

INTERNATIONAL BUSINESS

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International business refers to business activity that occur outside of a country's geographical borders.

Features of International Business

1. Involves two countries.
2. Use of Foreign Exchange
3. Legal obligations.
4. High level of danger.
5. Extensive documentation
6. Time-consuming
7. Lack of personal interaction

Reasons for international business: International business is important for the following reasons:

1. Unequal distribution of natural resources.
2. Availability of production factors
3. Specialization
4. Cost Benefits

Benefits of International Business for Nations

1. Earning foreign exchange.
2. Increased Resource Efficiency
3. Improving Growth Prospects and Employment Opportunities
4. Higher standard of living.

Benefits of International Business for Firms

1. Prospects for Increased Profits
2. Increased capacity utilization.
3. Prospects of Growth
4. A solution to intense competition in the domestic market
5. Improved Business Vision.

Disadvantages of International Business: International businesses confront the following issues:

1. Various currencies
2. Legal Formality
3. Distance Barriers
4. Language barrier
5. Differences in legislation
6. Information Gap
7. Transportation Problem

EXPORT TRADE

Export trade is the sale of products and services from a home nation to a foreign country.

Objectives of Export Trade

1. Sell excess commodities.
2. To better use resources.
3. To earn foreign exchange.
4. Increase national income
5. To produce employment.
6. Increase government revenue.
7. To promote international collaboration.

Export Trade Procedure: The numerous stages involved in exporting products are listed below:

1. Receiving enquiries and sending quotations
2. Received the order or invoice.
3. Verified the importer's creditworthiness and secured payment guarantee.
4. Obtaining an Export License.
5. Obtaining Pre-Shipment Finance
6. Production or procurement of goods.
7. Pre-shipment Inspection
8. Excise Clearance.
9. Obtaining Certificate of Origin
10. Reserved Shipping Space
11. Packing and Forwarding
12. Insurance for Goods
13. Customs Clearance.
14. Obtaining Mate's Receipt
15. Payment of freight and issuance of bill of lading
16. Preparing an invoice
17. Securing payment

IMPORT TRADE

Import trade is the purchase of products and services from a foreign business by a firm in one's own nation.

Objectives of Import Trade

1. To accelerate industrialization.
2. To fulfill customer demand
3. To enhance living conditions
4. To prevent starvation
5. Ensure national defense.

Import Trade Procedure:

The steps in the import procedure are as follows:

1. Trade Enquiry
2. Import License Request
3. Obtaining Foreign Exchange
4. Place order or indent
5. Obtain Letter of Credit
6. Planning for Finance
7. Acceptance of Shipment Advice
8. Retirement of Import Documents.
9. Arrival of goods
10. Customs Clearance and Release of Goods

WORLD COMMERCE ORGANIZATION (WTO)

The World commerce Organization (WTO) was founded to provide a permanent structure to promote free and fair commerce between states.

Commerce Study Centre