



First Semester 2015-2016 Course Handout (Part-II)

Date : 03/08/2015

In addition to part I (General Handout for all courses appended to the time table) this portion gives further specific details regarding the course.

Course No. : ECON F312
Course Title : Money, Banking and Financial Markets
Instructor-in-charge : A K GIRI

1. Course Description:

Money and its functions; money market; foreign exchange market; financial market; financial derivatives; the banking firm; non-banking financial institutions; Indian banking; monetary transmission mechanisms; money and inflation; theory of rational expectations; central banking; determinants of money supply; tools, goals and targets of monetary policy; international monetary and financial system.

2. Scope & Objective of the Course:

The course aims at providing adequate exposure to the basic concepts and policy issues related to the working of the money and financial markets nationally and globally.

3. Text Book:

1. Mishkin, Frederic S and Stanley G Eakins, "Financial Markets and Institutions, Pearson Education, Sixth Edition, 2011.

4. Reference Books:

- 1) Paul Jastin and Padmalatha Suresh, "Management of Banking and Financial Services", Pearson Education, First Edition, 2007.
- 2) Mishkin Frederic S, "The Economics of Money, Banking and Financial Markets", Pearson Education (AW), Seventh Edition, 2004.
- 3) H.J. Johnson, Financial Institutions & Markets: A Global Perspective; McGraw Hill, 1993 (Int. edition.)
- 4) Jadhav Narendra, Challenges to Indian Banking: Competition, Globalisation & Financial Markets, (Union Bank of India, 1996, Macmillan India Ltd., 1996.

5. Course Plan:

| No. of Lecturs | Learning Objective | Topic to be Covered | Reference (TB) |
|----------------|---|--|----------------|
| 2 | Overview, Composition and economic significance | Why Study Financial Markets and Institutions? | Chapter 1 |
| 2 | Money & Capital Interface | Overview of the Financial System, | Chapter 2 |
| 3 | Understanding Financial Markets | Why Do interest Rates Mean and What is Their Role in Valuation | Chapter 3 |
| 3 | Understanding Financial Markets | Why do Interest Rate Change? | Chapter 4 |





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| 4 | Factors Affecting interest Rates | How do Risk and Term Structures affect interest Rates? | Chapter 5 |
| 2 | To Study the Efficiency of Financial Markets | Are Financial Markets Efficient? | Chapter 6 |
| 2 | Rational Expectation Hypothesis | Stock Market and Theory of Rational Expectations | Chapter 7 (R2), Notes |
| 2 | What is money, Money market instruments & Money supply | Money, Money Market and Money Supply Process | Chapter 9 and Chapter 15 (R2) |
| 2 | Money multiplier | Determinants of Money Supply | Chapter 16 (R2) |
| 2 | Conduct of Monetary Policy | Conduct of Monetary Policy: Tools, Goals and Targets | Chapter 8 and Chapter 17 and 18 (R2) |
| 2 | Transmission Mechanism | Transmission Mechanisms of Monetary Policy | Chapter 26 (R 2) |
| 3 | International Interface | Foreign Exchange Market | Chapter 13 |
| 2 | International Risk Management. | International Financial System | Chapter 14 |
| 2 | Banking business operations | Banking and Management of Financial Institutions | Chapter 17 |
| 2 | Commercial Banking operations | Commercial Banking Industry: Structure and Competitions | Chapter 18 |
| 2 | Risk Management | Risk Management in Financial Institutions | Chapter 24 and Chapter 9 (R2) |
| 3 | Types, designs and basis of financial derivatives | Hedging With Financial Derivatives | Chapter 25 |

6. **Home Assignments/Project:**

Aimed at familiarity with sources of data, analysis of data, forecasting and evaluation of economic problems and issues on Monetary, Banking and Financial Sector.

7. **Evaluation Scheme:**

| Component | Duration | Weightage(%) | Date & Time | Remarks |
|-------------------------------|----------|--------------|---------------------|------------------|
| Mid-Sem Test | 90 mints | 30 | 6/10 2:00 - 3:30 PM | CB |
| Continuous Evaluation | | 15 | | CB |
| Home assignments/ Projects | | 10 | | |
| Comp. Exam. | 3 hrs. | 45 | 4/12 FN | Partly OB |

8. Chamber Consultation Hours: To be announced in class.

9. Notice concerning this course will be displayed on the **Economics & Finance Department** Notice Board.

Instructor-in-charge
ECON F312

