

Course No. ECONA306
Course title: International Economics
Nature of Course: DSE – 6
Number of credits: 6
Number of Lectures (L): Practical (P): Tutorial (T): 44:0:16

Course Description

This course develops a systematic exposition of models that try to explain the composition, direction, and consequences of international trade, and the determinants and effects of trade policy. The basic aim of this course is to link international trade relations and its impact on exports of nations.

Course Outline

Unit	Title	Credits	
		L	T
I.	Introduction to International Trade and Trade Theories Nature and importance of International Trade - Inter-Regional and International Trade. Theories of Absolute Advantage, Comparative Advantage and Opportunity Costs, Heckscher-Ohlin Theory of Trade – Its main Features, Assumptions and Limitations; Leontief Paradox.	12	4
II.	Terms of Trade, Tariff and Economic Integration Terms of Trade: Concept, Measurement and Effects on Nation's Welfare. Trade Policy: Arguments for and against Free Trade and Protection. Tariff and Non-Tariff Barriers: Economic Effects. Economic Integration: Concept and Forms of Regional Integration; Static and Dynamic Effects of Custom Union.	10	4
III.	Balance of Payment BOT, BOP, Current Account, Capital Account, Visible and Invisible, causes and consequences of disequilibrium in Balance of Payments, Methods of correcting the disequilibrium. Devaluation of Currency, Convertibility of Currency: Partial Account and Full Account. Recent trends in balance of Payment in India.	10	4
IV.	Foreign Exchange Rate Exchange Rate - Meaning - Demand and supply of Foreign Exchange; Types of Exchange Rate: Fixed Vs Flexible Exchange Rate. Theories of Foreign Exchange Rate: The Mint-Parity Theory, The Purchasing Power Parity Theory, BOP Theory. Objectives, Functions and Role of IMF, IBRD and WTO.	12	4
Suggested Readings: <ol style="list-style-type: none"> 1. Salvatore, Dominick, 'International Economics', Wiley India New Delhi. 2. Mannur, H.G. 'International Economics', Vikas Publishing House 3. C.P. Kindleberger 'International Economics', R D Irwin, Homewood 8th Ed. 4. Bo Soderstein and Geoffrey Reed 'International Economics' MacMillan. 5. Francis Cherumilam - 'International Economics' 6. Errol D'Souza, 'Macro Economics', Pearson Education 2008. 7. RBI bulletin, Various issues. 			