**BHARATHIDASAN UNIVERSITY MODEL COLLEGE,**

**THANDALACHERY, THIRUTHURAIPOONDI**

**CLASS: BBA III YEAR**

**SUBJECT: GLOBAL BUSINESS MANAGEMENT**

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**MODEL EXAMINATION- APRIL 2020**

**CLASS: BBA III Year Sub Code: 16MBEBB3 Max Marks:75**

**GLOBAL BUSINESS MANAGEMENT**

**SECTION-A Answer all the questions: 10\*2=20**

1. TRIMS

2. TRIPS

3. Name any Two MNC

4. Trans National cooperation

5. Common currency

6. Liberalisation

7. Globalisation

8. Economy

9.Ethics

10. Global warming

# SECTION-B Answer all the questions: 5\*5=25

11.a) Write short notes on Uruguay Round?. Or

b) Write short notes on TRIMS.

12.a) Differentiate MNC with small scale industry? Or

b) Explain any one international trade model?

13.a) Explain the Indian policy option for Globalisation?

b) Explain the impact of Globalisation in Indian business?

14. a)What are the dimension of liberalisation? Or

b) “War in Libya affect the Economy of India”. Discuss?

15.a) Examine the concepts of business ethics in Global business?

b) Explain the meaning for global warming due to glolbalisation.

# SECTION-C Answer any three questions: 3\*10=30

16. Explain the concept of GATT?

17. Describe the dominance of MNC in India.

18. Discuss the recent trends in Globalisation?

19. Examine the role of integration in global business?

20. Elaborate the concept of corporate social responsibility?

**GLOBAL BUSINESS**

**INTRODUCTION**

One of the most dramatic and significant world trends in the past two decades has been the rapid, sustained growth of international business. Markets have become truly global for most goods, many services, and especially for financial instruments of all types. World product trade has expanded by more than 6 percent a year since 1950, which is more than 50 percent faster than growth of output the most dramatic increase in globalization, has occurred in financial markets. In the global forex markets, billions of dollars are transacted each day, of which more than 90 percent represent financial transactions unrelated to trade or investment. Much of this activity takes place in the so-called Euromarkets, markets outside the country whose currency is used. This pervasive growth in market interpenetration makes it increasingly difficult for any country to avoid substantial external impacts on its economy. In particular massive capital flows can push exchange rates away from levels that accurately reflect competitive relationships among nations if national economic policies or performances diverse in short run. The rapid dissemination rate of new technologies speeds the pace at which countries must adjust to external events. Smaller, more open countries, long ago gave up illusion of domestic policy autonomy. But even the largest and most apparently self-contained economies, including the US, are now significantly affected by the global economy. Global integration in trade, investment, and factor flows, technology, and communication has been tying economies together.

**DEFINITION OF INTERNATIONAL BUSINESS**: International business includes any type of business activity that crosses national borders. Though a number of definitions in the business literature can be found but no simple or universally accepted definition exists for the term international business. At one end of the definitional spectrum, international business is defined as organization that buys and/or sells goods and services across two or more national boundaries, even if management is located in a single country. At the other end of the spectrum, international business is equated only with those big enterprises, which have operating units outside their own country. In the middle are institutional arrangements that provide for some managerial direction of economic activity taking place abroad but stop short of controlling ownership of the business carrying on the activity, for example joint ventures with locally owned business or with foreign governments.

In its traditional form of international trade and finance as well as its newest form of multinational business operations, international business has become massive in scale and has come to exercise a major influence over political, economic and social from many types of comparative business studies and from a knowledge of many aspects of foreign business operations. In fact, sometimes the foreign operations and the comparative business are used as synonymous for international business. Foreign business refers to domestic operations within a foreign country. Comparative business focuses on similarities and differences among countries and business systems for focuses on similarities and differences among countries and business operations and comparative business as fields of enquiry do not have as their major point of interest the special problems that arise when business activities cross national boundaries. For example, the vital question of potential conflicts between the nation-state and the multinational firm, which receives major attention is international business, is not like to be centered or even peripheral in foreign operations and comparative business.

**SPECIAL DIFFICULTIES IN INTERNATIONAL BUSINESS** What make international business strategy different from the domestic are the differences in the marketing environment. The important special problems in international marketing are given below:

**1. POLITICAL AND LEGAL DIFFERENCES** The political and legal environment of foreign markets is different from that of the domestic. The complexity generally increases as the number of countries in which a company does business increases. It should also be noted that the political and legal environment is not the same in all provinces of many home markets. For example, the political and legal environment is not exactly the same in all the states of India.

**2. CULTURAL DIFFERENCES** The cultural differences, is one of the most difficult problems in international marketing. Many domestic markets, however, are also not free from cultural diversity.

**3. ECONOMIC DIFFERENCES** The economic environment may vary from country to country.

**4. DIFFERENCES IN THE CURRENCY** **UNIT** The currency unit varies from nation to nation. This may sometimes cause problems of currency convertibility, besides the problems of exchange rate fluctuations. The monetary system and regulations may also vary.

**5. DIFFERENCES IN THE LANGUAGE** An international marketer often encounters problems arising out of the differences in the language. Even when the same language is used in different countries, the same words of terms may have different meanings. The language problem, however, is not something peculiar to the international marketing. For example: the multiplicity of languages in India.

**6. DIFFERENCES IN THE MARKETING INFRASTRUCTURE** The availability and nature of the marketing facilities available in different countries may vary widely. For example, an advertising medium very effective in one market may not be available or may be underdeveloped in another market.

**7. TRADE RESTRICTIONS** A trade restriction, particularly import controls, is a very important problem, which an international marketer faces.

**8. HIGH COSTS OF DISTANCE** When the markets are far removed by distance, the transport cost becomes high and the time required for affecting the delivery tends to become longer. Distance tends to increase certain other costs also.

**9. DIFFERENCES IN TRADE PRACTICES** Trade practices and customs may differ between two countries

**BENEFITS OF INTERNATIONAL BUSINESS SURVIVAL** Because most of the countries are not as fortunate as the United States in terms of market size, resources, and opportunities, they must trade with others to survive; Hong Kong, has historically underscored this point well, for without food and water from china proper, the British colony would not have survived along. The countries of Europe have had similar experience, since most European nations are relatively small in size. Without foreign markets, European firms would not have sufficient economies of scale to allow them to be competitive with US firms. Nestle mentions in one of its advertisements that its own country, Switzerland, lacks natural resources, forcing it to depend on trade and adopt the geocentric perspective. International competition may not be matter of choice when survival is at stake. However, only firms with previously substantial market share and international experience could expand successfully.

**GROWTH OF OVERSEAS MARKETS** Developing countries, in spite of economic and marketing problems, are excellent markets. According to a report prepared for the U.S. CONGRESS by the U.S. trade representative, Latin America and Asia/Pacific are experiencing the strongest economic growth. American markets cannot ignore the vast potential of international markets. The world is more than four times larger than the U.S. market. In the case of Amway corps., a privately held U.S. manufacturer of cosmetics, soaps and vitamins, Japan represents a larger market than the United States.

**SALES AND PROFIT** Foreign markets constitute a larger share of the total business of many firms that have wisely cultivated markets aboard. Many large U.S. companies have done well because of their overseas customers. IBM and Compaq, foe ex, sell more computers aboard than at home. According to the US dept of commerce, foreign profits of American firms rose at a compound annual rate of 10% between 1982 and 1991, almost twice as fast as domestic profits of the same companies.

**DIVERSIFICATION** Demand for mast products is affected by such cyclical factors as recession and such seasonal factors as climate. The unfortunate consequence of these variables is sales fluctuation, which can frequently be substantial enough to cause lay offs of personnel. One way to diversify a companies‘ risk is to consider foreign markets as a solution for variable demand. Such markets, even out fluctuations by providing outlets for excess production capacity. Cold weather, for instance may depress soft drink consumption. Yet not all countries enter the winter season at the same time, and some countries are relatively warm year round. Bird, USA, inc., a Nebraska manufacturer of go carts, and mini cars, for promotional purposes has found that global selling has enabled the company to have year round production. It may be winter in Nebraska but its summer in the southern hemisphere-somewhere there is a demand and that stabilizes the business.

**INFLATION AND PRICE MODERATION** The benefits of export are readily self-evident. Imports can also be highly beneficial to a country because they constitute reserve capacity for the local economy. Without imports, there is no incentive for domestic firms to moderate their prices. The lack of imported product alternatives forces consumers to pay more, resulting in inflation and excessive profits for local firms. This development usually acts a s prelude to workers demand for higher wages, further exacerbating the problem of inflation. Import quotas imposed on Japanese automobiles in the 1980‘s saved 46200 US production jobs but at a cost of $160,000 per job per year. This cost was a result of the addition of $400 to the prices of US cars, and $1000 to the prices of Japanese imports. This windfall for Detroit resulted in record high profits for US automakers. Not only do trade restrictions depress price competition in the short run, but they also can adversely affect demand for year to come.

**EMPLOYMENT** Trade restrictions, such as high tariffs caused by the 1930‘s smoot-hawley bill, which forced the average tariff rates across the board to climb above 60%, contributed significantly to the great depression and have the potential to cause wide spread unemployment again. Unrestricted trade on the other hand improves the world‘s GNP and enhances employment generally for all nations.

**STANDARDS OF LIVING** 0 5 10 15 20 1986-1990 1990-1994 1994-1998 1998-2002 Series1 Trade affords countries and their citizen‘s higher standards of living than other wise possible. Without trade, product shortages force people to pay more for less, products taken for granted, such as coffee and bananas may become unavailable overnight. Life in most countries would be much more difficult were it not for the many strategic metals that must be imported. Trade also makes it easier for industries to specialize and gain access to raw materials, while at the same time fostering competition and efficiency. A diffusion of innovations across national boundaries is useful by-products of international trade. A lack of such trade would inhibit the flow innovative ideas.

**FRAMEWORK FOR ANALYSING INTERNATIONAL BUSINESS ENVIRONMENT**

Environmental analysis is defined as ―the process by which strategists monitor the economic, governmental/legal, market/competitive, supplier/technological, geographic, and social settings to determine opportunities and threats to their firms‖. ―Environmental diagnosis consists of managerial decisions made by analyzing the significance of the data (opportunities and threats) of the environmental analysis‖. The definition of environmental analysis given above has been made in the context of the strategic management process for an existing firm. It is, however, quite obvious that environmental analysis is the cornerstone of new business opportunity analysis too. Indeed, today a much more greater emphasis is given than in the past to the fact that environmental analysis is an essential prerequisite for strategic management decision-making.

For instance, in his recent editions of Marketing Management, Philip Kotler, the world-renowned professor and author, describes Marketing Environment Audit as the first component of a Marketing Audit, whereas in the earlier editions of this book, the definition of Marketing Audit does not have any reference to the environment. It is now unquestionably accepted that the prospects of a business depend not only on its resources but also on the environment. An analysis of the strengths, weaknesses, opportunities and threats (SWOT) is very much essential for the business policy formulation. Just as the life and success of an individual depend on his innate capability, including physiological factors, traits and skills, to cope with the environment, the survival and success of a business firm depend on its innate strength – the resources as its command, including physical resources, financial resources, skill and organization – and its adaptability to the environment. Every business enterprise, thus, consists of a set of internal factors and is confronted with a set of external factors.

The internal factors are generally regarded as controllable factors because the company has control over these factors; it can alter or modify such factors as its personnel, physical facilities, organization and functional means, such as the marketing mix, to suit the environment. The external factors, on the other hand, are by and large, beyond the control of a company. The external or environmental factors such as the economic factors, socio-cultural factors, government and legal factors, demographic factors, geophysical factors etc. are, therefore, generally regarded as uncontrollable factors. As the environmental factors are beyond the control of a firm, its success will depend to a very large extent on its adaptability to the environment, i.e. its ability to properly design and adjust the internal (the controllable) variables to take advantage of the opportunities and to combat the threats in the environment.

The business environment comprises a microenvironment and a macro environment. **MICRO ENVIRONMENT** ―The micro environment consists of the actors in the company‘s immediate environment‖ that effect the performance of the company. These include the suppliers, marketing intermediaries, competitors, customers, and publics. ―The macro environment consists of the larger societal forces that affect all the actors in the company‘s micro environment namely, the demographic, economic, natural, technological, political and cultural forces‖. It is quite obvious that the micro environmental factors are more intimately linked with the company than the macro factors.

The micro forces need not necessarily affect all the firms in a particular industry in the same way. Some of the micro factors may be particular to a firm. For example, a firm, which depends on a supplier, may have a supplier environment, which is entirely different from that of a firm whose supply source is different. When competing firms in an industry have the same microelements, the relative success of the firms depends on their relative effectiveness in dealing with these elements. Suppliers An important force in the microenvironment of a company is the supplier, i.e., those who supply the inputs like raw materials and components to the company. The importance of reliable source/sources of supply to the smooth functioning of the business is obvious. Uncertainty regarding the supply or other supply constraints often compels companies to maintain high inventories causing cost increases. It has been pointed out that factories in India maintain indigenous stocks of 3-4 months and imported stocks of 9 months as against an average of a few hours to two weeks in Japan. Because of the sensitivity of the supply, many companies give high importance to vendor development. Vertical integration, where feasible, helps solve the supply problem. It is very risky to depend on a single because a strike, lock out or any other production problem with that supplier may seriously affect the company. Similarly, a change in the attitude or behavior of the supplier may also affect the company. Hence, multiple sources of supply often help reduce such risks. The supply management assumes more importance in a scarcity environment. ―Company purchasing agents are learning how to ―wine and dine‖ suppliers to obtain favorable treatment during periods of shortages. In other words, the purchasing department might have to ―market‖ itself to suppliers‖.

CUSTOMERS As it is often, exhorted, the major task of a business is to create and sustain customers. A business exists only because of its customers. Monitoring the customer sensitivity is, therefore, a prerequisite for the business success. A company may have different categories of consumers like individuals, households, industries and other commercial establishments, and government and other institutions. For example, the customers of a tyre company may include individual automobile owners, automobile manufacturers, public sector transport undertakings and other transport operators. Depending on a single customer is often too risky because it may place the company in a poor bargaining position, apart from the risks of losing business consequent to the winding up of business by the customer or due to the customer‘s switching over the competitors of the company. The choice of the customer segments should be made by considering a number of factors including the relative profitability, dependability, stability of demand, growth prospects and the extent of competition.

**COMPETITORS** A firm‘s competitors include not only the other firms, which market the same or similar products, but also all those who compete for the discretionary income of the consumers. For example, the competition for a company‘s televisions may come not only from other T.V. manufacturers but also from two-wheelers, refrigerators, cooking ranges, stereo sets and so on and from firms offering savings and investment schemes like banks, Unit Trust of India, companies accepting public deposits or issuing shares or debentures etc. This competition among these products may be described as desire competition as the primary task here is to influence the basic desire of the consumer. Such desire competition is generally very high in countries characterized by limited disposable incomes and many unsatisfied desires (and, of course, with many alternatives for spending/investing the disposable income). If the consumer decides to spend his discretionary income on recreation (or recreation cum education) he will still confronted with a number of alternatives choose from like T.V., stereo, two-in-one, three –in-one etc. The competition among such alternatives, which satisfy a particular category of desire, is called generic competition. If the consumer decides to go in for a T.V. the next question is which form of the T.V. – black and white or colour, with remote-control or without it etc. In other words, there is a product form competition. Finally the consumer encounters the brand competition i.e., the competition between the different brands of the same product form. An implication of these different demands is that a marketer should strive to create primary and selective demand for his products.

**MARKETING INTERMEDIARIES** The immediate environment of a company may consist of a number of marketing intermediaries which are ―firms that aid the company in promoting, selling and distributing its goods to final buyers‖. The marketing intermediaries include middlemen such as agents and merchants who ―help the company find customers or close sales with them‖, physical distribution firms which ―assist the company in stocking and moving goods form their origin to their destination‖ such as warehouses and transportation firms; marketing service agencies which ―assist the company in targeting and promoting its products to the right markets‖ such as advertising agencies, marketing research firms, media firms and consulting firms; and financial intermediaries which finance marketing activities and insure business risks. Marketing intermediaries are vital links between the company and the final consumers. A dislocation or disturbance of this link, or a wrong choice of the link, may cost the company very heavily. Retail chemists and druggists in India once decided to boycott the products of a leading company on some issue such as poor retail margin. This move for collective boycott was, however, objected to by the MRTP commission; but for this company would, perhaps, have been in trouble.

**DEMOCRATIC** A company may encounter certain publics in its environment. ―A public is any group that has an actual or potential interest in or impact on an organisation‘s ability to achieve its interests. Media publics, citizens action publics and local publics are some examples. For example, one of the leading companies in India was frequently under attack by the media public, particularly by a leading daily, which was allegedly bent on bringing down the share prices of the company by tarnishing its image. Such exposures or campaigns by the media might even influence the government decisions affecting the company. The local public also affects many companies. Environmental pollution is an issue often taken up by a number of local publics. Actions by local publics on the issue have caused some companies to suspend operations and/or take pollution abatement measures.

**GROWTH OF CONSUMER PUBLIC IS AN IMPORTANT DEVELOPMENT AFFECTING BUSINESS**. It is wrong to think that all publics are threats to business. Some of the actions of the publics may cause problems for companies. However, some publics are an opportunity for the business. Some businessmen, for example, regard consumerism as an opportunity for the business. The media public may be used to disseminate useful information. Similarly, fruitful cooperation between a company and the local publics may be established for the mutual benefit of the company and the local community.

**MACRO ENVIRONMENT** As stated earlier, a company and the forces in its microenvironment operate in a larger macro environment of forces that shape opportunities and pose threats to the company. The macro forces are, generally, more uncontrollable than the micro forces. A sketch picture of the important macro-environmental forces is given below.

**ECONOMIC ENVIRONMENT** Economic conditions, economic policies and the economic system are the important external factors that constitute the economic environment of a business. The economic conditions of a country-for example, the nature of the economy, the stage of development of the economy, economic resources, the level of income, the distribution of income and assets, etc- are among the very important determinants of business strategies. In a developing country, the low income may be the reason for the very low demand for a product. The sale of a product for which the demand is incomeelastic naturally increases with an increase in income. But a firm is unable to increase the purchasing power of the people to generate a higher demand for its product. Hence, it may have to reduce the price of the product to increase the sales. The reduction in the cost of production may have to be effected to facilitate price reduction. It may even be necessary to invent or develop a new low-cost product to suit the low-income market. Thus Colgate designed a simple, hand-driven, inexpensive ($10) washing machine for low-income buyers in less developed countries. Similarly, the National Cash Register Company took an innovative step backward by developing a crank-operated cash register that would sell at half the cost of a modern cash register and this was well received in a number of developing countries. In countries where investment and income are steadily and rapidly rising, business prospects are generally bright, and further investments are encouraged. There are a number of economists and businessmen who feel that the developed countries are no longer worthwhile propositions for investment because these economies have reached more or less saturation levels in certain respects. In developed economies, replacement demand accounts for a considerable part of the total demand for many consumer durables whereas the replacement demand is negligible in the developing economies.

The economic policy of the government, needless to say, has a very great impact on business. Some types or categories of business are favorably affected by government policy, some adversely affected, while it is neutral in respect of others. For example, a restrictive import policy, or a policy of protecting the home industries, may greatly help the import-competing industries. Similarly, an industry that falls within the priority sector in terms of the government policy may get a number of incentives and other positive support from the government, whereas those industries which are regarded as inessential may have the odds against them. In India, the government‘s concern about the concentration of economic power restricted the role of the large industrial houses and foreign concerns to the core sector, the heavy investment sector, the export sector and backward regions. The monetary and fiscal policies, by the incentives and disincentives they offer and by their neutrality, also affect the business in different ways. An industrial undertaking may be able to take advantage of external economies by locating itself in a large city; but the Government of India‘s policy was to discourage industrial location in such places and constrain or persuade industries undertaking, a backward area location may have many disadvantages. However, the incentives available for units located in these backward areas many compensate them for these disadvantages, at least to some extent. According to the industrial policy of the Government of India until July 1991, the development of 17 of the most important industries were reserved for the state. In the development of another 12 major industries, the state was to play a dominant role. In the remaining industries, co-operative enterprises, joint sector enterprises and small scale units were to get preferential treatment over large entrepreneurs in the private sector. The government policy, thus limited the scope of private business. However, the new policy ushered in since July 1991 has wide opened many of the industries for the private sector. The scope of international business depends, to a large extent, on the economic system. At one end, there are the free market economies or capitalist economies, and at the other end are the centrally planned economies or communist countries. In between these two are the mixed economies. Within the mixed economic system itself, there are wide variations. The freedom of private enterprise is the greatest in the free market economy, which is characterized by the following assumptions: (i) The factors of production (labor, land, capital) are privately owned, and production occurs at the initiative of the private enterprise. (ii) Income is received in monetary form by the sale of services of the factors of production and from the profits of the private enterprise. (iii) Members of the free market economy have freedom of choice in so far as consumption, occupation, savings and investment are concerned. (iv) The free market economy is not planned controlled or regulated by the government. The government satisfies community or collective wants, but does not compete with private firms, nor does it tell the people where to work or what to produce. The completely free market economy, however, is an abstract system rather than a real one. Today, even the so-called market economies are subject to a number of government regulations. Countries like the United States, Japan, Australia, Canada and member countries of the EEC are regarded as market economies. The communist countries have, by and large, a centrally planned economic system. Under the rule of a communist or authoritarian socialist government, the state owns all the means of production, determines the goals of production and controls the economy according to a central master plan. There is hardly any consumer sovereignty in a centrally planned economy, unlike in the free market economy. The consumption pattern in a centrally planned economy is dictated by the state. China, East Germany Soviet Union, Czechoslovakia, Hungary, Poland etc., had centrally planned economies. However, recently several of these countries have discarded communist system and have moved towards the market economy. In between the capitalist system and the centrally planned system falls the system of the mixed economy, under which both the public and private sectors co-exist, as in India. The extent of state participation varies widely between the mixed economies. However, in many mixed economies, the strategic and other nationally very important industries are fully owned or dominated by the state. The economic system, thus, is a very important determinant of the scope of private business. The economic system and policy are, therefore, very important external constraints on business.

**POLITICAL AND LEGAL ENVIRONMENT** Political and government environment has close relationship with the economic system and economic policy. For example, the communist countries had a centrally planned economic system. In most countries, apart from those laws that control investment and related matters, there are a number of laws that regulate the conduct of the business. These laws cover such matters as standards of products, packaging, promotion etc. In many countries, with a view to protecting consumer interests, regulations have become stronger. Regulations to protect the purity of the environment and preserve the ecological balance have assumed great importance in many countries. Some governments specify certain standards for the products (including packaging) to be marketed in the country; some even prohibit the marketing of certain products. In most nations, promotional activities are subject to various types of controls. Media advertising is not permitted in Libya. Several European countries restrain the use of children in commercial advertisements. In a number of countries, including India, the advertisement of alcoholic liquor is prohibited. Advertisements, including packaging, of cigarettes must carry the statutory warning that ―cigarette smoking is injurious to health‖. Similarly, advertisements of baby food must necessarily inform the potential buyer that breast-feeding in the best. In countries like Germany, product comparison advertisements and the use of superlatives like ‗best‘ or ‗excellent‘ in advertisements is not allowed In the United States, the Federal Trade Commission is empowered to require a company to provide the quality, performance or comparative prices of its products. ―What is being asked of the drug industry and of American business in general is a fuller disclosure of the relevant facts about products. For drugs, food additives, some cosmetic preparations, and so forth, a full disclosure requires more knowledge of the long-range side effects of materials ingested into the complex human body. For American industry as a whole, greater candour has been called for under such legislation as Truth in Lending and Fair Packaging Act, under administrative decrees such as the warning requirement on cigarette packages and advertising, under the threats of private damage suits using the common-law concepts of warranty, and under voluntary programmes such as unit pricing and listing nutritional content of foods. The increasing complexity of products and the variety of product choices suggest further moves away from ‗caveat emptor‘ or ‗let the buyer beware‘ doctrines, moves which on the whole should prove a welcome although sometimes inconvenient challenge for business‖. There are a host of statutory controls on business in India. If the MRTP companies wanted to expand their business substantially, they had to convince the government that such expansion was in the public interest. Indeed, the ―Government in India has an all-pervasive and predominantly restrictive influence over various aspects of business, e.g, industrial licensing which decides location, capacity and process; import licensing for machinery and materials; size and price of capital issue; loan finance; pricing; managerial remuneration; expansion plans; distribution restrictions and a host of other enactments. Therefore, a considerable part of attention of a Chief Executive and his senior colleagues has to be devoted to a continuous dialogue with various government agencies to ensure growth and profitability within the framework of controls and restraints‖. Many countries today have laws to regulate competition in the public interest. Elimination of unfair competition and dilution of monopoly power are the important objectives of these regulations. In India, the monopolistic undertakings, dominants undertakings and large industrial houses are subject to a number of regulations which prevent the concentration of economic power to the common detriment. The MRTP Act also controls monopolistic, restrictive and unfair trade practices which are prejudicial to public interest. Such regulations brighten the prospects of small and new firms. They also increase the scope of some of the existing firms to venture into new areas of business. The special privileges available to the small scale sector have also contributed to the phenomenal success of the Nirma.

**SOCIO-CULTURAL ENVIRONMENT** The socio-cultural fabric is an important environmental factor that should be analysed while formulating business strategies. The cost of ignoring the customs, traditions, taboos, tastes and preferences, etc., of people could be very high. The buying and consumption habits of the people, their language, beliefs and values, customs and traditions, tastes and preferences, education are all factors that affect business. For a business to be successful, its strategy should be the one that is appropriate in the socio-cultural environment. The marketing mix will have to be so designed as best to suit the environmental characteristics of the market. In Thailand, Helene Curtis switched to black shampoo because Thai women felt that it made their hair look glossier. Nestle, a Swiss multinational company, today brews more than forty varieties of instant coffee to satisfy different national tastes. Even when people of different cultures use the same basic product, the mode of consumption, conditions of use, purpose of use or the perceptions of the product attributes may vary so much so that the product attributes method of presentation, positioning, or method of promoting the product may have to be varied to suit the characteristics of different markets. For example, the two most important foreign markets for Indian shrimp are the U.S and Japan. The product attributes for the success of the product in these two markets differ. In the U.S. market, correct weight and bacteriological factors are more important rather than eye appeal, colour, uniformity of size and arrangement of the shrimp which are very important in Japan. Similarly, the mode of consumption of tuna, another seafood export from India, differs between the U.S. and European countries. Tuna fish sandwiches, an American favourite which accounts for about 80 per cent of American tuna consumption, have little appeal in high tuna consumption European countries where people eat it right from the can. A very interesting example is that of the Vicks Vaporub, the popular pain balm, which is used as a mosquito repellant in some of the tropical areas.

**DEMOGRAPHIC ENVIRONMENT** Demographic factors like the size, growth rate, age composition, sex composition, etc. of the population, family size, economic stratification of the population, educational levels, languages, caste, religion etc. Are all factors that are relevant to business? Demographic factors such as size of the population, population growth rate, age composition, life expectancy, family size, spatial dispersal, occupational status, employment pattern etc, affect the demand for goods and services. Markets with growing population and income are growth markets. But the decline in the birth rates in countries like the United States have affected the demand for baby products. Johnson and Johnson have overcome this problem by repositioning their products like baby shampoo and baby soap, promoting them also to the adult segment, particularly to the females. A rapidly increasing population indicates a growing demand for many products. High population growth rate also indicates an enormous increase in labour supply. When the Western countries experienced the industrial revolution, they had the problem of labour supply, for the population growth rate was comparatively low. Labour shortage and rising wages encouraged the growth of labour-saving technologies and automation. But most developing countries of today are experiencing a population explosion and a situation of labour surplus. The governments of developing countries, therefore, encourage labour intensive methods of production. Capital intensive methods, automation and even rationalization are apposed by labour and many sociologists, politicians and economists in these countries. The population growth rate, thus, is an important environmental factor which affects business. Cheap labour and a growing market have encouraged many multinational corporations to invest in developing countries.

**NATURAL ENVIRONMENT** Geographical and ecological factors, such as natural resource endowments, weather and climatic conditions, topographical factors, locational aspects in the global context, port facilities, etc., are all relevant to business. Differences in geographical conditions between markets may sometimes call for changes in the marketing mix. Geographical and ecological factors also influence the location of certain industries. For example, industries with high material index tend to be located near the raw material sources. Climatic and weather conditions affect the location of certain industries like the cotton textile industry. Topographical factors may, affect the demand pattern. For example, in hilly areas with a difficult terrain, jeeps may be in greater demand than cars. Ecological factors have recently assumed great importance. The depletion of natural resources, environmental pollution and the disturbance of the ecological balance has caused great concern. Government policies aimed at the preservation of environmental purity and ecological balance, conservation of non-replenishale resources, etc., have resulted in additional responsibilities and problems for business, and some of these have the effect of increasing the cost of production and marketing. Externalities have become an important problem the business has to confront with.

**INTERNATIONAL ENVIRONMENT** The international environment is very important from the point of view of certain categories of business. It is particularly important for industries directly depending on imports or exports and import-competing industries. For example, a recession in foreign markets, or the adoption of protectionist policies by foreign nations, may create difficulties for industries depending on exports. On the other hand, a boom in the export market or a relaxation of the protectionist policies may help the export-oriented industries. A liberalization of imports may help some industries which use imported items, but may adversely affect import-competing industries.

**WTO** Introduction The World War–II, which lasted from 1939 to 1945, left many countries in Europe and Asia totally ravaged. Their economies were shattered; there was tremendous stain on political and social systems resulting in wide spread annihilation and migration of people. Intentional peace was ruffled. Something had to be done to put these war-ravaged economies back in shape. Simultaneously, the various colonies in Asia and Africa were acquiring political freedom. And there was urgent pressure on them for rapid economic development and political stabilization. In this background the United Nations Organisation (UNO) was born on the collective wisdom of the world. Progressively, the UNO came to encompass the concerns for development in economic, commercial, scientific, social and cultural sphere of the member nations. It formed various forums and agencies. One such forum under the UNO was the General Agreement on Tariffs and Trade (GATT) which was established in 1947

**GATT** emerged from the ―ashes of the Havana Charter‖. In International Conference on Trade and Employment in Havana in the winter of 1947-48, fifty-three nations drew up and signed a charter for establishing an International Trade Organisation (ITO). But the US Congress did not ratify the Havana Charter with the result that the ITO never came into existence. Simultaneously, twenty-three nations agreed to continue extensive tariff negotiations for trade concessions at Geneva, which were incorporated in a General Agreement of Tariffs and Trade. This was signed on 30th October 1947 and came into force form 1st January 1948 when other nations had also signed it. The critical juncture was reached during the Uruguay Round of multilateral trade negotiations, which may be called the final act. It was signed by 12 countries in which India was signatory. Popularly known as Dunkel agreement, It finally emerged as the World Trade Organisation (WTO) on 1st January, 1995. What is GATT The General Agreement on Tariffs and Trade (GATT) is neither an organisation nor a court of justice. It is simply a multinational treaty which now covers eighty per cent of the world trade. It is a decision making body with a code of rules for the conduct of international trade and a mechanism for trade liberalisation. It is a forum where the contracting parties meet from time to time to discuss and solve their trade problems, and also negotiate to enlarge their trade. The GATT rules provide for the settlement of trade disputes, call for consultations, waive trade obligations, and even authorize retaliatory measures. The GATT has been a permanent international organisation having a permanent Council of Representative with headquarters at Geneva. 25 governments have signed it. Its function is to call International conferences to decide on trade liberalizations on a multilateral basis.

**WORLD TRADE ORGANISATION (WTO) The WTO** was established on January 1, 1995. It is the embodiment of the Uruguay Round results and the successor to GATT. 76 Governments became members of WTO on its first day. It has now 146 members, India being one of the founder members. It has a legal status and enjoys privileges and immunities on the same footing as the IMF and the World Bank. It is composed of the Ministerial Conference and the General Council. The Ministerial Conference (MC) is the highest body. It is composed of the representatives of all the Members. The Ministerial Conference is the executive of the WTO and responsible for carrying out the functions of the WTO. The MC meets at least once every two years.

**The General Council (GC)** is an executive forum composed of representatives of all the Members. The GC discharges the functions of MC during the intervals between meetings of MC. The GC has three functional councils working under its guidance and supervision namely: a) Council for Trade in Goods. b) Council for Trade in Services. c) Council for Trade Related Aspects of Intellectual Property Rights (TRIPs). Director-General heads the secretariat of WTO. He is responsible for preparing budgets and financial statements of the WTO. WTO has now become the third pillar of United Nations Organization (UNO) after World Bank and International Monetary Fund.

**Objectives Of WTO** In its preamble, the Agreement establishing the WTO lays down the following objectives of the WTO.

1. Its relation in the field of trade and economic endeavor shall be conducted with a view to raising standards of living, ensuring full employment and large and steadily growing volume of real income and effective demand, and expanding the production and trade in goods and services.

To allow for the optimal use of the world‘s resources in accordance with the objective of sustainable development, seeking both (a) to protect and preserve the environment, and (b) to enhance the means for doing so in a manner consistent with respective needs and concerns at different levels of economic development.

To make positive efforts designed to ensure that developing countries especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development.

4. To achieve these objectives by entering into reciprocal and mutually advantageous arrangements directed towards substantial reduction of tariffs and other barriers to trade and the elimination of discriminatory treatment in international trade relations

To develop an integrated, more viable and durable multilateral trading system encompassing the GATT, the results of past trade liberalisation efforts, and all the results of the Uruguay Round of multilateral trade negotiations.

**Functions of WTO** The following are the functions of the WTO: 1. It facilitates the implementation, administration and operation of the objectives of the Agreement and of the Multilateral Trade Agreements. 2. It provides the framework for the implementation, administration and operation of the Plurilateral Trade Agreements relating to trade in civil aircraft, government procurement, trade in diary products and bovine meat. 3. It provides the forum for negotiations among its members concerning their multilateral trade relations in matters relating to the agreements and a framework for the implementation of the result of such negotiations, as decided by the Ministerial Conference. 4. It administers the Understanding on Rules and Procedures governing the Settlement of Disputes of the Agreement. 5. It cooperates with the IMF and the World Bank and its affiliated agencies with a view to achieving greater coherence in global economic policy-making.

**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT** Introduction The International trade is considered to be the engine of economic growth. There has been continuous and rapid growth in world trade due to liberalisation of tariffs, quotas and other restrictions. The share of manufacturers in world trade has increased from about 50 per cent to 70 per cent over the last few decades. The developed countries dominate the world trade though the share of developing countries has increased over the years. World trade in services has been increasing fast. World trade has become increasingly multilateral due to the efforts of various international trading blocks, which exercise a significant influence on world trade. The United Nations Conference on Trade and Development (UNCTAD) was established by U.N. General Assembly in 1964 in order to provide a forum where the developing countries could discuss the problems relating to their economic development. It was set up essentially because it was felt that the then existing institutions like IMF and GATT were not properly organized to handle the peculiar problems related to the developing countries. These institutions favored the developed countries and failed to tackle the special trade and development problems of less developed countries. With more than 170 members, UNCTAD presently is the only body where developed as well as erstwhile centrally planned countries are its members. Since 1964, eleven rounds or conferences of UNCTAD have taken place, i.e. UNCTAD I held at Geneva in 1964, UNCTAD II at New Delhi in 1968, UNCTAD III at Santiago in 1972, UNCTAD IV at Nairobi in 1976, UNCTAD V at Manila in 1979, UNCTAD VI at Belgrade in 1983, UNCTAD VII at Geneva in 1987, UNCTAD VIII at Cartagena (Columbia) in 1992, UNCTAD IX at Midland (South Africa) in 1996, UNCADX at Bangkok in 2000, and UNCAD XI at Sao Paulo (Brazil) in 2004.

Organisation Of UNCTAD The UNCTAD was established as a permanent organ of General Assembly of the United Nations. However, it has its own subsidiary bodies and also a full time secretariat to serve it. It has permanent organ called Trade and Development Board as the main executive body. The Board functions between the plenary sessions of the conference. It meets twice annually. It is composed of 55 members on the basis of equitable geographical distribution. The Trade and Development Board have four subsidiary organs to assist it in its functions. These are: 1. The Committee on Commodities. 2. The Committee on Manufacturers. 3. The Committee on Shipping. 4. The Committee on Invisible Items and Financing related to Trade. Generally, these committees meet annually. However, they may be called in special session to consider urgent matters.

Functions of UNCTAD The UNCTAD was instituted mainly to reduce and eventually eliminate the gap between the developed and developing countries and to accelerate the economic growth of the developing world. Its main functions are as follows: 1. To promote international trade between the developed and the developing countries with special emphasis on the development of underdeveloped countries.

To formulate principles and policies of international trade and related problems of economic development. 3. To make proposals for putting the said principles and policies into effect and to take such steps which may be relevant towards this end. 4. To negotiate multilateral trade agreements to review and facilitate the coordination of activities of other institutions within the fold of United Nations related to international trade and related problems of economic development.

**INTERNATIONAL MONETARY FUND** (IMF) The International Monetary Fund, A Global Institution, is frequently in the news, but its role and functions are often misunderstood. The Origins of the IMF The IMF was conceived in July 1944 at an international conference held at Bretton Woods, New Hampshire, U.S.A. Delegates from 44 governments agreed on a framework for economic cooperation partly designed to avoid a repetition of the disastrous economic policies that had contributed to the Great Depression of the 1930s. During that decade, as economic activity in the major industrial countries weakened, countries attempted to defend their economies by increasing restrictions on imports; but this just worsened the downward spiral in world trade, output, and employment. To conserve dwindling reserves of gold and foreign exchange, some countries curtailed their citizens' freedom to buy abroad, some devalued their currencies, and some introduced complicated restrictions on their citizens' freedom to hold foreign exchange. These fixes, however, also proved self-defeating, and no country was able to maintain its competitive edge for long. Such "beggar-thy-neighbor" policies devastated the international economy; world trade declined sharply, as did employment and living standards in many countries

The IMF came into existence in December 1945, when the first 29 countries signed its Articles of Agreement. The statutory purposes of the IMF today are the same as when they were formulated in 1944. Since then, the world has experienced unprecedented growth in real incomes. And although the benefits of growth have not flowed equally to all—either within or among nations—most countries have seen increases in prosperity that contrast starkly with the interwar period, in particular. Part of the explanation lies in improvements in the conduct of economic policy, including policies that have encouraged the growth of international trade and helped smooth the economic cycle of boom and bust. The IMF is proud to have contributed to these developments.

In the decades since World War II, apart from rising prosperity, the world economy and monetary system have undergone other major changes-changes that have increased the importance and relevance of the purposes served by the IMF, but that have also required the IMF to adapt and reform. Rapid advances in technology and communications have contributed to the increasing international integration of markets and to closer linkages among national economies. As a result, financial crises, when they erupt, now tend to spread more rapidly among countries.

The IMF and the World Bank Group—which includes the International Finance Corporation (IFC) and the International Development Association (IDA)— complement each other's work. While the IMF's focus is chiefly on macroeconomic performance, and on macroeconomic and financial sector policies, the World Bank is concerned mainly with longer-term development and poverty reduction issues. Its activities include lending to developing countries and countries in transition to finance infrastructure projects, the reform of particular sectors of the economy, and broader structural reforms. The IMF, in contrast, provides financing not for particular sectors or projects but for general support of a country's balance of payments and international reserves while the country takes policy action to address its difficulties

**WORLD BANK** Introduction A need arises to finance various projects in various countries to promote the development of economically backward regions. The United States and other countries have established a variety of development banks whose lending is directed to investments that would not otherwise be funded by private capital. The investments include dams, roads, communication systems, and other infrastructural projects whose economic benefits cannot be computed and/or captured by private investors, as well as projects, such as steel mills or chemical plants, whose value lies not only in the economic terms but also, significantly in the political and social advantages to the nation. The loans generally are medium-term to long-term and carry concessional rates. Even though most lending is done directly to a government, this type of financing has two implications for the private sector. First, the projects require goods and services which corporations can produce. Secondly, by establishing an infrastructure, new investment opportunities become available for multinational corporations.

The World Bank or the International Bank for Reconstruction and Development (IBRD) was established in 1945 under the Bretton Woods Agreement of 1944. An International Monetary and Financial Conference was held at Bretton Woods, New Hampshire during July 1-22, 1944. The main purpose of the conference was finalisation of the Articles of Association of IMF and establishment of an institution for the reconstruction of the war shattered world economies. Thus, the conference has given birth to World Bank or International Bank for Reconstruction and Development (IBRD). World Bank was established to provide long-term assistance for the reconstruction and development of the economies of the member countries while IMF was established to provide shortterm assistance to correct the balance of payment disequilibrium.

Functions of the World Bank The principal functions of the IBRD are set forth in Article I of the agreement and are as follows : 1. To assist in the reconstruction and development of the territories of its members by facilitating the investment of capital for productive purposes. 2. To promote private foreign investment by means of guarantee of participation in loans and other investments made by private investors and, when private capital is not available on reasonable terms, to make loans for productive purposes out of its own resources or from funds borrowed by it. 3. To promote the long term balanced growth of international trade and the maintenance of equilibrium in balance of payments by encouraging international investment for the development of the productive resources of members. 4. To arrange loans made or guaranteed by it in relation to international loans through other channels so that more useful and urgent projects, large and small a like, will be dealt first. It appears that the World Bank was created to promote and not to replace private foreign investment. In this respect the Bank considers its role to be a marginal one, to supplement and assist private foreign investment in the member countries.

Membership of the World Bank All the members of the IMF are also the members of the World Bank. Any country can join as a member of the IBRD by signing in the Charter of the Bank as its subscriber. It had 184 members in 2003. Bank has the authority to suspend any member, if the country concerned fails to discharge its responsibilities to the IBRD. Similarly, every member is free to resign from the membership but it has to pay back all loans with interest on due dates. The member is also required to pay its share of the loss on demand if the Bank incurs a financial loss in the year in which a member resigns.

Organisation Structure of the World Bank The World Bank like IMF is also managed by a three-tier structure including Board of Governors, Executive Directors and President. (1) Board of Governors: The Board of Governors has full authority and control over the Bank‘s activities. Normally, each country appoints its Finance Minister as a Governor and the Governor of its Central Bank as Alternate Governor on the Board of Governors for a period of 5 years. The strength of the voting rights to the Governors depends upon the subscribed capital by the member country. In the absence of Governor, the Alternate Governor can exercise the voting right. Normally the Board of Governors meets annually.

(2) Executive Directors: The bank has 24 Executive Directors. They supervise the entire operations of the Bank. Out of these 24 Directors, are appointed by USA, UK, Germany, Finance and Japan. The remaining 19 Directors are elected by the remaining member countries. The Executive Directors normally meet regularly once in a month. The 24 Directors elect the President of the Bank who presides over the meetings of the Board of Executive Directors.

**THE ROLE OF FOREIGN INVESTMENT** The factors that propel sustained economic development have not changed o time. They include the generation and efficient allocation of capital and labour, application of technology and the creation of skills and institutions. These fact determine how well each economy uses its endowments and adds to them. They also affect how flexibly and dynamically each country responds to changing economic conditions, However, the global context for development has changed enormous the past three decades. These changes affect not only the role of FDI in host countries, but also government policies on EDT. The following three are of particular significance. i) The nature and pace of knowledge - and, particularly, technological knowledge - change The creation and diffusion of productive knowledge have become central to growth and development. ―Knowledge‖ includes not only technical knowledge (research and development, design, process engineering), but also knowledge of organisation, management and inter-firm and international relationships. Much of this knowledge is tacit. Today, the resources devoted to such knowledge exceed investment in tangible machinery and equipment in many of the world‘s most dynamic firms, and the costs of generating new knowledge are rising constantly. The importance of knowledge is not limited to modern or high-tech activities but pervades all sectors and industries, including traditional activities in the primary sector (for instance, vegetable and flower exports), manufacturing (such as textiles, clothing and footwear), and services (such as tourism and banking). As a result, achieving development objectives is, more than ever, a continuous learning process.

The sheer pace of technological change, in particular, is unprecedented arid is accelerating. This means that enterprises that want to be competitive internationally reed both the knowledge to use technologies efficiently and to keep pace with developments. Innovators need to invest more in creating new knowledge, but even followers need the capacity - difficult to acquire - to access and use this new knowledge, or in fortuitous circumstances, to identify windows of opportunity for technological caps. The skills required for this are changing concomitantly, as are institutions and their relations with productive enterprises; one development is the closer linking of science with technology-generation in industry. An important result of this new ―technological paradigm‖ is that research-intensive activities are growing more rapidly than others in production and trade; thus, sustained economic growth calls increasingly not just for the application of new technology to existing activities, but also for a shift of activities up the value-added chain

**FOREIGN DIRECT INVESTMENT** Direct investment abroad is a complex venture. As distinct from trade, licensing or investment, EDT involves a long-term commitment to a business endeavour in a foreign country. It often involves the engagement of considerable assets and resources I that need to be coordinated and managed across countries and to satisfy the principal of successful investment, such as sustainable profitability and acceptable risk/profitability ratios. Typically, there are many host country factors involved in deciding where an FDI project should be located and it is often difficult to pinpoint the most decisive factor. However, it is widely agreed that FDI takes place when three sets of determining factors exist simultaneonsly: the presence of ownership-specific competitive ages in a transnational corporation (MNC), the presence of locational advantages in a host country, and the presence of superior commercial benefits in an intra-firm as against an arm‘s-length relationship between investor and recipient

**MONETARY POLICY** Fixing an exchange rate target in the face of capital movements implies central bank intervention in the foreign exchange market, which has the effect of altering the stock of base money. Sterilised intervention is the indicated policy for a government attempting to simultaneously run an independent monetary policy (targeting either some monetary aggregate or some domestic interest rate) and fix the nominal exchange rate. However, if capital mobility is high, such an attempt may not be successful in the absence of capital controls. The purpose of sterilised (as opposed to unsterilised) intervention is to prevent a change in the demand for domestic interest-bearing assets from causing too large a change in the price of those assets, essentially by meeting the demand shift with a supply response. Thus, sterilisation in response to capital inflows involves an increase in the supply of domestic debt in one form or another. As in the case of capital controls, the general issues that arise in this context are not only whether sterilised intervention can work to stabilise domestic aggregate demand but also, if it can, whether it is desirable. Even if sterilisation remains possible for financially integrating developing countries, its effectiveness in insulating domestic demand from external financial shocks is questionable. Sterilisation is most effective when domestic interest-bearing assets are close substitutes among themselves but are poor substitutes for foreign interest bearing assets. Under these circumstances, sterilised intervention can insulate domestic aggregate demand from transitory portfolio shocks. However, the conditions necessary for sterilised intervention to be effective imply that its effectiveness may depend on how it is attempted. Because bank borrowers may not have access to securities markets, for example, sterilising by raising re3erve requirements on banks is likely to be less effective in insulating the domestic economy from portfolio disturbances than is sterilising through open market bond sales.

If sterilisation is possible, when is it beneficial? The answer is that sterilisation is beneficial whenever the prices of domestic assets need to be insulated from shocks; that is, whenever the economy experiences transitory shocks to portfolio preferences— domestic nominal shocks or external financial shocks—or when the authorities seek to accommodate a permanent change in portfolio preferences in a gradual fashion. When this happens, domestic aggregate demand can be stabilised by preventing changes in -4 portfolio preferences from being transmitted to the real sector through changes in exchange rates and asset prices. On the other hand, domestic real shocks do riot call for sterilised intervention, since in this case the asset price adjustments triggered by the shock are likely to prove stabilising.

**FISCAL POLICY** From the standpoint of reducing volatility, the key characteristics of fiscal policy are short-run flexibility, the perceived solvency of the public sector, and its vulnerability to liquidity crises. Short-run fiscal flexibility plays an important role in neutralising shocks The importance of short-run fiscal flexibility can be observed from the reference case of a ―pure external financial shock for a country with well-integrated financial markets. In this case, sterilised intervention is not an option, and thus the country has only one independent monetary policy instrument. Faced with an external financial shock, the domestic monetary authorities can choose a value for either the exchange rate or the domestic money supply (and thus the domestic interest rate), but not for both. Therefore, when both the level and the composition of aggregate demand are important, the authorities will find themselves one instrument short and may face an unpleasant choice between, say, stabilising domestic demand and safeguarding the competitiveness of exports. This tradeoff suggests an important role for short-run fiscal flexibility.

If fiscal policy can be counted upon to sustain the level of aggregate demand at its pre-shock value (by adopting a more or less expansionary stance as needed), then the choice of monetary response can be based on the desired composition of aggregate demand. In the absence of short-run fiscal flexibility, however, the nature of the monetary response may depend on tradeoffs between the level and composition of demand.

**1.What is mean by globalization?**

By the term globalisation we mean opening up of the economy for world market by attaining international competitiveness. Thus the globalisation of the economy simply indicates interaction of the country relating to production, trading and financial transactions with the developed industrialized countries of the world.

**2.What is mean by global environment?**

Global environment is international business environment can be defined as the environment in different sovereign countries, with factors exogenous to the home environment of the organization, influencing decision-making on resource use and capabilities. The political environment in a country influences the legislation and government rules and regulations under which a foreign firm operates.

**3.What is mean by international business meaning?** International Business conducts business transactions all over the world. These transactions include the transfer of goods, services, technology, managerial knowledge, and capital to other countries. International business involves exports and imports.

International Business is also known, called or referred as a Global Business or an International Marketing.

**4.What is features of international business?**

1.Large scale operations **:**2.Intergration of economies **:** 3.Dominated by developed countries and MNCs **:** 4.Benefits to participating countries **:** 5.Special role of science and technology .

**5.What is meaning of multinational corporation ?– MNC**

A multinational corporation/company is an organisation doing business in more than one country. 'In other words it is an organisation or enterprise carrying on business in not only the country where it is registered but also in several other countries. It may also be termed as international corporation, global giant and transnational corporation.

**6.Definition of multinational corporation– MNC**

A corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office where they co-ordinate global management. Very large multinationals have budgets that exceed those of many small countries.

7. **The Reserve Bank of India (RBI)**

**What Is the Reserve Bank of India (RBI)?**

The Reserve Bank of India (RBI) is the central bank of India, which was established on Apr. 1, 1935, under the Reserve Bank of India Act. The Reserve Bank of India uses monetary policy to create financial stability in India, and it is charged with regulating the country’s currency and credit systems.

**8.What Is a Commercial Bank?**

A commercial bank is a type of financial institution that accepts deposits, offers checking account services, makes various loans, and offers basic financial products like certificates of deposit (CDs) and savings accounts to individuals and small businesses. A commercial bank is where most people do their banking, as opposed to an investment bank.

Commercial banks make money by providing loans and earning interest income from those loans. The types of loans a commercial bank can issue vary and may include mortgages, auto loans, business loans, and personal loans. A commercial bank may specialize in just one or a few types of loans.

**9.What is GATT**

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**10. WORLD TRADE ORGANISATION (WTO)**

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**11. The Origins of the IMF**

The IMF was conceived in July 1944 at an international conference held at Bretton Woods, New Hampshire, U.S.A. Delegates from 44 governments agreed on a framework for economic cooperation partly designed to avoid a repetition of the disastrous economic policies that had contributed to the Great Depression of the 1930s. During that decade, as economic activity in the major industrial countries weakened, countries attempted to defend

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