

**I. CHOOSE THE BEST ANSWER:**

1. Movement of goods, services, intellectual property, human assets, technology and so on among the countries.  
(a) International Trade (b) International Business  
(c) Entrepot Trade (d) Internal Trade
2. Goods are imported for purpose of re-export to another country is termed as\_\_\_\_\_  
(a) Import Trade (b) Export Trade (c) Entrepot Trade (d) International Trade
3. Movement Of Goods, Services among the Countries  
(a) International Trade (b) International Business  
(c) Entrepot Trade (d) Internal Trade
4. Selling of Goods from home country to foreign country is called  
(a) Home Trade (b) Entrepot Trade (c) Foreign Trade (d) Joint-venture

**II. VERY SHORT ANSWER QUESTIONS****1. What do you mean by international business?**

- International business denotes all those business activities which take place beyond the geographical limits of the country.
- It involves not only the international movements of goods and services.

**2. What is meant by Export Trade?**

When the firm of country sells goods and services to a firm of another country it is called export trade.

**3. What is meant by Import Trade?**

When the business firm of a country purchases goods from the firm of another country it is called import trade.

**4. What is meant by Entrepot Trade?**

When the firm of country imports goods for the purpose of exporting the same goods to the firms of some other country with or without making any change in the goods meant for export it is known as Entrepot trade

### **5. Give any two reasons for International Business.**

- ⊙ Due to varying climatic conditions prevailing across the world certain resources are abundantly available in some countries.
- ⊙ In such case countries with surplus resources have to exchange them with other countries for its deficit resources.

## **III. SHORT ANSWER QUESTIONS**

### **1. Describe importance of the external trade to an economy?**

#### **i). Unequal Distribution of Natural Resources.**

- ✓ Countries across the world are not endowed with the natural resources of various types equally.
- ✓ The natural resources are unevenly spread across the various nations.

#### **ii). Specialization.**

- Certain countries specialize in the production of goods and services due to some natural advantages.

#### **iii). Cost Benefit.**

- ★ Production cost varies significantly among the countries due to difference in socio economic, geographical, demographical, technical and political environments prevailing therein.

### **2. What is the necessity for Entrepot trade?**

- ✱ The country may not have any accessible trade routes connecting the importing country
- ✱ There may not have any bilateral trade agreement between both the country
- ✱ Importer and exporter may not share good economic relation with each other

### **3. What are the limitations of international business?**

#### **a). Import of Harmful Goods.**

- ♣ International business may lead to import of luxurious goods, spurious goods, dangerous goods.
- ♣ It may harm the well-being of people.

#### **b). Misuse of Natural Resources.**

- ✘ Excessive export of scarce natural resources to various countries across the world may lead to faster depletion of the resources in the exporting countries.
- ✘ This in turn may bring about ecological disaster in the country from which it is exported.

### **c). Rivalry among the Nations.**

- Acute competition for exports may lead to rivalry among the nations.
- This may lead to conflict of interest among the countries and end up in wars among them.

## **IV. LONG ANSWER QUESTIONS**

### **1. List out the advantages of international trade**

#### **i). Geographical Specialization:**

- ❖ International business is required to exchange the surplus resources resulting from geographical specialization for deficit resources in other countries

#### **ii). Economic Development:**

- ★ International business helps the developing countries greatly in achieving rapid economic development.
- ★ For example China, India, Brazil and South Korea

#### **iii). Generation of Employment:**

- ★ International business generates employment opportunities by assisting the expansion.

#### **iv). Higher Standard of Living:**

- ❖ This exchange of goods and services among the countries enhances the standard of living of people.

#### **v). Prospects for Higher Profit:**

- ✳ International business helps the firms which produce goods in excess to sell them at relatively higher price to various countries in the international market.

### **2. Enumerate the disadvantages of international trade**

#### **a). Inhibition of Growth of Home Industries.**

- ★ International business may discourage the growth of indigenous industry.
- ★ Unrestricted imports and severe competition from foreign companies may ruin the home industries altogether.

#### **b). Import of Harmful Goods.**

- ♣ International business may lead to import of luxurious goods, spurious goods, dangerous goods.
- ♣ It may harm the well-being of people.

#### **c). Shortage of Essential Goods in Home Country.**

- ✳ Moreover the export of essential commodities out of the greed of earning more foreign exchange may result in absolute shortage of these goods at home

country and people may have to buy these commodities at exorbitant price in the local market.

**d). Misuse of Natural Resources.**

- ✧ Excessive export of scarce natural resources to various countries across the world may lead to faster depletion of the resources in the exporting countries.
- ✧ This in turn may bring about ecological disaster in the country from which it is exported.

**e). Rivalry among the Nations.**

- Acute competition for exports may lead to rivalry among the nations.
- This may lead to conflict of interest among the countries and end up in wars among them.

**3. Distinguish between internal and international trade**

S.No	Basis	Internal Trade	International Trade
01	<b>Participants in the business</b>	With in the country people	Outside of the country people
02	<b>Mode of transport</b>	It is mainly transported by roadways and railways.	It is mainly transported by water and airways
03	<b>Currency used</b>	Local currency of a country.	Foreign currencies.
04	<b>Risk Exposure</b>	The risks are relatively less.	This risks are high
05	<b>Scope of market</b>	The scope of market is Limited	The scope of market is unlimited

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