**SARDAR PATEL UNIVERSITY**
**Vallabh Vidyanagar, Gujarat**
**(Reaccredited with 'A' Grade by NAAC (CGPA 3.25)**
**Syllabus with effect from the Academic Year 2024-25**

## Master of Arts: Economics
## Bridge Course for M.A. Economics (External)

| **Paper Code:** MABRIECO02 | **Basic Monetary Economics** | **Total Credit:** 04 |
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| **Course Objectives / Purpose:** | • To define money and describe the characteristics and functions of money and components of money supply<br>• To restate the various theories of money<br>• To recognize the role and functions of banking in the economy and argue the merits and demerits of nationalization and privatization of banks<br>• To analyze the various theories of income and employment<br>• To discuss the significance of consumption in the economy and factors affecting it<br>• Critically examine various theories of consumption |

| Unit | Unit Description | Weightage |
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| 1. | **Money**<br>1.1 Distinction of Money, income, wealth and finance<br>1.2 Significance of money in a capitalist economy<br>1.3 Difference between currency and money<br>1.4 Concept of Money and Near money<br>1.5 Components of Money Supply (M1, M2, M3 & M4) | 25% |
| 2. | **Theory of Money**<br>2.1 Fisher's Quantity Theory of Money<br>2.2 Cambridge equations (Pigou, Robertson, Keynes)<br>2.3 Comparative study of Fisher and Pigou's equations<br>2.4 Milton Friedman's Theory of Demand for Money | 25% |
| 3. | **Banking**<br>3.1 Origin and development of Banks<br>3.2 Types of Banks<br>3.3 Advantages – disadvantages of Nationalization of Banks<br>3.4 RBI and its Functions<br>3.5 Regional Rural Bank and its functions<br>3.6 Types of Commercial Banks<br>3.7 Functions of Commercial Banks | 25% |
| 4. | **Income and Employment**<br>3.1 Classical theory of employment and criticism against classical theory by Keynes<br>3.2 J.B. Say's Law of Market<br>3.3 Determination of National Income (C+I+ G)<br>3.4 Meaning, concept and significance of Consumption function<br>3.5 Average and Marginal Propensity to Consume<br>3.6 Factors affecting propensity to consume<br>3.7 Saving function, Average and Marginal Propensity to Save | 25% |

| **Course Outcomes:** Having completed this course, student should be able to: | |
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| 1. | Identify the characteristics of money and analyze its role and functions in the economy |
| 2. | Discuss various theories of money along with their limitations |
| 3. | Appraise the role of banking in the development of a modern economy |
| 4. | To interpret the theory of income and employment and appreciate the role of consumption in the economy |

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| 5. | Identify the psychological factors affecting consumption |

| **Suggested References:** | |
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| Sr. No. | Reference Books / Research papers / Reports / Any reference material used for teaching / learning the content in the course outline |
| 1. | Ghosh, B.N., and Rama Ghosh (1993). Modern Macroeconomics: Theory and Policy, Himalaya Publishing. |
| 2. | Gupta, S.B: (1995). Monetary Planning in India, Oxford University Press, New Delhi. |
| 3. | Gupta, G.S. (2001). Macroeconomics: Theory and Applications, Tata McGraw-Hill publishing Company Ltd., New Delhi. |
| 4. | Gurley J. and E.S. Shaw (1960). Money in a Theory and Finance, Brookings Institution, Washington. |
| 5. | Hall, R.E. and J.B. Taylor (1986). Macroeconomics, McGraw-Hill Inc. New York. |
| 6. | Jha, R. (1991). Contemporary Macroeconomic Theory and Policy, Wiley Eastern Ltd. New Delhi |