



INTERNATIONAL TRADE - THEORY AND EMPIRICS

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PRE-REQUISITES : Basics of Microeconomics Theory

INTENDED AUDIENCE : Under-Graduate and Graduating students in Economics, Management Studies, International Business and Strategies. Professionals and Teachers specific to this field.

INDUSTRIES APPLICABLE TO : Consultancy, Research and Analytics, Banking, Power, Director General of Foreign Trade (DGFT), Trainees at Ministry of Commerce and Industry, Faculties for capacity building

COURSE OUTLINE :

This course provides conceptual and theoretical framework with empirical evidences to understand recent developments in trade strategies and policy changes. Under the Pure Theory of Trade, the basis of trade, gains from trade, direction of specialization and its effects on factor of production are discussed. Various advanced theories on strategic trade and barriers are also incorporated. The discussions on Trade Policy introduce various aspects of protectionism with respect to tariff, quota, subsidies and some latest non-tariff measures (like SPSs and TBTs), trade blocs and regional trading arrangements. In short (a) to provide an analytical framework for understanding recent developments in trade issues (b) to explain country's policy strategies to deal with the latest complexities in trade restrictions and facilitation to enhance trade.

ABOUT INSTRUCTOR :

Prof. Pratap Mohanty is presently a faculty member in the Economics discipline of Dept. of Humanities and Social Sciences, IIT Roorkee. He has thirteen years of teaching and research experience from reputed universities and institutions. He has been teaching the paper 'Research Methodology' at IIT Roorkee for over four years to Masters' and PhD students. He has also organized a Quality Improvement Program as a coordinator on 'Quantitative Analysis of Qualitative Data using Large-Scale Database at IIT Roorkee. He has expertise in the NPTEL-MOOCs on large scale data handling.

COURSE PLAN :

Week 1: Introduction to International Trade and Protectionism

- Introduction to Trade protectionism
- Why Protectionism and Strategies
- India's International Trade: Latest Facts and Figures
- Facts on Trade Facilitation
- Introduction to Trade Theories: what, why and for whom trade?

Week 2: Classical Theories of Trade – Basis for Trade

- Mercantalism
- From Mercantalism to Adam Smith
- Relative cost advantage theory
- static to dynamic comparative advantage theory
- Empirical testing of classical theory

Week 3: New Theories of Trade – More Complexities

- standard trade theory
- H-O theory
- HOS and income distribution
- empirical testing of HO theory
- extension to HO Theory

Week 4: Differentiated Products and Intra-Industry Trade

- Imperfect Competition and Trade
- Monopolistic Competition and Trade
- Intra-industry versus Inter-Industry Trade
- Measuring intra-industry Trade-1
- Measuring intra-industry Trade-2

Week 5: Complete Versus Incomplete Specialization in Trade

- Partial equilibrium analysis of Trade
- offer curve
- offer curves with cases
- measurement of terms of trade
- terms of trade: determinants and impacts

Week 6: Partial Equilibrium Analysis of Trade Protectionism – Tariffs

- trade protectionism
- types of protections
- Effects of Tariffs Barriers
- Effective Rate of Protection
- Effective protections-latest facts & Figure

Week 7: Non-Tariffs including TBTs and SPSs

- NTM recent facts
- Types of NTBs
- Effects of non-Tariffs Barriers
- TBTs
- SPS

Week 8: WTO: Trade Blocs and Trade Blocs

- Trade Blocs
- theory of customs union
- WTO functions
- India and WTO
- strategic trade policy-conclusion

Week 9: BoP and Foreign Exchange Market

- Trade and Balance of Payment
- Trends of India's BoP
- Functions of Foreign Exchange Market
- Types of Foreign Exchange Rates
- Exchange Rate Determination

Week 10: Trade and Foreign Exchange Market

- Monetary Approach to the Balance of Payments and Exchange Rates
- Exchange Rate Dynamics
- Exchange Rate in the Long run
- Exchange Rate in the Short run
- Capital Mobility and the Trilemma of the Exchange Rate Regime

Week 11: Open Economy Macroeconomics

- Adjustment with Fixed and Flexible Exchange Rates
- Stability of Foreign Exchange Markets
- J-Curve Effect
- Exchange Rate Pass-Through
- International Macroeconomic Policy: IMF, Optimum Currency Area

Week12: Trade and Economic Development

- Import Substitution versus Export Orientation
- East Asian Miracle-I
- East Asian Economic Miracle-II
- Trade and Development-post Covid-I
- Trade and Development- Post Covid-II