic Concepts

Unit II: Introduction to Microeconomics **(15 Marks/ 1 credit)**

Demand – Determinants of Demand, Law of Demand and its Exceptions; Supply – Determinants and Law of Supply; Market Equilibrium; Utility – Concepts and Approaches, Total Utility, Marginal Utility; Indifference Curve – Assumptions and Properties; Budget Line, Consumer Preferences

Unit III: Introduction to Macroeconomics **(15 Marks/ 1 credit)**

National Income – Concepts and Measurements; Circular Flow of Income; Price Indices – WPI, CPI and GDP deflator; Money – Types and Functions; Measures of Money Supply; Inflation – Meaning and Types; Stabilization policies- Fiscal and monetary policy.

Basic Readings

1. Mankiw, N (2020). Economics: Principles and Applications, 9th Ed. Cengage Learning.
2. Samuelson, P. & Nordhas, W (2010). Principles of Economics. 9th McGraw-Hill, New York.
3. Bernheim, B. Douglas, and Michael Dennis Whinston. 2014. *Microeconomics*. New York, NY: McGraw-Hill/Irwin.
4. Ahuja H.L. (2020), Advanced Economic Theory— Microeconomic Analysis, 20th Edition, S. Chand & Company, New Delhi.
5. Ahuja, H. L (2020), "Macroeconomic -theory and Policy, 20th Edition, S. Chand and Company Ltd. New Delhi.