M.A III Semester

Paper –II (International Trade and Relations)

Course Title	**International Trade and Relations**
Course Type	**Core Course**
Credit Value	**05**
Max. Marks	**100**
Course Learning outcomes (CLO)	**On successful completion of this course, the students will be able to:** **CLO 1 -** Understand and explain major theories of international trade, including ancient, classical, neoclassical, and modern approaches. **CLO2-**Analyze the effects of trade policies such as tariffs, quotas, subsidies, and trade agreements on domestic and global economies. **CLO3-** Evaluate the role and functioning of key international trade and financial institutions like the WTO, IMF, World Bank, and regional trade organizations. **CLO4 -** Interpret global trade data and trends, including patterns of exports, imports, and balance of payments. **CLO5 -** Examine the influence of political, economic, and strategic factors on international trade relations and foreign

Unit	Topics
Unit-1	International Trade: distinguishing features and Scope, Distinction between interregional and international trade. Ancient Indian Trade Routes and Networks (e.g., Silk Road, maritime trade). Foreign Trade and Economic Development. International division of labor and specialization. Smith's theory of absolute differences; Ricardo theory of comparative differences in costs and its applicability in underdeveloped countries. Production possibility curve and Community Indifference Curve. **Unit Activity:** Mock Trade Negotiation, Hypothetical illustration of trade theories, Applicability

	of trade theories in present perspectives, create a digital map or a poster showcasing these routes, highlighting the commodities exchanged (spices, textiles, precious stones, etc.) and discussing the socio-economic and cultural impacts of this trade. Present findings to the class.
Unit-2	Harberler's theory of opportunity costs, International trade under constant, Increasing and decreasing opportunity costs; Explanation of Mill's concept of reciprocal demand with the help of Marshall's offer curves, Heckscher Ohlin theory of factor endowment underprice criteria and physical criteria. Samuelson factor price equalization theorem, Leontief paradox. Gravity Model by Jan Timbergen and Economies of Scale by Paul Krugman. **Unit Activity**: Mock Trade Negotiation, Hypothetical illustration of trade theories, Applicability of trade theories in present perspectives, Research India's trade data with 3-5 countries. Present findings on how factors like GDP, distance, and shared borders (or historical ties) might explain the trade volume.
Unit-3	Economic Growth and International Trade, Terms of Trade, factors affecting terms of trade. Free trade vs. protection. Commercial policies- Tariff and non-tariff barriers, Tariffs: meaning and types effects of tariffs under partial and general equilibrium; optimum tariff and welfare: The Stopler Samuelson Theorem, Dumping: types, objectives, and effects of dumping. Anti-dumping measures, Historical Trade Policies in India (pre-colonial era) **Unit Activity:** Practical illustrations of Terms of Trade, Recent incidence of Dumping in India and its impact on our Economy. Recent challenges of imposition of tariff among countries, Assign roles (e.g., industry representatives, consumer advocates, Government economists). Each group prepares arguments for or against protection, considering the economic effects of tariffs and subsidies.
Unit-4	Balance of payments- Composition and significance. Disequilibrium in BOP causes and measures of correcting BOP. Adjustment mechanism of balance of payment under gold standard system, under Elasticity approach Marshall-Lerner condition. The Hundi System as an indigenous financial instrument for trade, Foreign exchange rate determination the purchasing power parity theory, the mint parity and Balance of payment theory. Fixed and flexible exchange rates. Exchange control measures- meaning, objective and method of exchange control, appreciation and depreciation of currency, Spot, and forward exchange rates. Volatility of exchange rates and their effects. Volatility of exchange rate in relation

	to dollar and euro. Convertibility of currency. **Unit Activity:** Fixed vs. Flexible Exchange Rates Debate, India's Major exports and imports, Differentiate Spot and Forward exchange rate Forex Reserves & Exchange Control Game, Currencies of major countries of world, Locations of top countries of world on world map, Research recent BOP data for India. Design an infographic that visually represents current account, capital account, and highlights a period of disequilibrium with its causes and corrective actions. Foreign Capital Movements FDI, FII, Multinational corporation, Foreign Trade Policy relations. Foreign Trade and India's diplomacy. India's Bilateral trade.
Unit-5	Foreign Capital Movements FDI, FII, Multinational corporation, Foreign Trade Policy relations. Foreign Trade and India's diplomacy. India's Bilateral tradewith developed and developing countries. Contemporary issues of international Trade. International institutions-WTO, IMF, World Bank, Regional Trade Blocks-EU, ASEAN, SAARC, NAFTA, Directions, and trends in India's balance of payment position since the reform period, Current challenges of India's export Sector. India's approach to Globalization informed by concepts like Atmanirbhar Bharat (self-reliance) and sustainable development. **Unit activity:** Directions, and trends in India's balance of payment position since the reform period. Current challenges in India's export and identify the nations where we have recently started exporting, students to select an institution/block and to highlight India's relationship with it, and contemporary issues or debates involving India.

Suggested Readings:

- Chacholiades, M. (2009), The Pure Theory of International Trade, Aldine Transaction, New Brunswick.
- Chacholiades, M. (1981), Principles of International Economics, Mc-Graw Hill Book Company, New Delhi.
- Krugman, P.R. and Obstfeld, M. (2013), International Economics: Theory and Policy,
- 8th Edition, Pearson Education, New Delhi.
- Kindleberger, C.P. (1998), International Economics, 8th Edition, Richard D. Irwin, Inc., USA.
- Mannur, H.G. (1996), International Economics, 2nd Revised Edition, Vikas Publishing House Pvt. Ltd., New Delhi.
- Sodersten, B. (1984), International Economics, 2nd edition, Macmillan, Hong Kong.
- Sodersten, B. and Reed, G. (1994), International Economics, 3rd edition, Macmillan,
- New Delhi.

- Salvatore, D. (2000), International Economics, John Wiley, London.
- Thompson, H. (2011), International Economics: Global Markets and Competition, 2^{nd} edition, Cambridge University Press India Pvt. Ltd., New Delhi.
- Bhagwati, J. (Ed) (1998), International Trade, Selected Readings Cambridge, University Presses Massachusetts.
- Carbough, R.J. (1999), International Economics, Internation Thmopson Publishing, New York.
- Chachliadas, M. (1990), International Trade: Theory and Policy, McGraw Hill, Kogakusha, Japan.
- Dana, M.S. (2000), International Economics; Study Guide and Work Book (5th Edition), Routledge Publishers, London.
- Dunn, R.M. and J.H.M and (2000), International Economics, Routiedge, London.
- Kenen, P.B. (1994), The Internal Economy, Cambridge University Press, London.
- Kindleberger, C.P. (1973), International Economics, R.D. Irwin, Homewood.
- King, P.G. (1995), International Economics and International Economics Policy:
- A Reader, McGraw and International, Singapore.
- Krugman, P.R. and M.C. bet fled (1994), International Economics; Theory and Policy, Glenview, Foresman.
- Salvalore, D. (1997), Interr:ational Economics, prentice hall, Upper Saddle River,
- N.J. New York.
- Soderston B.O. (1991), International Economics, The Macmillan Press Ltd.,
- London.
- Rajat Acharyya: International Economics, Oxford
- D.M. Mithani- Internation Economic, Himalaya Pub. 2004
- P. Subba Rao- International Business, Himalaya Pub.2001
- Cherwnilam Francis- International Economics Tata Megrawsai 1999

Suggested Readings for Indian Knowledge System in International Economics:

1. Kautilya Artha shastra. (Translated by R. Shama Sastry, Motilal Banarsidass Pub. or Penguin Classics, various years).
2. Gandhi, Mahatma - Hind Swaraj or Indian Home Rule. (Nava Jivan Publishing House or other publishers, various years).
3. Dharampal - Indian Science and Technology in the Eighteenth Century: Some Contemporary European Accounts. (Other India Press, various years).
4. Sanyal, B.S. - Ancient Indian Economic Thought. (Specific publisher and year would depend on a particular academic publication).
5. Sen, Amartya - The Argumentative Indian Writings on Indian History, Culture and Identity. (Penguin Books or Farrar, Straus and Giroux, various years).

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