

CONTENTS

Chap.		Page
1	PRINCIPLES AND THEORIES	
	Factors responsible for comparative advantages in production—International immobility of factors of production—Classicist's theory or comparative costs theory—Assumptions of the theory—General equilibrium theory—Factor and commodity movements—Advantages and disadvantages of foreign trade.	
2	FREE TRADE VS. PROTECTION	12
	Free trade, meaning and advocacy—Protectionism—Arguments for protection—Protection in underdeveloped countries—Precautions—Barriers against free trade—Free tradism is an utopia.	
3	FOREIGN EXCHANGE	23
	Meaning of the rate of exchange—Foreign exchange operations or transactions—Determination of rate of exchanges—Criticism of the purchasing power parity theory—The forward exchange market—The I. M. F. and the rate of exchange—A currency overvalued and undervalued.	
4	BALANCE OF PAYMENTS	35
	Meaning—Balancing—Correctives to an adverse balance of payments—Effectiveness of exchange control as a corrective to adverse balance of payments—Exchange equalisation Accounts—Tariffs and quotas as correctives to adverse balance of payments.	
5	INDIA'S FOREIGN TRADE	48
	Changes effected before 1938-39—Effects of war and conditions thereafter—Changes effected during plan periods—Changing pattern of our foreign trade—Export stimulation measures—International co-operation and international trade.	
6	INTERNATIONAL BANKING	57
	International Monetary Fund—The I. M. F. and the less developed countries—The I. M. F. and international liquidity—International Bank for Reconstruction and Development—International Finance Corporation—International Development Association—Regional banking.	