

DEPARTMENT OF ECONOMICS				CLASS: I M.A. Economics				
Sem	Course Type	Course Code	Course Title	Credits	Contact Hours/week	CIA	Ext	Total
I	Major Core-2	21P1VMC2	International Economics	4	5	25	75	100

Nature of Course			
Knowledge and skill	✓		Employability oriented
Skill oriented			Entrepreneurship oriented

Course Objectives
<ol style="list-style-type: none"> <li>To understand classical and modern theories of International Trade.</li> <li>To know the trends in terms of trade and balance of payments of the economy.</li> <li>To study the trade policy, exchanges rate and international trade institutions.</li> </ol>

Unit	Description	Hours	K-Level	CLO
I	<b>Classical and Modern Theories International Trade</b> 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 – Hecksher – Ohlin theorem – Stolpher Samuelson theorem – Rybezynski theorem – Some New Theories – Linder’s Theory of volume of trade and demand pattern – Posner’s imitation gap or technological theory – Vernon’s product cycle Theory.	15	Up to K4	1
II	<b>Terms of Trade and Balance of Payment</b> Terms of trade – types – factors affecting Terms of Trade – Terms of Trade and Economic development. Free Trade versus Protection – Gains from trade measurement - Factors determining the gains from trade - Balance of Payments – disequilibrium in Balance of Payments – causes – measures to correct disequilibrium in BOP – National Income Accounting and Balance of Payments – Foreign Trade Multiplier.	15	Up to K4	2
III	<b>International Trade Policy</b> 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- Trade Policy in developing counties – Import substituting industrialisation – Export Oriented indusirialisation.	15	Up to K4	3

IV	<b>Exchange rate and Exchange Control</b> 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 – Merits and demerits of Exchange control.	15	Up to K4	4
V	<b>International Economic Integration</b> International Economic integration – need –benefits – Forms – Economic integration groupings – NAFTA – SAFTA - The Breton woods System – IMF – IBRD – ADB – ASEAN – EEC – SAARC – GATT-UNCTAD-G8-G20 – WTO – Objectives and functions TRIMS and TRIPS – New Economic Policy – Globalization and its Impact on India – BRICS origin – New Development Bank – aims and functions.	15	Up to K4	5

### Books for Study

1. M.L. Jhingan “**International Economics**”, 6<sup>th</sup> Edition 2010 , Vrinda Publication (p) Ltd, NewDelhi.
2. Sankaran S , “**International Economics**”, 2016, Margaham Publications Rameswaram Road, T.Nagar, Chennai.

### Books for References

1. Paul R. Krugman and Maurice Obstfeld, “**International Economics Theory and Policy**”, 2011, Published by dorling kindersly ( India) Pvt. Ltd, South Asia.
2. Mannur H.G., “**International Economics**”, 1983, Vikas Publishing House Pvt Ltd., New Delhi.
3. Mithani, D.M., “**International Economics**”, 2010, Himalaya Publishing House Pvt. Ltd., Mumbai.
4. Francis Cherunilam, “**International Trade and Export Management**”, 2010, Himalaya Publishing House Pvt. Ltd., Mumbai.

### Web Resources

1. “International Economics: Theory and Policy”,  
<https://open.umn.edu/opentextbooks/textbooks/276> ”,
2. International Economics, Volume 1: The Pure Theory of International Trade,  
<https://www.springer.com/gp/book/9783662025246>

### Rationale for Nature of the course

International trade has gone through a sea change after the establishment of WTO with the objectives of TRIPS and TRIMS. To maintain the sufficient foreign exchange reserves in a country international trade is inevitable. In this regard the students are exposed to know about the various theories, tariffs, quota, balance of payment situations and exchange rate. It motivates the students to do international level trade activities in their future endeavours.

### Activities having direct bearing on skill development/ Employability / Entrepreneurship

Students are asked to compare the balance sheet of two MSME’s in their region and to improve the status of the trade further.

### Pedagogy

Lecture method, PPT, Quiz, Group discussion, Seminar, Interaction, OOC.

### Course Designer

**Dr. P. Kannan**

### Lecture Schedule

Unit	Topics	Hours	Mode
<b>Unit I</b>	Classical theories and Absolute Advantage model of Adam Smith	2	Lecture Method, PPT Seminar, Test
	Comparative Advantage model of David Ricardo and Offer curve Analysis	3	
	Modern theories of International Trade, Haberler's Theory of opportunity cost, Heckscher and Ohlin theorem	3	
	Stolper Samuelson theorem, Rybczynski theorem	3	
	Linder's Theory of volume of trade and demand pattern, Posner's imitation gap or technological theory and Vernon's product cycle Theory.	4	
<b>Unit II</b>	Terms of trade, types, factors affecting Terms of Trade Terms of Trade and Economic development	3	Lecture Method, Seminar, Quiz
	Free Trade versus Protection	3	
	Gains from trade measurement, Factors determining the gains from trade, Balance of Payments, disequilibrium in Balance of Payments, causes and measures to correct disequilibrium in BOP	3	
	National Income Accounting and Balance of Payments	3	
	Foreign Trade Multiplier	3	
<b>Unit III</b>	Instruments of trade policy, Tariff, Classification of Tariff, impact of Tariff, Effects of Tariff	4	Lecture Method, Seminar, Group Discussion
	Quota, quantitative restrictions, Types and effects of quota	3	
	Dumping objectives and Anti dumping measures	3	
	Social responsibility in International Trade – Business ethics – social issues, Environmental issues, Labour issues and positive and negative sides	3	
	Trade Policy in developing countries, Import substituting industrialization and Export Oriented industrialisation	2	
<b>Unit IV</b>	Foreign Exchange and functions of Foreign Exchange Market	3	Lecture Method, Seminar, PPT
	Methods affecting International payments and transactions in the foreign Exchange Market	3	
	Exchange rate and types Determination of Exchange Rates	3	
	Theories of exchange, Purchasing Power Parity Theory and mint parity theory	4	
	Exchange control Methods of Exchange control and Merits and demerits of Exchange control.	2	
<b>Unit V</b>	International Economic integration – need – benefits – Forms	3	Lecture Method, Seminar, OOC
	Economic integration groupings, NAFTA and SAFTA	3	
	The Breton woods System – IMF – IBRD – ADB – ASEAN – EEC – SAARC – GATT-UNCTAD-G8-G20 - WTO – Objectives and functions TRIMS and TRIPS	4	
	New Economic Policy and Globalization and its Impact on India	3	
	BRICS origin, New Development Bank and aims and functions	2	
	Total	75	

**Course Learning Outcome:**

On successful completion of the course, the student will be able to:

CLO	Course Learning Outcome	Knowledge Level
CLO1	Apply the theories of International Trade in practice	Up to K4
CLO2	Suggest Measures to overcome balance of payment crisis	Up to K4
CLO3	Formulate trade policy on tariff and quota	Up to K4
CLO4	Analyse the foreign exchange rate fluctuations	Up to K4
CLO5	Improve the role of international institutions regarding trade affairs	Up to K4

**K1** – Remembering

**K2** – Understanding

**K3** – Application

**K4** – Examining, analyzing and presentation

**Mapping of CLOs with POs**

#	PO1	PO2	PO3	PO4	PO5
CLO-1	3	2	3	2	3
CLO-2	3	3	3	2	3
CLO-3	3	2	3	1	3
CLO-4	3	2	3	2	3
CLO-5	3	2	3	2	2

**Measurement of Scaling :** Advanced Application-3, Intermediate Level-2, Basic Level-1.

**Learning Outcome Based Education (LOBE) & Assessment**  
**Formative – Blue – Print – Model**  
**(Articulation Mapping with Course Learning Outcome (CLOs))**

Units	CLOs	K-Level	Section - A		Section – B (Either or Choice)	Section – C (Open choice)
			Short Answers			
			No. of Questions	K-Level		
I & II	CLO 1 & 2	Up to K4	2	K2, K3	2 (K3 & K3)	2 (K2, K3)
III, IV	CLO 3 & 4	Up to K4	3	K2, K2, K3	2 (K4 & K4)	1(K3/K4)
No. of questions to be asked			5		4	3
No. of questions to be answered			5		2	2
Marks for each question			2		5	10
Total marks for each section			<b>10</b>		<b>10</b>	<b>20</b>

**Learning Outcome Based Education (LOBE) & Assessment**  
**Summative – Blue – Print – Model**  
**(Articulation Mapping with Course Learning Outcome (CLOs))**

Unit	CLOs	K-Level	Section – A MCQs		Section – B Short Answer		Section – C (Either or Choice)	Section – D (Open Choice)
			No. of Questions	K-Level	No. of Questions	K- Level		
I	<b>CLO-1</b>	Up to K4	2	K1 & K1	1	K1	2 (K3 & K3)	1 (K2)
II	<b>CLO-2</b>	Up to K4	2	K2 & K3	1	K2	2 (K1 & K1)	1 (K3)
III	<b>CLO-3</b>	Up to K4	2	K2 & K3	1	K1	2 (K4 & K4)	1 (K4)
IV	<b>CLO-4</b>	Up to K4	2	K3 & K4	1	K3	2 (K4 & K4)	1 (K4)
V	<b>CLO-5</b>	Up to K4	2	K2 & K3	1	K2	2 (K2 & K2)	1 (K3)
No. of questions to be asked			10		5		10	5
No. of question to be answered			10		5		5	3
Marks for each question			1		2		5	10
Total marks for each			<b>10</b>		<b>10</b>		<b>25</b>	<b>30</b>

**K1** – Remembering

**K2** – Understanding

**K3** – Application

**K4** – Examining, analyzing and presentation

**Distribution of Section-wise Marks with K-Levels**

K Levels	Section – A (No Choice)	Section – B (No Choice)	Section – C (Either or)	Section – D (Open Choice)	Total Marks	% of Marks without choice
K1	2	4	10	-	16	13.33
K2	2	4	10	10	26	21.67
K3	4	2	10	20	36	30.00
K4	2	-	20	20	42	35.00
<b>Total Marks</b>	<b>10</b>	<b>10</b>	<b>50</b>	<b>50</b>	<b>120</b>	<b>100.00</b>