

Contents

- 1. Evolution and Functions of Money**
The Barter System; The Evolution of Money; Classification of Money; Money and Near Money; Nature and Definition of Money; Theoretical and Empirical Definitions of Money; Functions of Money; Exercises
- 2. Role of Money**
Introduction; Social Significance of Role of Money; Defects of Money; Role of Money in a Capitalist Economy; Role of Money in a Socialist Economy; Exercises
- 3. Flow of Funds Accounts**
Introduction; Flow of Funds Matrix; Difference between Flow of Funds Accounts and National Income Accounts; Importance of Flow of Funds Accounts; Limitations of Flow of Funds Accounts; Exercises
- 4. The Circular Flow of Money**
Meaning; Circular Flow of Money between Household and Business Sectors; Circular Flow of Money with Saving and Investment; Circular Flow of Money with Government Sector; Circular Flow of Money with the Foreign Sector; Importance of the Circular Flow of Money; Exercises
- 5. Monetary Standards**
Meaning and Types of Monetary Standards; The Gold Standard; Bimetallism; Gresham's Law; Paper Currency Standard; Standard Systems of Note Issue; Exercises
- 6. Functions of Commercial Banks**
Meaning; Functions of Commercial Banks; The Balance Sheet of a Commercial Bank; Role of Commercial Banks in a Developing Country; Exercises
- 7. Organisation and Structure of Commercial Banks**
Introduction; Unit Banking; Branch Banking; Group Banking; Chain Banking; Mixed Banking; Correspondent Banking; Exercises
- 8. Commercial Bank Policies and Principles**
Introduction; Objectives of Portfolio Management; Theories of Portfolio Management; Investment Policy of a Commercial Bank; Essentials of a Sound Banking System; Exercises
- 9. Credit Creation by Commercial Banks**
Do Banks Create Credit?; The Process of Credit Creation; Limitations on the Power of Banks to Create Credit; Exercises
- 10. Central Banking: Functions and Credit Control**
Introduction; Difference Between Central Bank and Commercial Bank; Definition of a Central Bank; Functions of a Central Bank; Central Bank as the Controller of Credit; Role of Central Bank In a Developing Economy; Exercises.
- 11. Index Numbers**
Meaning of Index Numbers; Methods of Construction of Index Number; Difficulties in the construction of index numbers; Uses of Index Numbers; Exercises.

- 12. Changes in the Value of Money: The Quantity Theory of Money and Its Variants**
Meaning of Value of Money; Fisher's Quantity Theory of Money; The Cash Transactions Approach; The Cambridge Equations: The Cash Balances Approach; Transactions Approach vs Cash Balances Approach; Superiority of Cash Balances Approach over Transactions Approach; Exercises
- 13. Income and Expenditure Theory**
Introduction; Income-Expenditure Approach; Saving-Investment Approach; Exercises
- 14. The Keynesian Theory of Money and Prices**
Introduction; Key ties' Reformulated Quantity Theory of Money; Superiority of the Keynesian Theory over the Traditional Quantity Theory of Money; Criticisms of Keynes' Theory of Money and Prices; Exercises
- 15. Friedman's Restatement of the Quantity Theory of Money**
Introduction; Friedman's Theory; Friedman vs Keynes; Exercises
- 16. The Supply of Money**
Definitions of Money Supply; Determinants of Money Supply; High-Powered Money and the Money Multiplier; Measures of Money Supply in India; Money Supply and Liquidity; Derivation of Money Multipliers; Exercises
- 17. The Demand of Money**
Introduction; The Classical Approach; The Keynesian Approach; Liquidity Preference; The Post-Keynesian Approaches; Exercises
- 18. Theories of Interest Rates**
The Classical Theory of Interest; The Loanable Funds Theory of Interest; Keynes' Liquidity Preference Theory of Interest; Indeterminacy of the Classical, the Loanable Funds and the Keynesian Theories of Interest; Modern Theory of Interest; Natural and Market Rate of Interest; Exercises
- 19. Term Structure of Interest Rates**
Meaning; Factors Determining the Term Structure of Interest Rates; Theories of Term Structure of Interest Rates; Exercises
- 20. Inflation and Deflation**
Introduction; Meaning of Inflation; The Inflationary Gap; Demand-Pull or Monetary Theory of Inflation; Cost-Push Inflation; Demand-Pull vs Cost-Push Inflation; Mixed Demand-Pull Cost-Push Inflation; Sectoral or Demand-Shift Inflation; Structural Inflation; Mark-up Inflation; Open and Suppressed Inflation; The Phillips Curve; The Relation between Unemployment and Inflation; Friedman's View: The Long-run Phillips Curve; Policy Implications of Phillips Curve; Stagflation; Causes of Inflation; Measures to Control Inflation; Effects of Inflation; Deflation; Control of Deflation; Exercises
- 21. A Financial Markets**
Meaning; Types or Classification of Financial Markets; Institutions or Composition of Financial Markets; Efficiency of Financial Markets; Types of Efficient Markets; Functions of Financial Markets; Working of Financial Market; Role of Financial Markets in Economic Development; Exercises
- 22. Money and Capital Markets**
The Money Market; The Capital Market; Distinction between Money and Capital Markets; Inter-relations between Money and Capital Markets; Exercises

- 23. Financial Dualism**
Meaning; Effects of Financial Dualism; Suggestions to Reduce Financial Dualism; Exercises
- 24. Financial Intermediaries**
Meaning; Process of Intermediation; Role of Financial Intermediaries; Role of Financial Intermediaries in Economic Growth; Financial Intermediaries and Underdeveloped Countries; Financial Intermediaries in the Saving-Investment Process; Exercises
- 25. Non-Bank Financial Intermediaries (NBFIs)**
Meaning; Role of Non-Bank Financial Intermediaries; Non-Bank Financial Intermediaries and Monetary Policy: The Gurley-Shaw Thesis; Distinction between Banks and Non-Bank Financial Intermediaries; Exercises
- 26. Inside Money and Outside Money**
Meaning; Importance; Gross Money and Net Money Doctrine; Exercises
- 27. Neutrality and Non-Neutrality of Money**
Meaning; Neutrality of Money in the Classical System; Neutrality of Money in the Keynesian System; Non-Neutrality of Money in Keynesian and Post-Keynesian Theories; Exercises
- 28. The Real Balance Effect**
Patinkin's Integration of Monetary Theory and Value Theory; The Pigou Effect; Differences between the Pigou Effect and the Real Balance Effect; Exercises
- 29. Patinkin's General Equilibrium Model**
Introduction; The Patinkin Model; Defects of the Patinkin Model; Exercises
- 30. IS and LM Functions: General Equilibrium of Product and Money Markets**
Introduction; The Product Market Equilibrium; The Money Market Equilibrium; General Equilibrium of Product and Money Market; Changes in General Equilibrium; Exercises
- 31. Monetary Policy: Objectives, Targets and Indicators**
Introduction; Meaning of Monetary Policy; Objectives or Goals of Monetary Policy; Trade-off in Monetary Goals; Targets of Monetary Policy; Indicators of Monetary Policy; Exercises
- 32. Monetary Policy: Instruments and Types**
Instruments of Monetary Policy; Expansionary Monetary Policy; Restrictive Monetary Policy; Role of Monetary Policy in a Developing Economy; Rules vs Discretion in Monetary Policy; Exercises
- 33. Time Lags in Monetary Policy**
Meaning and Types; Nature of the Lag; Criticisms; Policy Implications; Exercises
- 34. Role of Money in the Classical and Keynesian Theories**
Introduction; The Classical View; The Keynesian View; Monetary Equilibrium; Exercises
- 35. Classical, Keynesian and Modern Views on Monetary Policy**
The Classical View; The Keynesian View; The Modern View; Exercises
- 36. The Liquidity Theory of Money**
Introduction; The Radcliff Committee View: The Radcliff-Sayers Thesis; The Gurley-Shaw View; Exercises
- 37. The Monetarist Revolution**
Meaning; Main Features; Criticisms; Exercises
- 38. Monetary Transmission Mechanism**
Introduction; Transmission Mechanism in the Classical Theory; Transmission Mechanism in the Keynesian Theory; Transmission Mechanism in the Monetarist Theory; Transmission Mechanism in the Neo-Keynesian Theory; Exercises

- 39. Monetarism versus Keynesianism**
Introduction; Theoretical Differences; Policy Differences; Conclusion; Exercises
- 40. Fiscal Policy and Debt Management**
Fiscal Policy; Debt Management; Exercises
- 41. Effectiveness of Monetary and Fiscal Policy**
Introduction; Monetary Policy; Fiscal Policy; The Synthesist View: Three Range Analysis; Monetary Policy; Fiscal Policy; Monetary-Fiscal Mix; Exercises
- 42. Assignment of Policy Instruments to Targets**
Introduction; The Assignment Problem; Exercises
- 43. Crowding Out Effect and Availability Doctrine**
Crowding Out Effect; Crowding Out and Fiscal Policy; Credit Availability Doctrine or Roosa Effect; Exercises
- 44. The Rational Expectations Hypothesis**
- 45. Business Cycles**
Meaning; Characteristics of Business Cycles; Phases of a Business Cycle; Causes of Business Cycles; Effects of Business Cycles; Theories of Business Cycles; Measures to Control Business Cycles or Stabilisation Policies.
- 46. Balance of Payments : Meaning and Components**
Meaning; Structure of Balance of Payments Accounts; Is Balance of Payments Always in Equilibrium ?; Measuring Deficit or Surplus in Balance of Payments; Balance of Trade and Balance of Payments; Disequilibrium in Balance of Payments; Measures to Correct Deficit in Balance of Payments
- 47. Adjustment Mechanisms of Balance of Payments**
Introduction; Automatic Price Adjustment Under Gold Standard; Automatic Price Adjustment Under Flexible Exchange Rates (Price Effect); The Elasticity Approach; The Absorption Approach; The Monetary Approach.
- 48. The International Monetary Fund**
Origin of IMF; Objectives of the Fund; Organisation and Structure of the Fund; Quotas and Their Fixation; Functions of the Fund; Exchange Rates; Fund Borrowings; General Arrangements to Borrow (GAB); Fund Lending; Credit Tranches; Critical Appraisal of the Fund's Working; The Role of Gold in the IMF; India and the IMF; Special Drawings Rights (SDRs); Exercises
- 49. The World Bank**
Functions; Membership; Organisation; Capital Structure; Funding Strategy; Borrowings and Lending Activities; Other Activities; Critical Appraisal; India and the World Bank; Exercises
- 50. The World Bank Group**
The International Development Association (IDA); The International Finance Corporation (IFC); The Multinational Investment Guarantee Agency (MIGA); Exercises
- 51. International Liquidity**
Meaning; Need and Problem of International Liquidity; International Reserves; IMF and International Liquidity; Role of the IMF in Increasing World Liquidity; Its Criticisms.
- 52. International Monetary System**
Meaning; The Bretton Woods System; The Breakdown of the Bretton Woods System; The Present International Monetary System.

- 53. Euro-Currency Market**
Meaning; Origin and Growth; Features of Euro-currency Market; How Does it Function?; Role in International Financial System.
- 54. European Monetary System and Euro**
Introduction; The European Monetary System; The European Monetary Union : The Euro.
- 55. The Asian Development Bank**
Origin; Its Objectives; Its Membership; Its Management; Its Financial Resources; Its Functions; Its Progress; Its Evaluation; Exercises
- 56. Present Monetary System of India**
Introduction; India's Present Monetary System; Exercises
- 57. Indian Capital Market**
Features of Indian Capital Market; Working of Indian Capital Market; Defects of Indian Capital Market; Some Suggestions for Improvement; Exercises
- 58. Indian Money Market**
Meaning; Nature of Indian Money Market; Functions of Indian Money Market; Constituents of Indian Money Market; Defects of Indian Money Market; Suggestions to Improve Indian Money Market; Exercises
- 59. Moneylenders and Indigenous Bankers**
Moneylenders; Indigenous Bankers; Distinctions between Indigenous Bankers and Moneylenders; Distinction between Indigenous Bankers and Commercial Banks; Exercises
- 60. Cooperative Banks in India**
Primary Agricultural Credit Societies (PACs); Central Cooperative Banks (CCBs); State Cooperative Banks (SCBs); Land Development Banks (LDBs); Strengthening the Cooperative Structure; Exercises
- 61. Regional Rural Banks and NABARD**
Rural Banks; Regional Rural Banks (RRBs); National Bank for Agriculture and Rural Development (NABARD); Exercises
- 62. Exchange Banks**
Functions of Exchange Banks; Working of Exchange Banks in India; Defects in the Working of Exchange Banks; Suggestions for Improvement; Participation of Indian Banks in Financing Foreign Trade; Exercises
- 63. Commercial Banks in India**
Classification of Commercial Banks; Functions of Indian Commercial Banks; Working Results of Scheduled Commercial Banks; Exercises
- 64. Banking Legislation in India**
Banking Regulation Act, 1949; Banking Amendment Act, 1994; Exercises
- 65. Nationalisation of Commercial Banks**
Introduction; Justification of Nationalisation of Commercial Banks; Objectives of Bank Nationalisation; A Critical Appraisal of the Functioning of Nationalised or Public Sector Banks in India; Partial Privatisation of Nationalised Banks; Exercises
- 66. The Reserve Bank of India**
Its Constitution; Its Organisational Structure and Management; Objectives of Reserve Bank of India; Functions of Reserve Bank of India; RBI and Agricultural Finance; RBI and Industrial Finance; RBI and Bill Market Scheme; Exchange Control Management by RBI; Critical Appraisal of the Functioning of the RBI; Exercises

- 67. Monetary Policy of Reserve Bank of India**
Introduction; Methods of Credit Control; Critical Appraisal of Monetary Policy; Causes of Failure of Monetary Policy; Exercises
- 68. The State Bank of India**
Introduction; Its Organisational Structure; Its Objectives; Its Functions; Working or Achievements of State Bank of India; Exercises
- 69. Recent Trends in the Banking System**
Introduction; Social Banking; Innovative Banking; Deposit Insurance Corporation; Defects of Indian Banking System; Suggestions to Improve Working; Narasimhan Committee Report; Recent Banking Reforms; Exercises
- 70. Development Banking in India**
Introduction; Meaning; Functions of Development Banks; Importance of Development Banks; Development Banks in India—Industrial Finance Corporation of India (IFCI); Industrial Development Bank of India (IDBI); Industrial Credit and Investment Corporation of India (ICICI); Industrial Reconstruction Bank of India (IRBI); Small Industries Development Bank of India (SIDBI); Export-Import Bank of India (Exim Bank); State Financial Corporations (SFCs); State Industrial Development Corporations (SIDCs); Appraisal of the Development Banking in India; Exercises
- 71. Non-Bank Financial Intermediaries in India**
Non-Banking Financial Companies (NBFCs); Operations of NBFCs; Critical Appraisal; Exercises
- 72. Financial Reforms in India**
Introduction; Banking Sector Reforms; Money Market Reforms; Capital Market Reforms; Exercises
- 73. Role and Achievements of SEBI**
- 74. Mutual Funds in India**
Role of Mutual Funds; Objectives; Benefits; Schemes; Return from Mutual Funds; Growth and Functioning of Mutual Funds in India; Money Market Mutual Funds; Exercises
- 75. Merchant Banking in India**
Introduction; Growth and Working of Merchant Banking in India; Defects and Remedies of Merchant Banking; Exercises

SELECT BIBLIOGRAPHY

INDEX