



## **JG COLLEGE OF COMMERCE**

BCOM THIRD YEAR SEM-6  
FOUNDATION COURSE

### **INTERNATIONAL BUSINESS**

#### **Introduction and Summary of International Business: -**

Business activities done across national borders is International Business. The International business is **the purchasing and selling of the goods, commodities and services outside its national borders**. Such trade modes might be owned by the state- or privately-owned organization.

International business **helps in strengthening the economic relations among nations**. These business helps other nations by exporting them goods of their requirements. It helps in developing better mutual understanding among countries due to which they are ready to support each other in time of needs.

#### **Syllabus for International Business: -**

##### **Unit – I: Frame work for International Business**

- Globalization: Concept and factors affecting globalization and Restructuring
- International Business: Reasons for expansion
- Concepts: International Trade, International Marketing, International Investment,
- International Management and Global Business
- New Trade Theory: Internal and External Economics of Scale

- International Political System and Ideologies:
- Types of Governments, Economies System, Political System
- Concept of Embargo and Sanction
- Principles of International Law
- Cultural Orientation in International Business

### **Unit – II: Tools for International Business**

- Tools for country Selection
- Market Potential Index
- Global Competitive Index
- FDI Confidence Index
- Global Political Risk Index (Only Concepts)
- International Product Life Cycle
- International Monetary System
- Fixed and Floating Exchange Rates
- Modes of Payment in International Trade
- Advance Payment
- Recoverable and Non-Recoverable Letter of credit
- Consignment Sales
- Open Account

### **Unit – III: Strategy and Structure of International Business**

- Market Entry Strategies: Exporting, Contractual Agreement, International SA, Joint Venture
- Other Entry Mode
- Business Expansion Modes: Trade Related Modes, Contractual Modes, Investment Modes

### **Unit – IV: Export & Import Procedure**

- Entire Export and Import Procedure

### **Some Important Long Questions: -**

**Q.1) what is Globalization? Explain the factors affecting globalization.**

**Ans.**

In simple terms, globalization is the process by which people and goods move easily across borders. Principally, it is an economic concept – the integration of markets, trade, and investments with few barriers to slow the flow of products and services between nations.

Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information.

**Factors influencing Globalization are as follows:**

- (1) Historical
- (2) Economy
- (3) Resources and Markets
- (4) Production Issues
- (5) Political
- (6) Industrial Organization
- (7) Technologies

The factors can be explained as under.

- (1) **Historical:** The trade routes were made over the years so that goods from one kingdom or country moved to another. The well-known silk-route from east to west is an example of historical factor.
- (2) **Economy:** The cost of goods and values to the end user determine the movement of goods and value addition. The overall economics of a particular industry or trade is a principal factor in globalization.
- (3) **Resources and Markets:** The natural resources like minerals, coal, oil, gas, human resources, water, etc. make an important contribution in globalization.
- (4) **Production Issues:** Utilization of built-up capacities of production, sluggishness in domestic market and over production makes a manufacturing company look outward and go global. The development of overseas markets

and manufacturing plants in autos, four wheelers and two wheelers are a classic example.

- (5) **Political:** The political issues of a country make globalization channelized as per political bosses. The regional trade understandings or agreements determine the scope of globalization. Trading in European Union and special agreement in the erstwhile Soviet block and SAARC are examples.
- (6) **Industrial Organization:** The technological development in the areas of production, product mix and firms are helping organizations to expand their operations. The hiring of services and procurement of sub-assemblies and components have a strong influence in the globalization process.
- (7) **Technologies:** The stage of technology in a particular field gives rise to import or export of products or services from or to the country. European countries like England and Germany exported their chemical, electrical, mechanical plants in 50s and 60s and exports high tech (then) goods to under developed countries. Today India is exporting computer / software related services to advanced countries like UK, USA, etc.

**Q.2 Explain the concepts International trade. Also explain the classification, characteristics and reasons of International trade.**

International trade is referred to as the exchange or trade of goods and services between different nations. This kind of trade contributes and increases the world economy. The most commonly traded commodities are television sets, clothes, machinery, capital goods, food, and raw material, etc.

International trade has increased exceptionally that includes services such as foreign transportation, travel and tourism, banking, warehousing, communication, advertising, and distribution and advertising.

Other equally important developments are the increase in foreign investments and production of foreign goods and services in an international country. This foreign investments and production will help companies to come closer to their international customers and therefore serve them with goods and services at a very low rate.

All the activities mentioned are a part of international business. It can be concluded by saying that international trade and production are two aspects of international business, growing day by day across the globe.

### **Classification of International Trade:**

(1) **Import Trade:** It refers to purchase of goods from a foreign country. Countries import goods which are not produced by them either because of cost disadvantage or because of physical difficulties or even those goods which are not produced in sufficient quantities so as to meet their requirements.

(2) **Export Trade:** It means the sale of goods to a foreign country. In this trade the goods are sent outside the country.

(3) **Entre pot Trade:** When goods are imported from one country and are exported to another country, it is called entre pot trade. Here, the goods are imported not for consumption or sale in the country but for re- exporting to a third country. So importing of foreign goods for export purposes is known as entre pot trade.

### **Characteristics of International Trade:**

(1) **Separation of Buyers and Producers:** In inland trade producers and buyers are from the same country but in foreign trade they belong to different countries.

(2) **Foreign Currency:** Foreign trade involves payments in foreign currency. Different foreign currencies are involved while trading with other countries.

(3) **Restrictions:** Imports and exports involve a number of restrictions but by different countries. Normally, imports face many import duties and restrictions imposed by importing country. Similarly, various rules and regulations are to be followed while sending goods outside the country.

(4) **Need for Middlemen:** The rules, regulations and procedures involved in foreign trade are so complicated that there is a need to take the help of middle men. They render their services for smooth conduct of trade.

**(5) Risk Element:** The risk involved in foreign trade is much higher since the goods are taken to long distances and even cross the oceans.

**(6) Law of Comparative Cost:** A country will specialise in the production of those goods in which it has cost advantage. Such goods are exported to other countries. On the other hand, it will import those goods which have cost disadvantage or it has no specific advantage.

**(7) Governmental Control:** In every country, government controls the foreign trade. It gives permission for imports and exports may influence the decision about the countries with which trade is to take place.

### **Reasons of International Trade:**

**(1) Reduced dependence on your local market:** Your home market may be struggling due to economic pressures, but if you go global, you will have immediate access to a practically unlimited range of customers in areas where there is more money available to spend, and because different cultures have different wants and needs, you can diversify your product range to take advantage of these differences.

**(2) Increased chances of success:** Unless you've got your pricing wrong, the higher the volume of products you sell, the more profit you make, and overseas trade is an obvious way to increase sales. In support of this, UK Trade and Investment (UKTI) claim that companies who go global are 12% more likely to survive and excel than those who choose not to export.

**(3) Increased efficiency:** Benefit from the economies of scale that the export of your goods can bring – go global and profitably use up any excess capacity in your business, smoothing the load and avoiding the seasonal peaks and troughs that are the bane of the production manager's life.

**(4) Increased productivity:** Statistics from UK Trade and Investment (UKTI) state that companies involved in overseas trade can improve their productivity by 34% – imagine that, over a third more with no increase in plant.

**(5) Economic advantage:** Take advantage of currency fluctuations – export when the value of the pound sterling is low against other currencies, and reap the very real benefits. Words of warning though; watch out for import tariffs in the country you

are exporting to, and keep an eye on the value of sterling. You don't want to be caught out by any sudden upsurge in the value of the pound, or you could lose all the profit you have worked so hard to gain.

**(6) Innovation:** because you are exporting to a wider range of customers, you will also gain a wider range of feedback about your products, and this can lead to real benefits. In fact, UKTI statistics show that businesses believe that exporting leads to innovation – increases in break-through product development to solve problems and meet the needs of the wider customer base. 53% of businesses they spoke to said that a new product or service has evolved because of their overseas trade.

**(7) Growth:** The holy grail for any business, and something that has been lacking for a long time in our manufacturing industries – more overseas trade = increased growth opportunities, to benefit both your business and our economy as a whole.

**(8) Uneven Distribution of Natural Resources:** Natural resources of the world are not evenly divided among the nations of the world. Different countries of the world have different amount of natural resources and they differ with each other in regard to climate, minerals and other factors.

Some countries can produce more of sugar like Cuba, some can produce more of cotton like Egypt, while there are some others which can produce more of wheat like Argentina. But all these countries need sugar, cotton and wheat. So they have to depend upon one another for the exchange of their surpluses with the goods that are in short supply in their country and hence the need for international trade is natural.

**(9) Division of Labour and Specialisation:** Due to uneven distribution of natural resources, some countries are more suitably placed to produce some goods more economically than other countries. But they are geographically at a disadvantageous position to produce other goods. They specialise in the production of such goods in which they have some natural advantage in the form of availability of raw material, labour, technical know-how, climatic conditions, etc. and get other goods in exchange for these goods from other countries.

**Q.3) Explain the stages of international product life cycle in detail.**

**Ans.**

The marketing strategy of a company is responsible for inventing or innovating any new product or idea. These elements are classified based on the product's stage in the traditional product lifecycle. These stages are introduction, growth, maturity, saturation, and decline.

The international product lifecycle (IPL) is an abstract model briefing how a company evolves over time and across national borders. This theory shows the development of a company's marketing program on both domestic and foreign platforms. International product lifecycle includes economic principles and standards like market development and economies of scale, with product lifecycle marketing and other standard business models.

### **Stage 1: Introduction**

In this stage, a new product is launched in a target market where the intended consumers are not well aware of its presence. Customers who acknowledge the presence of the product may be willing to pay a higher price in the greed to acquire high quality goods or services. With this consistent change in manufacturing methods, production completely relies on skilled laborers.

Competition at international level is absent during the introduction stage of the international product lifecycle. Competition comes into picture during the growth stage, when developed markets start copying the product and sell it in the domestic market. These competitors may also transform from being importers to exporters to the same country that once introduced the product.

### **Stage 2: Growth**

An effectively marketed product meets the requirements in its target market. The exporter of the product conducts market surveys, analyze and identify the market size and composition. In this stage, the competition is still low. Sales volume grows rapidly in the growth stage. This stage of the product lifecycle is marked by fluctuating increase in prices, high profits and promotion of the product on a huge scale.



### **Stage 3: Maturity**

In this level of the product lifecycle, the level of product demand and sales volumes increase slowly. Duplicate products are reported in foreign markets marking a decline in export sales. In order to maintain market share and accompany sales, the original exporter reduces prices. There is a decrease in profit margins, but the business remains tempting as sales volumes soar high.

### **Stage 4: Saturation**

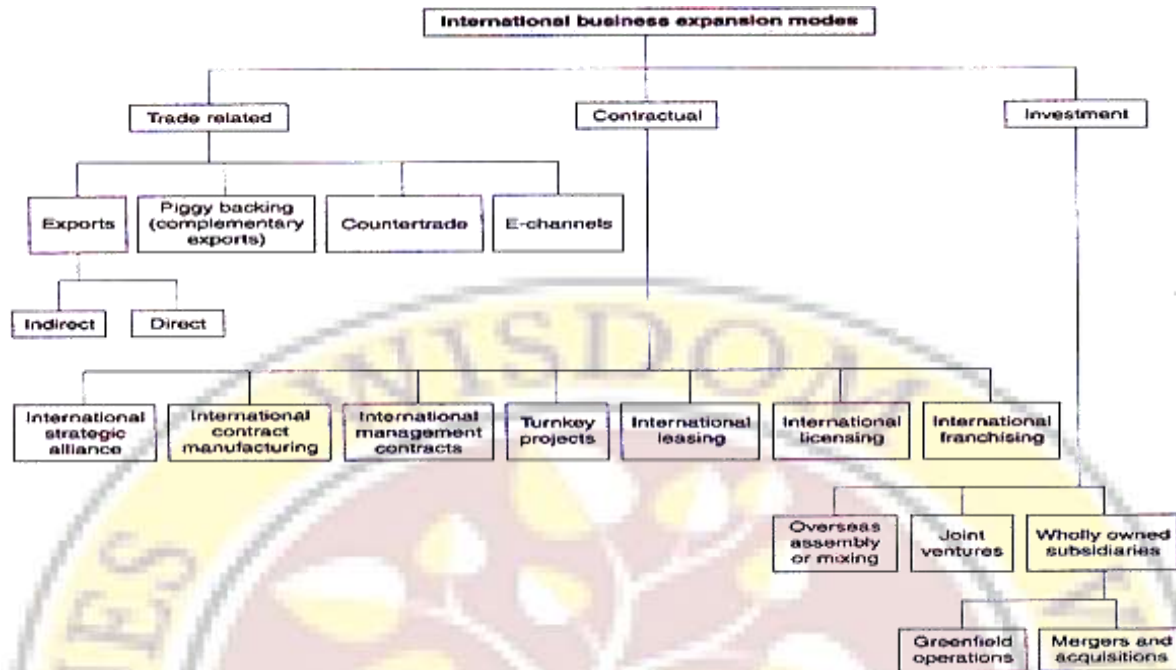
In this level, the sales of the product reach the peak and there is no further possibility for further increase. This stage is characterized by Saturation of sales. (At the early part of this stage sales remains stable then it starts falling). The sales continue until substitutes enter the market. Marketer must try to develop new and alternative uses of product.

### **Stage 5: Decline**

This is the final stage of the product lifecycle. In this stage sales volumes decrease and many such products are removed or their usage is discontinued. The economies of other countries that have developed similar and better products than the original one export their products to the original exporter's home market. This has a negative impact on the sales and price structure of the original product. The original exporter can play a safe game by selling the remaining products at discontinued items prices.

**Q.4) Explain the different International Business Expansion modes.**

**Ans.**



### **(1) Trade related:**

- (i) **Exports:** Exports may be defined as manufacturing the goods in the home country or a third country and shipping them for sales to a country other than the country of production. Export is the most common initial mode of entry into foreign markets as it involves much lower risks and is a low cost and simple mode of entry.
- (ii) **Piggybacking:** A firm may expand its business in a foreign country by using the distribution network of another company, which is termed piggybacking or complementary exporting. A company that is not willing to commit its own resources for creating its own distribution channel often prefers to piggyback.
- (iii) **Counter trade:** Countertrade is a generic term that refers to various forms of trade arrangements wherein the payment is in form of reciprocal commitments for other goods or services rather than an exclusive cash transaction.

The modern forms of countertrade are sophisticated forms of the ancient practice of simple barter of goods and services to accommodate present-day business needs.

- (iv) **E-Channels:** Use of information and communication technology has rapidly grown over the recent years for expanding business internationally. The advent of the Internet and its widespread applications have provided tremendous opportunities for rapid global expansion.

Example: Dell computer sells personal computers directly through the internet to its global customers on 'build to order' basis rather than 'build to forecast' basis.

**(2) Investment Related:**

- (i) **Overseas Assembly or Mixing:** In order to respond to import restrictions, high tariff and freight charges, and assembling operations overseas is often adopted to expand business.
- (ii) **Joint ventures:** International joint ventures offer equity investment opportunities in foreign countries with sharing resources and risks with partner firms. It serves as an effective strategy to expand in countries with investment restrictions.
- (iii) **Wholly Owned Subsidiaries:** A firm expands internationally to have complete control over its overseas operations by way of 100 per cent ownership in the new entity, known as wholly owned subsidiary.
- (a) **Greenfield operations:** Creating production and marketing facilities on a firm's own from scratch is termed as Greenfield operations.
- (b) **Merger and acquisition:** Transfer of existing assets of a domestic firm to a foreign firm lead to mergers and acquisitions. In cross-border mergers, a new legal entity emerges by way of merging assets and operations of firms from more than one country. A Cross-border acquisition involves transferring management control of assets and operations of a domestic company to a foreign firm.

**(3) Contractual related:**

- (i) **International Strategic Alliance:** When a firm agrees to cooperate with one or more than one firm overseas, to carry out a business

activity wherein each one contributes its different capabilities and strengths to the alliance, this is termed as an international strategic alliance.

- (ii) **International Contract Manufacturing:** In order to take advantage of lower costs of production, a firm may sub-contract manufacturing in a foreign country. International sub-contracting arrangements may involve supply of inputs, such as raw materials, semi-finished goods, components and technical know-how to a local manufacturer in a foreign country.
- (iii) **International management contracts:** A firm that possesses technical skills or management know-how can expand overseas by providing its managerial and technical expertise on contractual basis. It has widespread acceptance in industries and countries that lack indigenous expertise to manage their own projects.
- (iv) **Turnkey Projects:** A company may expand internationally by making use of its core competencies in designing and executing infrastructure, plants, or manufacturing facilities overseas. Conceptually, 'turnkey' means 'handing over a project to the client, when it is complete in all respect and is 'ready to use' on 'turning the key'.
- (v) **International Leasing:** In low-income countries, manufacturers often do not possess enough financial resources or necessary foreign currency to pay for equipment and machinery. A firm can expand its business by leasing out new and used equipment to a manufacturing firm in such countries.
- (vi) **International Licensing:** In licensing, a firm makes its intangible assets, such as patents, trademarks and copyrights, technical know-how and skills (technical guidance, feasibility and product studies, manuals, engineering, designs, etc.) available to a foreign company for a fee termed as royalty.
- (vii) **International Franchising:** Franchising is a special form of licensing in which an internationalizing firm (known as franchisor) provides intangible assets, such as trademarks, process know-how, etc., and methods of doing business in a prescribed manner in return for a franchising fee.

**Q.5) What is Import-Export? Explain the import-export procedure in detail.**

**Ans.**

Typically, the procedure for import and export activities involves ensuring licensing and compliance before the shipping of goods, arranging for transport and warehousing after the unloading of goods, and getting customs clearance as well as paying taxes before the release of goods.

**Import procedures: -**

Below, we outline the steps involved in importing of goods.

**(1) Obtain IEC**

Prior to importing from India, every business must first obtain an Import Export Code (IEC) number from the regional joint DGFT. The IEC is a pan-based registration of traders with lifetime validity and is required for clearing customs, sending shipments, as well as for sending or receiving money in foreign currency.

The process to obtain the IEC registration takes about 10-15 days.

**(2) Ensure legal compliance under different trade laws**

Once an IEC is allotted, businesses may import goods that are compliant with Section 11 of the Customs Act (1962), Foreign Trade (Development & Regulation) Act (1992), and the Foreign Trade Policy, 2015-20.

However, certain items – restricted, canalized, or prohibited, as declared and notified by the government – require additional permission and licenses from the DGFT and the federal government.

**(3) Procure import licenses**

To determine whether a license is needed to import a particular commercial product or service, an importer must first classify the item by identifying its Indian Trading Clarification based on a Harmonized System of Coding or ITC (HS) classification.

ITC (HS) is India's chief method of classifying items for trade and import-export operations. The ITC-HS code, issued by the DGFT, is an 8-digit alphanumeric code

representing a certain class or category of goods, which allows the importer to follow regulations concerned with those goods.

An import license may be either a general license or specific license. Under a general license, goods can be imported from any country, whereas a specific or individual license authorizes import only from specific countries.

Import licenses are used in import clearance, renewable, and typically valid for 24 months for capital goods or 18 months for raw materials components, consumables, and spare parts.

#### **(4) File Bill of Entry and other documents to complete customs clearing formalities**

After obtaining import licenses, importers are required to furnish import declaration in the prescribed Bill of Entry along with permanent account number (PAN) based Business Identification Number (BIN), as per Section 46 of the Customs Act (1962).

A Bill of Entry gives information on the exact nature, precise quantity, and value of goods that have landed or entered inwards in the country.

If the goods are cleared through the Electronic Data Interchange (EDI) system, no formal Bill of Entry is filed as it is generated in the computer system. However, the importer must file a cargo declaration after prescribing particulars required for processing of the entry for customs clearance.

If the Bill of Entry is filed without using the EDI system, the importer is required to submit supporting documents that include certificate of origin, certificate of inspection, bill of exchange, commercial invoice cum packing list, among others.

Once the goods are shipped, the customs officials examine and assess the information furnished in the bill of entry and match it with the imported items. If there are no irregularities, the officials issue a 'pass out order' that allows the imported goods to be released from the customs.

#### **(5) Determine import duty rate for clearance of goods**

India levies basic customs duty on imported goods, as specified in the first schedule of the Customs tariff Act, 1975, along with goods-specific duties such as anti-dumping duty, safeguard duty, and social welfare surcharge.

In addition to these, the government levies an integrated goods and services tax (IGST) under the new GST system. The IGST rates depend on the classification of imported goods as specified in Schedules notified under Section 5 of the IGST Act (2017).

**(6) Export procedures: -**

Just as for imports, a company planning to engage in export activities is required to obtain an IEC number from the regional joint DGFT. After obtaining the IEC, the exporter needs to ensure that all the legal compliances are met under different trade laws.

Further, the exporter must check if an export license is required, and accordingly apply for the license to the DGFT.

An exporter is also required to register with the Indian Chamber of Commerce (ICC), which issues the Non-Preferential Certificates of Origin certifying that the exported goods are originated in India.

**Some Important Short Questions: -**

**(1) What is International Trade?**

**Ans.**

International trade is **the exchange of goods and services between countries**. Trading globally gives consumers and countries the opportunity to be exposed to goods and services not available in their own countries, or more expensive domestically.

**(2) Explain 'CARTEL'.**

**Ans.**

A cartel is **a collection of independent businesses or organizations that collude in order to manipulate the price of a product or service**. Cartels are competitors in the same industry and seek to reduce that competition by controlling the price in agreement with one another.

### **(3) What is 'GATS'?**

**Ans.**

The General Agreement on Trade in Services (GATS) is the first multilateral agreement covering trade in services. It was negotiated during the last round of multilateral trade negotiations, called the Uruguay Round, and came into force in 1995.

### **(4) Write the functions of WTO.**

**Ans.**

- Administering WTO trade agreements.
- Providing forum for trade negotiations.
- Handling trade disputes.
- Monitoring Members' trade policies.
- Providing technical assistance and training to developing and least developed economies.
- Cooperating with other international organizations

### **(5) What are the objectives of WTO?**

**Ans.**

The WTO has six key objectives:

- **To set and enforce rules for international trade,**
- To provide a forum for negotiating and monitoring further trade liberalization,
- To resolve trade disputes,
- To increase the transparency of decision-making processes,
- To cooperate with other major international economic.



**MCQS: -**

**(1) The first phase of globalization started around 1870 and ended with ....**

- (a) World War I**
- (b) World War II
- (c) The Establishment of GATT
- (d) In 1913 when GDP was high

**(2) IBRD (International Bank for Reconstruction and Development) also known as .....**

- (a) Exim Bank
- (b) World Bank**
- (c) International Monetary fund
- (d) International Bank

**(3) Ultimately .....was replaced by the ..... On 1st Jan 1995.**

- (a) GATS, WTO
- (b) WTO, GATT
- (c) GATT, WTO**
- (d) IMF, GATT

**(4) Which is the right sequence of stages of Internationalization?**

- (a) Domestic, Transnational, Global, International, Multinational
- (b) Domestic, International, Multinational, Global, Transnational**
- (c) Domestic, Multinational, International, Transnational, Global
- (d) Domestic, International, Transnational, Multinational, Global

**(5) Subsidiaries consider the regional environment for Policy / Strategy formulation is known as**

- (a) Polycentric Approach
- (b) Regiocentric Approach**
- (c) Ethnocentric Approach
- (d) Geocentric Approach

**(6) According to this theory, the holdings of a country's treasure primarily in the form of gold constituted its Wealth.**

- (a) Gold Theory
- (b) Ricardo Theory
- (c) Mercantilism**
- (d) Hecksher Theory

**(7) The Theory of Absolute Cost Advantage is given by .....**

- (a) David Ricardo
- (b) Adam Smith**
- (c) F W Taylor
- (d) Ohlin and Heckscher

**(8) The Theory of Relative Factor Endowments is given by**

- (a) David Ricardo
- (b) Adam Smith
- (c) F W Taussig
- (d) Ohlin and Hecksher**

**(9) The theory of comparative cost advantage is given by**

- (a) David Ricardo**
- (b) Adam Smith
- (c) F W Taussig
- (d) Ohlin and Hecksher

**(10).....is the application of knowledge which redefines the boundaries of global business.**

- (a) Cultural Values
- (b) Society
- (c) Technology**
- (d) Economy

**(11) Capitalistic, communistic and mixed are the types of .....**

- (a) Economic System**
- (b) Social System
- (c) Cultural Attitudes
- (d) Political System

**(12) Globalization refers to:**

- (a) Lower incomes worldwide
- (b) Less foreign trade and investment
- (c) Global warming and their effects
- (d) A more integrated and interdependent world**

**(13) Rapid integration or inter-connection between countries is known as .....**

- (a) Privatization
- (b) Globalisation
- (c) Liberalization**
- (d) Socialization

**(14) .....is the payment method most often used in International Trade which offers the exporter best assurance of being paid for the products sold Internationally.**

- (a) Bill of Lading
- (b) Letter of Credit**

- (c) Open Account
- (d) Drafts

**(15) ..... is application of knowledge which redefines the boundaries of global business.**

- (a) Economy**
- (b) Society
- (c) Technology
- (d) Cultural value

**(16) Exports and Imports apply mostly to which of the following?**

- (a) Services
- (b) Intellectual property**
- (c) Merchandise
- (d) Licensing

**(17) ..... is the payment method most often used in international trade which offers the exporter best assurance of being paid for the products sold internationally.**

- (a) Bill of lading
- (b) Letter of credit**
- (c) Open account
- (d) Drafts

**(18) Key controllable factor in Global marketing are:**

- (a) Government policy and legislation
- (b) Social and technical changes
- (c) Marketing activities and plan**
- (d) Promotional services

**(19) Which of the following is not a force of Porter's five force model?**

- (a) Buyers
- (b) Suppliers
- (c) Complimentary products
- (d) Industry Rivalry

**(20) NAFTA stands for.....**

- (a) North American Free Trade Agreement
- (b) North African Trade Association
- (c) Northern Atlantic Trade Agreement
- (d) Northern Association for Trade

**(21) Dumping refers to .....**

- (a) Foreign currency- Rupee option is available in India
- (b) An American option can be executed on any day during its currency
- (c) Put option gives the buyer the right to sell the foreign currency
- (d) Call option will be used by exporters

**(22) A ..... is a regime where the currency price of a nation is set by the forex market based on supply and demand relative to other currencies.**

- (a) Fixed exchange rate
- (b) Floating exchange rate
- (c) Pegged exchange rate
- (d) None of the above

**(23) Which is the most appropriate mode of entry in international business to an enterprise with little experience of international market?**

- (a) Acquisition
- (b) Strategic Alliance
- (c) Joint venture
- (d) Exporting

**(24) Which of the following was created in an effort to promote free trade?**

- (a) World trade organization**
- (b) The sarbanes-oxley act
- (c) Multilateral development banks
- (d) The organization for economic cooperation and development

**(25) The aim of the MNC is to boost accounting profitability by shifting funds around the .....**

- (a) Country
- (b) Region
- (c) World**
- (d) Market

**(26) Business across several countries with some decentralization of management decision making to subsidiaries is .....**

- (a) Global business
- (b) Multinational business**
- (c) Transnational business
- (d) Multi-regional business

**(27) Which of the following is international trade?**

- (a) Trade between countries**
- (b) Trade between regions
- (c) Trade between provinces
- (d) Both (b) and (c)

**(28) Market in which currencies buy and sell and their prices settle on is called the .....**

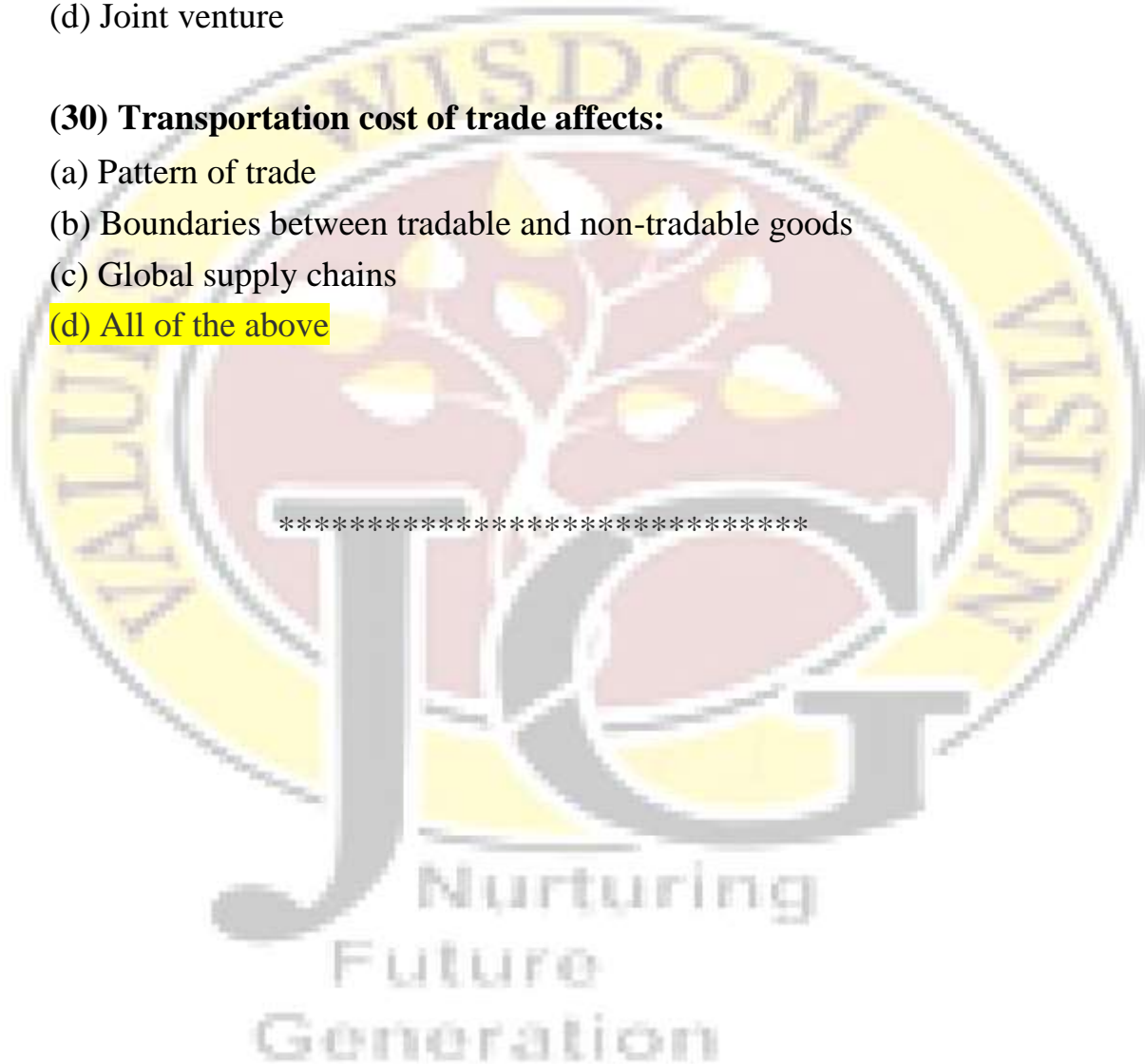
- (a) International bond market
- (b) International capital market
- (c) Foreign exchange market**
- (d) Eurocurrency market

**(29) Which one of the following modes of entry permits greatest degree of control over overseas operations?**

- (a) Licensing/ franchising
- (b) Wholly owned subsidiary
- (c) Contract manufacturing**
- (d) Joint venture

**(30) Transportation cost of trade affects:**

- (a) Pattern of trade
- (b) Boundaries between tradable and non-tradable goods
- (c) Global supply chains
- (d) All of the above**



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