

<b>Department</b>	<b>Economics</b>	<b>Class</b>	<b>I – M.A.</b>		<b>Semester</b>	<b>II</b>
<b>Course Title</b>	<b>Monetary Economics</b>	<b>Hours</b>	<b>Credit</b>	<b>CIA</b>	<b>External</b>	<b>Total</b>
<b>Course Code</b>	<b>18P2VMC10</b>	<b>90</b>	<b>4</b>	<b>25</b>	<b>75</b>	<b>100</b>

### **Objectives**

1. To understand the basic concepts of money supply and macro economics policies
2. To have an insight into the classical and Keynesian and post Keynesian theories and the development of monetarism.

### **Learning Outcome**

Acquired knowledge on various theories of money and monetary policies

### **Unit I – Introduction to Money and Banking**

**(18 hours)**

Meaning and Types of Monetary Standards; The Gold Standard; Bimetallism; Gresham's law; Paper Currency Standard; Standard Systems of Note Issue- Commercial Banks: Meaning – Function- Role - The Balance Sheet of a Commercial Bank - Central banking: Functions and Credit Control.

### **Unit II – Value of Money and Quantity Theory of Money**

**(18 hours)**

Meaning of value of Money – Fisher's Quantity Theory of Money - The Cash Transactions Approach; The Cambridge Equation – the Cash Balances Approach- Transactions Approach vs cash Balances Approach. Income and Expenditure Theory: Introduction – Income-Expenditure Approach; Saving- Investment Approach –The Keynesian Theory: Introduction - Keynes' reformulated Quantity Theory of Money – Superiority of the Keynesian Theory over the Traditional Quantity Theory of Money – Criticism of Keynes theory of Money and Prices.

### **Unit III – Restatement of Quantity Theory of Money**

**(18 hours)**

Friedman's restatement of the Quantity Theory of Money: Introduction - Friedman's Theory – Friedman Vs Keynes – Patinkin's General equilibrium Model – James Tobin's Risk Aversion theory

### **Unit IV – The Supply of Money and Demand for Money**

**(18 hours)**

Definition of Money supply – Determination of Money Supply; High Powered Money and the Money Multiplier – Measures of Money Supply in India – Money supply and Liquidity - Derivation of Money Multipliers. The Demand of Money: Introduction - The Classical Approach – The Keynesian Approach – Liquidity Preference – The Post – Keynesian Approaches.

## **Unit V - Monetary Policy**

**(18 hours)**

Introduction- Meaning of Monetary Policy – Objectives, Targets, Instruments and Indicators – Time Lags in monetary Policy - Monetary Policy and Economic Development.

### **Text Books**

1. M. L. Jhingan, “**Monetary Economics**”, 2010, Vrinda Publications (P) Ltd, NewDelhi.
2. M. C. Vaish. “**Monetary Economics**”, 2010, Vikas Publications (P) Ltd, NewDelhi.

### **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

### **Website**

Jagadish Handa, “**Monetary Economics**”,  
<http://dl4a.org/uploads/pdf/Monetary%20Economics.pdf>