



# ST. ALOYSIUS COLLEGE(AUTONOMOUS), JABALPUR

Reaccredited 'A+' Grade by NAAC(CGPA:3.68/4.00)

College with Potential for Excellence by UGC

DST-FIST Supported & STAR College Scheme by DBT

## Faculty of Arts

### SUBJECT: ECONOMICS

#### M.A. IV Semester

#### Paper - II

#### Indian Foreign Trade and International Institutions

### Course Outcomes

CO. No.	Course Outcomes	Cognitive Level
CO1	Understand about the concepts of balance of payments, what difficulties faced by a country having enduring balance of payments deficits, what steps should be taken by a developing country like India to reduce the balance of payments gap.	R and U
CO2	Use models of trade to demonstrate the gains from exchange as well as the effects on income distribution within countries due to trade with foreign nations. And also analyze current issues and policies using the concepts of international trade theory.	R and U
CO3	Understanding the adjustment mechanism and the determinants of exchange rates and the balance of payments.	U and An
CO4	Ability to understand and interpret the concepts such as Balance of Payments, Exchange rates, Foreign Exchange transactions, International capital flows, etc.	U
CO5	Understand the role key international institutions play in affecting trade flows across the World.	An and E

### Marking Scheme

	Credits	Marks		Total Marks
		Internal	External	
<b>Theory</b>	<b>5</b>	<b>10</b>	<b>40</b>	<b>50</b>
<b>Total</b>	<b>5</b>		<b>50</b>	

### Evaluation Scheme

	Marks	
	Internal	External
<b>Theory</b>	1 Internal Exams of 10 Marks (During the Semester)	1 External Exams (At the End of Semester)



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## Content of the Course

No. of Lectures (in hours per week): 4.5 Hrs. per week

Total No. of Lectures: 56.25 Hrs.

Maximum Marks: 40

Unit	Topics	No. of Lectures
Unit 1	Foreign Trade and Economic Development, Meaning and Components of Balance of Payments, Equilibrium and Disequilibrium of Balance of Payment, Factors Causing Disequilibrium in Balance of Payment, Technical Progress and International Trade.	15
Unit 2	Adjustment Mechanism of Balance of Payment under Gold Standards, under Flexible Exchange Rate (Price Effect), Under Elasticity approach, Marshall Lerner Condition under Capital Movement and Direct Control for Adjustment, Foreign Trade Multiplier and Determination of Income.	15
Unit 3	Concept of Foreign Exchange Rate: Determination of Equilibrium Exchange Rate, Theories of Exchange Rate Determination- The Purchasing Power Parity Theory and The Balance of Payment Theory, Factor Causing Changes in Exchange Rate, Relative Merits and Demerits of Fixed and Flexible Rate, Convertibility of Currency.	15
Unit 4	Exchange Control: Meaning, Features, Objectives and Methods of Exchange Control, Devaluation- Devaluation of Indian Rupee and its Impact on Our Economy, Free Trade vs. Protection, Cases for and against.	15
Unit 5	World Trade Organization: Functions, Structure, Objectives and Working of WTO, India and WTO, Trade Blocks: EU, NAFTA, ASEAN; International Monetary Fund (IMF) Origin, Objectives and Functions, India & IMF, World Bank, Trade and BOP in India; Major Problem of Indian Export Sector.	15



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## **Suggested Readings:**

- Bhagwati, J. (Ed.) (1981), International Trade, Selected Readings, Cambridge University Press, Massachusetts.
- Carbough, R. J. (1999), International Economics, International Thomson Publishing, New York.
- Chacholiades, M. (1990), International Trade: Theory and Policy, McGraw Hill, Kogakusha, Japan.
- Dana, M. S. (2000), International Economics: Study, Guide and Workbook, (5th Edition), Routledge Publishers, London.
- Dunn, R. M. and J. H. Mutti (2000), International Economics, Routledge, London.
- Kenen, P. B. (1994), The International Economy, Cambridge University Press, London.