

ST.JOSEPH'S COLLEGE FOR WOMEN (AUTONOMOUS), VISAKHAPATNAM

VIII SEMESTER

Time: 5Hrs/Week

Max.Marks:100

ECONOMICS (HONOURS)

ECA-8702-(4)

INTERNATIONAL ECONOMICS

OBJECTIVES: students are able to

- Explain the importance and concepts of international trade;
- Make a critical analysis of the theories of international trade;
- Explain changes in the methods of determining exchange rates.
- Distinguish between current account and capital account and status of rupee convertibility policy in Indian economy.

Course Outcomes:

After completing the course, the student is expected to perform the following:

- Analyse the causes of unfavourable BoP and evaluate the corrective measures
- Analyse the effects of Trade Barriers and protectionism in International trade.
- Critically examine role of IMF and World Bank in International Trade and Finance
- Explain multilateralism, regionalism and India's international trade

Module - 1: Theory of International Trade

(10 Hours)

International Trade (IT): Meaning and Importance – IT as Engine of Economic Growth – Free Trade vs Restricted Trade - Terms of Trade (ToT): Concept, Types, Equilibrium ToT and Use in IT - Offer Curves: Meaning, Properties, Elasticity and Use in IT - Opportunity Costs in IT – Trade Multiplier – Gains from Trade and Welfare.

Module - 2: Theories of International Trade

(14 Hours)

Classical Trade Theories: Absolute Advantage Theory, Comparative Advantage - Modern Trade Theories: Heckscher-Ohlin Factor Endowments Theory, Leontief Paradox, Stolper-Samuelson Theorem - Other Trade Theories: Prebisch-Singer's Secular Deterioration Thesis, Gunnar Myrdal Trade Theory, Paul Krugman New Trade Theory

Module - 3: Exchange Rates and BoP Mechanism

(12 Hours)

Exchange Rates: Meaning and Types – Changes in Exchange Rates: Devaluation & Revaluation, Depreciation & Appreciation - Factors and Determination of Exchange Rate – Purchasing Power Parity – Balance of Payment (BoP): Definition, Composition, Equilibrium and Disequilibrium - BoP Adjustment Mechanisms - BoP and Policy Assignment Problems and Mundel Model.

Module 4: Trade Barriers and International Finance

(12 Hours)

Trade Barriers: Tariffs, Quotas, Subsidies, Dumping & Anti-Dumping, Price Discrimination - Effects of Trade Barriers – Optimum Tariff Theory and Formula – Effective Rate of Protection - New Protectionism – Role of International Finance in Trade – Role of World Bank and IMF in International Trade and Finance

Module 5: Multilateralism, Regionalism and India's International Trade (12 Hours) Multilateralism, GATT & WTO - Forms of Economic Cooperation: Free Trade Area, Customs Union and Common Market – Brief Role of IMF and World Bank Policies in Promoting Trade - India's International Trade: Trade Composition, Direction, BoP, Forex Reserves, Important Trade Agreements and New Trade Policy

Reference books:

1. Salvatore, D., "International Economics", John Wiley, 12th Edition, 2015
2. Krugman, P., Obstfeld, M. and Melitz, M., "International Economics: Theory and Policy", Pearson Education Indian Edition, 9th Edition, 2012
3. H.G. Mannur: International Economics
4. Carbough, R.J. *International Economics*, International Thompson Publishing, New York.
5. Sodersten and Reed : *International Economics*, 3rd ed. MacMillan, New Delhi.
6. Cherunilam. F (2016), *International Economics*, The McGraw-Hill, New Delhi
7. Open Source Online Materials & Videos: IGNOU, e-PG Pathasala, SWAYM, KhanAcademy etc.
8. Websites of WTO, IMF, WB, Ministry of Commerce, DPIIT, Govt of India

Suggested Activities:

1. Assignments and Student Seminars on theories of International Trade.
2. Web Assignments on economic cooperation and economic clusters
3. Poster presentations on free trade and protection
4. Debating on Indian trade and current trends