

III BBA

EXPORT MANAGEMENT

CHAPTERS

- ❖ INTERNATIONAL TRADE
- ❖ EXPORT PROMOTION
- ❖ EXPORT MANAGEMENT
- ❖ INTERNATIONAL MARKETING
- ❖ EXPORT PRICING

UNIT I – INTERNATIONAL TRADE

Meaning : It is a trade between two or more countries or the exchange of goods and services between the nations.

Types of IT :

1. Import Trade : Purchasing goods from foreign countries.
2. Export Trade : Selling goods to foreign countries.
3. Enterport Trade : Importing of goods from one country with the objective of exporting the same goods to another country.

FEATURES OF INTERNATIONAL TRADE

- 1) IMMOBILITY OF LABOUR AND CAPITAL
- 2) DIFFERENCES IN NATURAL RESOURCES
- 3) DIFFERENCES IN CLIMATIC CONDITION
- 4) DIFFERENCES IN NATIONAL POLICY
- 5) DIFFERENT CURRENCES
- 6) DIFFERENCES IN PRICE
- 7) DIFFERENCES IN CULTURE
- 8) DIFFERENCES IN LEGAL SYSTEM
- 9) DIFFERENCES IN ECONOMIC ENVIRONMENT
- 10) DIFFERENCES IN MONETARY SYSTEM
- 11) PROBLEM OF BALANCE OF PAYMENT
- 12) HIGH TRANSPORTATION COST

BENEFITS OF INTERNATIONAL TRADE FOR THE NATION

- 1) Greater Variety of Goods Available for Consumption.**
- 2) Efficient Allocation and Better Utilization of Resources.**
- 3) Promotes Efficiency in Production.**
- 4) Large scale production.**
- 5) Generates Employment.**
- 6) Consumption at Cheaper Cost.**
- 7) Reduces Trade Fluctuations.**
- 8) Utilization of Surplus Produce.**
- 9) Fosters Peace and Goodwill.**
- 10) Helps to earn foreign currency.**
- 11) Leads to specialisation and division of labour.**

BENEFITS OF INTERNATIONAL TRADE FOR BUSINESS FIRM

- **Expands business.**
- **Large scale production.**
- **International trade boost business financial performance**
- **Diversification of risks**
- **Business enjoys the benefits of a foreign country**
- **Earlier and safe payments**
- **Helps to earn foreign currency**

BENEFITS TO THE INDIVIDUAL CITIZENS

- Creates employment opportunities.
- Increases the earning capacity of the Individual.
- Consumption of quality goods at a reasonable price.
- Improves the standard of living of the individual.
- Leads to specialisation and division of labour.

BALANCE OF PAYMENT –

It is the record of total value of visible and invisible exports and imports of a country in a year.

Disequilibrium in Balance of Payments –

It occurs when the demand of foreign exchange exceeds its supply or viseversa.

Types of Disequilibrium in the Balance of Payments:

1. **Cyclical Disequilibrium** :- It occurs due to influence of the cyclical fluctuations in the market. Different patterns of trade cycles, different income and elasticity of demand in different countries are the main causes for cyclical disequilibrium.
2. **Secular Disequilibrium** :- It occurs when the country passess through different stages of economic growth. Such as changes in the sizes of population, technological advancement, Innovation etc.,
3. **Structural Disequilibrium** :- It occurs due to structural changes in different sectors of the economy. Such as changes in the tastes, changes in technology ,international capital movement etc.,
4. **Temporary Disequilibrium** :- It is caused by temporary factors like out break of War ,drought, floods , earthquake etc.,
5. **Fundamental Disequilibrium** :- It occurs due to a series of unchecked short run disequilibrium in the balance of payment of a country.

Causes of Disequilibrium in Balance of Payment

- 1) Natural calamities
- 2) Inflation
- 3) Changes in Exchange Rates
- 4) Cyclical Fluctuations
- 5) Capital Movements
- 6) Political Instability
- 7) Technological Development
- 8) Developmental Expenditures
- 9) Sociological Changes
- 10) Other causes.

Methods of Rectifying Disequilibrium in the Balance of Payment.

Automatic Measures



- a) Price Adjustment Measures
- b) Interest Rate Adjustments
- c) Income Adjustments
- d) Capital Flows

Deliberate Measures



Monetary Measures



1. Deflation
2. Devaluation
3. Exchange Control
4. Exchange Depreciation

Non Monetary Measures



1. Export Promotion
2. Import Control
3. Import Duties
4. Import Quotas
5. Other Measures



ASSIGNMENT

Recent trends in the value of India's Foreign Trade.

END OF UNIT – I