

ECONOMICS

Major-2/Minor-2: Money, Banking and International Trade.

Objectives :

1. *To provide the students with theoretical knowledge about Money, Banking and International Trade.*
2. *To enable the students to understand the behavior of Money, Banking and Trade related activities such as Value of Money, Money Market, Central Banking, Balance of Payment, Foreign Exchange, etc.*

UNIT-I – Value of Money –

- i. Meaning and definition of Money and its functions
- ii. Supply of money – M1, M2, M3, M4
- iii. Value Of Money – Meaning
- iv. Index number : simple and weighted, construction of Index number, Problems and uses
- v. Quantity theory of Money:
 - a) Cash - Transactions approach
 - b) Cash – Balance approach
- vi. Inflation and deflation- types, causes and effects

UNIT- II – Money Market

- i) Money market – meaning, features, and components
- ii) Functions of a commercial bank
- iii) Balance sheet of a commercial bank
- iv) Liquidity vs Profitability
- v) Credit creation

UNIT-III – Central Banking

- i) Functions of a central bank
- ii) Methods of credit control
- iii) a) Qualitative Methods b) quantitative methods
- iv) objectives of monetary policy

UNIT-IV – International Trade

- i) importance of international trade
- ii) theories of international trade
- iii) a) comparative cost theory b) modern theory
- iv) Terms of trade
- v) Trade barriers – Tariffs and Quotas

UNIT-V – Balance of Payments and Foreign Exchange

- i) Balance of trade and Balance of Payments
- ii) Disequilibrium in B.O.P. – causes and methods of correction
- iii) Determination of Foreign Exchange rate , Demand for and Supply of Foreign Exchange, Markets Objectives and Methods of Exchange Control, Fixed And Flexible exchange rules.
- iv) a) Brief history of GATT, achievements of GATT,
b) WTO objectives, functions and Agreements – TRIPS, TRIMS,
c) WTO & India
- v) Foreign Direct Investment: concepts of FDI; Nature, Role & Operation of MNCs.

Book references :

- 1) Soderstein B : *International Economics* 1993
- 2) KINBDLEBERGER C P : *International Economics* 1976
- 3) M C Vaish and Sudama Singh : *International Economics* 1980
- 4) Sundaeam kpm, : *Money, Banking And International Trade* 2005
- 5) Vaish M C- : *Money Banking And International Trade* 1997
- 6) R R Paul : *Monetary Economics*
- 7) Kulkarni and Kalkundrikar : *Monetary Economics*
- 8) D M Mithani : *Money Banking And International Trade*
- 9) Sayers R S : *Commercial Banking*
- 10) Jingan : *International Economics*