

BUSINESS STUDIES

Chapter 11: INTERNATIONAL BUSINESS



Important Questions

Multiple Choice Questions-

Question 1. The degree of mobility of factors of production like labour and capital is relatively more within in _____

- (a) Domestic Business
- (b) International business
- (c) Both Domestic and International business
- (d) None of the above

Question 2.

Foreign investment can be of two types

- (a) Domestic and International investment
- (b) Direct and Portfolio
- (c) Licencing and Franchising
- (d) Direct and Franchising

Question 3. Which of the following document is prepared by the exporter and includes details of the cargo in terms of the shipper's name, the number of packages, the shipping bill, port of destination, name of the vehicle carrying the cargo?

- (a) Shipping bill
- (b) Mate's receipt
- (c) Packaging list
- (d) Bill of exchange

Question 4. Which one of the following modes of entry requires a higher level of risks?

- (a) Licensing
- (b) Contract manufacturing
- (c) Franchising
- (d) Joint venture

Question 5. The method of obtaining payment from the importer is:

- (a) By getting a bill of exchange
- (b) By getting a Letter of Credit
- (c) By Foreign Draft
- (d) All of the above

Question 6. Which of the following documents are not required for obtaining an export license?

- (a) IEC number
- (b) Registration cum membership certificate
- (c) Letter of credit
- (d) Bank account number

Question 7. Which of the following documents is not required in connection with an import transaction?

- (a) Certificate of origin
- (b) Bill of lading
- (c) Shipping bill
- (d) Shipment advice

Question 8. W.T.O is the only organization dealing with the:

- (a) Home trade rules
- (b) Entrepot trade rules
- (c) Global trade rules
- (d) None of the above

Question 9. Import trade procedure starts with

- (a) Obtaining quota
- (b) Arranging L.C
- (c) Trade enquiry
- (d) Placing Indent

Question 10. When two or more firms come together to create a new business entity that is legally separate and distinct from its parents it is known as

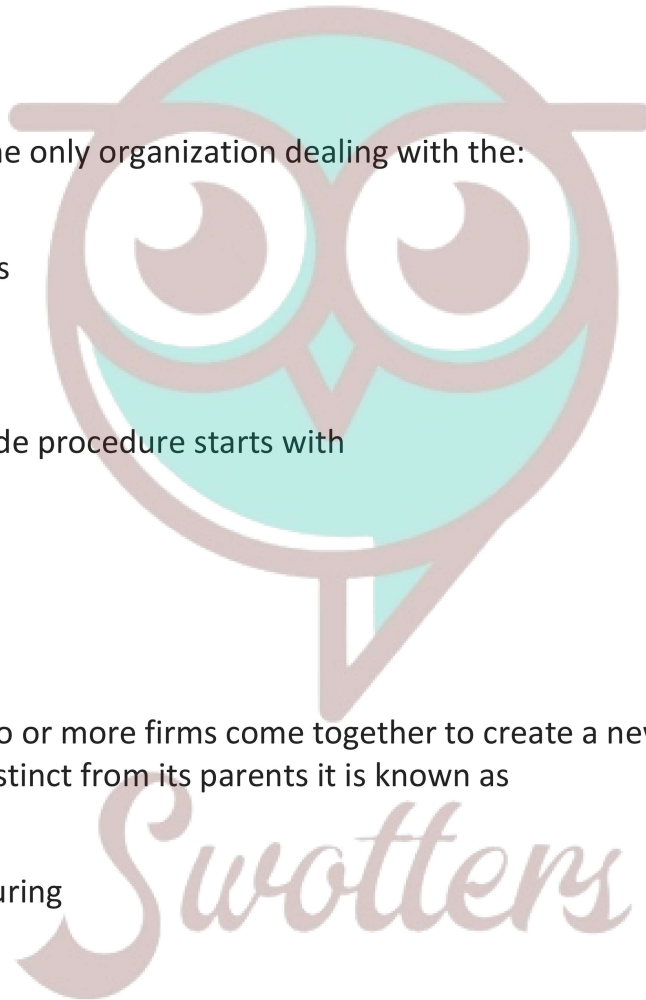
- (a) Franchising
- (b) Contract manufacturing
- (c) Joint Ventures
- (d) Licensing

Question 11. Which one of the following is not amongst India's major trading partners?

- (a) Germany
- (b) New Zealand
- (c) the UK
- (d) the USA

Question 12. A receipt issued by the commanding officer of the ship when the cargo is loaded on the ship is known as

- (a) Cargo receipt



- (b) Mate receipt
- (c) Shipping receipt
- (d) Charter receipt

Question 13. Which one of the following is not a document related to fulfilling the customs formalities

- (a) Letter of insurance
- (b) Shipping bill
- (c) Export license
- (d) Proforma invoice

Question 14. Which one of the following is not a part of export documents?

- (a) Commercial invoice
- (b) Mate's receipt
- (c) Certificate of origin
- (d) Bill of entry

Question 15. The document containing the guarantee of a bank to honour drafts drawn on it by an exporter is

- (a) Letter of hypothecation
- (b) Letter of credit
- (c) Bill of exchange
- (d) Bill of lading

Very Short-

QUESTION 1 Name the entry mode in which domestic manufacturer gives the right to access to the trademark, technology, and trade secret to a manufacturer in a foreign land.

QUESTION 2 In which term do two companies jointly agree to share each other's trade secrets and technology?

QUESTION 3 Mention the common points between licensing and franchising.

QUESTION 4 In terms of import transaction which two documents are required?

QUESTION 5 Define shipping bill.

QUESTION 6 State IEC number.

QUESTION 7 ABC company acquires XYZ company located in Delhi by investing 100% of its equity. What will the XYZ company call?

QUESTION 8 Which document contains a guarantee of a bank to honor a draft drawn on it by an exporter's bank?

QUESTION 9 Explain C&F agent.

QUESTION 10 Define Bill of Lading.

Short Questions-

1. Differentiate between the contract manufacturing and setting up wholly owned production subsidiary abroad.
2. It is not just a sale of a trademark for a fee; also it abides the purchaser to follow strictly the rules of serving. Which mode of entry is this? Discuss any two limitations of it.
3. What is the objective of WTO? What are its benefits?
4. Write notes on Bill of lading, Bills of entry, Shipping advice.
5. Give the difference between Internal trade and International trade.
6. State the reasons to have international business?
7. China is a major producer of electronic goods at very low cost as compared to India. Discuss the benefits that India will derive if it enters into a trade agreement with China for electronic goods.
8. List the formalities involved in getting an export license.
9. Explain the following documents used in International trade:
 - (i) Mate's Receipt.
 - (ii) Letter of credit.
 - (iii) Certificate of origin.
10. List the codal formalities to obtain IEC No.

Long Questions-

1. What is WTO? Write its objectives and Functions?
2. In what ways exporting/importing is better than setting up wholly owned subsidiaries abroad.
3. What is the World Bank? Discuss the various objectives and role of its affiliated agencies.
4. What is IMF? Write its objective and functions.
5. Identify the documents highlighted in the following statements:
 - (i) This document is issued by the commanding officer of the ship to the exporter after cargo is loaded on the ship.
 - (ii) This document is prepared by shipping company to acknowledge the receipt of goods on ship and gives an undertaking to carry them to the port of destination.
 - (iii) This document is the most appropriate and secure method of payment to settle international transactions.
 - (iv) On the basis of this document, the customs office grants permission for the export.
 - (v) This document is prepared by the importer and it shows the details of goods imported.
 - (vi) On the basis of this document imported goods are unloaded from the carrier.

6. Mr. Manchanda is a business man in Gurgaon he manufactures scooters. His son after doing an MBA in the USA returns to India and suggests that they should set up a fully owned factory in Bangkok for supplying to customers in the South East Area and Middle East. Mr. Manchanda however does not agree to his proposal and wants to set this unit in South India. They are having a debate on this. In your opinion with whom you agree. Give reasons to support your answer.

Case Study Questions-

1. Direction: Read the following text and answer the questions that follow.

Kalakriti Industries is a company manufacturing stationery items. The company has set its objective of increasing revenue from ₹ 50 crores to 100 crores within 2 years. Unfortunately with the saturating domestic demand, underutilization of production capacity, etc. their objectives could not be achieved even after 3 years. In a long discussion in the meeting with all the managers, the company discussed the scope of international business and reached the decision to extend its market territory beyond the nation's boundaries by selling goods to foreign countries. For this, the company decided to import exclusive stationery items from Japan. After identifying a suitable exporter, Kalakriti Industries sent a written request to the exporter to provide information regarding price, terms and conditions, etc. on which basis the exporter will be able to supply goods.

(i) to extend its market territory beyond the nation's boundaries.' Identify the means through which the company can do so in light of the given case.

- a) Improving promotion strategy
- b) Improving productivity
- c) Opening more retail outlets in the country
- d) Exporting the goods

(ii) _____ is a written request to the exporter to provide information regarding price, terms and conditions, etc. on which the exporter will be able to supply goods.

- a) Trade Enquiry
- b) Proforma Invoice
- c) Quotation
- d) None of the above

(iii) 'Unfortunately with the saturating domestic demand'. In the reference of the given statement which of the benefits of international trade suits this case?

- a) Way out to intense competition in the domestic market
- b) Prospects for growth
- c) Prospects for higher profits
- d) Improved business vision

(iv) How will an increase in the production capacity of Kalakriti Industries benefit it?

- a) Economies of scale

- b) Reduction in production cost
- c) Improve profit margin
- d) All of the above

2. Read the following text and answer the questions that follow.

Paras Manek is a successful businessman who is engaged in manufacturing auto spare parts. The products manufactured by his business enterprise Paras Manek Ltd. are sold not only in India, but also exported to various countries such as Singapore, Switzerland, China, North Korea, etc. Trudy Ltd., a Russian company wants to import auto spare parts from Paras Manek Ltd. Paras Manek Ltd. has received an enquiry regarding the goods and trade. Paras Manek Ltd. has replied to it in the form of a quotation. Finding it favourable, Trudy Ltd. has placed an order containing description of goods, price and other instructions, etc. But before exporting the goods it has to fulfill certain legal formalities like procuring export license and preparing the documents related to goods, shipment, and payment.

(i) “..... but also exported to various countries such as Singapore, Switzerland, China, North Korea, etc.” Identify the type of business discussed above.

- a) Domestic Business
- b) International Business
- c) Both (a) and (b)
- d) Neither (a) nor (b)

(ii) Which of the following documents contains a description of goods, price and other instructions.

- a) Proforma Invoice
- b) Indent
- c) Letter of Credit
- d) Enquiry

(iii) In case of export, a buyer sends an enquiry to exporter to seek information about:

- a) Availability of goods
- b) Price of goods
- c) Terms and conditions of trade
- d) All of the above

(iv) “Paras Manek Ltd. has replied to it in the form of a quotation.” Identify the document stated here.

- a) Proforma Invoice
- b) Indent
- c) Letter of Credit
- d) Enquiry

MCQ Answers-

1. Answer: (a) Domestic Business
2. Answer: (b) Direct and Portfolio
3. Answer: (a) Shipping bill
4. Answer: (d) Joint venture
5. Answer: (d) All of the above
6. Answer: (c) Letter of credit
7. Answer: (c) Shipping bill
8. Answer: (c) Global trade rules
9. Answer: (b) Trade enquiry
10. Answer: (c) Joint Ventures
11. Answer: (b) New Zealand
12. Answer: (b) Mate receipt
13. Answer: (d) Proforma invoice
14. Answer: (d) Bill of entry
15. Answer: (b) Letter of credit

Very Short Answers-

1. Answer: Licensing is the entry mode or a contractual arrangement when a domestic manufacturer gives the right to access to its trademark, technology, and trade secret to a manufacturer in a foreign land.
2. Answer: Cross-licensing is the agreement where the two companies jointly agree to share each other's trade secrets and technology.
3. Answer: The common points between licensing and franchising is that both can use brand names, patent, and copyrights.
4. Answer: The two documents required for import transaction are
 - Commercial Invoice
 - Airway/landing bill
5. Answer: Shipping bill refers to the documents required for the export of goods. Under the basis of this document, the customs officer gives permission to export the goods.
6. Answer: IEC number is defined as the Import Export Code number which is used to acquire an export license. This code is taken from the Directorate General Foreign Trade or Regional Import Export Licensing Authority.
7. Answer: The XYZ company will be known as a solely owned subsidiary of ABC company.
8. Answer: An importer's bank issues 'A letter of credit' a guarantee certificate that will

acknowledge payment up to a certain amount of export bills to the bank of the exporter.

9. Answer: C&F agent is defined as a clearing and forwarding agent who is involved in implementing services directly or indirectly, connected with the clearing and forwarding.

10. Answer: Bill of Landing refers to the list of shipped cargo in the form of receipt given by the head of the shipment to the individual heading the shipment.

Short Answers-

1. Ans: The difference between contract manufacturing and setting up wholly owned production subsidiary is as follows:

Basis	Contract Manufacturing	Wholly Owned Production Subsidiary
Meaning	A type of international business in which a company contracts with one or a few local manufacturers in another country to have particular components or commodities manufactured according to its specifications.	Companies that seek complete control over their abroad operations use this way of international company entry.
Control	Because things are created completely according to the terms and standards, local businesses lose control over the manufacturing process.	Take complete control of the company's operations.
Investment and Risk	If there is no investment, there is no risk.	It is not ideal for small and medium-sized businesses that do not have the finances to invest abroad. And it is responsible for all losses incurred as a result of its international businesses failing.

2. Ans: Licensing is defined as a contractual arrangement in which one firm (licensor) grants access to its patents, copyrights, trademarks, or technology to another firm in a foreign country for a fee called royalty.

Limitations

- The major risk is that the licensee can start marketing an identical product under a

slightly different brand name. If not taken care of, the trade secrets can be passed on to the foreign markets.

- Conflicts over maintenance of accounts, payments of royalty, and non-adherence to norms relating to production of quality products.

3. Ans: Objectives of WTO are as follows:

Objectives

- To ensure that tariffs and other trade barriers imposed by different countries are reduced.
- To engage in activities that improve living standards, create jobs,
- Increase income and effective demand, and facilitate increased production and trade;
- To facilitate the most efficient use of the world's resources for sustainable development.
- To promote a more integrated, viable, and long lasting trade system.

Benefits

- Aids in the promotion of international peace and the facilitation of international trade.
- All member-nation conflicts are resolved by mutual talks.
- International trade and ties are made much easier and more predictable by rules.
- Free trade raises people's living standards by raising their income levels.
- Free trade allows for a wide range of high-quality products to be obtained.
- Because of free trade, economic growth has accelerated.
- The system promotes effective government.
- The World Trade Organization (WTO) aids in the development of poorer countries.

4. Ans: The explanations are:

- Bill of Lading: The shipping company issues a bill of lading after receiving the freight, which acts as proof that the goods have been accepted for transport to the specified destination. This document is referred to as an airway bill when goods are being shipped by air.
- Bill of Entry: The bill of entry is presented to the port authority by the importer or his representative. The port authority issues the release order after obtaining the relevant charges. It is prepared by a qualified custom clerk or broker, and is examined by the customs authorities for its accuracy and conformity with the tariff and regulation.
- Shipping advice: It is a commercial document which is issued by the exporter, who is the beneficiary of the letter of credit, in order to give shipment details to the importer who has applied for the letter of credit.

5. Ans: The difference between Internal trade and International trade is as follows:

Basis	International Trade	Internal Trade
Nationality of buyers and sellers	Buyers and sellers are from different countries.	The buyers and the sellers belong to the same country of business.
Nationality of stakeholders	Belong to different countries and have a wider set of values and aspirations.	Belong to one country and they have consistency in their value system and behaviour.
Mobility of factors production	Restricted mobility.	Free mobility.
Customer heterogeneity over the market	Difference in taste and preference does not induce complications in the task of designing products in the domestic market.	Difference in taste and preference does not induce any complication in the task of designing products in the domestic market.
Differences in business systems and practices.	Differences are considerably more among different countries.	Differences are less within the country.
Political systems and risks	In international business, the political environment differs from one country to another so the amount of risks is different.	The governing body within the country affects the domestic business.
Business regulations and policies	Business laws, regulations, and economic policies differ among different countries.	Business laws, regulations, and economic policies are less uniformly applicable within a country.
Currency used in business transactions	The price of one currency is expressed in relation to that of another country's currency. Thus, it keeps fluctuating.	No such problem is faced as only home currency is used.

6. Ans: Reason for international Business:

- Unequal Distribution of Natural Resources: Countries cannot manufacture the same level of quality and at the same cost. This is due to the unequal distribution of natural resources and differences in productivity levels among different geographical places.
- Varied Differences: There is a disparity between labour productivity and manufacturing costs. Because of varied socioeconomic, geographical, and political factors, it varies in each country.
- Specialization Advantage: The principle of territorial division of labour can be applied internationally as well. Most developing countries with plenty of labour, for example, specialise in producing and exporting clothing.
- Price Differences: Firms also engage in the export and import of goods due to the difference in prices of products. They import cheaper things from other countries and export goods to other countries where they can fetch better prices for their products.

7. Ans: Benefits to India if it enters into a trade agreement with China are as follows:

- Foreign exchange: International business facilitates foreign exchange within a country that aids in the payment of imported goods expenses, hence India's foreign exchange would flourish with this trade agreement.
- Efficient use of resources: Every country is specialised in the production of goods and services, leading to efficient utilisation of resources.
- Growth: Exporting and flourishing in international trade helps in improving the economic growth of the country and creates opportunities for employment of people. Hence, India's growth prospects would increase as a result of trade agreement.
- Stability: It also helps in bringing stability in the prices of domestic products of India.
- Better living standards: Due to International business, people in India would be able to consume and enjoy a higher standard of living.

8. Ans: Prerequisites for getting an export license:

- Opening a bank account with any bank that has been approved by the Reserve Bank of India;
- Getting an Import Export Code (IEC) from the Directorate General of Foreign Trade (DGFT) or a Regional Import Export Licensing Authority;
- Creating an account with the right export promotion council.
- To protect against non-payment risks, you should register with the Export Credit and Guarantee Corporation (ECGC).
- A company must submit an exporter/importer profile, a bank receipt for the required fee, a certificate from the banker, two copies of photographs attested by the banker, details of non-resident interest, and a declaration about the application to obtain an IEC number to the Director General for Foreign Trade (DGFT).
- It is a legal requirement for all exporters to register with the proper export promotion

council.

- To secure international payments from political and commercial interference, you must register with the ECGC.

9. Ans: (i) A mate receipt is a

- Receipt that is provided by the ship's commanding officer when the cargo is loaded on board.
- The receipt contains information such as the vessel's name, berth, date of shipping, package description, marks and numbers, cargo condition at the moment of receipt on board the ship, and so on.
- The port superintendent gives the C&F agent the mate's receipt after receiving the port dues.

(ii) A letter of credit is a guarantee issued by the importer's bank that it will honour payment of export invoices to the exporter's bank up to a specific amount. A letter of credit is asked from the importer to reduce the extent of risk. The importer should get the letter of credit from its bank and send it to the overseas supplier.

(iii) To avail the trade concessions and other benefits, the importer has to ask the exporter to send a certificate of origin. The certificate of origin issued by the importer acts as a proof that the goods are manufactured in the country from where the export is taking place.

10. Ans: For obtaining the IEC number, a firm has to apply to the Director General for Foreign Trade (DGFT) with documents such as:

- Exporter/importer profile
- Bank receipt for requisite fee
- Certificate from the banker on the prescribed form
- Two banker-attested copies of photos
- Details of the non-resident interest
- Statement of the applicant's non-association with the businesses on the caution list

Long Answers-

1. Ans: One of the key achievements of GATT negotiations was the decision to set up a permanent institution for looking after the promotion of free and fair trade amongst nations. The GATT was transformed into the World Trade Organization (WTO) with effect from 1 January 1995. Its headquarters are in Geneva, Switzerland.

It regulates not just products but also services and intellectual property rights. It is, moreover, a member-driven rule-based organization in the sense that all the decisions are taken by the member governments on the basis of a general consensus. India is the founding member of the World Trade Organisation.

Objectives

- To ensure that tariffs and other trade barriers imposed by different countries are reduced.
- To engage in activities that improve living standards, create jobs,
- Increase income and effective demand, and facilitate increased production and trade;
- To facilitate the most efficient use of the world's resources for sustainable development.
- To promote a more integrated, viable, and long lasting trade system.

Functions

- Establishing a commonly accepted code of behaviour with the goal of reducing trade obstacles, such as tariffs, and eradicating discrimination in international trade relations by encouraging its member countries to come forward to the WTO to resolve their problems.
- Acting as a dispute resolution body.
- Ensuring that all of the Act's rules and regulations are obeyed.
- Holding consultations to improve understanding and cooperation in global economic policymaking.

2. Ans: Exporting/Importing: Exporting refers to sending of goods and services from the home country to a foreign country. Whereas, Importing is defined as the purchase of foreign products and bringing them into one's home country.

Wholly Owned Subsidiary: Those companies which want to exercise full control over their overseas operations, set up a wholly owned subsidiary in an overseas country.

Benefits of Exporting/Importing over Wholly Owned Subsidiary:

- **Ease of entry:** Exporting is the easiest way of gaining entry into international markets as compared with wholly-owned subsidiaries.
- **Investment:** Business firms are not required to invest that much time and money in exporting whereas in the case of wholly-owned subsidiaries, it is not suitable for small and medium size firms as they do not have enough funds with them to invest abroad.
- **Risk:** Because exporting and importing do not necessitate a large amount of foreign investment, the risk of foreign investment is negligible or very low. In the case of wholly owned subsidiaries, they face greater political risks and are responsible for all damages resulting from the failure of their international activities.
- **Government Interference:** There are high political risks in the case of wholly owned subsidiaries as against exporting.
- **Profit/Loss Risk:** 100% equity is invested in case of wholly owned subsidiaries, making it riskier in comparison to exporting/importing.
- **Complexity:** The degree of complexity is higher in case of wholly owned subsidiaries as

compared to exporting/importing.

3. Ans: The Bretton Woods Conference led to the formation of the International Bank for Reconstruction and Development (IBRD), which is also referred to as the World Bank.

- The main goals were to aid in the reconstruction of Europe's war-torn economies and to aid in the development of the world's disadvantaged nations.
- After achieving success, it shifted its focus to the development of undeveloped countries.
- It realised that by investing more in these countries, particularly in social sectors such as health and education, it might help them achieve the requisite social and economic transformation.

Objectives and role of its affiliated agencies:

- **The International Development Association (IDA):** The International Development Association (IDA), an affiliate of the World Bank was established with the goal of providing loans on favourable terms and circumstances to countries with per capita incomes below a crucial level. IDA thus offers poor countries with interest-free long-term loans.
- **The International Finance Corporation:** The International Finance Corporation, or IFC, was established in 1956 as a separate legal body with the mission of providing financing to the private sector in developing countries. Despite being a World Bank affiliate, the IFC has its own funds and functions that are controlled independently.
- **MIGA (Multinational Investment Guarantee Agency):** MIGA, or the Multinational Investment Guarantee Agency, was founded in April 1988 with the goal of stimulating foreign direct investment in developing countries. It also provides advising services and insures investors against political and noncommercial hazards.

4. Ans: The IMF was established with the primary goal of developing an orderly international monetary system, which includes facilitating international payments and adjusting exchange rates between national currencies.

Objectives

- Facilitate the expansion of balanced international commerce and contribute to the promotion, maintenance of a high level of employment through the establishment of a permanent institution.
- Assist in the construction of a multilateral system of payments for current transactions between members to enhance exchange stability and preserve orderly exchange arrangements among member nations.

Functions

- Acting as a short-term credit institution.

- Providing machinery for the orderly adjustment of exchange rates Acting as a short-term credit institution.
- Provision of necessary facilities to ensure that the exchange rates are adjusted timely and orderly
- Acting as a repository for all member countries' currencies.
- Acting as a foreign currency and current transaction lending institution Determining the value of a country's currency and altering it.
- Providing machinery for international consultations.

5. Ans: (i) Mate receipt: It is a receipt provided by the ship's commanding officer when the cargo is loaded on board, and it contains information such as the vessel's name, berth, date of shipping, package description, marks and numbers, cargo condition at the moment of receipt on board the ship, and so on.

(ii) Bill of lading: After receipt of the freight, the shipping company issues a bill of lading which serves as an evidence that the shipping company has accepted the goods for carrying to the designated destination.

(iii) Bill of exchange: When the bill of exchange is received, the importer either releases the money in the event of a sight draught or accepts the usance draught for payment on the bill of exchange's maturity date. The money is received by the exporter's bank via the importer's bank and credited to the exporter's account. By signing a letter of indemnity, the exporter might receive quick money from his or her bank upon submission of paperwork.

(iv) Shipping bill: It is the main document on the basis of which the customs office permits to export. The exporter prepares the shipping bill in order to gain custom clearance.

(v) Import order: This document is generated by the importer and contains the following information on the products imported: The import order includes information on the price, amount, size, grade, and quality of the items ordered, as well as packing, shipping, ports of shipment and destination, delivery date, insurance, and payment methods.

(vi) Import manifest: Imported items are unloaded from the container using this document: He supplies an import general manifest paper. An import general manifest is a document that contains information on the products being imported.

6. Ans: I would agree to set up a wholly-owned factory i.e. wholly-owned subsidiary in Bangkok for supplying customers in the South East area and the Middle East area.

Companies that desire complete control over their overseas activities prefer a wholly owned subsidiary as an entrance route into international company.

It can be determined in two ways:

- Setting up a new firm.
- Acquiring an already settled and established firm in the foreign country and further using it to manufacture as well as promote the products within the host country. This

allows it to maintain complete control over the company's activities.

Benefits of doing business Internationally are:

- Cost of transportation from India will be reduced by setting up a production plant overseas.
- It will make the Manchadas more closer and nearer to their overseas customers.
- Business firms can earn more profits by selling their products in countries with high pricing when local prices are lower.
- The company can exercise full control over its operations.
- Making use of excess production capacity in order to increase operational profitability.
- When demand in the home country dries up, the corporation might look to developing countries for expansion opportunities.
- When domestic market competition is fierce, internationalisation appears to be the only way to grow significantly.
- The desire to become more international stems from a want to expand, a desire to become more competitive, a desire to diversify, and a desire to reap the strategic benefits of internationalisation.

Case Study Answers-

1.

(i) d) Exporting the goods

Solution: Exports are goods and services that are produced in one country and sold to buyers in another. Exports, along with imports, make up international trade.

(ii) a) Trade Enquiry

Solution: Trade enquiry is essential in Import Trade as it enables the importer to mention all the details regarding the quantity of items needed. It is a written request regarding the price and the terms on which the exporter will be able to supply goods.

(iii) b) Prospects for growth

Solution: The definition of a prospect is an expected outcome or a likely customer. An example of prospect is a new client with whom a company is counting on signing a contract. The direction in which an object, such as a building, faces; an outlook. Something presented to the eye; a scene.

(iv) d) All of the above

Solution: Industrialization provides increased employment opportunities in small- and large-scale industries. In an industrial economy, industry absorbs underemployed and unemployed workers from the agricultural sector, thereby increasing the income of the community.

2.

(i) (b) International Business

Solution: International business refers to the trade of goods, services, technology, capital and/or knowledge across national borders and at a global or transnational scale. It involves cross-border transactions of goods and services between two or more countries. International business is also known as globalization.

(ii) b) Indent

Solution: Indent Order means an order placed with the Company by the Buyer whereby the Company, in order to satisfy that order, is required to specifically purchase goods or services from a third party because such goods or services are not usually stocked or provided by the Company.

(iii) c) Terms and conditions of trade

Solution: An inquiry is a request from the prospective buyer to keep him informed of the terms and conditions of sale. Any export inquiry has to be attended with promptness and meticulous care. It is desirable to send samples as they speak better about quality, which is the main criterion for selection of exporter.

(iv) a) Proforma Invoice

Solution: Proforma invoices are sent to buyers ahead of a shipment or delivery of goods or services. Most pro forma invoices provide the buyer with a precise sale price. A pro forma invoice requires only enough information to allow customs to determine the duties needed from a general examination of the included goods.



Swotters