

* Importance or gains from international trade :-

There are two types of gains from international trade :-

- (a) Static Gains.
- (b) Dynamic Gains.

(a) * Static Gains →

- (1) Maximisation of production i.e. efficiency gains from exploiting comparative advantage.
- (2) Increase in Welfare.
- (3) Increase in national income.
- (4) Reduced costs from economies of scale.

* (b) Dynamic Gains :-

- (1) Efficient Utilisation of Resources.
- (2) Widening of the market.
- (3) Increase in saving and investment.
- (4) Educational effect (Learning by importing and learning by exporting).
- (5) Checking of monopolies.
- (6) Increase in competition.

Q.8 Factors which are responsible for growth in international business :

(1) Liberalisation of government policies on cross border movement of trade and resources

Every country restricts the movement of goods and services & resources across its borders.

(2) Advancement of technology

The past few decades have witnessed rapid advancement in product and technology.

(3) Growing Entrepreneurship

Well established business houses like Birlas, Tatas have entered in foreign countries like USA, UK etc.

(4) Increase in Competition

It is the growing competition that has to be set to the growth of international business in past few decades.

Today companies can respond rapidly to many foreign sales opportunity.