

**Money-Output-Prices Nexus during Pre- and Post-Reforms Period in India**

- *Satish Verma, Jatinder Pal*

This paper attempts to empirically examine the relationship between money, output and prices in pre (1977:1 to 1993:4) and post-reforms period (1994:1 to 2003:4) in India. In addition to cointegration and Error-correction mechanism, multivariate causality analysis is carried out using quarterly data. The study broadly concludes that the broad money is exogenously determined in post-reforms period in India. It contains important information about the behaviour of output, prices and rate of interest and hence, is an important variable as far as the monetary targeting is concerned. In addition to this, rate of interest also emerged as an important indicator of economic activity in post-reforms period.

**Effect of Economic Reforms on Demand for Money : A Case Study of India**

- *Srividya Subramaniam*

This paper revisits the demand for money in India for the period April 1980 to December 2002. We apply the cointegrated VAR technique of Johansen to check if theoretically plausible and statistically fit model of demand for money exists in the sample period considered. We find the presence of cointegrating relationship and that income, interest rate as well as stock prices influence demand for broad money balances. Next we consider a sub-period, which coincides, with the post-liberalization period and find that the commercial paper emerges as a significant determinant of demand for money as compared to the Treasury bill rate. The exchange rate emerges as a significant determinant of money demand in this period. This paper examines the stability of the money demand function in the backdrop of economic reforms and innovations in the Indian economy. The stability tests show that the money demand function has been stable in India despite the economic liberalization measures.

**Brief Articles, Notes and Comments****Role of Financial Market for SMEs in India**

- *P R Kulkarni, V S Kaveri*

In India, banking and financial institutions have emerged as important instruments for bringing about socio-economic changes. These institutions have equipped themselves with technology, methodology and manpower to cater to different segments of the national economy. The distinctive feature of each institutional set-up is the focus with which it caters to the particular segment of the economy, simultaneously maintaining a complementary and functional linkage with each other. If the objectives of development are to be achieved, it becomes necessary for every institution to function in coordination with the others. While defining and assessing the role of institutional finance in the growth and development of the SME sector in the country, it is necessary at the first instance to have a closer look at the status of the small scale sector. This is highlighted in Section I. The financial market for SME sector is examined in Section II, while major issues and suggestions have been discussed in Sections III and IV respectively. Section V presents the conclusions.

**Book Reviews****Booknotes**