# Export Import Procedure

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# Introduction to Internal Trade

- The buying and selling of the goods and services in order to earn profit is termed as trade. The civilization is existing because of this trading system, it started from a much earlier period, when the barter system was prevalent. Now, in the modern time the importance of trade has increased even more with the proportionate intensity of the consumption need.

- On the basis of geographical distinction, trade can be of two types – Internal trade and External Trade. The trade which is transacted within the boundaries of the country is called internal trade, while trade between two or more countries is termed as external trade.

# What is Internal Trade?

- Trade has been in practice since ages and has evolved in nature as the pages of history turned. The barter system of the ancient civilizations, the magic of the silk route, the exploitative practices of the colonial trade are all the evolutionary phases of the trade. As per the Class 11 chapter on Internal trade, it can be described as the trading and commercial activities which occur within the political boundaries of a nation-state and is governed by national laws. In India, the Department for Promotion of Industry and Internal Trade facilitates the administration of domestic trade in the country and ensures that businesses are adhering to prominent trade laws and practices.

# Features of Internal Trade

- Internal Trade is considered as quite different from bilateral trade because the latter means trade among different nations beyond their boundaries. The chapter on Internal Trade in Class 11 also notes that bilateral trade differs from its domestic counterpart on the basis of boundaries and domestic trade has its own features and characteristics which are as follows:
- If the sale and purchase take place within a neighbourhood, a city, a state, or between two or more states but within the national boundary of a country, then it comes under internal trade.
- Customs and import duties are not levied on internal trade. They are subjected to local or national taxes such as GST and Sales Tax.
- Payment is generally made in the national currency or any other acceptable legal instrument.
- Internal trade is usually of two types wholesale and Retail.

# Internal Trade And Domestic Trade

- We all know that to trade means to sell or buy goods and services. The process of buying and selling of goods and services is basically what we refer to as ‘Trade’. Trade can be broken down into two types, namely domestic trade and international trade.
- Domestic trade can also be called an **internal trade**. A domestic trade is a trade which is within the borders of a given country. For example, all trading activities that go on within your country are referred to as domestic trade.

# What is international trade?

- International trade on the other hand is any business transaction that occurs between two or more countries. All businesses that are transacted across the boundaries of your country fall under international trade. For example, if the United States imports cocoa from Ghana, then we refer to that as an international trade. International trade can either occur between one country and another country or between people located in different countries. Another name for international trade is **foreign trade**.

# Differences between domestic trade and international trade

- Domestic trade always takes place within the borders of a given country, while international trade always goes beyond the borders of a given country.
- Domestic trade can never involve more than one country, but international trade always involves two or more countries.
- Domestic trade, to a large extent involves the use of mainly local currency in trading, whereas international trade involves the use of foreign currencies. The U.S. dollar is the standard currency used in international trade.
- Domestic trade is free off restriction, so long as it is a legal commodity being traded. Legal and wholesome commodities dealt with in domestic trade can move around the country without facing any forms of restrictions such as embargoes and quotas. But this is not the case for international trade. In international trade, certain goods, though legal, can be subjected to certain restrictions such as embargoes and quotas. There are so many reasons why sometimes commodities dealt with in international trade face certain restrictions. Some of these reasons include the following, in order to protect infant industries within a country, in order to raise the level of employment within a country, in order to discourage the importation of legal but harmful goods such as tobacco into a country, in order to ensure self-sufficiency, etc.

- Domestic trade is not subject to being controlled by external bodies, but this isn’t the same for international trade. International trade is controlled by certain external bodies to which a country is a member. A very good example of an external body that controls trade all over the world is the World Trade Organization.
- International trade generally involves very long distances, but this is normally not the case with domestic trade. Take for example a trade between South Africa and Sweden or between New Zealand and Egypt. These trades certainly involve very lengthy distances to be covered. But a trade between any two points in South Africa or Sweden can never be that lengthy.

# Advantages of International Trade

1. Optimal use of natural resources
2. Availability of all types of goods
3. Specialization
4. Stability in prices
5. Increased efficiency
6. Establishment of new industries and exchange of technique and technology
7. Understanding and cooperation between countries

# Disadvantages of International Trade

1. Threat to home industries.
2. Economic dependence
3. Political dependence
4. Misuse of natural resources
5. Danger to global peace
6. Hardships during wars and related times
7. Global trade presents cultural issues