

→ Barriers to International Trade

Tariff

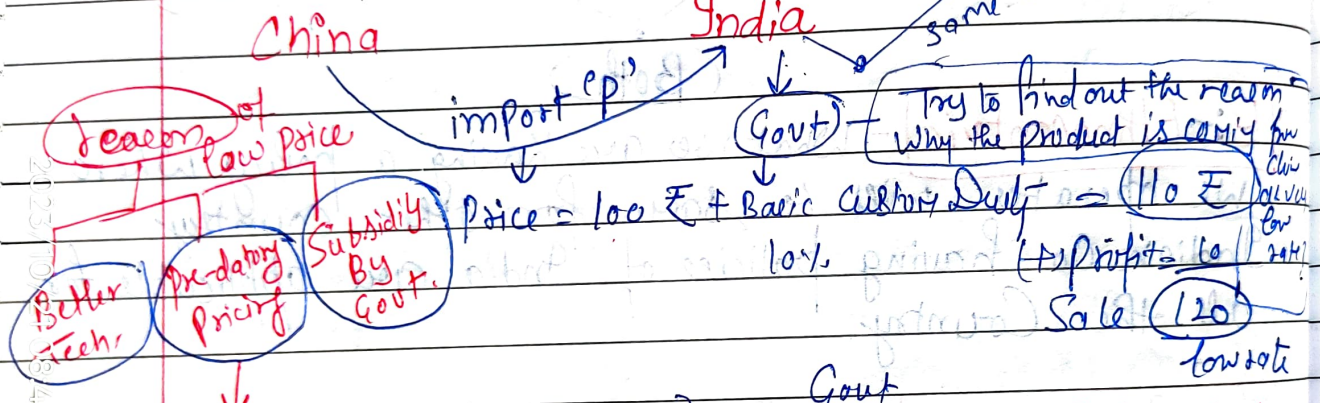
- imposing a charge/duty
- Custom Duty

Non-Tariff

- without imposing a duty
- eg - Quota (particular quantity)

Collection of revenue

① Basic Custom Duty



To Dump the Indian Mkt. (Destroy) → eliminate the impact → Anti-dumping duty

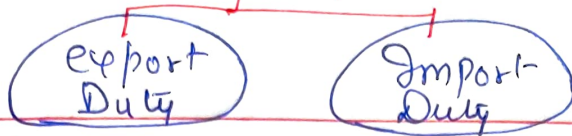
Dumping - price less than cost.

③ Safeguard duty - if any product has been imported in huge quantity
Temporary Basis Supply ↑ → price ↓ Govt give time to improve Technology.

Protective Duty - If there is a manufacturing then there is a duty on Manufact → Excise Duty.

④ Countervailing Duty: equal to rate of Excise Duty and imported product.
CVD

Custom Duty



- ⑤ Social Welfare Surcharge - B.C.D
(+) C.V.D
(+) So. W. Sur. 10% of B.C.D +
And C.V.D

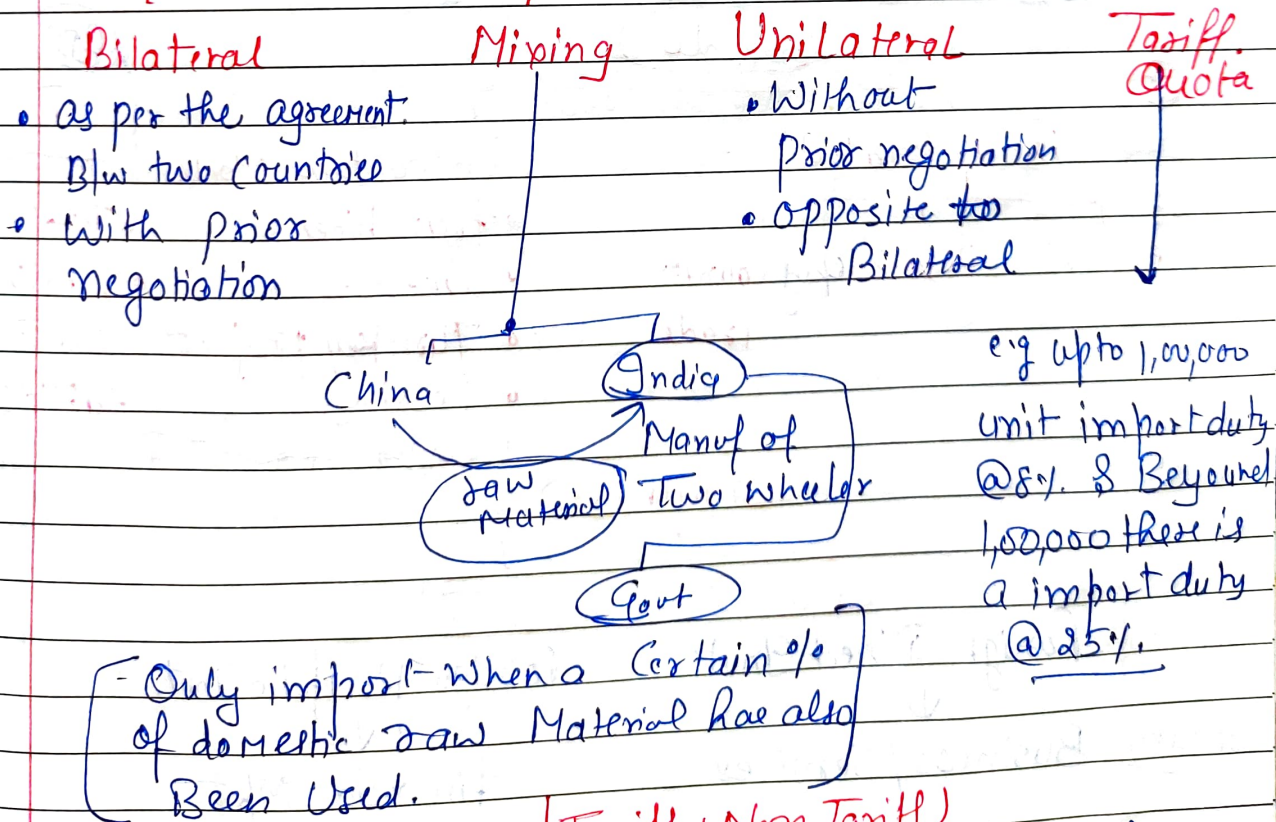
⑥ CVD on Subsidized Article -

Anti Subsidy Duty at present Not Use.
levied by central govt.

- ⑦ Protective Duty - if any product is sold in India at a price which is less than its MP even after imposing all the import duty then to protect the domestic industry the protective duty is imposed.

Non-Tariff Barriers - Restriction on the quantity

⑧ Quota :- Quantitative restriction



(Tariff + Non Tariff)
Tariff Quota - import is allowed at a lower rate of duty up to specific quantity & after that, higher rate shall be choosed.

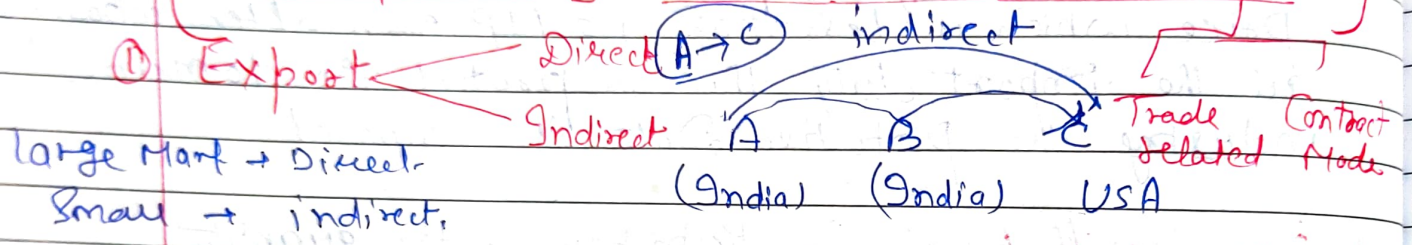
(B) Licensing

(C) Embargo - Govt of the Country officially ban the import from a particular country
 eg Chinese Products

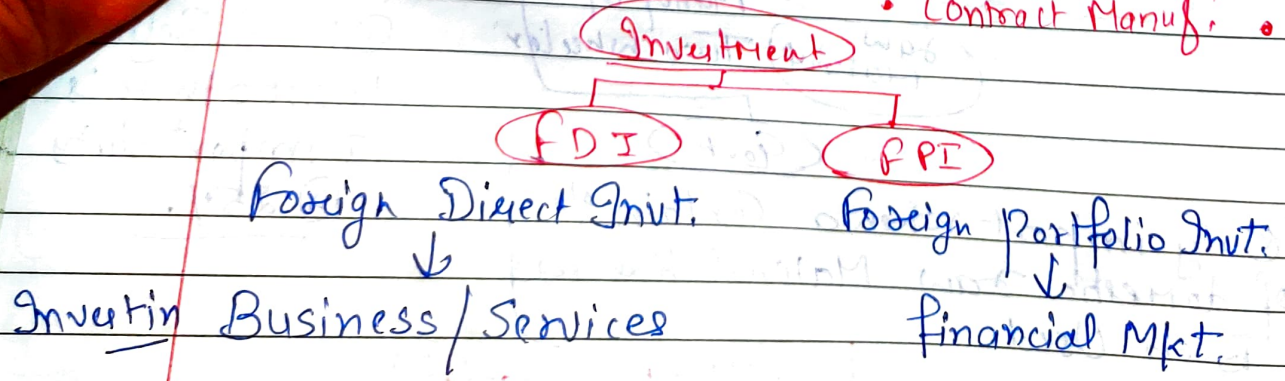
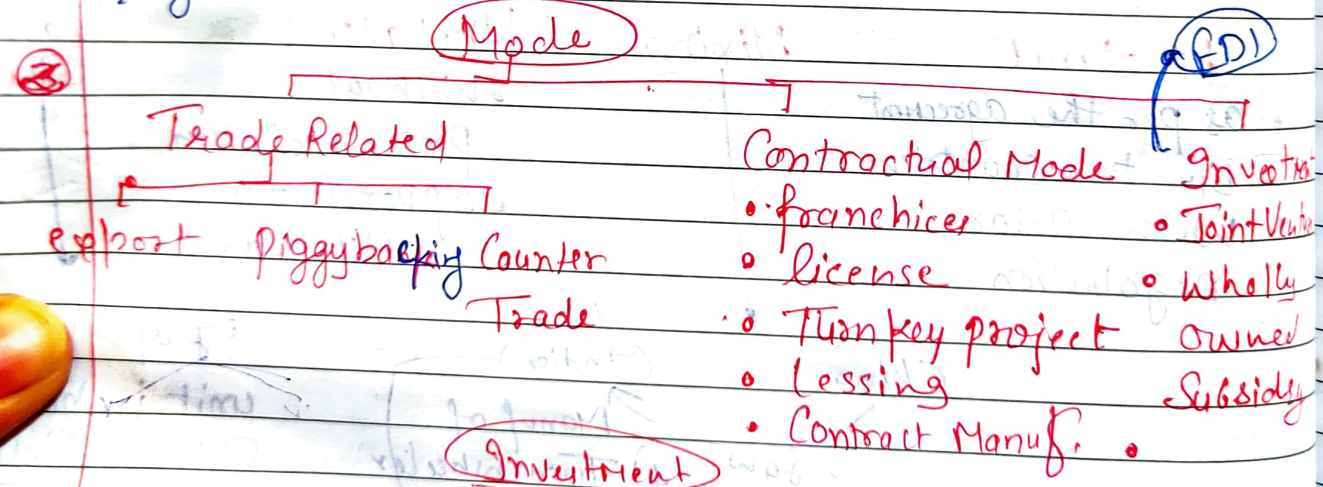
(D) Technical Regulation:- Some Test or Certification or packaging requirements.

(E) Buy local:- Make-in-India.

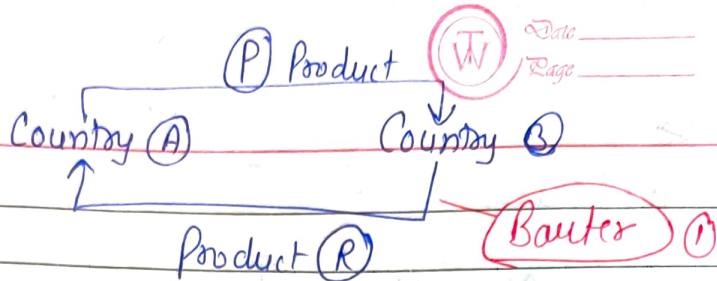
⇒ Mode of Entry in International Business



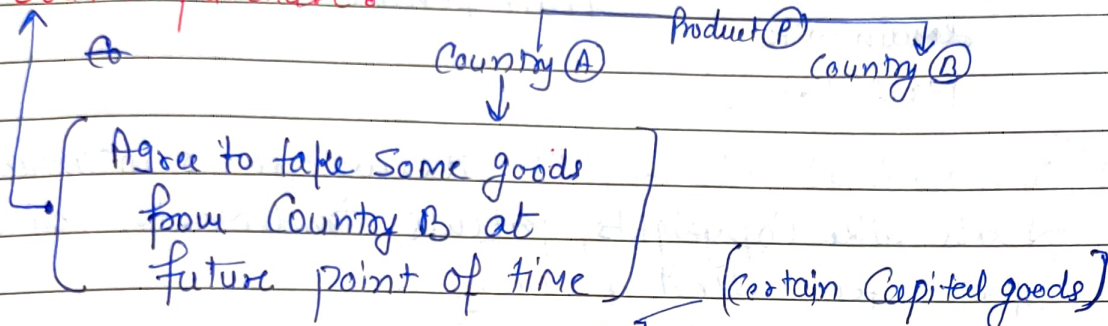
② Counter Trade - Benefit for Both Country. it may be barter system and may be barter & Monetary system.



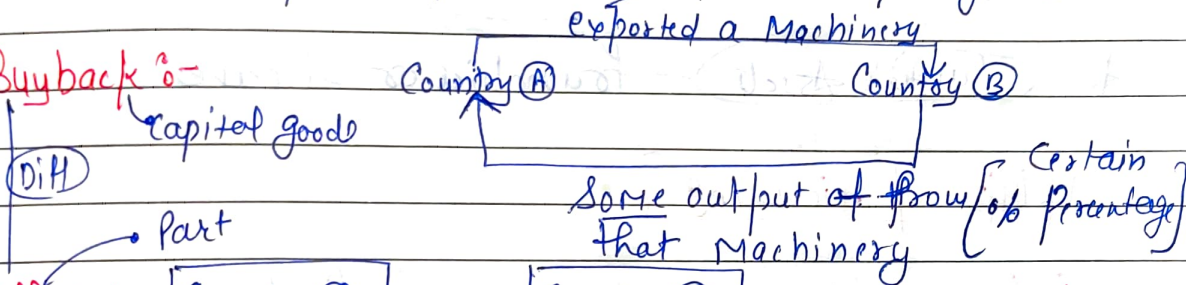
➔ Countertrade :-



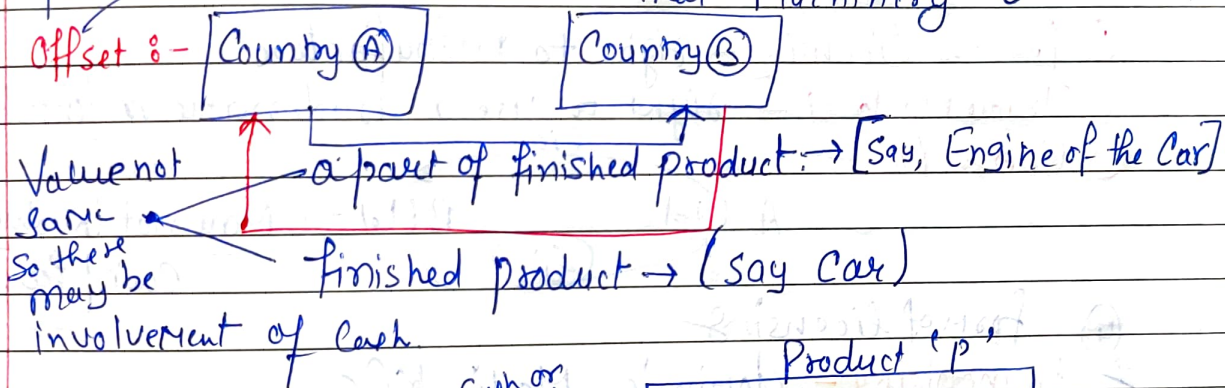
① Counter purchase :-



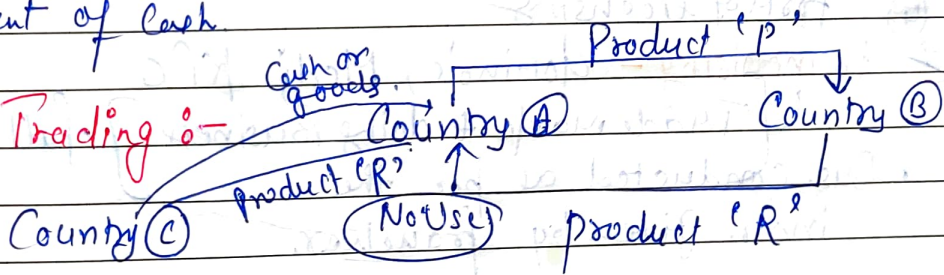
② Buyback :-



③ Offset :-



④ Switch Trading :-



Piggybacking :-

ABC Ltd, having a Business of Sale of Car in India.

XYZ agreements in USA

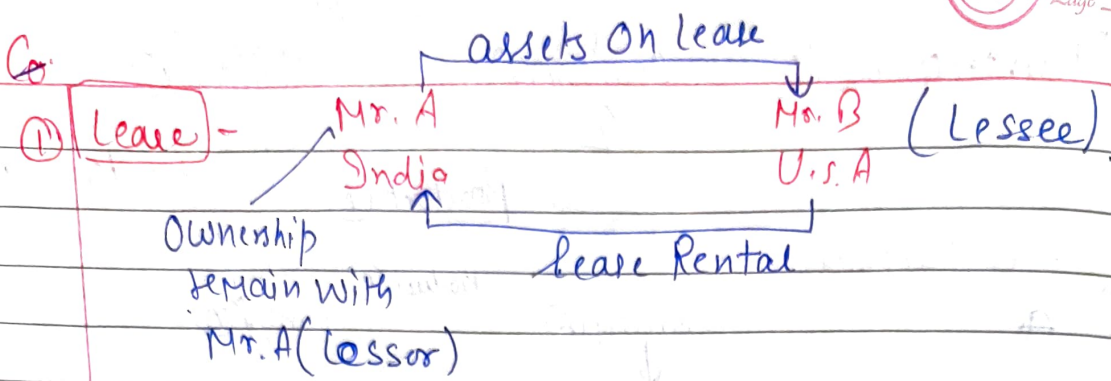
Planning to Setup A Business in U.S.A

- network marketing supports
- distribution network

Who is doing Manuf of tyres

➔ called Carrier → Rider

⇒ Contractual Related :-

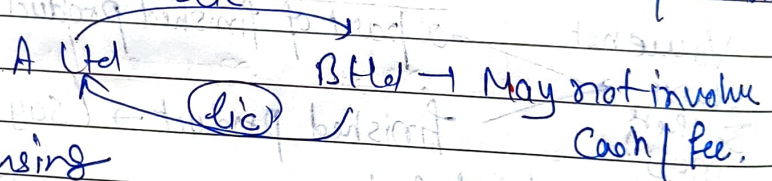


② International licensing :- allow use its intangible Assets like Copyrights, patents, trademarks, design for a fee called Royalty.

* Tangible Assets - franchise or lease

+ Types of licensing

- ① Process licensing - right to manufacture
- ② Trade Mark li - right to use a trade name or knowhow
- ③ Cross lic -



④ Form of licensing

① Franchising - domino's, Mcdi, KFC
[Trademark + doing Business.] full control
• Bus. conducted as per the instr. given by franchiser.

③ Turnkey Projects - turn the key, when it is ready to use, and the project.

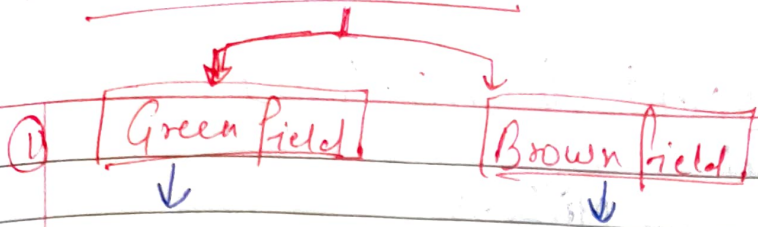
BT ① Build and Transfer - Build and then transfer the project to the owner

BOT ② Build operate and Transfer -

BOO ③ Build operate and Own - particular
Practical Not Used only Theoret Theoretical.

FDI also called.

⇒ Investment Related :-



① **Green field** ↓ Without any support

② **Brown field** ↓ Making an investment with the support of foreign entity, (Joint Venture) Piggybacking

⇒ [Prohibited Sectors] → FDI not allowed.

- Lottery Business, • Real Estate Bus. or Construction of farm House
- Gambling
- Chit funds • Manuf. of Cigars, Cheroots and cigarette. (Tobacco)
- Nidhi Co.
- Trading in Transferable Development Rights (TDRs).
↳ Method to acquire (land) from Govt.

② [Joint Ventures] only Rent Basis can't Buy.

- more than 50% ownership
- 50-50 equity with equal ownership
- Less than 50% ownership.

③ [Wholly Owned Subsidiaries] — 100% ownership

(FDI) in Various Sectors.

Sector	FDI limit	Entry Route
• Broadcasting Content Services	49%	Govt.
• Defence	100%	Automatic upto 49% & Above 49% → Govt.
• Banking - public sector	20%	Govt
• Insurance	49%	Automatic
• Pension Sector	49%	"
• Power exchange	49%	"
• White label ATM oper.	49%	"
• Infrast. Co in Sec. Mkt.	"	"