

Minor-II-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 behaviour of Money, Banking and Trade related activities such as Value of Money, Money Market, Central Banking, Balance of Payment, Foreign Exchange etc.,

Unit 1:

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 2:

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 3:

Central Banking

- i) Functions of a central Bank
- ii) Methods of Credit Control
- iii) Quantitative Methods
- b) Qualitative methods
- iv) Objectives of Monetary Policy

Unit 4 International trade

- i) Importance of International Trade
- ii) Theories of International Trade
- iii) Comparative Cost Theory
- b) Modern Theory
- ix) Terms of Trade
- x) Trade Barriers -Tariffs and Quotas

Unit 5 Balance of Payments and Foreign Exchange

- 1) 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 Rates.
- iv) Brief history of GATT, Achievements of GATT, WTO objectives, functions and Agreements TRIPS, TRIMS, WTO & India.
- v) Foreign Direct Investment: Concepts FDI, Nature, Role and operation of MNCS.