

**DEPARTMENT OF ECONOMICS
DELHI SCHOOL OF ECONOMICS
UNIVERSITY OF DELHI**

Minutes of Meeting

Subject	:	B.A (Hons.) Economics, Sixth Semester (2020)
Course	:	(xiii)—Money and Financial Markets
Date of Meeting	:	Wednesday, 15 th January, 2020, 3.00 P.M
Venue	:	Department of Economics, Delhi School of Economics University of Delhi, Delhi –110007
Chair	:	Prof. Pami Dua

Attended by:

1.	Henna Sikka	Delhi College of Arts & Commerce
2.	Kanika Goyal	College of Vocational Studies
3.	Hema Kapur	Hansraj College
4.	Sumit Singh	Motilal Nehru College
5.	Amit Kr. Jha	Sri Venkateshwara College

Internal Assessment and Final Exam

Marks allocation in the final exam question paper would be as follows:
Maximum marks: 75

The internal Assessment would be a total of 25 which would comprise 5 marks for attendance and 20 marks for two class tests of 10 marks each or 1 project work in lieu of one class test.

It was decided that for the Semester examination there would be an open choice to attempt any 5 questions out of 8.

The following suggestions were made for the Topic wise Reading List:

TOPIC 1

MONEY: Concept, Functions, Measurement, Theories of Money Supply Determination

1. Baye and Jansen	Chapter 1 (p 2 – 27); Chapter 14 (p.465-486)
2. N Jadhav	Chapter 2 Section 2.1, (p.18 –25); Section 2.3 (p.37-45); Annexure 2.1
3. RBI Report	Money Supply Analytics and Methodology of Compilation 1998 chapter 2 (p.11-17)

TOPIC 2

FINANCIAL INSTITUTIONS, MARKETS, INSTRUMENTS AND FINANCIAL INNOVATIONS:

a) Role of Financial Markets and Institutions; problems of asymmetric information – adverse selection and moral hazard, financial crisis

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| 1. Mishkin & Eakins | Chapter 15 (p 369 – 396) |
| 2. M Y Khan | Chapter 1 |
| 3. Fabozzi et al. | Chapter 1, (p.1-6) and Chapter 2, (p.21-27) |
| 4.. Baye and Jansen | Chapter 5 (p.153-161) |

b) Money and Capital Markets; Organization, Structure and Reforms in India; Role of Financial Derivatives and Other Innovations

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| 1. M Y Khan | Chapter 9 (9.29-9.32) |
| 2. Bhole | Chapter 5 (p.137-146) |
| 3. Fabozzi et al | Chapter26 (p.496 -504)
Chapter27 (p.517-529)
Chapter30 (p.577 - 580) |

TOPIC 3

INTEREST RATES: Determination, Sources of interest rates differentials, Theories of term structure of interest rates ; interest rates in India

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| 1. Baye & Jansen | Chapter 8 (p.236-251) Chapter 9 (p.274-294) and chapter 10 |
| 2. RBI Report, October 4, 2017 | ‘Report of the Internal Study Group to Review The Working of the Marginal Cost of Funds Based Lending Rate System’, Reserve Bank of India, September, 2017; Chapter 1, (p.1-2) and Chapter 2, (p.5-7). |
| 3. RBI | Illustrative Methodology for the Computation of the Base Rate : pg 4-5.
https://rbidocs.rbi.org.in/rdocs/Content/PDFs/BRF090410_AN.pdf |

TOPIC 4

BANKING SYSTEM:

a) Balance Sheet and Portfolio Management

b) Indian Banking System. Changing Role and Structure, Banking Sector Reforms

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| 1. Sengupta and Vardhan | Non-performing Assets in Indian Banks, EPW, Vol. 52, Issue No. 12, 25 Mar, 2017, Money, Banking and Finance 2017 |
| 2. RBI | Notification on Prudential Framework for Resolution of Stressed Assets, June 7, 2019, (p.1-3). |
| 3. RBI | Glossary, Master Circular - Prudential Norms on Capital Adequacy - Basel I Framework – 2012, July 2, 2012. |
| 4. RBI Bulletin Oct 2012 | Basel III in International and Indian Context by D.Subbarao
Reprinted in Indian Financial Reforms edited by Uma Kapila. |

TOPIC 5

CENTRAL BANKING AND MONETARY POLICY

Functions, Balance Sheet Goals, Targets, Indicators and instruments of monetary control, monetary management in an open economy, current monetary policy of India

1. Baye & Jansen Chapter 19 (p. 666-687, p.692-693, p.697-705)
2. Jadhav Chapter 6.2
Chapter 9.3 - except 9.3.7
Chapter 11.2 – 11.2.3
3. M.Y.Khan Chapter 9 (9.1 - 9.10, 9.12-9.13)
4. A.Vasudevan Reflections on Analytical Issues in Monetary Policy, EPW, Vol.52, Vol. 52, Issue No. 12, 25 Mar, 2017
Money, Banking and Finance 2017
5. Annual Report of RBI 2015 -16 Chapter 3, Box III.1 and III.2 (p. 44, p.50)
6. Annual Report of RBI 2018 -19 Chapter 3
7. Monetary Policy https://www.rbi.org.in/scripts/FS_Overview.aspx?fn=2752

READINGS

1. F.S.Mishkin and S.G. Eakins Financial Markets and Institutions, Pearson Education, 6 th Edition, 2011
2. F.J .Fabozzi, F.Modigliani, F. J Jones, M.G Ferri Foundations of Financial Markets and Institutions Pearson Education, 3rd Edition , 2009
3. M.R.Baye and D.W.Jansen Money, Banking and Financial Markets AITBS, 1996
4. L.M .Bhole and J. Mahakud Financial Institutions and Markets Tata McGraw Hill, 5th Edition, 2011
5. M.Y.Khan Indian Financial System Tata McGraw Hill, 7th Edition 2011
6. N. Jadhav Monetary Policy, Financial Stability and Central Banking in India, Macmillan, 2006
7. RBI Report, October 4, 2017 ‘Report of the Internal Study Group to Review The Working of the Marginal Cost of Funds Based Lending Rate System’, Reserve Bank of India, September, 2017,
<https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=878>
8. RBI ‘Illustrative Methodology for the Computation of the Base Rate
https://rbidocs.rbi.org.in/rdocs/Content/PDFs/BRF090410_AN.pdf
9. RBI Report of the Working Group: Money Supply Analytics and Methodology of Compilation, 1998 Annual Report; Master Circular - Prudential Norms on Capital Adequacy - Basel I Framework – 2011; RBI Bulletin; Report of Currency and Finance (latest).

10. R. Sengupta and H.Vardhan <http://www.epw.in/journal/2017/12/money-banking-and-finance/non-performing-assets-indian-banks.html>

11. RBI Notification on Prudential Framework
for Resolution of Stressed Assets, June 7, 2019.
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/PRUDENTIALB20DA810F3E148B099C113C2457FBF8C.PDF>