



**International Economics**  
**International Economic Environment**  
**[Core Course]**

**Semester: V**

**Credits: 3**

**Subject Code: C52205**

**Lectures: 48**

**Course Outcomes:**

At the end of this course, the learner will be able to:

- Describe the nature and scope of International Economics [Pre-course reading]
- Illustrate and explain the theoretical framework of International Trade as well as recall and relate to the different aspects of International Business
- Comprehend the concepts of Gains from Trade and Terms of Trade
- Analyze the merits and demerits of outward and inward looking commercial policies relating to international trade
- Evaluate the efficacy of regional cooperation amongst trading blocs

**Unit 1: Theories of International Trade and Aspects of International Business**

**12**

- Theories of International Trade
  - The Ricardian Theory of Comparative Cost Advantage
  - Comparative Cost Advantage with Opportunity Costs
  - The Heckscher-Ohlin Theory of International Trade
  - Porter's Competitive Advantage of Nations
- Aspects of International Business
  - Meaning and Types of International Business
  - Ethical Issues in International Business
- Implications of Culture on International Business
- Promoting Multi-Culturalism and Managing Diversity
- Strategies of International Business in the Global Economic Environment

**Unit 2: Gains from Trade and Terms of Trade**

**10**

- Gains from Trade-Static and Dynamic Gains
  - Meaning, Nature and Importance of Terms of Trade
  - Factors determining Terms of Trade
  - Measurement of Terms of Trade-Gross Barter Terms of Trade, Net Barter Terms of Trade, Income Terms of Trade
- Reasons for Unfavorable Terms of Trade of Developing Countries
- Terms of Trade and Economic Growth

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### Unit 3: International Commercial Trade Policy

12

- International Commercial Trade Policy: Meaning
- Outward looking and Inward-looking Policy
  - Merits and Demerits of an Outward looking Policy
  - Arguments in favor of Inward looking Policy (Protectionism)
  - Economic, Non-economic and fallacious arguments in favor of Protection
  - Economic Effects of Protectionism
- Methods of Protection
  - Tariffs- Meaning and Types
  - Non-Tariff Barriers-Meaning and Types

### Unit 4: Regional Cooperation

14

- Regional Cooperation
- Meaning and Forms of Regional Cooperation
- European Economic Community (EEC)-European Common Market (ECM)-European Union (EU)-Emergence of the 'Euro' as a Common Currency
- South Asian Association for Regional Cooperation (SAARC)-Principles, Objectives, Challenges and Prospects
- Association of South East Asian Nations (ASEAN)-Principles and Prospects of ASEAN
- The Regional Comprehensive Economic Partnership (RCEP)

**#12 contact hours for Assignments, Visits, Research, Field Studies, etc.**

#### Pre-Course Reading:

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 Reading:

- Ashwathapa, K. *International Business*. McGraw Hill Education: India; 2015.
- Cherunilam, F. *International Economics*. Tata McGraw Hill: N. Delhi; 2017.
- Krugman, P.R & M. Obstfeld: *International Economics*. Pearson Education; 2017.
- Meier, G.M. & Rauch, J.E. *Leading Issues in Economic Development*, OUP, 2000.

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- Paul, Justin. *International Business*. PHI Learning Private Ltd, New Delhi; 2011.
- Salvatore, D. *Schaum's Outline Series-International Economics.*, Tata McGraw Hill Publishing Co. Ltd.; N. Delhi; 2020.
- Sharma, A.K. *International Economics*. Anmol Publications Pvt Ltd; N.Delhi;2006.
- Shukla Shyam. *International Business*. Excel Books; New Delhi; 2008.
- Sodersten, Bo. *International Economics*. The Macmillan Press Ltd; 1991.

#### Recommended Reference Books:

- Carbough, R.J. *International Economics*. Thomson Southwestern; 2005.
- Ingram, James C. *International Economics*. John Wiley & Sons Inc; 1993.
- Kenen, Peter. *The International Economy*. Cambridge University Press; 2000.
- Kindleberger, C.P. *International Economics*. R.D. Irwin Homewood;
- Lindert, Peter, H. *International Economics*. Richard Irwin Inc;
- Monye, S.O. *The Blueprint for International Business*. Infinity Books; N. Delhi;
- Porter, Michael. *The Competitive Advantage of Nations*. MacMillan;
- Rugman, A.M & Hodgetts, R.M. *International Business*. Pearson Education;
- Salvatore, D. *International Economics-Trade & Finance*. Wiley Student ed; 2014.
- Sawyer, W.C & Sprinkle, R.L. *International Economics*. Pearson Education;
- Trivedi, Sonu. *Regional Economic Cooperation and Integration*. New Century Publications; N.Delhi;

#### Journals/Periodicals:

- Foreign Trade Review- of the Indian Institute of Foreign Trade (relevant issues)
- Economic and Political Weekly- (Relevant Issues)

#### Websites:

- <https://efinancemanagement.com/international-financial-management/international-business>
- <https://asean.org>
- [www.eurunion.org](http://www.eurunion.org)
- <https://rcepsec.org/>
- <https://www.saarc-sec.org>

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**International Economics**  
**International Economic Environment**  
**[Core Course]**

Semester: VI	Credits: 3	Subject Code: C62205	Lectures: 48
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**Course Outcomes:**

At the end of this course, the learner will be able to:

- Identify and explain the components, types and causes of disequilibrium of a country's Balance of Payments (including India)
- Present a conceptual overview of and explain the theoretical foundation of the foreign exchange market and discuss India's Foreign Exchange Rate Policy.
- Describe the types and reasons for International Factor Movements, discuss the Role of Emerging Economies in the Global Context and analyze India's Foreign Trade Policy as an Emerging Economy since 1991
- Describe the International Framework for Trade, Monetary Cooperation and the Environment and evaluate the Role of the World Bank, IMF and the WTO in achieving the SDGs (2015-2030]

**Unit 1: Balance of Payments**

12

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

**Unit 2: Foreign Exchange Market**

12

- Foreign Exchange Market-Meaning, Structure, Participants and Functions
- Foreign Exchange Rate-Meaning, Types
- 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 till date
- Convertibility of the Indian Rupee

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### Unit 3: International Factor Movements and Emerging Economies

12

- International Factor Movements:
  - Foreign Capital
    - Meaning and Types of Foreign Capital
    - Public Foreign Capital/Foreign Aid-Tied and Untied Aid
    - Private Foreign Capital - Direct and Indirect
  - Multi-national Corporations-Foreign and Indian
  - Role of Foreign Capital in Economic Development
  - International Labor Migration
    - Reasons for International Labor Migration-Push and Pull factors
  - Emerging Economies
    - Meaning and Role of Emerging Economies in the Global Context
    - BRIC, BRICS, BRIMC, BRICK Economies
  - Foreign Trade Policy of India as an Emerging Economy since 1991.

### Unit 4: International Framework for Trade, Monetary Cooperation and the Environment

12

- International Bank for Reconstruction and Development (IBRD-World Bank)
  - Objectives, Structure, Functions and Working
  - World Bank and India.
- International Monetary Fund (IMF)
  - Objectives, Structure, Functions and Working
  - International Liquidity-Conditional Liquidity & Unconditional Liquidity
  - Special Drawing Rights
- IMF and India
- World Trade Organization (WTO)
- Foreign Capital
  - Establishment, Objectives and Functions
  - General Agreement on Trade in Services (GATS)
  - Trade Related Aspects of Intellectual Property Rights (TRIPS)
  - Trade Related Investment Measures (TRIMs)
  - WTO and India
- Role of the World Bank, IMF and the WTO in achieving the SDGs (2015-2030)

**#12 contact hours for Assignments, Visits, Research, Field Studies, etc.**

#### Pre-Course Reading:

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.

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- 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 Framework for Trade, Monetary Cooperation and the Environment

- International Financial Crisis

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

#### Recommended Basic Reading:

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

#### Recommended Reference Books:

- 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 latest edition
- Hoekman, B, Mattoo, A & English, P (ed)- *Development, Trade and the WTO-A Handbook*. The World Bank, Washington, D.C, latest ed.
- Ingram, James. C *International Economics*. John Wiley & Sons, Inc. 1983
- Kenen, Peter *The International Economy*. Cambridge University Press. 2008
- Porter, Michael *The Competitive Advantage of Nations*. MacMillan. 1990
- Salvatore, D *Theory and Problems of International Economics*. Schaum’s Outline Series, Tata McGraw Hill Publishing Co. Ltd., New Delhi. 2004
- Sawyer, W.C and Sprinkle, R.L *International Economics*. Pearson Education. 2003
- Srinivasan, T.N. *Developing Countries and the Multilateral Trading System*. OUP, Delhi. 1998

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- Sodersten, Bo & Reed, G- *International Economics*. MacMillan, latest ed.
- Thakur, A.K & Sharma, N (ed): WTO and India, Deep & Deep Publications Pvt Ltd, New Delhi, latest ed.

#### Journals:

- Foreign Trade Review- of the Indian Institute of Foreign Trade (relevant issues)

#### Periodicals:

- Economic and Political Weekly-(Relevant Issues)

#### Websites:

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

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