Semester	VI
Paper Code	
Paper Title	**INTERNATIONAL ECONOMICS**
No. of Credits	4
Theory/Practical/Composite	Theory
No. of periods assigned	4
Minimum No. of preparatory hours per week a student has to devote	4
Learning Outcomes/Course description/objective	1. Provide a strong foundation in the classical and the neo-classical trade theories 2. Understand the factors determining the patterns of international trade, 3. Analyze if trade is beneficial to all, or, if there are winners and losers from trade, 4. Study the structure, conduct and performance of trade policy, 5. Gain familiarity with the world trading system, 6. Apply these theories to issues in globalization, economic integration and trade policy.
Syllabus	**Module 1 (35 marks, 2 periods per week)** **Basics of trade theory:** International equilibrium: Offer curves, Terms of Trade (TOT) and stability; Gains from Trade (GFT) Theorem; Decomposition of GFT. **Technology and Trade:** Comparative versus Absolute Advantage, relative demand and relative supply, terms of trade; Trade in Ricardian world, Determination of intermediate TOT, Complete specialization & GFT **Factor Endowment & Trade:** Factor Abundance; Properties of the HO model - Factor intensity, Stolper-Samuelson theorem, Rybczynsky theorem, H-O theorem; factor price equalization, factor intensity reversal & factor price equalization, effects on income distribution; Demand bias; Leontief Paradox. **Module 2 (35 marks, 2 periods per week)** **Trade Policy Partial Equilibrium Analysis**: Analyses of Tariff, Quota, Export Subsidy and Voluntary Export Restraint; General Equilibrium Analysis of welfare effects of a tariff on small country and large country, Tariff-ridden offer curve, Tariff war, Metzler's Paradox. **Balance of Payments & Exchange Rate:** Balance of Payment accounts; Determination of National Income, Transfer problem, Repercussion effects; Fixed & Flexible Exchange Rate - adjustment of demand and supply of Foreign Exchange, Effect of devaluation, Effects of exchange rate on domestic prices and TOT, Marshall-Lerner Condition, J-Curve effect.
Readings	1. P. Krugman and M. Obstfeld- International Economics (8th Edition) ; Pearson Education 2. R. Caves, J. Frankel and R.W. Jones – World Trades & Payments

	(9th Ed); Pearson Education 3. Rajat Acharyya- International Economics; Oxford University Press 4. Giancarlo Gandolfo, International Trade Theory and Policy, Springer, 2014			
Evaluation	Continuous Internal Assessment: 30 marks End- Semester Theory Examination: 70 marks			

Paper Structure for End-Sem Exam	Module	No. of Questions to be Answered	No. of Alternatives	Marks
	Module 1	3	4	3 x 5 = 15
		2	3	2 x 10 = 20
	Module 2	3	4	3 x 5 = 15
		2	3	2 x 10 = 20
	Total Marks			70