

DEPARTMENT OF ECONOMICS				CLASS: I M.A. Economics				
Sem	Course Type	Course Code	Course Title	Credits	Contact Hours/week	CIA	Ext	Total
I	Major Core-4	21P1VMC4	Monetary Economics	4	6	25	75	100

Nature of Course			
Knowledge and skill		✓	Employability oriented
Skill oriented			Entrepreneurship oriented

Course Objectives	
1.	To gain knowledge about classical and modern theories of money.
2.	To understand the structure and growth of money and classical markets
3.	To know the credit control measures of central bank and development banks

Unit	Description	Hours	K-Level	CLO
I	<b>Introduction</b> Money – Value of money – Fisher’s quantity theory of money – Cash transactions approach – Cambridge equation – Cash balance approach – Keynes Reformulation Quantity Theory of Money.	18	Up to K4	1
II	<b>Reformulations of Quantity Theory of Money</b> Milton Friedman’s restatement of quantity theory – Basic constituents – Importance – Criticisms – Comparison of Friedman and Keynes – Real balance approach – Don Patinkin’s theory of integration – Tobin’s Risk Aversion Theory.	18	Up to K4	2
III	<b>Money Market and Capital Market</b> Features of Money Market – Segments of the Money Market – Financial Institutions – Characteristics of a Developed Money Market – Capital Market : Importance, Structure and Growth - Institution in the Capital Market.	18	Up to K4	3
IV	<b>Banking</b> Nature and Function of <b>Central Bank</b> – Open Market Operations – Variation in Cash Reserve Ratio – Evaluation of Quantitative Credit Control – Qualitative or Selective Credit Control – Central Banking in Developed Money Market – Central Banking in an Underdeveloped Money Market – <b>Development Banking</b> : Features – Structure of Development Banking in India – <b>Reserve Bank of India</b> : Need – Functions – An Evaluation of Reserve Bank’s Functions.	18	Up to K4	4
V	<b>Monetary Policy</b> Objectives of Monetary Policy – Monetary Policy and Maintenance of Full Employment – Monetary Policy and Economic Growth – Monetary Policy in Developing Economics – Limitations of Monetary Policy in Underdeveloped Countries and developed countries.	18	Up to K4	5

### **Books for Study**

1. R. Cauvery, N.Kruparani, U.K.Sudha Nayak, A. Manimekalai, “**Monetary Economics**”, 2013, S.Chand & Company Ltd., New Delhi.
2. M. L. Jhingan, “ **Monetary Economics**”, 2010, Vrinda Publications (P) Ltd, NewDelhi.
3. M. C. Vaish. “ **Monetary Economics**”, 2010, Vikas Publications (P) Ltd, NewDelhi.

### **Books for References**

1. Suraj B. Gupta, “ **Monetary Economics Theory and Policy**”, 2009, S. Chand &Company Ltd, NewDelhi.
2. N. Kumar, R. Mittal, “ Monetary Economics”, 2002 Anmol Publications Pvt Ltd, NewDelhi.
3. M.L. Seth, “ **Monetary Economics**”, 2016 Lakshmi Narain Agarwal, Newdehi

### **Web Resources**

Jagadish Handa, “**Monetary Economics**”,

<http://dl4a.org/uploads/pdf/Monetary%20Economics.pdf>

### **Rationale for Nature of the course**

The value of the money of a country is in the lands of the central bank. The role of central bank is to look after the affairs of monetary standards such as printing currencies as per the constitution and to maintain ideal and optimum value for the currency through credit control measures. Therefore, it is essential for the students to know about the monetary procedures practiced by the RBI / Central Bank. It helps to take appropriate decisions during the balance of payment crisis and exchange rate volatility.

### **Activities having direct bearing on skill development/ Employability / Entrepreneurship**

Students are instructed to collect different countries currencies and their denominations.

### **Pedagogy**

Lecture method, PPT, Quiz, Group discussion, Seminar, Interaction, OOC.

### **Course Designer**

**Dr.S. Theenathayalan**

## Lecture Schedule

Unit	Topics	Hours	Mode
<b>Unit I</b>	Meaning of Money, Definition of Money and Value of money	2	Lecture Method, PPT Seminar, Test
	Fisher's quantity theory of money	4	
	Cash transactions approach	4	
	Cambridge equation and Cash balance approach	4	
	Keynes Reformulation Quantity Theory of Money.	4	
<b>Unit II</b>	Milton Friedman's restatement of quantity theory	4	Lecture Method, Seminar, Quiz
	Basic constituents, Importance and Criticism	4	
	Comparison of Friedman, Keynes and Real balance approach	4	
	Don Patinkin's theory of integration	3	
	Tobin's Risk Aversion Theory	3	
<b>Unit III</b>	Features of Money Market and Segments of the Money Market	4	Lecture Method, Seminar, Group Discussion
	Financial Institutions	4	
	Characteristics of a Developed Money Market	4	
	Capital Market : Meaning, Importance, Structure and Growth	4	
	Institution in the Capital Market	2	
<b>Unit IV</b>	Nature and Function of <b>Central Banking</b> , Open Market Operations and Variation in Cash Reserve Ratio	4	Lecture Method, Seminar, PPT
	Evaluation of Quantitative Credit Control – Qualitative or Selective Credit Control	4	
	Central Banking in Developed Money Market and Central Banking in an Undeveloped Money Market	4	
	<b>Development Banking</b> : Features and Structure of Development Banking in India	4	
	<b>Reserve Bank of India</b> : Need, Functions and An Evaluation of Reserve Bank's Functions.	2	
<b>Unit V</b>	Objectives of Monetary Policy	4	Lecture Method, Seminar, OOC
	Monetary Policy and Maintenance of Full Employment	4	
	Monetary Policy and Economic Growth	4	
	Monetary Policy in Developing Economics	3	
	Limitations of Monetary Policy in Underdeveloped Countries	3	
	Total	90	

**Course Learning Outcome:**

On successful completion of the course, the student will be able to:

<b>CLO</b>	<b>Course Learning Outcome</b>	<b>Knowledge Level</b>
<b>CLO1</b>	Analyse the relationship among money supply price level and value of money	<b>Up to K4</b>
<b>CLO2</b>	Apply portfolio management model adopting strategy	<b>Up to K4</b>
<b>CLO3</b>	Forecast the opportunities in the money and capital markets	<b>Up to K4</b>
<b>CLO4</b>	Distinguish between central bank and development bank	<b>Up to K4</b>
<b>CLO5</b>	Compare the instruments of monetary policy among developed, developing and underdeveloped countries	<b>Up to K4</b>

**K1** – Remembering

**K2** – Understanding

**K3** – Application

**K4** – Examining, analyzing and presentation

**Mapping of CLOs with POs**

<b>#</b>	<b>PO1</b>	<b>PO2</b>	<b>PO3</b>	<b>PO4</b>	<b>PO5</b>
<b>CLO-1</b>	3	2	3	1	3
<b>CLO-2</b>	2	2	1	3	2
<b>CLO-3</b>	3	3	2	3	-
<b>CLO-4</b>	2	2	2	3	3
<b>CLO-5</b>	3	-	3	2	3

**Measurement of Scaling :** Advanced Application-3, Intermediate Level-2, Basic Level-1.

**Learning Outcome Based Education (LOBE) & Assessment****Formative – Blue – Print – Model**

(Articulation Mapping with Course Learning Outcome (CLOs))

<b>Units</b>	<b>CLOs</b>	<b>K-Level</b>	<b>Section - A</b>		<b>Section – B (Either or Choice)</b>	<b>Section – C (Open choice)</b>
			<b>Short Answers</b>			
			<b>No. of Questions</b>	<b>K-Level</b>		
I & II	CLO 1 & 2	Up to K4	2	K2, K3	2 (K3 & K3)	2 (K2, K3)
III, IV	CLO 3 & 4	Up to K4	3	K2, K2, K3	2 (K4 & K4)	1(K3/K4)
No. of questions to be asked			5		4	3
No. of questions to be answered			5		2	2
Marks for each question			2		5	10
Total marks for each section			<b>10</b>		<b>10</b>	<b>20</b>

**Learning Outcome Based Education (LOBE) & Assessment**  
**Summative – Blue – Print – Model**  
**(Articulation Mapping with Course Learning Outcome (CLOs))**

Unit	CLOs	K-Level	Section – A MCQs		Section – B Short Answer		Section – C (Either or Choice)	Section – D (Open Choice)
			No. of Questions	K-Level	No. of Questions	K- Level		
I	<b>CLO-1</b>	Up to K4	2	K1 & K1	1	K1	2 (K3 & K3)	1 (K4)
II	<b>CLO-2</b>	Up to K4	2	K2 & K3	1	K2	2 (K1 & K1)	1 (K3)
III	<b>CLO-3</b>	Up to K4	2	K2 & K3	1	K1	2 (K4 & K4)	1 (K2)
IV	<b>CLO-4</b>	Up to K4	2	K3 & K4	1	K3	2 (K4 & K4)	1 (K4)
V	<b>CLO-5</b>	Up to K4	2	K2 & K3	1	K2	2 (K2 & K2)	1 (K3)
No. of questions to be asked			10		5		10	5
No. of question to be answered			10		5		5	3
Marks for each question			1		2		5	10
Total marks for each			<b>10</b>		<b>10</b>		<b>25</b>	<b>30</b>

**K1** – Remembering

**K2** – Understanding

**K3** – Application

**K4** – Examining, analyzing and presentation

**Distribution of Section-wise Marks with K-Levels**

K Levels	Section – A (No Choice)	Section – B (No Choice)	Section – C (Either or)	Section – D (Open Choice)	Total Marks	% of Marks without choice
K1	2	4	10	-	16	13.33
K2	2	4	10	10	26	21.67
K3	4	2	10	20	36	30.00
K4	2	-	20	20	42	35.00
<b>Total Marks</b>	<b>10</b>	<b>10</b>	<b>50</b>	<b>50</b>	<b>120</b>	<b>100.00</b>