Chapter 11

International Business

Multiple Choice Questions

Q. 1 In which of the following modes of entry, does the domestic manufacturer give the right to use intellectual property, such as patent and trademark to a manufacturer in a foreign country for a fee:

A. Licensing

B. Contract manufacturing

C. Joint venture.

D. Public-Private Partnership

Answer:

Licensing means allowing another party in a foreign country to produce and sell goods under trademark, patent, for any copyright in exchange of fees. For example, Pepsi has given its license to produce and sell it all over the world.

Q. 2 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. Contract manufacturing

B. Franchising

C. Joint venture.

D. Licensing

Answer:

A joint venture is a firm that is owned jointly by two or more independent firms.

Q. 3 Which of the following is not an advantage of exporting?

A. Easier way to enter into

B. Comparatively lower risks in international markets.

C. Limited presence in foreign

D. Fewer investment markets requirements

Answer:

The exporting firm mostly operates from the home country. The Limited presence in foreign markets is not advantageous for them.

Q. 4 Which one of the following modes of entry permits the greatest degree of control over overseas operations?

A. Licensing/franchising

B. Wholly owned subsidiary.

C. Contract manufacturing

D. Joint venture

Answer:

Wholly owned subsidiary permits the greatest degree of control over overseas operations. The parent company has 100% control over the foreign company by making 100% investments in its equity capital.

Q. 5 Which one of the following is not amongst India's major export items?

A. Textiles and garments

B. Gems and jewelry.

C. Oil and petroleum products

D. Basmati rice

Answer:

Oil and petroleum products is not amongst India's major export items.

Q. 6 Which one of the following is not amongst India's major import items?

A. Ayurvedic medicines

B. Oil and petroleum products.

C. Pearls and precious stones.

D. Machinery

Answer:

Ayurvedic medicines is not amongst India's major import items. Infect it is an important item in India's export items.

Q. 7 Which of the following documents are not required for obtaining an export license?

A. IEC number

B. Letter of credit.

C. Registration-cum-membership certificate.

D. Bank account number

Answer:

A letter of credit is not required for obtaining an export license. IEC number, bank account and RGMC is required.

Q. 8 Which of the following documents is not required in connection with an import transaction?

A. Bill of lading

B. Shipping bill.

C. Certificate of origin

D. Shipment advice

Answer:

A shipping bill is not required for an import transaction.

Q. 9 Which of the following do not form part of the duty drawback scheme?

A. Refund of excise duties

B. Refund of customs duties.

C. Refund of export duties.

D. Refund of income dock charges at the port of shipment

Answer:

Refund of income dock charges at the port of shipment do not form part of the duty drawback scheme.

Q. 10 Which one of the following is not a part of export documents?

A. Commercial invoice

B. Certificate of origin.

C. Bill of entry

D. Mate's receipt

Answer:

Bill of entry is not a part of export documents.

Q. 11 A receipt issued by the commanding officer of the ship when the cargo is loaded on the ship is known as:

A. Shipping receipt

B. Mate receipt

C. Cargo receipt

D. Charter receipt

Answer:

A mate's receipt is a receipt that is issued by the commanding officer of the ship when the cargo is loaded on the board. It has information about the name of the vessel, berth, date of shipment, description of package, marks, and numbers, and the condition of the cargo.

Q. 12 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 and name of the vehicle carrying the cargo?

A. Shipping bill.

B. Packaging list

C. Mate's receipt.

D. Bill of exchange

Answer:

Shipping bill 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 and name of the vehicle carrying the cargo.

Q. 13 The document containing the guarantee of a bank of honor drafts drawn on it by an exporter is:

A. Letter of hypothecation

B. Letter of credit.

C. Bill of lading

D. Bill of exchange

Answer:

A letter of credit is a document containing the guarantee of a bank of honor drafts drawn on it by an exporter.

Q. 14 TRIP is one of the WTO agreements that deal with:

A. Trade-in agriculture

B. Trade-in services.

C. Trade-related investment measures.

D. None of these

Answer:

TRIPS Stand for Trade related aspects of intellectual property rights.

Short Answer

Q. 1 Differentiate between international trade and international business.

Answer:

The difference between international trade and international business are:

INTERNATIONAL TRADE	INTERNATIONAL BUSINESS
1. it means the movements of goods among countries.	1. It refers to the international transactions among countries.
2. It is a narrow concept.	2. It is a much broader concept than the international trade.
3. For example, travel, tourism, communication, banking, etc.	3. For example, foreign direct investment, contract manufacturing, etc.
4. It involves the movement of goods and international currency used in dealing.	4. It involves the movement of goods, capital, personal, technology, and intellectual property such as patents internationally.

Q. 2 Discuss any three advantages of international business.

Answer:

International business refers to international transactions among countries. For example, Foreign direct investment, contract manufacturing, etc. It is a much broader concept than international trade. It involves the movement of goods, capital, personnel, technology, and intellectual property such as patents internationally. The 3 main advantages of international business are:

a. An international business helps a country to earn foreign exchange which can be later used for meeting its import requirements such as technology and capital goods.

b. b. It helps to use the natural resources in the most optimal way and avoid the wastage of resources. It ensures price stability by avoiding any fluctuations in it. It also tries to equalize the Global price.

c. c. It promotes a large scale production because the needs of the consumers are to be met locally as well as internationally. A large scale production also helps to ensure many internal economies which lead to a lower cost of production.

Q. 3 What is the major reason underlying trade between nations?

Answer:

The major reason underlying trade between Nations is explained below:

a. The major reason is the theory of comparative cost advantage. It means that all the countries cannot produce all the goods due to the unequal distribution of natural resources or due to the differences in their productivity level.

b. Some of the resources are abundant in one country and scarce in another. So the country with abundant resources engages in international trade with the country with scarce resources.

c. Different countries are endowed with different factors of production- land, labour, capital, and entrepreneur.

d. India is a labour abundant country, so it engages in commodity production which uses labor-intensive method and exchanges it for those which use capital intensive methods, for example, USA.

E. One country always has a comparative advantage in the production of good as compared to others.

f. In conclusion, every country estimates the goods that it can produce in the most optimum whey and exchanges it for another good giving rise to international trade.

Q. 4 Why is it said that licensing is an easier way to expand globally?

Answer:

Licensing is an easier way to expand globally due to the following reasons:

a. The licensee sets up the business with his own money and the licensor does not have to invest anything. So, it is a cheaper way to start a business.

b. Licensor does not have to bear any liability.

c. He receives royalty which is a predetermined price. He continues to get this fees irrespective of whether the licensee is making a profit or incurring losses.

d. A licensee is a local person who has a better understanding of the local marketing strategies and the business environment.

e. He also handles the business and foreign country so there is a less chance of government intervention.

f. According to the terms of the licensing, only the licensee can make use of the licensor's copyrights, patent, etc. in foreign countries. This reduces the risk of the misuse of intellectual property.

Q. 5 Differentiate between contract manufacturing and setting up wholly-owned production subsidiary abroad.

Answer:

The difference between contract manufacturing and setting up wholly-owned production subsidiary abroad are:

Contract manufacturing	Wholly – owned production subsidiary abroad
1. contract manufacturing is a type of international business where a firm enters into a contract with one or a few local manufactures in foreign countries to get certain compounds of goods produced as per their specifications.	1. The Wholly owned subsidiary is the parent company which acquires full control over the foreign company by purchasing a hundred percent of its equality capital
2. It can be established in three ways: a. Assembly of component into final products. b. Complete manufacture of the products. C. Getting produced certain parts of final products which will be used for the production of final products at a later stage.	2. It can be established in two ways: a. A new firm is setup to start operations in a foreign country. This is called a greenfield venture. b. Existing firm in a foreign country and using it for manufacturing and promoting its products in the home country.

Q. 6 Discuss the formalities involved in getting an export license.

Answer:

The formalities involved in getting an export license are:

a. Opening a bank account in any Bank authorized by the Reserve Bank of India and get an account number.

b. Obtaining an import-export code IEC number from the Directorate General of foreign trade or regional import-export licensing authority.

c. Registering with the appropriate export Promotion Council.

d. Registering with export credit and guarantee Corporation to protect against the risk of nonpayment.

Q. 7 Why is it necessary to get registered with an export promotion council?

Answer:

It is important to register the firm with an Export Promotion Council due to the following reasons:

a. To obtain the registration cum membership certificate RCMC.

b. To enable the firm to take advantages available to the export firms by the government.

c. The Export Promotion Council carries out many activities to create demand for domestically manufactured goods in the international market.

d. The firm can also get support for the continuous promotion of its products.

Q. 8 Why is it necessary for an export firm to go in for pre-shipment inspection?

Answer:

It is important for an export firm to go in for pre-shipment inspection due to the following reasons:

a. It is an important step to inspect products by a competent agency as designated by the government.

b. The government had introduced the Export Quality Control and Inspection Act in 1963 and had authorized some agencies to act as an inspection agency.

c. If the product to be exported falls under this category, the firm has to contact the export inspection agency to obtain the inspection certificate.

Q. 9 What is the bill of lading? How does it differ from the bill of entry?

Answer:

Bill of lading is a document where a shipping company gives it official receipt of the good, i.d. put onboard its vessel and at the same time give an undertaking to carry them to the port of destination. It is different with the bill of entry in the following way:

Bill of lading	Bill of entry
1. it is required at the time of export transactions.	1. it is required at the time of import transactions.
2. It is issued by the shipping company as a token of accepting that the goods have been put on board in its vessel.	2. it is a form supplied by the customs office and filled by the importers when the goods is received.

Q. 10 Explain the meaning of the mate's receipt.

Answer:

A mate's receipt is a receipt that is issued by the commanding officer of the ship when the cargo is loaded on the board. It has information about the name of the vessel, berth, date of shipment, description of package, marks, and numbers, and the condition of the cargo.

Q. 11 What is a letter of credit? Why does an exporter need this document?

Answer:

A letter of credit is a guarantee that is issued by the importer's Bank. It states that it will honor the payment of export bills to the bank of the exporter up to a certain limit. It is important for an exporter to obtain this document because it ensures the security of the mode of payment adopted to settle any International transaction.

Q. 12 Discuss the process involved in securing payment for exports.

Answer:

The process involved in securing payment for exports are:

a. The exporter informs the importer about the shipment of the goods.

b. Exporters send the documents such as a bill of lading, certified copy of the invoice and the packing list. These are required by the important to claim the title of the good on the arrival at his country and to get the customs clearance.

c. These documents are sent through exporters banker along with an instruction that these may be delivered to the importer only after acceptance of the bill of exchange.

d. The exporters Bank receive the payment through the imported bank and is credited to the exporter's account.

e. The exporter gets immediate payment from his bank if he submits the document by signing a letter of indemnity.

f. After receiving the payment for Exports, the exporter has to obtain a certificate of payment from the bank. This certificate states that all the necessary documentation relating to the export consignment has been presented to the import of payment and the payment has been received according to the exchange control regulations.

Long Answer

Q. 1 “International business is more than international trade”. Comment.

Answer:

Yes, International business is more than international trade in the following ways:

a. a. The scope of international business is wider than international trade.

b. b. International trade consists of export and import of goods and is an essential component of the international business.

c. c. International business includes the international exchange of services of travel, tourism, warehousing, banking, insurance, etc. It also includes foreign investment, contract manufacturing and Overseas production of goods and services.

d. d. International trade is done by exporting of goods why international business is done by licensing, franchise, joint venture, contract manufacturing and establishment of wholly-owned subsidiaries.

Q. 2 What benefits do firms derive by entering into international business?

Answer:

Firms derive many benefits by entering into international business such as the following:

a. The firms whose products have a high demand in the domestic market set up high production capacity for their products by planning for overseas expansion as well.

b. International business is more profitable. They earn a high level of profit by selling its products in countries where the prices are high, especially when he domestic prices are low.

c. When the demand for the goods begin to be saturated in the domestic market, the firm can enter into an international market.

d. The firm can achieve a high degree of growth in intense competition in domestic market is by entering into international business.

e. Many companies form strategic policies and management and are able to gain in the international market.

Q. 3 In what ways is exporting a better way of entering international markets than setting up wholly-owned subsidiaries abroad.

Answer:

Exporting is considered to be a better way of entering into International markets than setting up wholly-owned subsidiaries abroad due to the following reasons:

a. Exporting is an easy way to enter into the international market as compared to wholly-owned subsidiaries. It is easier to establish and manage.

b. It's less involving because the firm need not invest much time and money.

c. The wholly-owned subsidiary required 100% equity investment to be made by the foreign company. The small and medium producers do not prefer this mode to enter into international business.

d. Exporting has less risk because it does not require much investment in foreign countries.

e. Wholly owned subsidiaries have a high degree of political risk as well as a high risk of loss.

Q. 4 Rekha Garments has received an order to export 2000 men’s trousers to Swift Imports Ltd., located in Australia. Discuss the procedure that Rekha Garments would need to go through for executing the export order.

Answer:

Rekha will have to do the following to execute the export order:

a. Rekha must make an inquiry about the creditworthiness of the importer- Swiss importer limited. She may ask for a letter of credit by the importer's bank.

b. Next, they have to register themselves and receive an import-export code number to obtain an export license.

c. The company will have to obtain pre-shipment finance from the importer's Bank to obtain the raw material required for production and packaging.

d. Rekha can proceed to get the garments ready as per the specifications from the importer but only after obtaining the pre-shipment finance from the bank.

e. Rekha must contact the export inspection agency or any other designated agency for obtaining a certificate of inspection.

f. After clearing the pre-shipment inspection, it will have to obtain excise clearance from the Excise Commissioner. The Excise Commissioner would examine the invoice and will issue an excise clearance to the exporter if satisfied.

g. The company has to obtain a certificate of origin which state the country in which the goods have produced. This might help the importer to gain benefit from any tariff concession.

h. The company then has to apply to a shipping company for the provision of shipping space. All the necessary information including the types of goods to be imported, date of shipment and port of shipment has to be mentioned clearly.

i. The goods are properly packed and labeled them with all the necessary information.

j. They have to get the goods insured against the risks involved and obtain customs clearance. k. The goods are loaded on the ship and the commanding officer issues a mate's receipt.

l. The shipping company would issue a bill of lading after the receipt of the freight, as a token of acceptance.

m. After the goods are shipped, the exporter prepares and invoice including the quantity of the good send and the amount to be paid by the importer.

n. The exporter then sends a set of documents to the banker which has to be given to the importer on the acceptance of a bill of exchange. After receiving it, Swiss imports limited will instruct its bank to transfer the money to the exporter's bank account.

o. The exporter will collect a bank certificate of payment stating that the necessary documents and the bill of exchange have been presented to the importer for the payment and the payment has been received according to the exchange control regulations.

Q. 5 Your firm is planning to import textile machinery from Canada. Describe the procedure involved in importing.

Answer:

Import textile machinery has to undertake the following steps for importing from Canada:

a. The importer has to obtain IEC or the import-export code number by applying to the Regional import-export licensing authority. This is used to file the formalities of the import procedure.

b. The importer has to obtain a registration cum membership certificate. It is issued by the import promotional Council, federation of India import organization and import Development Authority.

c. The importer has to issue a letter of credit in favor of the exporter from his bank. The importer instructs the bank about the documents to be collected from the exporter before making payment.

d. The exporter ships the goods as per the specifications of the important. When the goods reach the importer's country, the captain of the ship informs the dock officer and instructs him to receive the goods and record the details about the goods on the document called the import general manifest.

e. The dock authorities inform the importer about the arrival of the goods. The importer prepares the bill of entry which contains details about the imported goods and submits this to the customs officers to receive a customs clearance.

f. The Customs officer exam is the bill of entry and passes it on to the appraiser officer who verifies the details present in it. The bill is later returned to the importer to pay the custom duty.

Q. 6 Identify various organizations that have been set up in the country by the government for promoting the country’s foreign trade.

Answer:

The Government of India has set up various organizations to promote the country's foreign trade:

a. Export inspection Council- it was established by the government of India under section 3 of the export quality control and inspection act, 1963. It aims to promote exports through quality control and pre-shipment inspection. All the goods that are meant for export must be passed through it for quality inspection.

b. Indian Institute of packaging- It was set up in 1966 by the Ministry of Commerce of the Government of India, the Indian packaging industry and allied industries. It caters to the needs of the domestic manufacturers and exporters.

c. Indian Institute of Foreign Trade- It was set up under the Societies Registration Act in 1963. It is an autonomous body and a deemed university. It provides training in international trade, provides data related to international trade and conducts researches in the international business area.

d. Department of Commerce- The department of Commerce is an Apex Body of the Ministry of Commerce of the Government of India. It formulates policies related to foreign trade and import-export.

e. Indian Trade Promotion organization- It was formed under the Companies Act 1956 in 1992. It aims at a closer relationship among traders, industry and the government. It organizes trade fairs and exhibitions with both local and international goods.

f. Export Promotion Council- These are nonprofit organizations aimed at promoting exports of particular products. It is registered under the Companies Act of the societies Registration Act.

g. State trading organization- It was set up in 1956 with the aim to enhance trade.

H. Commodity board- These boards are established specifically for the development of production of the traditional commodity.

Q. 7 What is the IMF? Discuss its various objectives and functions.

Answer:

International Monetary organization or IMF was established in 1945. Its headquarters is located in Washington DC. It aims at setting up a system of international payments and taking care of the adjustment in exchange rate among various currencies.

Objectives

a. To promote International Monetary cooperation among the member countries.

b. To promote the growth of employment and income by promoting balanced growth of international trade.

c. To promote exchange stability to maintain orderly exchange arrangement among the member countries.

d. To facilitate International payments among the member countries.

Functions

a. To provide short term credit to member countries.

b. To provide the required machinery to orderly adjust the exchange rate.

c. To become a lending Institution of foreign currency.

d. To determine the value of a country's currency and altering it if required to bring about an orderly adjustment of the exchange rate of member countries.

e. Maintain stability in the exchange rate of the member countries.

Q. 8 Write a detailed note on features, structure, objectives, and functioning of WTO.

Answer:

World Trade Organization or the WTO was formed as a successor of General agreement on tariffs and trade or GATT in 1995. Its headquarters are located in Geneva, Switzerland. It deals with the trade in goods and services as well as the Intellectual Property Rights among the member countries. All the decisions are made by the government of the member countries.

Objectives:

a. To provide an integrated and durable trading system.

b. To facilitate the optimum utilization of resources for sustainable development.

c. To improve the standard of living, create employment, etc. among the member countries.

d. To ensure the reduction of tariff and any other trade barrier imposed by other countries.

Functions:

a. WTO provides a conducive environment and encourages the member countries to come forward and discuss their grievances.

b. It acts as a dispute settlement body.

c. It ensures that all the rules and regulations prescribed by it are duly followed by member countries.

d. It Lays down a commonly accepted code to reduce the trade barriers, tariffs etc.

e. It holds regular consultations with IMF and IBRD to bring a better level of cooperation globally

Projects/Assignments

Q. 1 Carefully read the given data. This pertains to India's performance in world trade. The recent initiatives of the Government of India, such as 'Make in India', 'Digital India', 'Skill India' and roll out of the Foreign Trade Policy (FTP) 2015-20 has impacted the Indian economy in terms of exports and imports and trade balance.

1. Table 1 shows India’s position in the world’s largest economies. Prepare a trend report on the position of India in the global scenario of international trade from the year 2005-2017.

2. Table 2 represents the data about major trade partners of India in the global trade.

Discuss how business and trade activities help in promoting peace and harmony among nations.

3. Graphically represent (Line Graph or Bar Graph) the status of export and import from the year 2006-2007 to the year 2016-2017 as given in Table 3.

Table 1

S. No.	Country	% share in global trade
1.	United states	24.3
2.	China	14.8
3.	Japan	5.9
4.	Germany	4.5
5.	United kingdom	3.9
6.	France	3.3
7.	India	2.8
8.	Italy	2.5
9.	Brazil	2.4
10.	Canada	2.1
Source: World Bank , 2017		

Table 2

India 's trading partners with total trade (2014 – 15)					(figures in US $)
S. NO.	Country	Exports	Imports	Total Trade	Trade Balance
1.	China	9.01	61.71	70.72	(52-40)
2.	United states	40.34	62.12	62.12	(18-55)
3.	UAE	30.29	49.74	49.74	(10.84)
4.	Saudi Arabia	6.39	20.32	26.72	(13.93)
5.	Germany	98	12.09	20.33	(5.25)
6.	South Korea	3.52	13.05	18.13	(8.93)
7.	Malaysia	3.71	9.08	16.93	(5.30)
8.	Singapore	7.72	7.31	16.93	(2.68)
9.	Nigeria	2.22	9.95	16.36	(11.00)
10.	Belgium	5.03	8.26	16.33	(5.29)
11.	Qatar	.90	9.02	15.66	(13.55)
12.	Japan	4.66	9.85	15.52	(4.75)
13.	United kingdom	8.83	5.19	14.34	(4.30)
Selected countries only					

Table 3

Year	Merchandise		
	Export	Import	Trade Balance
2006-2007	571779	840506	(268727)
2007-2008	655864	1012312	(356448)
2008-2009	840755	1374438	(533680)
2009-2010	845534	1363736	(518202)
2010-2011	1136954	1683487	(546503)
2011-2012	1465959	2345463	(879504)
2012-2013	1634318	2669162	(1064844)
2013-2014	1905011	2715434	(810423)
2014-2015	1896348	2737087	(840738)
2015-2016(P)	1716378	2490298	(773920)
2016-2017 till October	1039797	1396352	(356554)
Annual report, 2016 – 17, ministry of commerce			

4. Growth rate in Exports and Imports

Table 4

Year	Export Growth%	Import Growth %
2006 – 2007	25.28	27.27
2007 – 2008	14.71	20.44

2008 – 2009	28.19	35.77
2009 – 2010	0.57	0.78
2010 – 2011	34.47	23.45
2011 – 2012	28.94	39.32
2012 – 2013	11.48	13.8
2013 – 2014	16.58	1.73
2014 – 2015	0.45	0.8
2015 – 2016 (P)	6.49	9.02
2016 – 2017 till October	4.17	6.99
Annual report, 2016 – 17, ministry of commerce		

5. Table 5 provides the selected principal commodities, in which India deals at the global level. Prepare a pie-chart of any five commodities of your choice from the given data. You can also go through the annual report 2016-2017 of the Ministry of Commerce and choose commodities other than those given in the Table.

Table 5

S. No.	Commodity	Year	Export (US$)	% Share (US $)	Import
1.	Plantation	2014-2015			

		2015-2016 2016-2017(p) (April – October, 2017)	1503 1563 895	1034 895 524	.5
2.	Agriculture and Allied products	2014-2015 2015-2016 2016-2017(p) (April – October, 2017	30147 24522 13420	19004 20673 12189	8
3.	Ores and minerals	2014-2015 2015-2016 2016-2017(p) (April – October, 2017	2410 2015 1412	26918 20684 12941	.9
4.	Leather and leather manufactures	2014-2015 2015-2016 2016-2017(p) (April – October, 2017	6195 5554 3158	2.03	1 1 6

5.	Germs and jewellery	2014-2015 2015-2016 2016-2017(p) (April – October, 2017	41266 39283 26458	17.02	6 5 3
6.	Chemicals and related products	2014-2015 2015-2016 2016-2017(p) (April – October, 2017	31731 32169 18740.56	12.06	3 3 1
7.	Plastic and rubber	2014-2015 2015-2016 2016-2017(p) (April – October, 2017	6615 6416 3683	2.32	6 6 3
8.	Electronic items	2014-2015 2015-2016 2016-2017(p)	6009 5690 3270	2.10	6 5 3

		(April – October, 2017			
9.	Textile and allied products	2014-2015 2015-2016 2016-2017(p) (April – October, 2017	37141 35953 19593	12.61	3 3 1
10.	Petroleum crude and products	2014-2015 2015-2016 2016-2017(p) (April – October, 2017	56764 30583 19597		

Answer:

2. India is one of the biggest countries to have a good share of trade in the global market. It is the 10th largest economy and the second-largest growing economy after China. It has been able to maintain cordial relations with other countries. Business and trade activities among the countries greatly help in the promotion of peace and harmony in the following ways:

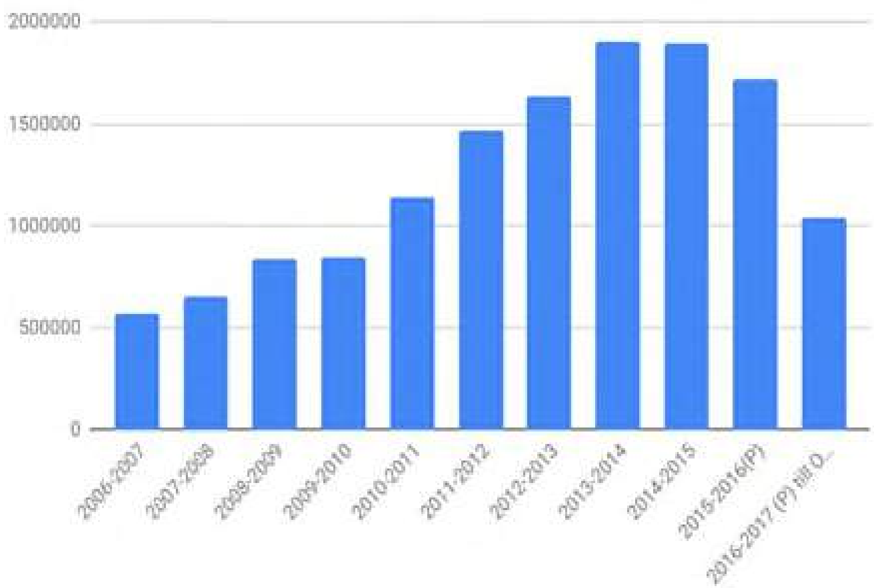
a. Business activities can make a positive contribution by bringing people together of different backgrounds.

b. Cooperation among the large multinational companies is extremely important for their success and growth. Different companies often collaborate and create innovative techniques.

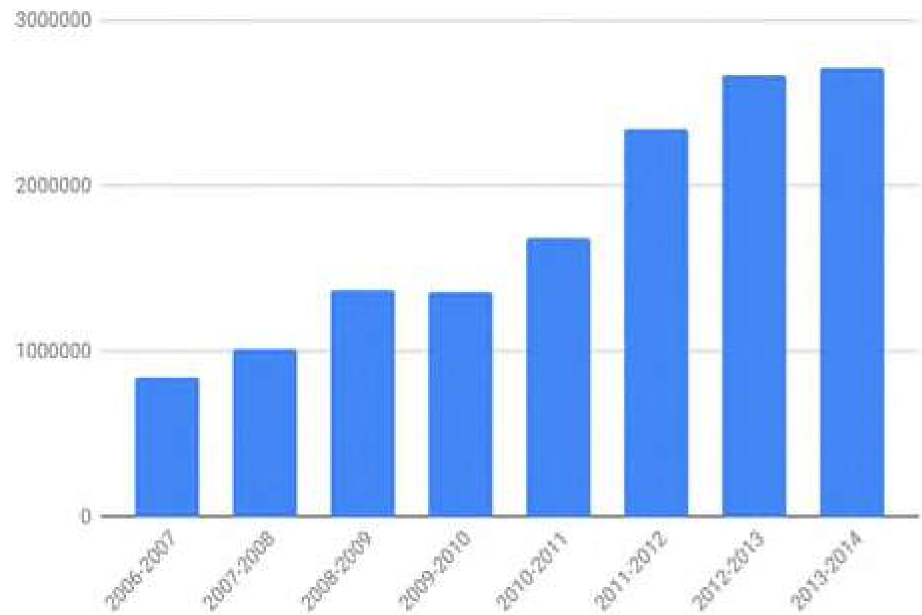
c. It helps to provide a strong framework with complete this regard to the religious differences. It helps to empower the marginalized sections of the society with a special focus on women's empowerment.

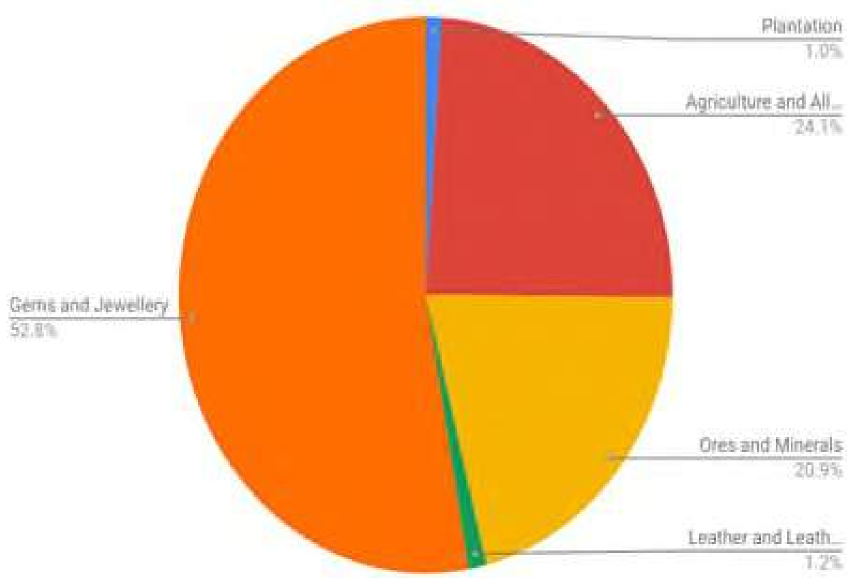
d. The business which is sensitive to the cultural issues around them make easily accommodate the workplace and also address the difficult social evils of the society.

3. YEAR AND EXPORT



YEAR AND IMPORT





II. The world has changed dynamically in almost all fields. This effect is vastly seen in the international trade business. Nowadays if you wish to purchase something ranging from consumer goods to electronic goods, you can easily go to the nearest shop or a mall to purchase it. But in the earlier days, the situation was very different. The concept of trade has completely changed over time as explained below:

a. In ancient times, if a man wanted to have access to particular good he was restricted to his own town area. If anybody in his town area did not grow or manufacture this good he was unable to purchase it.

b. The people either had to growth for manufacture the item themselves or travel long distances to have access to the same.

c. Most of the people did not have access to travel or any other means to get good, their basket of goods was limited.

d. After the first Civilization, the concept of trade was introduced. A boon for the humans that brought different cultures together.

e. Mesopotamia and Egypt began the concept of producing everything that a person wanted to begin to reduce. The people could now exchange good for good at the local market.

f. Large cities also began to develop on the basis of the natural resources as well as the man-made resources. Only a few middlemen were willing to travel long distances for the goods.

g. The first long-distance trade was around 3000 BC between Mesopotamia and the Indus valley in Pakistan.

h. The trade occurred only in luxurious goods like spices and precious metals.

i. Eventually, the concept of trade spread over entire Europe and Asia.

j. China traded in spices and Silk. Britain traded in the tin. Cyprus earned by exporting its copper resources. Egypt traded its papyrus and wool.

k. Since they were no proper roads, trade expanded through the sea.

l. The most important sea route where the Nile, the Tigris, and the Euphrates.

m. With the domestication of Camels, trade expanded between the Mediterranean and the Indian.

III. a. Make in India campaign is a new campaign launched by the Prime Minister of India Narendra Modi.

b. It is an initiative run by the government of India to give foreign investors a chance to invest in India as well as increase the rate of employment in the country.

c. It was launched by the prime minister on the 25th of September in 2014 at Vigyan Bhawan in New Delhi.

d. It has a large scope expanding to various sectors of the economy in the country.

e. It mainly focuses upon 24 sectors which need to develop through such reforms.

f. The responsibility of Designing this program was given to a Marketing firm called Wieden and Kennedy.

g. This program facilitates foreign direct investment and encourages India and foreign companies to manufacture the goods in India.

h. This would help to increase demand and Employment.

i. It will attract foreign currency to be invested in the Indian industrial sectors.

j. The 24 sectors were the program is expanded to are: Automobiles, railways, pharmaceutical, tourism and hospitality, mining, thermal power, space and astronomy, leather, oil and gas, information technology and business process management, electronics, defense manufacturing, wellness, garments and textile industry, aviation, construction, electrical machinery, roads and highways, chemicals, entertainment and media, automobile component, biotechnology, food processing.