

**International Economics**  
**International Economic Environment**

<b>Semester V</b>	<b>Subject Code: C51705</b>	<b>Lectures: 60</b>
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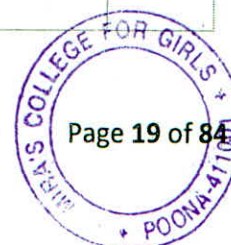
**Objectives:**

At the end of the Semester, students opting for the subject- International Economics should be equipped with an understanding of

- The nature and scope of International Economics (pre-course reading).
- The different aspects of Globalization and International Business.
- The theoretical framework of International Trade covering Trade Theories.
- Concepts like Terms of Trade- their measurement and reasons for unfavorable Terms of Trade of Developing Countries.
- International Commercial Trade Policy and Regional Trading Arrangements.

<b>Unit 1: Globalization and International Business</b>	<b>06</b>
<ul style="list-style-type: none"> <li>• Globalization-             <ul style="list-style-type: none"> <li>○ Meaning</li> <li>○ Stages of Globalization</li> <li>○ Conditions for Globalization</li> <li>○ Effects of Globalization</li> <li>○ Globalization and Environment Sustainability</li> </ul> </li> <li>• International Business             <ul style="list-style-type: none"> <li>○ Meaning</li> <li>○ Types of International Business</li> <li>○ Globalization and International Business</li> </ul> </li> <li>• Global Competitiveness-Meaning and Factors affecting Competitiveness</li> </ul>	

<b>Unit 2: Theories of International Trade:</b>	<b>08</b>
<ul style="list-style-type: none"> <li>• Theories of International Trade:             <ul style="list-style-type: none"> <li>○ The Ricardian Theory of Comparative Cost Advantage</li> <li>○ Comparative Cost Advantage with Opportunity Costs</li> <li>○ The Heckscher-Ohlin Theory of International Trade</li> <li>○ Porter's Competitive Advantage of Nations</li> <li>○ Kravis Theory of Availability</li> <li>○ North-South Trade and the Global Environment</li> </ul> </li> </ul>	



<b>Unit 3: Concept of Terms of Trade:</b>	<b>08</b>
<ul style="list-style-type: none"> <li>• Concept of Terms of Trade: <ul style="list-style-type: none"> <li>○ Meaning and Nature of Terms of Trade</li> <li>○ Gains from Trade-Static and Dynamic Gains</li> <li>○ Factors determining Terms of Trade</li> <li>○ Measurement of Terms of Trade- <ul style="list-style-type: none"> <li>▪ Gross Barter Terms of Trade</li> <li>▪ Net Barter Terms of Trade</li> <li>▪ Income Terms of Trade</li> </ul> </li> </ul> </li> <li>• Reasons for Unfavorable Terms of Trade of Developing Countries.</li> </ul>	
<b>Unit 4: International Commercial Trade Policy</b>	<b>14</b>
<ul style="list-style-type: none"> <li>• International Commercial Trade Policy: Meaning</li> <li>• Free Trade v/s Protection <ul style="list-style-type: none"> <li>○ Merits and Demerits of Free Trade</li> <li>○ Arguments for Protection-Economic, Non-economic and fallacious arguments in favor of Protection</li> <li>○ Objectives of Protectionism</li> <li>○ Demerits of Protection</li> </ul> </li> <li>• Methods of Protection <ul style="list-style-type: none"> <li>○ Tariffs- Meaning &amp; Types</li> <li>○ Non-Tariff Barriers-Meaning &amp; Types</li> </ul> </li> <li>• Trade Agreements</li> <li>• Cartels</li> <li>• State Trading</li> </ul>	
<b>Unit 5: Regional Trading Arrangements:</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• Regional Trading Arrangements (RTAs)/Trade Blocs <ul style="list-style-type: none"> <li>○ European Economic Community(EEC)-European Common Market(ECM)-European Union (EU)-Emergence of the 'Euro' as a Common Currency</li> <li>○ South Asian Association for Regional Cooperation (SAARC)-Prospects and Challenges before SAARC</li> <li>○ Association of South East Asian Nations (ASEAN)-Principles and Prospects of ASEAN</li> </ul> </li> </ul>	

**\*Assignments and library hours – 12 hours**

### Pre-Course Reading (Semester V):

#### Unit 1:

Nature and Scope of International Economics  
Meaning of Inter-regional Trade & International Trade  
Similarities & Distinction between Inter-regional & International Trade  
International Trade as an Engine of Growth

Ref: Cherunilam F (latest ed): "International Economics", Chapter 1, Tata McGraw Hill Pub. Co. Ltd., N.Delhi.

#### Unit 2:

- Adam Smith's Theory of Absolute Cost Advantage of International Trade

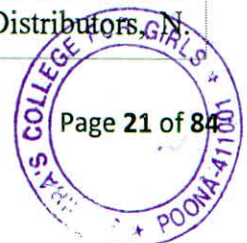
Ref: Sodersten, Bo (1991) "International Economics" The Macmillan Press Ltd, London.

### Recommended Books (Semester V):

- Cherunilam, F: "*International Economics*", Tata McGraw Hill, N.Delhi, latest ed.
- Cohn, T: "*Global Political Economy: Theory and Practice*" Pearson Education, latest ed.
- Gupta, K.R. "*International Economics*", Atma Ram & Sons, Delhi, latest edition.
- Kindleberger, C.P. : "*International Economics*", R.D. Irwin Homewood, latest ed.
- Krugman, P.R & M. Obstfeld: "*International Economics*", Pearson Education, latest ed.
- Meier, G.M. & Rauch, J.E: "*Leading Issues in Economic Development*", OUP, latest ed.
- Monye, S.O: "*The Blueprint for International Business*", Infinity Books, Delhi, latest ed.
- Paul, Justin: "*International Business*", Prentice-Hall India Pvt. Ltd, latest ed.
- Rugman, A.M & Hodgetts, R.M: "*International Business*", Pearson Education, latest ed.
- Salvatore, D: "*International Economics*" Prentice-Hall, NJ, latest edition.
- Shukla Shyam: "*International Business*", Excel Books, New Delhi, latest edition.
- Srivastava, O.S: "*International Economics*", Kalyani Publishers, latest edition.
- Sodersten, Bo: "*International Economics*" The Macmillan Press Ltd, latest edition

### Reference Books (Semester V):

- Bhagwati, J. : "*Trade, Tariff & Growth*", Weidenfeld & Nicolson, latest ed.
- Chacoliades, M : "*International Trade-Theory and Policy*", McGraw Hill, latest ed.
- Carbough, R.J.: "*International Economics*", Thompson Publishing, NY, latest ed.
- Ellsworth, P.T : "*International Economy*", Collier MacMillan International Edition, latest ed.
- Hoekman, B, Mattoo, A & English, P (ed)- "*Development, Trade and the WTO-A Handbook*"-The World Bank, Washington, D.C, Atlantic Publishers & Distributors, N.



Delhi, latest ed.

- Ingram, James. C : "*International Economics*", John Wiley & Sons, Inc, latest ed.
- Kenen, Peter: "*The International Economy*", Cambridge University Press., latest ed.
- Lindert, Peter, H : "*International Economics*" Richard Irwin Inc., latest ed.
- Porter, Michael : "*The Competitive Advantage of Nations*" MacMillan.latest ed.
- Salvatore, D : "*Theory and Problems of International Economics*" Schaum's Outline Series, Tata McGraw Hill Publishing Co. Ltd., New Delhi, latest ed.
- Sawyer, W.C and Sprinkle, R.L: "*International Economics*", Pearson Education, latest ed.
- Srinivasan, T.N : "*Developing Countries and the Multilateral Trading System*" OUP, Delhi , latest ed.
- Sodersten, Bo & Reed,G- "*International Economics*", MacMillan, latest ed.
- Trivedi, Sonu: "*Regional Economic Cooperation and Integration*", New Century Publications, N.Delhi.latest ed.

#### **Journals (Semester V):**

- Foreign Trade Review- of the Indian Institute of Foreign Trade

#### **Periodicals (Semester V):**

- Economic and Political Weekly-(Relevant Issues)

#### **Websites (Semester V):**

- [www.eurunion.org](http://www.eurunion.org)
- [www.saarc-sec.org](http://www.saarc-sec.org)
- [www.aseansec.org](http://www.aseansec.org)

**International Economics**  
**International Economic Environment**

<b>Semester VI</b>	<b>Subject Code: C61705</b>	<b>Lectures: 60</b>
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**Objectives:**

At the end of the Semester, students opting for the subject- International Economics should be equipped with an understanding of

- The concepts of Balance of Payments and Foreign Exchange Rates.
- India's Balance of Payments position and Foreign Exchange Rate Policy.
- The rationale for International Factor Movements (Labor and Capital) and the role of Emerging Economies.
- Foreign Trade Policy of India as an Emerging Economy since 1991
- The International Monetary Institutions.
- The International Framework for Trade and the Environment.

**Unit 1: Balance of Payments**

**08**

- Balance of Payments:
  - Components of Balance of Trade and Balance of Payments
  - Identification of disequilibrium in the Balance of Payments
  - Causes of disequilibrium in Balance of Payments
  - Measures to correct an adverse Balance of Payments
  - India's Balance of Payments Position since 1991

**Unit 2: Foreign Exchange Market**

**14**

- Foreign Exchange Market:
  - Meaning and Structure
  - Participants and Functions of the Foreign Exchange Market
- Foreign Exchange Rate-Meaning
- Types of Foreign Exchange Rates
- Arbitrage, Hedging, Speculation.
- Demand for Foreign Exchange & Supply of Foreign Exchange
- Determination of Equilibrium Exchange Rate
- Purchasing Power Parity Theory
- Case for and against Fixed Exchange Rates and Flexible Exchange Rates
- Causes of Exchange Rate Fluctuations
- Concepts of Depreciation, Devaluation, Appreciation and Overvaluation.
- India's Foreign Exchange Rate Policy since 1991
- Convertibility of the Indian Rupee

<b>Unit 3: International Factor Movements and Emerging Economies</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• International Factor Movements: <ul style="list-style-type: none"> <li>○ Foreign Capital <ul style="list-style-type: none"> <li>▪ Meaning and Types of Foreign Capital</li> <li>▪ Public Foreign Capital/Foreign Aid-Tied &amp; Untied Aid</li> <li>▪ Private Foreign Capital - Direct and Indirect</li> </ul> </li> <li>○ Multi-national Corporations-Foreign and Indian</li> <li>○ Role of Foreign Capital in Economic Development.</li> <li>○ International Labor Migration <ul style="list-style-type: none"> <li>▪ Reasons for International Labor Migration-Push &amp; Pull factors</li> </ul> </li> </ul> </li> <li>• Emerging Economies <ul style="list-style-type: none"> <li>○ Meaning and Role of Emerging Economies in the Global Context</li> <li>○ BRIC, BRICS, BRIMC, BRICK Economies</li> <li>○ Foreign Trade Policy of India as an Emerging Economy since 1991</li> </ul> </li> </ul>	
<b>Unit 4: International Monetary Institutions</b>	<b>08</b>
<ul style="list-style-type: none"> <li>• World Bank/International Bank for Reconstruction and Development (IBRD) <ul style="list-style-type: none"> <li>○ Objectives, Structure, Functions and Working of the World Bank</li> <li>○ World Bank and India.</li> </ul> </li> <li>• International Monetary Fund (IMF) <ul style="list-style-type: none"> <li>○ Objectives, Structure, Functions &amp; Working of the International Monetary Fund (IMF)</li> <li>○ International Liquidity-Conditional Liquidity &amp; Unconditional Liquidity</li> <li>○ Special Drawing Rights</li> <li>○ IMF and India.</li> </ul> </li> </ul>	
<b>Unit 5: International Framework for Trade and the Environment</b>	<b>08</b>
<ul style="list-style-type: none"> <li>• World Trade Organization (WTO) <ul style="list-style-type: none"> <li>○ Establishment, Objectives and Functions of the World Trade Organization (WTO)</li> <li>○ General Agreement on Trade in Services (GATS)</li> <li>○ Trade Related Aspects of Intellectual Property Rights (TRIPS)</li> <li>○ Trade Related Investment Measures (TRIMS)</li> <li>○ WTO and India</li> </ul> </li> <li>• UNCTAD-Objectives and Achievements; <ul style="list-style-type: none"> <li>○ UNCTAD and the Sustainable Development Goals(SDGs) -(2016-30)</li> <li>○ UNCTAD and India</li> </ul> </li> </ul>	

**\*Assignments and library hours – 12 hours**



### Pre-Course Reading(Semester VI):

Unit 1: Causes of deficit in India's Balance of Payments between 1950-1990.

- Datt, R and Sundaram, KPM- "*Indian Economy*", S.Chand and Co Delhi., latest ed.
- Misra, S.K & V.K. Puri - "*Indian Economy*", latest ed.

Unit 2.

- Foreign Exchange Market-Determination of Exchange Rate under Fixed Exchange Rate Regime-Mint Parity Theory.

Ref: Vaish, M.C. & Singh, Sudama (1988): "*International Economics*", Ch11 on Foreign Exchange, Oxford & IBH Publishing Co.

- India's Foreign Exchange Rate Policy prior to 1991

Ref: Datt, R and Sundaram, KPM- "*Indian Economy*", S.Chand and Co Delhi., latest ed

For Unit 4: International Monetary Institutions

- International Financial Crisis

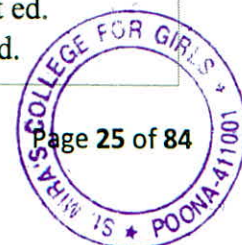
Ref: Justin Paul(2004): "*International Business*", Prentice-Hall India Pvt. Ltd, N.Delhi

### Recommended Books (Semester VI):

- Agarwal, A.N. "*Indian Economy-Problems of Development and Planning*", Wishwa Prakashan, N. Delhi, latest ed.
- Cherunilam, F: "*International Economics*", Tata McGraw Hill, N. Delhi, latest ed.
- Cohn, T: "*Global Political Economy: Theory & Practice*" Pearson Education, latest ed.
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#### **Websites (Semester VI):**

- <https://www.worldbank.org>
- <https://www.imf.org>
- <https://www.wto.org>
- <http://unctad.org/en/>