**B.A**

**CORE COURSE (CC): ECONOMICS**

**SEMESTER - IV**

**(BAB32401T) INTERNATIONAL ECONOMICS**

**MAX.MARKS: 100**

**EXTERNAL: 70**

**INTERNAL: 30**

**PASS: 40%**

**CREDITS: 6**

**OBJECTIVE:**

This course tells about the determinants of international trade as well as international trade policy in theory and practice.

**COURSE OUTCOMES:**

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|---|---|
| **CO 1:** | Understand the main theoretical and empirical concepts in international trade |
| **CO 2:** | Understand the main issues in trade policy and basic features of the international trading regime. |
| **CO 3:** | Understand the main theories of international trade |
| **CO 4:** | Understand the working and problems of international monetary system |

**INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:**

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions each from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any 10 questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

5. The duration of each paper will be three hours.

**INSTRUCTIONS FOR THE CANDIDATES:**

Candidates are required to attempt any two questions each from sections A, and B of the question paper, and any ten short answer questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

**Section - A**

**Unit 1: International Trade**: Nature, scope and importance

**Unit 2:** Theories of Absolute Advantage, Comparative Advantage and Opportunity Costs

**Unit 3**: Heckscher-Ohlin Theory, Gains from trade, their measurement and distribution

**Unit 4: Terms of Trade, Secular-Deterioration Hypothesis**

**Section - B**

**Unit 5:** Theory of tariffs, Optimum and effective rate of tariff

**Unit 6: Balance of Payments, Exchange Rate and Trade Structure**: adjustment in the balance of payments, foreign trade multiplier, Fixed Vs. flexible exchange rates

**Unit 7: Structure of Trade**: trade between developing and developed countries. Current problems of trade and finance of developing countries

**Unit 8: International Monetary System**: IMF and international monetary system.

**Suggested Readings:**


- Paul Krugman, Maurice Obstfeld, and Marc Melitz, International Economics: Theory and Policy, Addison-Wesley (Pearson Education Indian Edition), 9th edition, 2012.
- Dominick Salvatore, International Economics: Trade and Finance, John Wiley International Student Edition, 10th edition, 2011.
- Bo Sodersten: International Economics, IInd Edition, Macmillan Press, London, Reprint 1990.
- C.P. Kindleberger: International Economics, Richard Irwin, Homewood, Illinois, Indian Edition1977.