

SEMESTER I

MULTIDISCIPLINARY COURSE-1

ECONOMICS

BANKING AND FINANCIAL MARKETS OF INDIA

Learning Objectives of the Course

Unit I: The objective of this unit to discuss the concepts and differences between banks and non-bank financial institutions and the services provided by these institutions to explain the structure of Indian banking systems.

Unit II: The objective this unit is to clear the functions, role and performances of commercial banks in creation of credit.

Unit III: This unit's objectives are to describe the role, functions, and credit control mechanisms of the Indian Central Bank, as well as to pinpoint the factors that influence the availability of money supply and monetary policy reforms of RBI that are intended to help India's economy.

Unit IV: The purpose of this unit is to explain the ideas behind development banks, their purposes, and how they contribute to India's overall economic growth.

Unit V: The aim of this unit is to explain the current banking system's structure in order to comprehend the tools of contemporary banking systems and the distinct features of debit and credit cards.

Unit VI: The objective of this unit is to define the role and functions of financial markets, as well as their structure, reforms, and goals for financial inclusion in India.

Unit-I: Basics of Banking: The concept of banking, the distinction between banks and non-bank financial institutions (NBFIs), the various types of banks, the financial services offered by banks, the various types of customers, the various types of deposits, and the various types of checks; Structure of Indian Banking system.

Unit II: Commercial Bank: Commercial Banking: Definition, categories, and organisation of commercial banks; the roles of commercial banks; the generation of credit and its constraints; Balance sheet, nationalisation of Indian commercial banks, post-nationalization performance, and Indian banking industry reforms. Causes and effects of commercial banks' non-performing assets (NPAs).

Unit-III: Central Bank: Objectives, organisational structure, and functions of the Reserve Bank of India; quantitative and qualitative credit control measures of RBI. Money supply and its determinants, broad money and narrow money; Recent monetary policy of RBI of India.

Unit-IV: Development Banks: Concept, features and objectives of Development banks; Objectives and functions of IDBI, IIBI, SIDBI, NABARD, RRB; Indian cooperative bank: structure and functions

Unit-V: Modern Banking System: Advantages and disadvantages of Internet banking system; Concepts of transfer of funds in modern banking - Real Time Gross Settlement

(RTGS), National Electronic Funds Transfer (NEFT), Electronic Clearing System (ECS), Unified Payments Interface (UPI), Credit and Debit card: types and features.

Unit-VI: Financial Institutions, Markets, Instruments and Financial Innovations:

Role of financial markets and institutions; Money and capital markets: organization, structure and reforms in India; role of financial derivatives and other innovations; objectives and measures of financial inclusion in India.

Recommended Readings:

1. F. J. Fabozzi, F. Modigliani, F. J. Jones, M. G. Ferri, Foundations of Financial Markets and Institutions, Pearson Education, 3rd edition, 2009.
2. F. S. Mishkin and S. G. Eakins, Financial Markets and Institutions, Pearson Education, 6th edition, 2009.
3. N. Jadhav, Monetary Policy, Financial Stability and Central Banking in India, Macmillan, 2006.
4. L. M. Bhole and J. Mahukud, Financial Institutions and Markets, Tata McGraw Hill, 5 th edition, 2011.
5. M. Y. Khan, Indian Financial System, Tata McGraw Hill, 7th edition, 2011.
6. Gordon,E&Natrajan,K (2015) Banking: Theory Law and Practice, Mumbai.Himalaya Publishing House.
7. Suresh, P&Paul,J(2012).Management of Banking and Financial Services; New Delhi,India .Pearson .
8. U. Kapila (2016): Indian economy since Independence. Academic Foundation, New Delhi.
9. Indian Institute of Banking and Finance: Indian Economy and Financial system (2023): Macmillan Education.
- 10 Annual Financial Report : Reserve Bank of India : <https://rbi.org.in/Scripts/Statistics.aspx>
11. R.B.I. Bulletin, Annual Report and Report on Currency and Finance (latest).