



**GUJARAT TECHNOLOGICAL UNIVERSITY**

**Programme: Master of Business Administration**

**Semester-1**

**Branch: International Business**

**Subject Name: International Economic Environment**

**Subject Code: 2519303**

**Rationale:**

This course provides an introduction to the concepts of microeconomic analysis and decision-making. The concepts are then used to explain and analyze market structures through which individuals and firms interact. The objective of this course is to acquaint students with basic theories of international trade and their application to managerial decision making. This course enables students to analyze firm-level economic problems and to take optimal decisions subject to various constraints and objectives. The study of Cross Continent Economic Environment helps in developing the understanding of international trade practices.

**Course Scheme:**

Teaching Scheme			Credits	Examination Marks				Total Marks
L	T	P		Theory		Practical		
			C	ESE (E)	PA(M)	ESE (V)	PA (I)	
4	0	0	4	70	30	0	50	150

**Course Outcomes (CO):**

CO 1519303.1	<i>Understand</i> the dynamics of demand – supply, relationship between production and cost functions, and different market structures for recommending competitive strategies.
CO 1519303.2	<i>Interpret</i> the impact of trade barriers and fluctuations in exchange rates on international trade in critical manner for better decision making, and assist in enhancing value based national income.
CO 1519303.3	<i>Analyze</i> causes and consequences of inflation in achieving organizational goals and <i>Illustrate</i> the impact of monetary policy, fiscal policy framed by government in stimulating economic growth.
CO 1519303.4	<i>Evaluate</i> the various theories of international trade in terms of production and consumption gains, and influence of economic and cultural factors of other countries on our country’s economy and trade relations.

**Course Content:**

Unit No.	Content	No. of Hours	Weightage (%)
1	<b>Basic Concepts of Microeconomics</b> <ul style="list-style-type: none"> <li>Theory of Demand and Supply</li> <li>Theory of Production</li> <li>Elasticity and its Application</li> <li>Cost Concepts</li> </ul>	10	25%
2	<b>Market Structure of Firms</b> <ul style="list-style-type: none"> <li>Firms in competitive markets, Monopoly, Oligopoly, Monopolistic Competition</li> </ul> <b>The Role of Government in the Economy</b>	08	25%



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	<ul style="list-style-type: none"> <li>• Monetary Policy</li> <li>• Fiscal Policy</li> </ul>		
<b>3</b>	<p><b>Overview &amp; Theory of International Trade</b></p> <ul style="list-style-type: none"> <li>• Overview of World Trade</li> <li>• Adam Smith’s Theory of Absolute Advantage</li> <li>• Ricardian Theory of Comparative Advantage</li> <li>• Modern Trade Theory: Production Possibilities Schedule</li> </ul> <p><b>Tariffs &amp; Nontariff Trade Barriers</b></p> <ul style="list-style-type: none"> <li>• Concept &amp; Types of Tariffs</li> <li>• Effective Rate of Protection and Tariff Escalation</li> <li>• Tariff Avoidance and Evasion</li> <li>• Import Quota, Export Quotas, Dumping &amp; Antidumping duties</li> </ul>	<b>08</b>	<b>25%</b>
<b>4</b>	<p><b>Open-Economy Macroeconomics: Basic Concepts</b></p> <ul style="list-style-type: none"> <li>• The Flow of Goods &amp; Financial Resources</li> <li>• Saving, Investment, and Their Relationship to the International Flows</li> <li>• National Income – GDP and GNP</li> <li>• Inflation &amp; Value of Money</li> <li>• The Prices for International Transactions: Real and Nominal Exchange Rates</li> </ul> <p><b>Cross Continent Economic Environment (CCEE)</b></p> <ul style="list-style-type: none"> <li>• Indian Economy: An Overview</li> <li>• Asia, Africa, Europe, North America, South America, Australia</li> </ul>	<b>08</b>	<b>25%</b>
<b>5</b>	<p><b>Additional topics for Project Report and Presentations (Continuous Evaluation Component)</b></p> <ul style="list-style-type: none"> <li>• Economic Profile of Different States of India</li> <li>• Economic Environment of Selected Country of the World</li> <li>• Comparative Study of Economic Environment of India and Selected Country</li> </ul>	<b>06</b>	<b>CEC</b>
<b>Total Hours/Marks:</b>		<b>40</b>	<b>70</b>

**Suggested Specification Table for Question Paper Design:**

Unit No.	Unit Title	Teaching Hours	Distribution of Theory Marks (Assessment as per Revised Bloom’s Taxonomy Level*)						Total Marks
			RM	UN	AP	AN	EL	CR	
1	Basic Concepts of Microeconomics	10	6	6	5	0	0	0	17



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II	Market Structure of Firms and The Role of Government in the Economy	08	4	6	8	0	0	0	18
III	Overview & Theory of International Trade and Tariffs & Nontariff Trade Barriers	08	0	2	3	8	5	0	18
IV	Open-Economy Macroeconomics: Basic Concepts and Cross Continent Economic Environment	08	0	2	2	7	6	0	17
V	Internal Evaluation	06						30	
	Total	40	10	16	18	15	11	30	70

**\*RM: Remember, UN: Understand, AP: Apply, AN: Analyze, EL: Evaluate, CR: Create**

**Note:** This specification table provides general guidelines to assist student for their learning and to teachers to teach and question paper designers/setters to formulate test items/questions to assess the attainment of the UOs. The actual distribution of marks at different taxonomy levels in the question paper may slightly vary from above table.

**Suggested Student Activities for PA: (50 Marks)**

**Evaluation:**

Students shall be evaluated on the following components:

Internal Evaluation	(Internal Assessment- 50 Marks)
Project Report and Presentation on Comparative Study of Economic Environment of India and Selected Country	30 marks
Attendance and Class Participation	10 marks
Assignment / Class Test / Quiz	10 marks

**Suggested Learning Resources:**

S. No.	Title of Book	Author	Publication with place, year and ISBN
1	International Economics : Theory and Policy	Paul Krugman, Maurice Obstfeld, Marc Melitz	Pearson Education; Tenth edition, December 2017, ISBN-13: 978-9332586550
2	Global Economics	Robert J. Carbaugh	Cengage India Private Limited; Thirteenth edition, January 2017, ISBN- 978-8131533345
3	Economics: Principles & Applications	N Gregory Mankiw	Cengage Learning India Pvt. Ltd., New Delhi, 2007, ISBN-13:978-81-315-0577-9



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4	Managerial Economics	D. N. Dwivedi	Vikas Publishing House Pvt. Ltd., New Delhi, 2021, 9 <sup>th</sup> Edition, ISBN: 978-93-545-3130-9
5	International Economics	Dominick Salvatore	John Wiley & Sons, Thirteenth Edition, ISBN: 978-1-119-55495-0

**7. Journals:**

- International Economics
- Journal of International Economics
- International Economic Journal
- International Journal of Economics and Business Research
- International Economic Review
- The Journal of Financial Economics