

Paper Code: BAECO-301  
Nomenclature of Paper: International Economics  
Internal Marks: 25

Lectures- 4, Tutorial-1  
Total Credit - 5  
External Marks: 75

*Objective: To enable the students to familiarize themselves with various issues and concepts in International Economics*

**Unit - I: Importance and Scope of International Economics**

Introduction - Nature and Scope of International Economics - Gains from trade - Pattern of trade - International Capital market - International Flows: Goods and Services, Labour and Capital - Problems and Challenges

**Unit - II: Theories of International Trade**

Comparative advantage - Ricardian model - Specific factor model - Heckscher-Ohlin model - Factor price equalization - Leontief Paradox - Standard trade model - Offer curve - International trade equilibrium - Economics of scale - Imperfect competition - International factor movements

**Unit - III: Trade Policy**

Instruments of trade policy - Tariff - Rate of effective protection - Optimum tariff - Import quota - Export subsidies - Political economy of trade policy - Trade policy in developing countries

**Unit - IV: Balance of Payments**

Balance of payments accounts - Foreign exchange market and exchange rates - Long Run: Price Level and Exchange Rates - Purchasing Power Parity

**Recommended Readings**

1. Krugman, P.R., Obstfeld, M. and Melitz, M.J. (2017). International Economics: Theory and Policy, Pearson, 11<sup>th</sup> ed
2. Salvatore, D. (2012) International Economics: Wiley 11<sup>th</sup> ed
3. Taylor, A.M. and Peenstra, R.C. (2016) International Trade, Worth Publishers, 4<sup>th</sup> ed

*Ranthe*

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Paper Code: BAECO-303  
Nomenclature of Paper: Public Economics-I  
Internal Marks: 25

Lectures- 4, Tutorial-1  
Total Credit - 5  
External Marks: 75

*Objective: To enable the students to familiarize themselves with various issues and concepts in public economics*

**Unit - I: Introduction to Public Economics**

Introduction - Nature and scope of public economics - Markets and Optimality

**Unit - II: Rationale for Government Intervention**

Concept of Public Goods - Characteristics of public goods - Efficient Allocation - Market failure - Provision vs production - Pricing - Vertical summation - Externalities - Social vs. private costs and benefits

**Unit - III: Forms of Government Intervention**

Taxes vs. regulation - Property rights - Coase Theorem - Classification of public expenditure

**Unit - IV: Government Failure and Role of Markets**

Economic effects of taxation - Dead weight loss - Distortion - Excess burden of indirect tax - Efficiency and Equity - Tax incidence - Optimal Taxation - Simulating and Creating Markets

**Recommended Readings**

1. Jean Hindriks and Gareth D. Myles (2013). Intermediates Public Economics. MIT Press, 2<sup>nd</sup> edition, 2013.
2. Atkinson, A.B. and J.E. Stiglitz (1980). Lectures on Public Economics. TMH, New York.

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