M.A. 4th Semester
Paper-406

Time   : 3 Hrs.
Max. Marks : 100
External   : 80
Internal   : 20

INTERNATIONAL TRADE AND FINANCE-II

Note: (i) Nine Questions will be set in all and students will be required to attempt 5 questions.

(ii) Question No. 1 will be compulsory and will consist of 8 short answer type questions of 2 marks spread over the entire syllabus (2*8=16 marks).

(iii) For the remaining four questions, students will attempt 1 out of 2 questions from each of the four units (16 marks each).

PREAMBLE

The course provides a deep understanding about the broad principles and theories, which tend to govern the free flow of trade in goods, services and capital — both short-term and long-term — at the global level. Besides, preparing the students about the relevance and limitations of these principles, the contents of the paper spread over different modules, lay stress on the theory and nature of the subject which, in turn, will greatly help them to examine the impact of the trade policies followed both at the national and international levels as also their welfare implications at macro level and the distribution of gains from trade to North and South with particular reference to India. The study of the paper under the present era of globalization will train the students about the likely consequences on income, employment and social standards and possible policy solutions as the world will move into the 21st century.

Unit-I

Balance of Payments

Meaning and components of balance of payments; Equilibrium and disequilibrium in the balance of payments;

Process of adjustment under gold standard; Automatic adjustment mechanism through fixed exchange rates and flexible exchange rate., Foreign Exchange Market: Expectations (Spot rate, forward exchange rate, Speculative Pressures) and Exchange Rate.

Unit-II

Expenditure changing Polices(Monetary and fiscal policy), Expenditure-Switching Policies and Direct Controls for Balance of payment Equilibrium.; Monetary approach to Balance of Payment Equilibrium.; Foreign trade multiplier(with and without foreign repercussions); and determination of national income in an open Economy.

Unit-III

The International Monetary System

International Monetary Fund-Working and conditionality clause of International monetary Fund; Functions and Achievements of GATT/WTO, UNCTAD, World Bank and India.

The Theory of Regional Blocs

Forms of economic cooperation; Static and Dynamic effects of a customs union and free trade area; SAARC, ASEAN, EU; Asian Economic Integration : Rationale and Economic Progress.

Unit-IV

Trade Policies in India

Trade problems and trade policies in India during the last five decades; Recent changes in the direction and composition of trade and their implications; Rationale and impact of trade reforms since 1991 on balance of payments, employment and Growth;
FDI and Sectoral Growth in India.

Basic Reading List
- Chacholiades, M. (1990), International Trade: Theory and Policy, McGraw Hill, Kogkusha, Japan.
- Cherunilam, F. (2008): International Economics, The Tata McGraw-Hill Companies, New Delhi. 5th Ed.
- Dunn R.M. and J.H. Mutt (2000), International Economics, Routledge, London.
- Kindlberger, C P (1991): International Economics, R D Irwin, Homewood.8th Ed.
- Krugman, P.R. and Obstfeld, M. (1994), International Economics: Theory and Policy, Glenview, Foresman.
- Mishra, S.K. and Puri, V.K. (2012), Indian Economy- Its Development Experience, Himalaya Publishing House. 30th Revised Ed.
- Rudar Dutt and Sundram; Indian Economy S Chand and Company Latest Edition
- Salvator, D L (2001): International Economics, Prentice Hall, Upper Saddle Rover, New York.
- Soderston, Bo. (1999), International Economics, The Macmillan Press Ltd. London.
- Yarbough, R.J. (1999), International Economics, International Thompson Publishing, New York.

Additional Reading List
- Bhagwati J. (1988), Protectionism, Cambridge University Press, Mass.
- Brahmananda, P.R. and V.R. Panchmukhi (Eds.) (1987), The Development Process of the Indian Economy, Himalaya Publishing House, Bombay.
- Dana, M.S. (2000), International Economics: Study, Guide and Work Book, (5th Edition), Routledge Publishers, London.
- Goldsten, M. (1998), The Asian Financial crisis: causes cure and systematic implications, Institute of International Economics, Washington D.C.
- Hufbauer G.C. and K.A. Elliott (1994), Measuring the Costs of Protection in the United States, Institute for International Economics.
- Jackson, J. (1989),The World Trading System, Cambridge University Press, Mass.

- Joshi, V. and I.M.D. Little (1998), India's Economic Reforms, 1999-2000, Oxford University Press, New Delhi.
- King, P.G. (1995), International Economics and International Economic Policy: A Reader, McGraw Hill International, Singapore.
- Maggi, G. and A. Rodriguez-Clare (1998), "The Value of Trade Agreements in the Presence of Political Pressures," Journal of Political Economy, 106, 574-601.
- Mishkin, S.F. (1998), The Economics of Money, Banking and Financial Markets, (5th Edition), Harper Colins Publishers, New York.
- Panagariya, A. (2000), "Preferential Trade Liberalization: the Traditional Theory and new Developments," Journal of Economic Literature, 38, 287-331.
- Panchamukhi V.R. and R. Tandon (1987), Money and Finance in World Economic Order (RIS), Indus Publishing Co. Delhi.
- Panchmukhi, V.R. (1978), Trade Policies of India–A Quantitative Analysis, Concept Publishing Company, New Delhi.
- Patel, S. J. (1995), Indian Economy Towards the 21st Century, University Press Ltd., India.
- Pomfert, R. (1988), Unequal Trade: The Economics of Discriminatory International Trade Policies, Blackwell Publishers, Oxford.
- Satyanarayan, B. (1986), India's Trade with Asia and the Far East Countries, B.R. Publishing Corp., New Delhi.
- Vanderbussche, H. and M. Zanardi (2006), "The Global Chilling Effects of Antidumping Proliferation, "CEPR Discussion paper. 5597.