

International Economics
International Economic Environment

Semester V	Subject Code: C51705	Lectures: 60
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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.

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

Unit 2: Theories of International Trade:	08
<ul style="list-style-type: none">• Theories of International Trade:<ul style="list-style-type: none">○ 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○ Kravis Theory of Availability○ North-South Trade and the Global Environment	

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

***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

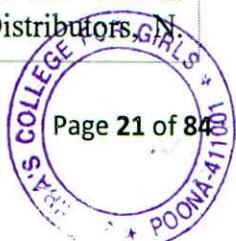
Ref: Sodersten, Bo (1991) "International Economics" The Macmillan Press Ltd, London.

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.Y.



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
- www.saarc-sec.org
- www.aseansec.org

International Economics
International Economic Environment

Semester VI

Subject Code: C61705

Lectures: 60

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

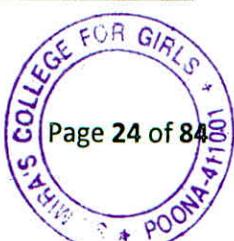
Unit 2: Foreign Exchange Market

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

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

*Assignments and library hours – 12 hours



Pre-Course Reading(Semester VI):

Unit 1:Causes of deficit in India's Balance of Payments between1950-1990.

- 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.
- Datt, R and Sundaram, KPM- "*Indian Economy*", S. Chand and Co. Ltd, 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 & 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.
- Misra,S.K. &Puri,V.K. "*Indian Economy*", Himalaya Publishing, Mumbai, latest ed.
- Rugman, A.M&Hodgetts,R.M:"*International Business*", Pearson Education, latest ed.
- 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*" The Macmillan Press Ltd, London, latest ed.

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- 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
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- Ingram, James. C (1983) “*International Economics*”, John Wiley & Sons, Inc.
- Kenen, Peter (2008) “*The International Economy*”, Cambridge University Press.
- Lindert, Peter, H. (1987) “*International Economics*” Richard Irwin Inc.
- Porter, Michael (1990) “*The Competitive Advantage of Nations*” MacMillan.
- 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
- Srinivasan, T.N. (1998) “*Developing Countries and the Multilateral Trading System*” OUP, Delhi
- Sodersten, Bo & Reed,G- “*International Economics*”, MacMillan
- Trivedi, Sonu (2005) “*Regional Economic Cooperation and Integration*”, New Century Publications, N.Delhi.

Journals (Semester VI):

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

Periodicals (Semester VI):

- Economic and Political Weekly-(Relevant Issues)

Websites (Semester VI):

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