

<b>Department</b>	<b>ECONOMICS</b>	<b>Class</b>	<b>I-M.A.</b>		<b>Semester</b>	<b>I</b>
<b>Course Title</b>	<b>Foreign Trade</b>	<b>Hours</b>	<b>Credit</b>	<b>CIA</b>	<b>External</b>	<b>Total</b>
<b>Course Code</b>	<b>18P1VMC2</b>	90	4	25	75	100

### **Objectives**

1. To impart knowledge on theoretical basis of international trade
2. To provide an understanding of trade barriers and balance of payment
3. To appreciate the relevance of international monetary system and institutions

### **Learning Outcome**

Students can understand the basic knowledge theories on Foreign Trade

### **Unit I Theories of International Trade**

**(18hours)**

Classical theories- Absolute Advantage model of Adam Smith-Comparative Advantage model of David Ricardo-Offer curve Analysis- Modern theories of International Trade- Haberler's Theory of opportunity cost- Heckscher-Ohlin theorem – Stolper Samulelson theorem – Rybezynski theorem - Some New Theories- Kenen's Theory of Human Capital-Emmanuel's theory of Unequal Exchange.

### **Unit II Terms of Trade and Balance of payment**

**(18hours)**

Terms of Trade- types- Factors affecting Terms of Trade-Terms of Trade and Economic development. Free Trade versus Protection-Balance of payments- disequilibrium in Balance of Payments –causes – measures to correct disequilibrium in BOP - Foreign Trade Multiplier.

### **Unit III International Trade Policy**

**(18hours)**

Instruments of Trade policy-Tariff-Classification of Tariff- impact of Tariff-Effects of Tariff- Quota-quantitative restrictions- Types- effects of quota –Dumping objectives- Anti dumping measures-Social responsibility in International Trade – Business ethics –social issues- Environmental issues –Labour issues –positive and negative sides.

### **Unit 1V Exchange rate and Exchange Control**

**(18hours)**

Foreign Exchange- Functions of Foreign Exchange Market-Methods affecting international payments – transactions in the Foreign Exchange Market. Exchange rate –types

Determination of Exchange Rates –Theories of exchange – Purchasing Power Parity Theory- mint Parity Theory- Exchange control Methods of Exchange control.

### **Unit V International Economic Institutions**

**(18hours)**

Economic Institutions The Bretton woods System- IMF - IBRD -ASEAN- EEC- SAARC –GATT-UNCTAD-G8-G20- WTO-objectives and functions TRIMS and TRIPS-New Economic Policy-Globalisation and its Impact on India-BRICS origin- New Development Bank- aims and functions

#### **Text Books**

1. M.L.Jhingan, “**International Economics**”, 2010, Vrinda Publications (P) Ltd, New Delhi.
2. Fransis Cherunilam, “**International Economics**”, 2010, Tata Mc Graw Hill Education Private Limited New Delhi.

#### **References**

1. Paul R.Krugman, “**International Economics Theory and Policy**”, 2009, Darling Kindershey India Pvt Ltd, New Delhi.
2. K.R.Gupta, “**International Economics**”, 2009, Atlantic Publisher, New Delhi.

#### **Website**

Dominick Salvatore, “**International Economics**”,  
[www.ebook777.com/international-economics-11th-edition](http://www.ebook777.com/international-economics-11th-edition)