

TEACHING PLAN FOR GE B.A./B.Com (HONS) SEMESTER – II

(Principles of Macroeconomics-I)

Name of the Teacher: Ms. Suman Rani

UNIT	TOPIC	READINGS	NO. OF LECTURES
Unit- 1.	Introduction: What is macroeconomics? Macroeconomic issues in an economy	(i) <i>Abel, Bernanke and Croushore: Chapter 1(Introduction to Macroeconomics)</i>	Approx. 05
Unit-2.	National Income Accounting: Concepts of GDP and National Income; measurement of national income and related aggregates; nominal and real income; limitations of the GDP concept	(i) <i>Abel, Bernanke and Croushore: Chapter 2 (The Measurement and Structure of the National Economy)</i>	Approx. 10
Unit-3.	Determination of GDP: Actual and potential GDP; aggregate expenditure; consumption function; investment function; equilibrium GDP; concepts of MPS, APS, MPC, APC; autonomous	(i) <i>Dornbusch, Fischer and Startz: Chapter 1, Section 1.2, pages 14-16 (The Business Cycle and Output Gap)</i> and <i>Chapter 9 (Income and Spending)</i> (ii) <i>Abel, Bernanke and Croushore: Chapter 4 (Consumption, Saving and Investment)</i>	Approx. 10

	expenditure; Concept of multiplier		
Unit-4.	National Income Determination in an Open Economy with Government: Income determination; Fiscal Policy: impact of changes in government expenditure and taxes; net exports function; net exports and equilibrium national income.	(i) <i>Dornbusch, Fischer and Startz: Chapter 9 (Income and Spending)</i> (ii) <i>Abel, Bernanke and Croushore: Chapter 5, Section 5.2, pages 214-215 (Goods Market Equilibrium in an Open Economy)</i>	Approx. 10
Unit-5.	Money in a Modern Economy: Concept of money in a modern economy; monetary aggregates; demand for money; quantity theory of money; liquidity preference and rate of interest; money supply and credit creation; monetary policy.	(i) <i>Abel, Bernanke and Croushore: Chapter 7, Section 7.1, pages 274-281 (What is Money)</i> (ii) <i>Blanchard: Chapter 4 (Financial Markets I)</i>	Approx. 10

Readings:

1. Andrew Abel, Ben Bernanke and Dean Croushore (2020): Macroeconomics (10th edition), Pearson

2. Olivier Blanchard (2017): Macroeconomics (7th edition), Pearson
3. Rudiger Dornbusch, Stanley Fischer and Richard Startz (2011): Macroeconomics (11th edition), McGraw-Hill

Assessment:

1. Internal Assessment (IA): **30 marks**

- (i) one class test (12 marks),
- (ii) one assignment (12 marks),
- (iii) class attendance (6 marks)

2. Continuous Assessment (CA): **40 marks**

- (i) two class tests (adding up to 20 marks),
- (ii) A group research project with presentation, preferably looking at Indian data, especially for concepts and aggregates discussed in units 1, 2 and 5 (20 marks)

3. End-semester (Final) Exam: **90 marks** - will comprise **numerical and other** questions.

Weightage of each unit in the final examination:

Unit I and II - 20 marks

Unit III - 20 marks

Unit IV - 25 marks

Unit V - 25 marks

There will be **internal choice** within each section.

TEACHING PLAN FOR B.A. (HONS) SEMESTER - VI

(Money and Financial Markets (DSE))

Teacher's Name- Ms. Suman Rani

UNIT	TOPIC	READING	NO. OF LECTURES
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 (2.3.1 to 2.3.6) (p.37-45); Annexure 2.1 3. RBI Report: Money Supply Analytics and Methodology of Compilation 1998 chapter 2(p.11-17)	Approx. 8
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 b) Money and Capital Markets; Organization, Structure and Reforms in India; Role of Financial Derivatives and Other Innovations	a) 1. M Y Khan: Chapter 1 2. Fabozzi et al: Chapter 2 (p.23-26) 3. Baye and Jansen: Chapter 5 (p.153-161) 4. Mishkin & Eakins: Chapter 15 (p. 369 – 396) b) 1. M Y Khan: Chapter 9 (9.29-9.32) 2. Bhole: Chapter 5 (p.137-146) 4. Fabozzi et al: Chapter 26 (p.496 -504) Chapter 27 (p.517-529) Chapter 30 (p.577 - 580)	Approx. 15

3.	<p>INTEREST RATES:</p> <p>Determination, Sources of interest rates differentials, Theories of term structure of interest rate; interest rates in India</p>	<ol style="list-style-type: none"> 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. <p>https://rbidocs.rbi.org.in/rdocs/Content/PDFs/BRF090410_AN.pdf</p>	Approx.12
4.	<p>BANKING SYSTEM:</p> <p>a) Balance Sheet and Portfolio Management</p> <p>b) Indian Banking System. Changing Role and Structure, Banking Sector Reforms</p>	<ol style="list-style-type: none"> 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, pg1-3. 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. 	Approx.15
5.	<p>CENTRAL BANKING AND MONETARY POLICY:</p> <p>Functions, Balance Sheet Goals, Targets, Indicators and instruments of monetary</p>	<ol style="list-style-type: none"> 1. Baye & Jansen: Chapter 19 (666-687, 692-693, 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) 	Approx.15

	control, monetary management in an open economy, current monetary policy of India	<p>4. P. Dua: Monetary Policy Framework in India, Indian Economic Review, Vol. 55, Issue 1, June 2020, Pages 117–154 https://link.springer.com/article/10.1007/s41775-020-00085-3</p> <p>5. Annual Report of RBI 2015 -16: Chapter 3, Box III.1 and III.2 (p. 44, p.50)</p> <p>6. Annual Report of RBI 2020 – 21: Chapter 3</p> <p>7. Monetary Policy https://www.rbi.org.in/scripts/FS_Overview.aspx?fn=2752</p>	
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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, Foundations of Financial Markets and Institutions F. J Jones, M.G Ferri 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 L: pg 4-5.
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. P. Dua Monetary Policy Framework in India, Indian Economic Review, Vol. 55, Issue 1, June 2020
11. R. Sengupta and H.Vardhan <http://www.epw.in/journal/2017/12/money-bankingand-finance/non-performing-assets-indian-banks.html>
12. RBI RBI , Notification on Prudential Framework for Resolution of Stressed Assets, June 7, 2019.

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/PRUDENTIALB20DA810F3E148B099C113C2457FBF8C.PDF>

Overall 2 tests and 1 assignment will be taken, based on overall syllabus during the entire semester.