

## 6) Different Currencies :

Perhaps the principal difference between domestic and international trade is that, the latter involves the use of different types of Countries. That is why there is the problem of exchange rates and foreign exchange.

## 7) Specific Problems :

International economic relations give rise to certain specific problems of a peculiar nature, e.g., international liquidity, international monetary Co-operation, evolution of international Organisations like the European Common Market, etc.

Ans There are some types of distinct features of <sup>①</sup> international transactions :-

1) 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 requirement, etc., often restrict the international mobility of labour.

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

2) Heterogeneous Markets :

In the international economy, world markets lack homogeneity on account of differences in language, preferences, customs, weights and measures, etc. The behaviour of international buyers in each case would, therefore, be different. For instance, the Indians have right-hand driven cars. Hence, the markets for automobiles are effectively separated. Thus, one peculiarity of international trade is that, it involves heterogeneous national markets.

### 3) Different National Groups :

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An obvious difference between home trade and foreign trade is that 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 nations, while it is more or less uniform within countries.

### 4) Different Political Units :

International trade is a phenomenon which occurs between politically different units, while domestic trade occurs within the same political unit. The government in each country is keen about the welfare of its own nationals against that of the people of other countries. Hence, in international trade policy, each government tries to see its own interest at the cost of the other country.

### 5) Different National Policies & Government Intervention :

National rules, laws & policies relating to trade, commerce, industry, taxation, etc., are more or less uniform within a country, but differ widely between countries.