

**BACHELOR OF ARTS (LIBERAL ARTS)**  
**CORE COURSE (CC): ECONOMICS SEMESTER – IV**  
**(BLAB32401T) INTERNATIONAL ECONOMICS**

**MAX. MARKS:100**

**EXTERNAL:70**

**INTERNAL:30**

**PASS:40%**

**OBJECTIVE:**

**CREDITS:6**

This course tells about the determinants of international trade as well as international trade policy in theory and practice.

**INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:**

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions each from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any 10 questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
5. The duration of each paper will be three hours.

**INSTRUCTIONS FOR THE CANDIDATES:**

Candidates are required to attempt any two questions each from the sections A, and B of the question paper, and any ten short answer questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

## **Section - A**

**Theories of International Trade:** Nature, scope and importance of International Economics

**Theories of Absolute Advantage,** Comparative Advantage and Opportunity Costs. Heckscher-Ohlin Theory. Factor Price Equalisation. Gains from trade, their measurement and distribution.

**Terms of Trade, Secular-Deterioration Hypothesis.**

**Commercial Policy:** The theory of tariffs, Optimum and effective rate of tariff, inter-relationship between trade, aid and economic development.

**The theory of Economic Integration Among Nations;** forms of economic integration. The theory of Customs Union.

## **Section - B**

**Balance of Payments, Exchange Rate and Trade Structure:** The process of adjustment in the balance of payments. The concept of foreign trade multiplier. Fixed Vs. flexible exchange rates and their relative merits and demerits.

**Structure of Trade:** trade between developing and developed countries. Unequal Exchange and its impact on Balance of Payments. Current problems of trade and finance of developing countries.

**International Monetary System:** IMF and international monetary system.

**Present International Monetary System,** problems of international liquidity. Proposals for international monetary reforms.

**New International Economic Order:** Role of common currency in regional blocs and common markets. Financial Globalization and Financial crises: Causes and case studies.

### **Suggested Readings:**

1. Paul Krugman, Maurice Obstfeld, and Marc Melitz, International Economics: Theory and Policy, Addison-Wesley (Pearson Education Indian Edition), 9<sup>th</sup> edition, 2012.
2. Dominick Salvatore, International Economics: Trade and Finance, John Wiley International Student Edition, 10th edition, 2011.
3. Bo Sodersten: International Economics, IInd Edition, Macmillan Press, London, Reprint 1990.
4. C.P. Kindleberger: International Economics, Richard Irwin, Homeswood, Illinois, Indian, Edition 1977.