

Semester VI
ECODSC – 351
Introduction to International Trade
Total Credit: 4
Total Teaching Hours: 45 hours

Course Description:

This course introduces key concepts and theories of international trade and finance, equipping students to analyze trade policies, exchange rates, and balance of payments dynamics.

Course Outcome:

Students will understand international trade theories, evaluate trade policies, and analyze exchange rate mechanisms and balance of payments, preparing them for informed discussions on global economic issues.

Unit 1: Introduction to International Economics

Subject matter and importance of International Economics – Internal trade and International trade – Importance of International trade – International trade and economic development – Terms of trade.

Unit 2: Theories of International Trade

Absolute and Comparative Cost advantage theories, Heckscher-Ohlin Theory, The Spillover Theory of Trade

Unit 3: Theory of Commercial Policy

Free trade - Arguments for and against free trade – Protection - Arguments for and against protection - Methods of Trade Restriction: Tariff and non-tariff trade barriers - Types of tariffs, Economic Integration – WTO, EU, NAFTA, ASEAN, SAARC.

Unit 4: Foreign Exchange

Foreign exchange market: Meaning and functions; Exchange rate: Fixed vs Flexible Exchange Rate, Theories of Exchange rate determination: Mint Parity theory – Purchasing Power Parity Theory

Unit 5: Balance of Payments

Balance of Payments: Meaning, Purpose and Measurement, items in the current account and capital account- BOP Equilibrium and Disequilibrium, Assessment of BOP Disequilibrium: Autonomous Transactions vs. Accommodating Transactions, Causes and Kinds of BOP Disequilibrium.

Suggested Readings

1. Krugman, P. R., Obstfeld, M., & Melitz, M. J. *International Economics: Theory and Policy*. Pearson Education.
2. Dwivedi, D. N. *International Economics: Theory and Policy Issues*. Vikas Publishing House.
3. Salvatore, D. *International Economics: Trade and Finance*. Wiley.
4. Carbaugh, R. J. *International Economics*. Cengage Learning.
5. Bhagwati, J. *Free Trade Today*. Princeton University Press