ECH620D2A: MONEY AND FINANCIAL MARKETS

CREDITS: THEORY: 4, TUTORIAL: 2
MAX. MARKS: THEORY: 60, TUTORIAL: 30
THEORY (4 CREDITS; 60 HOURS)

Course Description: This is a DSE of 06 credits (04 units of 01 credit each and tutorials of 2 credits).
Course Objectives: 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 Outcomes: This allows students to understand current monetary policies and financial market outcomes. It also enables them to critically evaluate policies.

Unit 1: Money and its Concepts (15 Hours)
Concept, functions, measurement; money supply; approaches to the definition of money supply; H-theory of money supply and money-multiplier.

Unit 2: Financial Institutions and Markets (15 Hours)
Structure of financial system; Role of financial institutions in economic development; Classification of Financial Markets; Money and Capital markets: organization, structure and instruments; Gilt-Edged Market; Financial Derivatives- Concept & Types.

Unit 3: Interest Rates and Theories of Interest rates (15 Hours)
Determination; sources of interest rate differentials; Term & Risk structure of interest rates; Theories of Term Structure of Interest rates- Expectations, market segmentation and preferred habitat Theories.

Unit 4: Banking and Monetary Policy (15 Hours)
Commercial banking- Balance sheet and portfolio management; Central Banking - Functions, monetary management in an open economy; Monetary policy- goals, targets, indicators and instruments.

Tutorials (2 Credits)
- Money supply measures- Demand & supply side sources with reference to RBI ● Indian capital market Structure.
- Structure of Interest rates in India.
- Current monetary policy of India.

Basic Readings
1. Baye, M., Jansen, D. (2006). *Money, banking and financial markets*. AITBS.
2. Bhole, L., Mahukud, J. (2017). *Financial institutions and markets, 6th ed.* Tata McGraw-Hill.
3. Fabozzi, F., Modigliani, F., Jones, F., Ferri, M. (2010). *Foundations of financial markets and institutions*, *4th ed.* Pearson Education.
4. Jadhav, N. (2009). *Monetary policy, financial stability and central banking in India.* Macmillan.
5. Khan, M. (2015). *Indian financial system*, *9th ed.* Tata McGraw-Hill.
6. Mishkin, F., Eakins, S. (2017). *Financial markets and institutions*, *8th ed.* Pearson.
7. Mohan, R. (2011). *Growth with financial stability: Central banking in an emerging market.* Oxford University Press.
8. Various latest issues of RBI Bulletins, Annual Reports, Reports on Currency and Finance, and Reports of the Working Group, IMF Staff Papers

*Additional Readings are available with the concerned teacher.

ECH620D2B: PROJECT/DISSERTATION

CREDITS: COURSE WORK: 2, PROJECT: 4
MAX. MARKS: THEORY: 30, PROJECT: 60

THEORY (2 CREDITS; 30 HOURS)

Part a. Course Work (2 Credits)

Unit 1: Research Methodology: Issues & Perspectives

Research Methodology and its constituents; Theoretical Perspectives; Paradigms- Positivism and Post Positivism; Realism; Constructivism & Pragmatism; Approaches to Social Enquiry in Economics- Quantitative Vs. Qualitative approach; Conceptual Vs. Empirical; Research Strategies- Induction Vs. Deduction; Sampling Vs. Census; Research Process- Research Problem; Research Question; Literature Review.

Unit 2: Data Collection and its Analysis
Questionnaire Design; Methods of Data Collection; Pilot Survey; Reliability and Validity; Primary Vs. Secondary data; Data Entry; Tabulation of Data; Statistical & Econometric Applications of software packages- use of SPSS, Stata and Eviews in data analysis; Formulation of Hypothesis; Testing of Hypothesis; Generalization and Interpretation; Report writing.

Part b. Dissertation (4 Credits)

☐ Students are required to explore research questions pertaining to several theoretical/practical dimensions of economics preferably with a focus on local policy relevance as a part of their Honours Program in order to gain experience needed for future research endeavours.

☐ Project Work shall be Discipline Centric to be carried out under the supervision of concerned teacher of the department. The project work shall be submitted in the form of a typed dissertation limited to a maximum of 100 pages soon after the completion of 6th semester examination. The report will be evaluated by one internal and one external examiner followed by presentation of the work and viva voce. The project report will carry 60 marks (04 credits) comprising 45 marks (03 credits) for dissertation and 15 marks (01 credit) for presentation and viva voce examination. Average of two examiners will be considered as final score out of 45 marks for dissertation while as evaluation for presentation and viva voce shall be made only by the external examiner.

Basic Readings:

1. Morgan, David L. "*Research design and research methods." Integrating qualitative and quantitative methods: A pragmatic approach*. London, England: SAGE (2017).

2. Koop, G., & Quinlivan, R. (2000). *Analysis of economic data* (Vol. 2). Chichester: Wiley.

Additional reading list to be suggested by the concerned teacher.