SEMESTER V

INTERNATIONAL ECONOMICS

(100 Marks- 75 Lectures)

Objectives of the Course: To enable students understand the role of international trade and investment in economic growth and development; to acquaint students with the various macroeconomic variables that are of significance in an open economy; to help students understand economic trends in the global economy

Unit 1: International Trade (25 marks-19 lectures)

International trade – meaning; Factors giving rise to International Trade (comparative advantage, resource endowments, technology, economies of scale, product differentiation, operations of Multinational Corporations); Gains from International trade; Terms of Trade – meaning and 3 concepts (Net Barter, Gross Barter and Income Terms of Trade); Free Trade v/s protectionism; types of protective devices - tariff and non-tariff barriers (exchange control, voluntary export restraints, anti-dumping duties & countervailing duties, social clauses such as labour & environmental standards, sanitary & phytosanitary measures and administered protection)

Unit 2: Foreign Investment (25 marks-19 lectures)

Foreign Investment – meaning and composition (FDI & FPI)

Foreign Direct Investment: Meaning; Multinational Corporations and Foreign Direct Investment; Entry modes adopted by MNCs (licensing, franchising, joint ventures/collaborations, wholly-owned subsidiaries, mergers and acquisitions); Determinants of FDI (resources, market size, trade barriers, economic and business environment of the host country)

Foreign Portfolio Investment: Meaning; Foreign Institutional Investors and their operations; Determinants of FPI (return on investment, level of financial sector development, capital controls, exchange risk); Impact of FPI on capital markets and the exchange rate

Unit 3: Balance of Payments & Foreign Exchange Rates (30 Marks-22 lectures)

Balance of Payments: Meaning and Structure; Concepts of (i) Balance and Equilibrium (ii) Balance of Trade and Balance of Payments; Disequilibrium – meaning, types, causes and impact of deficits on the exchange rate and foreign exchange reserves; Measures to correct deficits – exchange rate depreciation, exchange control, trade-related measures (brief explanation of how the measures work)

Foreign exchange rates: Foreign exchange market - meaning, features; Types of exchange rate systems (fixed, flexible and managed floating – meaning of each); Types of foreign exchange transactions (spot and forward transactions, arbitrage, currency swaps, futures contracts, speculation); Factors influencing short-term exchange rates; Concept of convertibility of Rupee on current account and capital account; Concept of PPP dollar

Unit 4: Multilateralism and Regionalism in Trade (20 Marks-15 lectures)

Multilateralism and Regionalism – meaning; World Trade Organization – objectives, principles, functions and Agreements (Market access, Agreement on Agriculture, TRIPs, TRIMs, GATS, Dispute Settlement); Regional economic cooperation - Meaning and reasons for growth; Forms of regional integration - Preferential Trade Agreement, Free Trade Agreement, Customs Union, Monetary Union, Economic Union

Books for Study and Reference:

Bhole L. M. & Mahakud J. (2009): Financial Institutions and Markets: Structure, Growth & Innovations, New Delhi, Tata-McGraw Hill

Chreunilam F. (2008): International Economics New Delhi, Tata McGraw-Hill

Dutt R. and Sundaram K.P.M. (Latest Edition): Indian Economy, New Delhi, S. Chand and Co.

Kindleberger C.P. (1973): International Economics, Homewood, R.D. Irwin

Krugman P.R. and M. Obstfeld (2009): International Economics: Theory and Policy, Boston MA, Pearson International Edition

Machiraju H.R. (2009): International Financial Markets and India, New Delhi, New Age International

Rajwade A.V. (2008): Foreign Exchange International Finance Risk Management (Academic Foundation)

R. B.I. Reports on Currency Finance

Salvatore, D.L. (1997): International Economics, Upper Saddle River, N.J. Prentice-Hall

Sharan V. (2012): International Financial Management, New Delhi, PHI Learning Pvt. Ltd.

Sodersten B. & G. Reed (1994): International Economics, London, Palgrave Macmillan

Subba Rao P. (2008): International Business: Text & Cases, Mumbai, Himalaya

SEMESTER VI

ISSUES OF THE INDIAN ECONOMY

(100 Marks- 75 Lectures)

Objectives of the Course: To acquaint students with the current status of the Indian economy in respect of established macroeconomic indicators; to help students appreciate the various sectoral and developmental issues facing the Indian economy

Unit 1: Features of the Indian Economy: (20 Marks-18 lectures)

India’s present status in respect of various macroeconomic variables (GDP and its composition, per capita income, growth rate of GDP and per capita income, international trade, inflation, unemployment, income distribution, poverty); India’s population demographics (size, birth rate, death rate, growth rate, age and gender composition, infant mortality rate, literacy rate) and concept of demographic dividend; India’s position in respect of the Human Development Index – interpretation of the indicator and value & rank of the indicator for India

Unit 2: Indian Agriculture: (30 Marks-19 lectures)

Role of Agriculture in economic growth and development; place of agriculture in the Indian economy; Brief evaluation of the agricultural sector (achievements and weaknesses); Agricultural Finance (organized and unorganized sources); Agricultural Marketing (defects and corrective measures); Food Security (meaning and importance); Challenges facing Indian agriculture

Unit 3: Indian Industry: (25 Marks-19 lectures)

Role of Industry in economic growth and development; place of industry in the Indian economy; Composition of the Indian industrial sector (organized & unorganized sector, public & private sector, large, medium, small and micro industrial units); Industrial policy (1956 & 1991); Brief evaluation of the industrial sector (achievements and weaknesses); Challenges facing Indian industry; MSME sector – role in the Indian economy and challenges faced

Unit 4: Indian Services and External Sector: (25 Marks-19 lectures)

Composition of services sector; place of services sector in the Indian economy; important components – Information Technology and IT-enabled Services, trade, tourism and travel, transport, telecommunications, real estate and construction, financial services, healthcare and education (contribution to GDP, employment, export earnings (where relevant)); Challenges facing the Indian services sector

India’s foreign trade – recent trends in volume, composition and direction

Books for Study and Reference:

Agrawal A.N. (Latest Edition): Indian Economy; Problems of Development and Planning, Wishwa Prakashan, New Delhi.

Ahluwalia I.J. & I.M.D. Little (1998): India’s Economic Reforms & Development: Essays for Manmohan Singh, Oxford University Press, Delhi.

Dreze Jean and Sen Amartya (1996): Indian Economic Development and Social Opportunity, Oxford University Press, Delhi

Dutt R. and Sundaram K.P.M. (Latest Edition): Indian Economy, S. Chand and Co., New Delhi.

Ghosh A. (Latest Edition): Indian Economy, World Press, Calcutta.

Govt. Of India (most recent): Economic Survey, available online at <http://indiabudget.nic.in>

Kapila Raj and Kapila Uma (2001): India’s Economy in the 21st Century: Collection of Select Articles, Academic Foundation, Ghaziabad.

Mishra S K and Puri V K (Latest Edition): Indian Economy, Himalaya Publishing Co., Mumbai.

Patel, I.G. (1998): Economic Reforms and Global Change, Macmillan, Delhi.

Tandon B.B. and Tandon K.K. (Latest Edition): Indian Economy, Tata McGraw Hill, New Delhi.