

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

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**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.

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**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