

Section - 1

Q-1 What are the distinct features of International transactions?

Ans-1 There are several - Practical as well as Pedagogic - for evolving a separate theory of International trade and consequent development of a distinctive branch of economics called "International Economics" dealing with issues and Problems of The International economy

International trade follows different law of behaviour from those of domestic trade. Therefore, a separate theory is inevitable. These reasons, in a way, tend to point out the distinguishing attributes of International transactions. Following Kindleberger, we may, exhibit the important features of International trade as under.

Immobility of factors:

The degree of immobility of factors like labour and Capital is generally greater between countries than within a country. Immigration laws, citizenship requisitment, etc, often restrict the International mobility of labour

International caption flows are Prohibited or severely limited by different governments. Consequently, the economic significance of such mobility of factors tends to equality with in not between countries. For Instance, wages may be equal in Mumbai and Pune but not in Mumbai and London.

According to Harrod, it thus, follows that domestic trade consists largely of exchange of goods between Producers who enjoy similar standards of life, whereas, International trade consists of exchange of goods between producers enjoying widely differing standards. Evidently, the principal which determine the course and nature of the Internal and International trade are bound to be different in some respect at least.

Heterogeneous Markets:

In the international economy, world markets lack homogeneity on account of difference in language, Per preferences, customs, weight and measure, etc. the behaviour of International buyers in each case would therefore, be different for Instance, The Indians have right-hand driven cars while Americans have left-hand driven cars.

Different National Groups:-

An obvious difference between home trade and foreign trade is that ~~the~~ trade within a country is trade among the same group of people, whereas, trade between countries runs between differently coherent groups.

The socio-economic environment differs greatly between nation.

Different political units

International trade is a phenomenon which occurs between politically different units, while domestic trade occurs within in the same political unit. The government in each country is keen about the welfare of its own national against that of the people of the countries.