

**Module I : Theory of International Trade**

Basis of international trade - theories of absolute advantage, comparative advantage and opportunity costs - critique.

Demand version of classical theory - theory of offer curves - terms of trade.

Heckscher - Ohlin theory of international trade - factor price equalization theory - Leontief's paradox - empirical evidence of H-O theory - limitations.

Imperfect competition - modern theories of international trade - imitation lag, product cycle and technology gap theories - economies of scale and increasing returns to scale theories - intraindustry trade.

**Module II: Measurement of Gains**

Factor supply increase - impact of trade - Rybczynski theorem - immiserizing growth and secular deterioration hypothesis - trade as engine of economic growth.

**Module III: Commercial Policy**

Theory of intervention - arguments for tariff - partial and general equilibrium analysis - import tariffs versus import quotas - tariffs and terms of trade - nominal, effective and optimal tariff rates - effective rate of protection

Stolper - Samuelson theorem - economic effects of tariffs - subsidies - non-tariff barriers - current policy.

**Module IV: Theory of Customs Union:**

Partial and general equilibrium analysis of customs union - free trade areas - approaches of Viner, Lipsey and Vanek - regional trade blocs - EU, NAFTA, SAARC/SAFTA, UNCTAD, WTO - trade liberalization and growth.

## **Module V: International Factor Movements**

International capital and labour movements - MNCs and their operation - international trade in services and knowledge - based industries - GATS, TRIPs, TRIMs - trade problems of developing countries.

## **Module VI: Balance of Payments**

Balance of payments accounting - balance of payments and balance of trade - BOP settlement and adjustment methods.

Exchange rates a-spot, forward rates - hedging, speculation, arbitrage - BOP and foreign exchange rate relationship - exchange rate overshooting - curve.

Approaches to BOP adjustment - monetary approach - elasticity approach - Marshall-Lerner-Robinson conditions - absorption approach of Alexander.

Foreign trade and national income - foreign trade multiplier with and without repercussions.

## **Module VII: International Liquidity**

International monetary system - gold standard - Brétton Woods System - Reforms in International Monetary system - determinants of international reserves - problems of international liquidity - role of IMF and World Bank in International Liquidity.

## **Module VIII: International Debt:**

Foreign debt crisis - debt analysis - policy changes - current position.

## **Module IX: New Theories**

Simultaneous equilibrium achievements models of Mundell and Swan - limitations Optimum currency area theories of Mundell, Mckinnon, Magnifico and Wood Achievements and limitations of WTO.



## **Module X: Trade Policy in India**

Trade problems and policy changes in India - trade reforms since 1991- implications on BOP, exchange rate and factor movements - East Asian Crisis and India - International reserves and foreign debt problem in India - working of MNCs and their regulation - EXIM policy - WTO and competitiveness in Indian trade - agenda for future trade policy - FDI Policy in India.

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