

GENERIC ELECTIVES (GE-9): INTERNATIONAL ECONOMICS

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
International Economics (GE9)	4	3	1	0	Class XII	NA

Learning Objectives

This course aims at inculcating:

- Basic understanding of fundamentals of international Trade
- An overview of theories of international trade
- Understand the meaning of Balance of Payment and explore the reasons of disequilibrium.
- Determine exchange rates and understand global capital market

Learning outcomes

By studying this course, students will be able to:

- To understand basic concept and origin of International economics through the prism of classical and new classical trade theories
- To understand different terms of trade and their applicability
- To differentiate between Modern and Classical Trade theories.
- To gain knowledge about the foreign exchange markets and its working
- To learn about global capital market

SYLLABUS OF GE-9

UNIT - I: Introduction to International Trade

[12hours]

Globalization and its growing importance in the world economy; Impact of globalization; International business contrasted with domestic businesses; Cost and benefit analysis of tariff, Effective rate of protection and welfare arguments of tariff and developing countries. Foreign direct investment (FDI) in world economy: Trends, Direction, and flow of FDI; Theories of FDI; Political ideology and FDI.

Unit 2: International Trade Theory

[15hours]

World Trade: An overview; Theories of international trade – Mercantilism; Absolute advantage theory, Comparative advantage theory, Factory proportion theory and Leontief paradox, Product life cycle theory, New trade theory, National competitive advantage:

Porter's diamond. International Business Environment: Economic, Demographic, Cultural and Political-legal environment.

Unit 3: Balance of Payment (BoP)

[6hours]

Balance of Payment: Meaning, Components (Current, Capital and Official reserve), Reasons for disequilibrium in BoP, Measures to correct disequilibrium, Understanding India's BoP and comparing it with markets like USA and China.

Unit 4: Foreign Exchange and Global Capital Market

[12hours]

Exchange Rate Determination: Currency Demand and Supply Curves, Factors Affecting Exchange Rate, Global Capital Market: Introduction, Benefits of global capital market, Growth of global capital market, Global capital market risk, Eurocurrency market, Global bond market, Global equity market, Exchange rate risk, Managing exchange rate risk, Methods of Financing International Trade.

Essential/recommended readings

1. Hill, C. (2021). International business: Competing in the global market place (13th Edition). *Strategic Direction*.
2. Krugman, P. R., & Obstfeld, M. (2009). International economics: Theory and policy. Pearson Education.
3. Levi, M.D. (2009). *International Finance* (5th Edition), Taylor and Francis Ltd.
4. Madura, J. (2020). *International financial management*. Cengage Learning.

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.