Module I: Importance of Trade and Trade Theories

Importance of the study of international economics, inter regional and international trade, Theory of absolute advantage, Comparative advantage and opportunity cost, Heckscher – Ohlin Theory of Trade- It’s main features, assumptions and limitation.

Module II: Gains from Trade

Gains from trade, Their measurement and distribution, Trade as an engine of economic growth, Concept of terms of trade and their importance in the theory of trade, Doctrine of reciprocal demand, Its importance and limitation in the theory of trade.

Module III: Tariffs and Quotas

Types tariffs and quotas, their impact in partial equilibrium analysis, free trade vs Protection Concepts of optimum tariffs.

Module IV: Balance of Trade and Balance of Payments

Concepts and components of balance of trade and balance of payments, Equilibrium and disequilibrium in balance of payments, Consequences of dis equilibrium in balance of payments, various measures to correct Deficit in the balance of payments, Relative merits, Demerits and limitation of Devaluation, Problem of International Liquidity and IMF.

Module V: Exchange Rate Determination

Exchange Rate – Theory of exchange rate determination –Mint Parity, Purchasing Power Parity and Balance of Payment Theory.
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