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Tuesday

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IPS ACADEMY

IBMR

BBA / II / "A"

12 SUBJ. INTERNATIONAL BUSINESS

1 COMPUTER CODE = 46467

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3 SUBMITTED TO :-

DR. HEENA
UPADHAYAY

SUBMITTED BY

SANSKAR JOSHI

DATE - 25/04/2020

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Sanskrit Joshi

(1)

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WK 12 • 076-289

17

International Business

Q1 Explain International Business and its types in detail with suitable example.

International Business \Rightarrow It is a term used to collectively describe all commercial organization that take place between two or more nations, usually private companies undertake such transaction for profit, govt. undertake them for profit and so on political reason.

Why studying International Business.

Most companies are either international or compete with international company.

Mode of operation may differ from these used domestically.

The but way of conducting business may differ by country.

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07:30 - 19:30

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Types of International Business

- The company applies do Global Expansion
- Audit to fit in with its corporate agenda and be in sync with the industry and firm.

(i) Multi-domestic Organisation → It is one that exports to markets from organisation in other countries with primary domestic production. The subsidiary develop into decentralized decision making units share use of local resources to create a sufficient unity.

Example - GM is a firm with subsidiaries operating over Europe that start along as self-contained units.

(ii) Transnational Organisation → It has units centralized as it in quantity the knowledge base is developed at the centre and form these it is dispersed across subsidiary units across its operations and capabilities.

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Examples:- Microsoft for Product is developed at one center & the subsidiary for sale or manufacturing the product by for the requirements that are similar or local.

(3) Global Organization:- It has its units centralized at one place. The headquarter of base is developed up this posity and from there it is dispersed to overall integration.

Subsidiary Units as a part of its lessened this form capable.

Example:- Intel keeping Performance

esp. the global standards on taking advantages of the learning right from employee it shows low cost and location advantages.

(4) Transnational:-

Refers to such enterprise

whose geographical boundary get blurred both centralizes and decentralized in that

or adopt in the method which units are specialized in corporations.

The unit is also a characteristic

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Factions. The Subsidiary has a global role in the development of the firm's production and share knowledge of location. This model enables firm to think globally and act local.

Examples :-

Caterpillar It has set up manufacturing units in certain locations for major industrial components. It however has assembly units in parts of its major markets so that the product can be made to suit needs.

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Q2])

Discuss the Process of Identifying the suitable overseas market & Product development process keeping in view the cultural environment of host country Market Selection Process -

The important steps included in the market Subchain Process are depicted in figure :-

- (a) International Marketing Objectives
- (b) Parameter for selection
- (c) Preliminary Screening
- (d) Short listing of market
- (e) Evaluation and selection

Determinants of Market Selection :-

(a) Firm related factors

(b) Market related factors

Market related factor :-

(A) General Factors →

- (i) Economic factors
- (ii) Economic Policy
- (iii) Business Regulation
- (iv) Currency Stability
- (v) Political factor
- (vi) Ethnic factor

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2) Specific factors →

- (i) Nature of competition
- (ii) Instability of the industry
- (iii) Trade practices & customs.

12 The Selection of an International

Market Entry Mode -

An SME needs

To consider economic, social, cultural & political factors while selecting the most appropriate entry mode for international profit. The major factors which need to be considered are as under:

Market size
Market growth
Regulatory framework
Level of Risks

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These factors should be carefully evaluated considering the willingness and strength of the organisation to commit its resources for global expansion.

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Product Development in International Markets :-

There is an ever growing desire for customers to have new products. Meanwhile companies frequently use new product development as a means to refresh this competitive advantages and some even set it as a business objective with respect to international business factors. Faster new product development is essential for companies wishing to secure increased export involvement. Thus, the industry is considering new product development for overseas market and entities involved in the process that should be follows to minimise risks.

Process for International Product Development should include :-

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(1) Idea Generation

(2) Market Screening

(3) Business Risk Analysis

(4) Product Development

(5) Test Your Market

(6) Product focused

(7) Timing is everything.

(8) Protect your competitive advantage.

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Q3II

Briefly explain the classical theory of international trade with individual assumption.

Theory of International Theory.

Classical theory :- According to

1) The classical theory of international trade says for the country will produce this commodity for which it is best suited or which it can't produce at all. This country will export those commodities in which they have cost advantages and import those commodities in which they have cost disadvantages and in which they have advantages.

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2. Absolute Advantage Theory

The Principle of absolute advantage applies to the ability of a country to produce more of a good or service than its competitors of resources condition.

It was described by Adam Smith first absolutely in the context of international trade using labor as the only input.

Example →

The Principle was described by Adam Smith in the context of international trade issue now I am describing some of them below.

A country has an absolute advantage over another if it is producing a good or service that produces more than another country for one unit of

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Q4 Explain Various Modes of entry in International Business with suitable Examples their advantages and disadvantages both.

Ans These are various modes of entry:-

i) Exporting \Rightarrow It means the Sales abroad of an item produced stored or produced in the supplying firms home country it is a convenient method & do increase the sales passive exporting occurs action a firm having converted them.

Advantages :- (a) Need for limited finance
(b) less risk
(c) Motivation for exporting.

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Disadvantages :-

- (a) low value added exports can only get a small profit.
(b) export will lead to the loss of core technology.

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LICENSING :-

In the mode of ~~email~~
 losses be ~~given~~ the domestic manufacturing
 property rights go use its intellectual
 brand technology copy rights
 manufacturing in a foreign
 country for a fee

Advantages :-

- (1) low investment on the part of licensor
- (2) low financial risk to license
- (3) licensee escape himself from the risk of product failure

Disadvantages :-

(1) It reduces market opportunities for both

(2) Both parties have to maintain the product quality and promote the product

(3) chance for misinterpretation between the parties

(4) licensee may develop his respect.

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3'

Franchising

Under franchising an independent organization allows one or more companies to use its business name or the name of another company called its franchise under its own agreement the franchisee pays a fee to the franchisor.

Trade Marks

Operating System

Product Rotation.

Advantages :- (i) Low investment and low risk.

(ii)

(2) Franchisee gets Money from the persistence of the franchise.

Disadvantages :-

(1) It may be more complicated than domestic franchising.

(2) It is difficult to control the international franchise.

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Joint Ventures → Two or more firms join together

To create a new business entity that IP89112 Separate and distinct from Parents it having shared ownership.

Advantages →

(1) Joint Venture Provide large Capital funds suitable for major Projects.

(2) It spread the risk between among Partners

(3) It make large Projects and turn key Project feasible and Possible.

Disadvantages →

(i) conflict may arise.

(2) Partners delay the decision making once the dispute arises.

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What are the features and purpose of services by the commercial documents in Foreign trade?

Ans. Commercial documents are written records of commercial transaction describing various aspects of those transaction. They may include Orders, invoices, shipping documents, transport paper and certificate of origin.

International Trade is a particular needs a list of documentation such as commercial documentation, financial documents, transport documents, insurance documents and other international trade related documents while the number of documents involved in international trade in high most of them on neither company.

COMMON IMPORT / EXPORTS
COMMERCIAL DOCUMENTS

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Quotation →

(H)

(a) goods details closely outlining the quantity and terms of delivery and payment terms the experts documents. MOST. Prepare it

Sales Contract →

(a) This should separate all the details of the transaction. Both parties must prepare this documents. It's important to note that the sales contract is a legal binding document therefore it is wise to such legal court before signing everything.

(a) Proforma Invoice → An invoice created by the supplier before the merchandise is shipped. This will inform the buyer of the detailed quantity of goods that need to be shipped along with this worth this value and specification i.e. size weight dimension.

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C-1 Commercial Invoice T A formal demand
9 Note requesting
10 Payment for the exports to the importers
for all the goods sold under
the above terms
11 This invoice should provide details
pertaining to its goods and payment
terms.

- ① Packing list → A list containing detailed packing information
- ② Preparing the goods must prepare this document

Crucial components of a successful international business transaction there is one crucial components of every successful business. ~~transaction~~ - the accurate compilation of all required documentation for both parties + O report. failing to be completed and through will slow down the dispatch of your products & their receipt by your customers.

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Explain the objective and function of following International institution.

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WTO :-

(a) WTO :-

World Trade Organisation is the only Global International Organisation dealing with the rules of trade b/w nations. It is heart are the WTO agreements negotiated and signed by the back of the World's trading nation and ratified in this Parliaments.

Objectives of WTO are :-

- 1) To improve the standard of living of people in the member countries.
- 2) To ensure full employment and broad increase in effective demand.
- 3) To enlarge Production and Trade of a goods.

Functions of WTO are :-

- 1) To implement rules of Provision related to trade policy mechanism.

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(21) To provide a platform to member countries to decide future strategies & plates to trade & tariff.

(22) To administer the rules and process related to dispute settlement.

JMF \Rightarrow The International Monetary Fund is an international organization headquartered in Washington D.C. consisting of 189 countries. Working for faster monetary stability, facilitate international trade, promote high employment & sustainable economic growth & reduce poverty.

Main Features of JMF are -

- (i) Exchange stability
- (ii) Credit facilities

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APRIL

9

Wednesday

WK 15 • 099-266

(21)

Technical assistance

Maintenance of liquidity

Stabilize economic

Main Objectives of IMF are -

International Monetary cooperation

Ensuring exchange stability

Balanced growth.

IBRD →

The International Bank for Reconstruction and Development is an international financial institution established in 1944 & headquartered in Washington DC limited state that is the planning arm of World Bank Group. The IBRD offers loans to middle-income developing countries.

APRIL

10

Thursday

100-265 • WK 15

(22)

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Objectives of IBRD are -

10 (i) To help the reconstruction of
development of Member countries by
facilitating the investment of capital
for the purpose.

(2) To encourage the development of productive resources in developing countries by supplying things in investment capital.

APRIL

Friday

WK 15 • 101-264

11

(23)

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Q31

Explain the mechanism of Balance of Payments with Impacts of India exports and imports also discuss correctional measures to correct the disequilibrium condition.

Balance of Payments -

Balance of Payments is the most important statement for any country. The balance of payments of a country is a systematic record of all international payments of a country during a given period usually a year. It is a participation tool for the analysis of the monetary aspect of international trade and other economic transaction. Other than the residents of On Nines and residents do the rest of the world.

APRIL

12

Saturday

102-263 • WK 15

(24)

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Profit -> Walter Knauze - "The balance
of payment of a country is a
systematic compilation below giving
movements of the export of the
a given period of time
issuance over a period of 20 years."

Characteristics of Balance of

Payments ->

(1) Systematic record of
economic transaction.

(2) Related with a given Period
of time.

(3) It is on account or
standardized statement

(4) More comprehensive

ITEMS OF Balance of Payments

(25)

Monday
10.10.2014

APRIL
14

Current Account :-

items namely :-

The current account consists of two major

(1) Merchandise exports and imports

(2) Invisible

(3) Taxes and Transfers

(4) International transportation services

(5) Banking Services

(6) Insurance service

(7) Communication service

(8) Technical and consultancy services.

Capital Account :-

The capital account shows the capital inflow and outflows capital inflows represent

APRIL

15

Tuesday

105-260 • WK 16

(P6)

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Credits while capital outflow
gives presents debit.

Measures to correct
the disequilibrium in the Balance
of Payment -

1) Exchange Rate Depreciation by reducing
the value of the domestic currency
in the balance of payments in
the economy. When exchange rate
preciation reduces the value
of home currency in relation
to foreign currency.

Methods of correct Disequilibrium

1) Monetary Policy

2) Exchange Depreciation

3) Devaluation

4) Exchange Control.

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APRIL

Wednesday
WK 16 • 106-259

16

Wide Short (27)

UNCTAD

Multinational corporations and trade

IDA

IFC

UNCTAD →

The United Nations Conference on Trade and Development was established in 1964 as a permanent intergovernmental body. UNCTAD is the Part of the United Nations Secretariat dealing with trade, investment and development issues.

Headquarters location: Geneva
Switzerland

Hqds: Mukisa Ikedya

Founded: United Nations Economic Commission for Europe Assembly

Limitations of UNCTAD

- (1) Providing a forum for intergovernmental deliberation.
- (2) Undertaking research, Policy analysis & collective to inform such deliberations.
- (3) Providing technical assistance to developing countries.

(ii) Multinational Corporation and Trade,

A Multinational corporation has facilities and other assets in at least one country other than its home country. These companies also known as international stabless or transnational corporate organization do tend to have offices that spread over many states of many countries.

Roles of Multinational corporations and Trade.

(29)

MNCs help a developing host country by increasing investment in the economy and employment in the rapid growth of technology through transfer of modern management techniques and exports of the host.

(iii) IIDA :-)

IIDA is a given name occurring independently in secured cultures. In Germany it is a female given name derived from a Germanic word meaning "labour". It also occurs as an action of the Swiss girls given name is.

(iv) IFC :-)

International finance corporation is an international financial institution that offers ~~not~~ advisory and investment services.

APRIL

19

Saturday

109-256 • WK 16

(30)

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also Management Services to encourage
private sector development is less
developed country.

Formation - July 20 1956 : 63 year ago

Type - Development institution

Headquarters - Washington DC US.

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(3))

Monday

APRIL

21

Explain in detail the mechanism of LC why it is considered as the safest mode of payment in International Business. Also explain different types of LC available.

The buyer asks his bank
is the issuing bank do issue a
Letter of credit in the
name of the seller issuing
bank issue documentary letter
of credit in the name
of the seller and keeps
the seller's bank as advising
bank after receiving the
payment the issuing bank disc
the documents to the
buyer.

[C -])

C -) It is a financial document
that facilitates international or
domestic trade.
well as substitutes for bank credit
It for credit of customers.

APRIL

22

Tuesday

10:28 AM 17

(32)

11	12	13	14	15	16	17
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Entities →

- (1) Applicant
- (2) Remedyary
- (3) Issuing Bank
- (4) Advising Bank

Documents →

- (1) Invoice
- (2) Beneficiary
- (3) Packing List
- (4) Bill of Lading
- (5) Insurance
- (6) Bills of Exchange
- (7) Duty Waiver Certificates
- etc.

→ Type of letter of credit:-

1) Invoice Regular

(2) Open Clause

3) Revolving

(4) Confirmed

APRIL
Wednesday
WR 17 • 113 252
23

(33)

Standby

Slight

(6) Back to back

(8) Red clause

g) Usance

PROCESS

i) ISSUANCE OF DOCUMENTARY LC by issuing Bank.

ii) Shipping & Documentation

iii) Documentary Advising Submission & analysis by Bank

iv) Checking of documents by issuing Bank and provide

v) Payment + charge by buyer to issuing Bank & getting of documents on receipt of it by Issuing Bank.

24

Thursday

114-251 • WK 17

(34)

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(6) Goods clearing through documents received.

(7) Transfer of Payment by Issuing Bank.

(8) Deduction of Service charges by Advising Bank.

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APRIL

Friday

WK 17 • 115-250

25

Explain the international Business Channel in
the distribution with both
advantages and disadvantages.

Ans → There are basically four types of
marketing channels -

(1) Direct selling

(2) Dual distribution

(3) Reverse channel

(4) Selling through
intermediaries.

A Distribution buys your goods from you & then sells them to the market. Responsibility lies with the agent to find your customers. While the role of a sales agent is to sell your products.

APRIL

26

Saturday
116-249 • WK 17

(36)

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Advantages :-

1. The main advantage of using distributor is SIMPLY a distributor enables you to express international market.
2. The distributor is usually responsible for the shipment of goods.
3. If you sell to a UK based distributor you avoid currency related risks.
4. A distributor will often offer credit facilities to potential customers.
5. Many distributors carry a stock of the product they sell. So they buy in bulk and take care of warehousing and control in their own area market.

Sunday

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APRIL

Monday

WK 18 • 118-247

28

(37)

Distribution :-

- (1) In return for taking in year more
granted risks and having distribution
will expect heavy discount and
generous credit terms from you.
- (2) You may lose control of this way
Year products are marketed &
priced.
- (3) If you use a sole agent you can
use the commission structure to
manage them.
- (4) Distributors offer demand along
Period of exclusively to you
need to be sure that you choose
one that has experience & has
customers for the kind of
goods you sell.

APRIL

29

Tuesday

119-246 • WK 18

(38)

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Q111

Explain the problems experienced by ABC Ltd what is the cause of these problems?

10

Ans ABC Ltd is the country largest manufacturer of spun yarn with well-established market but the customers were very upset over the logistic services due to delayed shipments, frequent changes in shipping schedules, improper documentation, improper identification, package size losses due to transit damages etc. This led to down the ~~down~~ DPUR of PTP port volume of US 12,000 which was much down than it had expected in the first half of year.

After coming back the port manager re-dispatched schedules and found that production and dock-walls schedules were all zeroes. Then he studied the logistics system and found that the logistics cost was very high.

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Q12

(39) Explain in detail current EXIM Policy & its impact in international business of India.

Wednesday
WK 18 • 120-245

APRIL
30

Ans EXIM Policy :-

has to regulate its own international Every country
trade mainly due to specific reasons -

i) Improving its balance of trade
and balance of payment
Position

ii) Protecting its own industry against
the competition in the international
Market.

iii) In order to attain these objectives
almost every country imposes certain
restriction on its internalised trade
i.e. imports and exports. These
restrictions may be called
Trade barrier.

Exploiting to manpower and natural resources
to the maximum extent possible

2014

MAY

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Thursday

121-244 • WK 18

(40)

6	7	1	2
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II Trade barrier May be :-

9 (i) Tariff barrier

10 (ii) Non-tariff or Protective barrier

11 In India custom duty from a significant part of total resource and therefore is an important element in preparing the budget some country use this method of imposing tariff & customs to balance its balance of trade.

3 Kinds of tariffs :- ~~Tariff~~ Tariffs

4 May be classified according to

5 (i) The purpose of duty
(ii) How they are levied.

6 (iii) As far as the purpose of duty is concerned tariffs is concerned with may be classified into two categories

(a) ~~Re~~ Revenue tariff

(b) Protective tariff

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(4)

MAY

Friday

WK 18 • 122-243

2

On the basic of Method
tariffs are compiled how
may be Put into tariffs
(categories) → IWC

(a) Specific items on tariffs

(b) Ad Valorem tariffs.

Non-tariff Barrier :- Over the last few years GATT has been endeavouring to achieve a measures and nationalized tariff structure for trade among its member countries. As per term of GATT.

Every member country is given around MFA treatment to all other member countries while imposing good from list. At the same time imposing countries are also concerned with development of their industry and trade also.

Some of these non-tariff measures are →

ABC CO

MAY

3

Saturday

123-242 • WK 18

(42)

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- (a) quantity restriction, quality and licensing procedure
- (b) foreign exchange restriction
- (c) technical and administration regulation
- (d) currency fluctuation
- (e) state trading
- (f) Preferential arrangement

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(43)

MAY

5

Monday

WK 19 • 125-240

Q13) What is export finance? How packing credit is different from Part Shipment credit?

Ans Export financing is another important area of export business export finance refers to the credit facilities extended to this exportation of Pre Shipment and Post - Shipment stages and includes any loan to an exporter for financing the Purchase Processing manufacturing or Packing of Goods meant for overseas Markets credit is also extended to the Shipment of Goods to the date of realisation of export proceeds.

Institutional finance work:-

This is for providing finance to business RBI commercial bank, Export Import Bank of India and export credit and financial corporation RBI being the central bank of country

MAY

6

Tuesday
126 239 • WK 19

(44)

194 May 1946 The policy from work
9 and J. D. W. provide guidelines to
10 implementation of financial share a
11 Medium term is provided business
12 to be India and foreign
commercial bank with an
member of the foreign exchange
Drafter's Association.

Pre-shipment finance :-

2 Pre-shipment finance is
3 provided to the exporters for the
4 purchase of raw material
5 processing them and converting
6 them into finished goods
7 to the purpose of exports
8 Let us discuss about Pre-
9 shipment advances available
10 to the exporters.

Packing credit :-

The basic purpose
of packing credit is to establish
the eligible exporters to
procure process manufacturing or
store the goods mean

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(45)

for Support
grants to any
for financing
processing
Packing by
the India
Credit
Packing
Marked

May
adjustments
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are
The
Contract
in to

P-Port
loan

of
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Reserve

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at their

Stages

when goods

are accompanied

and

in the custody

or

Supplier

bank

usually

the clear advance

advances

hypothecation

pledge.

Various Type of Post-Shipment Finance

Finance

(i)

Negotiation of Export Documents
Under Letter of Credits.

MAY

8

Thursday

128 237 • WK 19

(46)

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(2) Purchase / Discount of
Foreign Bills.

(3) Advance against Bill sent on
Collaboration.

(4) Advance - against Goods sent on
consignment.

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(47)

MAY

Friday
WK 19 • 129-236

9

Q14] Write Short Notes on -

(1) Role of ECGC in International Business.

(2) Role of Export Promotion Councils in International Business

(3) EPC Eurocurrency Market

(4) Role of ECGCs in International Business:-

ECGC was established in 1957 by the Government of India to strengthen the export promotion drive by reducing the risk on exporting by covering the risk on export credit. The goal of ECGCs is to provide cost-effective insurance and trade related services to meet the needs and experience of the India export market. It provides a range of credit risk insurance and to exporters.

MAY

10

Saturday

130-235 • WK 19

(48)

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- Marked - II
- Provide a P+POTs
basis P+Port or
against Goods and financial services in ECGY
to also import export to
obtain better facility from the
Services provided by ECGY to P+POTs

- (1) To provide risk cover to the exports
against the risks associated
in world market.
- (2) To provide P+POTs information regarding
credit worthiness of overseas buyers
- (3) To assist P+POTs in recovering
bad debts.
- (4) To help P+POTs to develop and
diversify their P+POTs
- (5) To provide other essential services
which are not provided by
commercial companies.
- (6) To help P+POTs to obtain financial

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MAY

Monday

WK 20 • 132-233

12

(49)

assistance and from other commercial financial bank institution.

Role of Export Promotion Council in International Business.

The Export Promotion is basically supporting and assisting firms in markets enriching international and achieving optimum opportunities international business thereby encouraging export from India. In order to provide guidance and assistance to an export of India by one institution the government setup export then.

FUNCTION / Roles of Export Promotion Councils Acting as liaison.

Providing information
Providing assistance
Providing collective data

MAY

13

Tuesday

133-232 • WK 20

(50)

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→ EURO Currency Market →

A Euro currency Market is a Money market that provides banking services to a variety of customers by using foreign currency traded outside of the domestic market place.

The concept does not have anything to do with eurocurrency on the bank associated with the market. are heavily described from the region.

Instead it represents any deposit of foreign currencies until into a domestic bank for example if Japanese Yen is deposited into a bank in the United States it is considered to be originating under the occupied of the eurocurrency market.

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MAY

Wednesday

WK 20 • 134-231

14

Justify Globalization with Social Responsibility!

Introduction -

The concept of
Corporate Social Responsibility derived
from the study of action
Business Ethics as defined
by Game and Martin is the
study of business situations
and attributes and decisions
where issues of right and
wrong are addressed.

Social Responsibility is a subject with varied agenda. It is also Corporate citizenship. Corporate Social Investment is at the bottom of corporate social responsible business. Sustainable and corporate citizenship and corporate governance. A population definition of CSR comes from the Business Council for Sustainable Development which strategy that it is "the commitment by business to continual improvement in its operations to benefit society as a whole".

MAY

15

Thursday

135-230 • WK 20

(52)

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JUNE 2014
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to behave ethically and
to promote the quality of life
of the workers in this family
and the local community and
Society a longer world
business council for sustainability
Development 1999.

CSR in international Business

(1) CSR for Global agent organisation
and rendition

(2) CSR for branding and reputation
Management

(3) CSR for regulatory requirement.

(4) CSR as Philanthropic engagement
limitation.

CSR for Global talent Acquisition
and Reention.

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Friday
WK 20 • 136-229

16

(53)

Acco. to research by Bhattacharya at all some of the reason why employee want to work in a company that engage in CSR include Self enhancement work-life integration bridge to company ons reputation shield molding image companies in the Modern era Service as the diversity of their work force bringing from different parts of the world in a mix to new the organisation competitive advantages. A company as huge as PepsiCo has a its board a lot of global talent acquisition links states that among other things organization gain from CSR as its gain a good reputation making it easier to recruit employees may stay longer increasing the rate and dissatisfaction of recruitment and retaining employees are better motivated and more production.

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17

Saturday

137-228 • WK 20

(54)

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- 1) Explain the problem perceived by ABC Ltd
2) what is the main cause of the problems?

Ans ABC Ltd is the country's largest manufacturer of Spun Yarn with war-estate Market but the customers were very upset on the logistic service due to delayed shipments frequent changes in shopping schedules in proper documentation in production identification package sizes losses due to transit damage etc this led to down the value of export volatility of USD 12,000 which was much down than it had reached in the first half of year.

18

Sunday

Manager of the

After coming back in front
of Island Schedules and

Forced that Production and ex-war
Schedules was all proper. Then
he he studies the industry
System and found that the
logistics ~~cost~~ cost was very
high.