



MA Economics
International Trade
[Core Course]

Semester I	Credits: 4	Subject Code: MEC 12003	Lectures: 48
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Course Outcomes:

At the end of the Course, the learner will be able to:

- Discuss and describe the theoretical framework of International Trade.
- Explain the concept of terms of trade and the measurement of terms of and gains from trade
- Discuss and debate the theoretical and practical aspects of free trade policy.
- Explain and demonstrate the terminology used, parties involved and transactions in International Trade.
- Discuss and debate the International Trading and Monetary mechanism and the agreements within.

Unit 1: International Trade Theories	10
<ul style="list-style-type: none"> • The Comparative Cost Theory of International Trade along with the Opportunity Cost Approach • Factor Endowment Theory (Heckscher- Ohlin Theory) • Leontief paradox • Samuelson's Factor Price Equalization Theory • Rybczynski Theorem • Vernon's Product Cycle Theory • Porter's Competitive Advantage of Nations • Competitive Advantage on a Warming Planet-Lash & Wellington 	

Unit 2: Gains from Trade & Terms of Trade	10
<ul style="list-style-type: none"> • Static & Dynamic Gains from Trade • Mill's Doctrine of Reciprocal Demand-Offer Curves • Concepts of Terms of Trade-Net Barter, Gross Barter, Income, Single Factoral and Double Factoral Terms of Trade • Factors affecting Terms of Trade • Measurement of Terms of Trade • Secular deterioration in the ToT of developing countries (Prebisch-Singer Hypothesis) 	

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Unit 3: International Trade Policy	10
<ul style="list-style-type: none"> • Outward and Inward looking policy • Relevance of Free Trade Policy under Globalization • Methods of Protection- Tariffs and Non-Tariff Barriers on Trade • Types of Tariffs & Non-Tariff Barriers (Import Quotas, Voluntary Export Restraints, Export Subsidies, Countervailing Duties) • Effects of Tariffs & Quotas under Partial Equilibrium (Price Effect, Terms of Trade Effect, Competitive Effect, Income Effect, Revenue Effect) • Tariff versus Quota 	

Unit 4: International Trading & Monetary System	10
<ul style="list-style-type: none"> • WTO-Evolution; Structure; Functions; Agreements- TRIPS, TRIMS, Agreement on Agriculture, GATS, WTO & India • Trading Blocs-EU, SAARC, ASEAN; BRIC; BRICS; BRICM, Asia-Pacific Economic Cooperation (APEC) • UNCTAD • IMF & World Bank • Asian Development Bank 	

Unit 5: Aspects of International Trade	08
<ul style="list-style-type: none"> • Risks in International Trade • Parties to an International Trade Transaction • International Trade Terminology - cif (cost, insurance, freight); cfr (cost and freight); fas (free alongside ship);fob (free on board);cip (carriage & insurance paid to), cpt, (carriage paid to);dat(delivered at terminal); dap(delivered at place); ddp(delivered duty paid), exw(ex works); fca (free carrier) • Documents in International Trade-Bill of Exchange, Bill of Lading, Letter of Credit • Certificate of Origin of Goods and their types • Counter trade-Types, Pros & Cons of Counter Trade; Outsourcing; Ethics in International Trade-Employment Practices, Human Rights, Environment Protection, Combating Corruption, Social Responsibility 	

#12 lectures are assigned for library work, assignments, guest lectures and other contact hours

Recommended Text Books:		
<ul style="list-style-type: none"> • Gupta, K.R.(latest edition): "<i>International Economics</i>", Atma Ram & Sons, Delhi • Hill, Charles, W.L & Jain, A. K (latest ed): <i>International Business – Competing in the Global Marketplace</i> • Krugman, Paul .R. & Obstfeld, Maurice (2009): "<i>International Economics Theory and</i> 		
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Policy", Pearson Education Publication, New Delhi.

- Lash, Jonathan & Wellington, F(2007): "*Competitive Advantage on a Warming Planet*", Harvard Business Review, Mar 2007; reproduced in HBR on Green Business Strategy, 2007, Harvard Business School Press, USA, p125-148.
- Paul, Justin (2004) ed., "*International Business*", Prentice-Hall India Pvt. Ltd
- Porter, M.E. (1990): "*The Competitive Advantage of Nations*", HBR, Mar-April, 1990: Harvard Business School Publishing Press., USA.
- Pugel T.A (2008): "*International Economics*", Tata McGraw-Hill Publishing Company Ltd, New Delhi.
- Salvatore, D. (Latest ed.) "*International Economics*", Prentice Hall, Upper Saddle River, N.J., New York.
- Salvatore, D (2004) "*Theory and Problems of International Economics*" Schaum's Outline Series, Tata McGraw Hill Publishing Co. Ltd., New Delhi.
- Sawyer, W.C and Sprinkle, R.L (2003) "*International Economics*", Pearson Education
- Soderston, Bo (latest edition): "*International Economics*", The Macmillan Press Ltd., London.
- Srivastava, O.S.(latest edition), "*International Economics*", Kalyani Publishers
- Williamson, J & Milner, C (1991): "*The World Economy-A Textbook in International Economics*", New York University Press, N. York.

Reference Books:

- Bhagwati, J (1969), "*Trade, Tariff & Growth*", Weidenfeld & Nicolson
- Carbough, R.J. (1999) "*International Economics*", Thompson Publishing, NY
- Chacholiades, M. (latest edition): "*International Trade: Theory and Policy*", McGraw - Hill, Kogakusha, Japan.
- Ellsworth, P.T (1969) "*International Economy*", Collier MacMillan International
- Gerber, J (2012): "*International Economics*", Pearson Publication. New Delhi.
- Hoekman, B, Mattoo, A & English, P (ed)- "*Development, Trade and the WTO-A Handbook*"-The World Bank, Washington, D.C., First Indian Reprint 2005, Atlantic Publishers & Distributors, N. Delhi.
- Ingram, James. C (1983) "*International Economics*", John Wiley & Sons, Inc.
- Kenen, Peter (2008) "*The International Economy*", Cambridge University Press.
- Kindleberger, C.P.(latest edition): "*International Economics*", R.D. Irwin, Homewood.
- Lindert, Peter, H. (1987) "*International Economics*" Richard Irwin Inc.
- Rugman, Alan. M and Hodgetts, Richard, M (2004): "*International Business*", Pearson Education
- Sengupta, D, Chakraborty, D, Banerjee, P, (ed)(2006): "*Beyond the Transition Phase of WTO-An Indian Perspective on Emerging Issues*" published by Academic Foundation in association with Centre de Sciences Humaines, New Delhi.
- Srinivasan, T.N. (1998): "*Developing Countries and the Multilateral Trading System*" OUP, Delhi
- Sodersten, Bo & Reed, G (latest edition): "*International Economics*", MacMillan
- Trivedi, Sonu (2005) "*Regional Economic Cooperation and Integration*", New Century Publications, New Delhi.

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St. Mira's College for Girls, Pune
(MA-2020-2023)

MA Economics
International Finance
[Core Course]

Semester II	Credits: 4	Subject Code: MEC22003	Lectures: 48
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Course Outcomes:

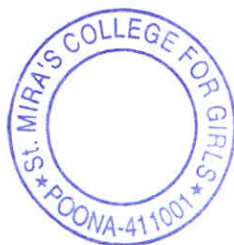
At the end of the Course, the learner will be able to:

- Discuss and describe the theoretical framework of International Finance and recognize the features of an International Financial system.
- Describe the concept of balance of payments and the mechanism required to balance the same.
- Identify and explain the theoretical and practical aspects of foreign exchange transactions and operations.
- Examine and evaluate the movement of capital flows and working of International financial markets.

Unit 1: International Finance	04
<ul style="list-style-type: none">• International Finance- Meaning, Scope & Importance• Benefits of a well-developed International Financial System• Important International Financial Crisis and the role of IMF (Oil crisis, International debt crisis, South East Asian crisis, Brazil Argentina and Mexico, Russia and Eastern Europe, The sub-prime crisis)	

Unit 2: Balance of Payments	14
<ul style="list-style-type: none">• Meaning, Structure and Components of the Balance of Payments• Balance of Payments- Identification of Disequilibrium & Causes of Disequilibrium• Correction of Disequilibrium- Automatic & Deliberate Correction• Working of the Foreign Trade Multiplier• Adjustment Mechanisms of BOP-Absorption Approach and the Monetary Approach• Policies for Internal and External Balance-Fiscal and Monetary Policy under Fixed and Floating Exchange Rates.	

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Unit 3: Foreign Exchange	14
<ul style="list-style-type: none"> • Foreign Exchange Rate Movements-Depreciation, Appreciation, Devaluation and Overvaluation of Foreign Exchange Rate • Foreign Exchange Market Transactions - Spot and Forward Market Transactions • Exchanges, Futures, Swap Operation, Hedging, Arbitrage, Speculation • Theories of Foreign Exchange Rate Determination- Purchasing Power Parity Theory • Monetary and Portfolio Balance Models of Exchange Rate determination; Exchange Rate Forecasting • Balance of Payments Theory. • Exchange Rate Systems- Fixed and Flexible Exchange Rates-Case for and against Fixed and Flexible Exchange Rates; Types of Floating Rates-Clean Float, Dirty Float, Managed Float, filthy float, joint float, exchange rate band and snake in the tunnel • Convertibility of a currency-Current and Capital Account Convertibility – Meaning, Benefits, Pre-requisites & Problems • Relation between global Interest rates and exchange rates 	

Unit 4: International (Foreign) Capital Flows	10
<ul style="list-style-type: none"> • Evaluation of Foreign Direct Investment : Trends, Direction, Sources, Forms- Horizontal and Vertical FDI; Capital Budgeting for Foreign Direct Investments • Foreign Portfolio Investment and its types • International Bond Market:- <ul style="list-style-type: none"> ○ Emergence of International Bond Market ○ Types of International Bonds -Foreign Bond, Eurobond, Sovereign Bond ○ Variations in Bond Features - Fixed Coupon, Floating Coupon, Zero Coupon, Convertible Bond, Dual Currency Bond 	

Unit 5: International Financing	06
<ul style="list-style-type: none"> • International Financing Decision based on interest rates, maturity, choice of market and instruments • Evaluating Borrowing Decisions –based on all-in costs, interest rate and currency exposure • Funding Avenues in Global Capital Markets-EuroCurrency Markets, EuroBond Markets; Eurocurrency Financial Instruments-EuroCPs, EuroCDs, Euroloans, Euronotes, Eurobonds.; Syndicated Loans • International Equity Financing- The Depository Receipts Mechanism-ADRs and GDRs • Project Finance- Meaning, Sources for Project Finance, Types, Guarantees and Risk Insurance 	

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Recommended Text Books:

- Bhalla, V.K (2010): *International Financial Markets*, Anmol Pub. Pvt. Ltd, New Delhi
- G.Shailaja (2011): *International Finance*, Universities Press India Pvt Ltd, Hyderabad.
- Gupta, K.R. (latest edition): "*International Economics*", Atma Ram & Sons, Delhi
- Krugman, Paul .R. & Obstfeld, Maurice (2009) : "*International Economics Theory and Policy*", Pearson Education Publication, New Delhi.
- Levi, M.D (2009): *International Finance*, Routledge, Taylor & Francis Group, New York, Special Indian Edition
- Pugel T.A (2008): "*International Economics*", Tata McGraw-Hill Pub. Co. Ltd, ND.
- Salvatore, D. (latest ed): "*International Economics*", Prentice Hall, N.J.
- Salvatore, D (2004) "*Theory and Problems of International Economics*" Schaum's Outline Series, Tata McGraw Hill Publishing Co. Ltd., New Delhi.
- Sawyer, W.C and Sprinkle, R.L (2003) "*International Economics*", Pearson Education
- Soderston, Bo (latest edition): "*International Economics*", The Macmillan Press Ltd., London.
- Srivastava, O.S. (latest edition), "*International Economics*", Kalyani Publishers.
- Williamson, J & Milner, C (1991): "*The World Economy-A Textbook in International Economics*", New York University Press, N. York
- Prakash G Apte, (2017) "*International Finance – A Business Perspective*", CFM-McGraw-Hill Professional Series In Finance – Second Edition

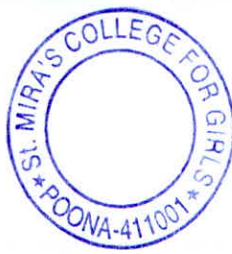
Reference Books:

- Heller, Robert H., NJ: *International Monetary Economics* Prentice Hall, Englewood Cliffs
- Kindleberger, Charles P., D.B. *International Economics*, Taraporewala and Sons, Mumbai
- Rugel, Thomas A. *International Economics*, McGraw Hill, New Delhi.
- Ellsworth P.T. and Clark J. Leith, *The International Economy* New York Macmillan Publishing Co.
- Gowda, Venkatagiri K., *Eurodollar Flows and International Monetary Stability*, Geetha Book House, Mysore.
- Verghese, S.K., *Foreign Exchange and Financing of Foreign Trade*, Vikas Publishing House, New Delhi.
- Heller, Robert, H., *International Monetary Economics* Prentice Hall, Cliffs.
- Salvatore, Dominick, *International Economics* Macmillan, New York Publishing Co. New York
- Jalan Bimal, *India's Economic Crisis*, Oxford University Press, Oxford

Journals & Periodicals:

- "Economic and Political Weekly" (Relevant Issues).
- "Economic Survey", Government of India
- "Foreign Trade Review"- Journal of the Indian Institute of Foreign Trade, New Delhi.

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- "Report on Currency and Finance" (annual), RBI, New Delhi
- "World Investment Report" (annual), UNCTAD

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Faculty	Dr. Meenal Sumant	Meenal 15/6/20	
Faculty- other than Parent University	Dr. Manjushree Bobade		M Bobade 15/6/20
Faculty- other than Parent University	Dr. Subhash Patil	Subhash 15/6/20	
One Expert-Nominated by VC, SPPU	Dr. Saili Belsare		Saili 15/6/20
One Industry Representative	Dr. Girija Lagad	Girija 15/6/20	
One Alumni	Ms. Suchismita Mohanty		SMohanty 15/6/20

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