

Course Code	Course Title	L	T	P	C
BHUM221L	Economics of Money, Banking and Financial Markets	3	0	0	3
Pre-requisite	NIL	Syllabus version			
		1.0			
<b>Course Objectives</b>					
1. To create awareness about Financial Markets 2. To make students understand the nuances of Financial Economics 3. To create awareness about the working of Banks and Financial Institutions					
<b>Course Outcomes</b>					
Upon successful completion of the course students will be able to 1. Describe financial markets and institutions. 2. Explain the functions of money 3. Define and apply interest rate dynamics 4. Critically evaluate monetary policy and its tools 5. Interpret exchange rate changes and its impact 6. Articulate the interconnected dynamics of the financial system.					
<b>Module:1</b>	<b>Financial System and Economic Indicators</b>	<b>7 hours</b>			
Financial System – Financial Markets - Banking and Financial Institutions - Regulatory Framework. Global and National Macroeconomic Indicators – Economic Growth, Money Supply, Inflation and Interest Rates. Business Cycles. Role of Commodity Markets. Monetary Policy and its uses.					
<b>Module:2</b>	<b>Money Supply, Liquidity and Credit</b>	<b>6 hours</b>			
Money – Meaning and Functions - Money Supply - Types – Liquidity Theory – RBI’s Monetary and Liquidity Aggregates - Factors influencing Supply and Demand for Money. Credit Multiplier – Determinants of Credit.					
<b>Module:3</b>	<b>Interest Rates</b>	<b>6 hours</b>			
Understanding Interest Rates and Return. Real and Nominal Interest Rates. Changes in interest rates. Term Structure of Interest Rates. Behavior of Interest Rates - Asset Demand – Demand in Bond and Money Markets – Equilibrium Interest Rates – Shifts in Equilibrium Rates.					
<b>Module:4</b>	<b>Central Banking and Monetary Policy</b>	<b>5 hours</b>			
Central Bank – Role and Functions. Central Bank’s Balance Sheet and the Control of Monetary Base. Monetary Policy – Goals and Tools. Monetary Transmission Mechanism – Channels. Reserve Bank of India – Objectives, Organization, Functions and Role. Financial Stability - Regulation and Enforcement – Debt Management - Currency Management.					
<b>Module:5</b>	<b>The Foreign Exchange Market</b>	<b>7 hours</b>			
Foreign Exchange Market – Foreign Exchange Rates – Determination – Changes in the Exchange Rates. Law of One Price – Purchasing Power Parity Theory. Exchange Rates in the Short run and Long run. Big Mac Index. Currency War.					
<b>Module:6</b>	<b>The Keynesian IS-LM Model</b>	<b>5 hours</b>			
Aggregate Demand – Keynesian View, Shifts in Aggregate Demand and Aggregate Supply - Determination of Aggregate Output, Investment and the Role of the Government. The ISLM Model – Equilibrium in the Goods Market and Money Market. Monetary and Fiscal Policy in ISLM Model.					
<b>Module:7</b>	<b>Financial Crises and Learning</b>	<b>7 hours</b>			

Great Depression in the US 1929 - South Asian Financial Crises - 1997-98. Financial Crisis in Mexico 1994-95 and Argentina - 2001-02. Subprime Financial Crisis - 2007-08. Banking Crises. Factors causing financial Crises – Agency Problem – Housing Price Bubbles – Financial Innovations.			
<b>Module:8</b>	<b>Contemporary Issues</b>		<b>2 hours</b>
		<b>Total Lecture Hours</b>	<b>45 hours</b>
<b>Text Book(s)</b>			
1.	Frederic S Mishkin (2021), The Economics of Money, Banking and Financial Markets, Pearson Education Limited, 13 <sup>th</sup> Edition.		
<b>Reference Books</b>			
1.	N. Gregory Mankiw (2022), Principles of Macroeconomics, Cengage India, 9 <sup>th</sup> Edition.		
2.	O. Blanchard (2020), Macroeconomics, Pearson Education, 7 <sup>th</sup> Edition.		
<b>Mode of Evaluation:</b> CAT, Quiz, Assignment and FAT			
Recommended by Board of Studies		23-02-2023	
Approved by Academic Council		No. 69	Date 16-03-2023