11. Payment problems:

In the case of inter-regional trade, transactions take place at the micro level and hence, there will be no problem of adjusting any deficit or surplus because of the high degree of inter-regional mobility of capital. But, in the case of international trade, transactions take place at the macro level or the international plane where there comes the problem of deficits or surpluses in balance of payments of the trading countries. International trade is also influenced by special problems like international liquidity, international monetary cooperation and international monetary problems whereas these problems are absent in the case of interregional trade.

12. Economic nationalism:

In the case of inter-regional trade, proper care is taken so that the terms of trade are not very detrimental to one or the other region because all the residents of a country share a common political system. The spirit of nationalism makes them subserve their regional clashing interests. But, in the case if international trade, there is no such cohesion as the people of different countries belong to different political entities and feelings.

13. Demand and Supply:

Demand and supply cannot work out their full effects where foreign trade is concerned. Whereas such factors can work out their full efforts in the case of internal trade.

14. Artificial Barriers to Trade:

The natural difficulties may be increased by artificial barriers to trade, either through prohibitive laws as in war time through customs duties or protective tariffs in the context of international trade.

15. Different Banks and Monetary policy:

Each country is under the control of a separate central bank, each following a separate monetary policy which may greatly affect the foreign trade of the country.

16. Scope:

Scope of international business is quite wide. It includes not only merchandise exports, but also trade in services, licensing and franchising as well as foreign investments. Domestic business pertains to a limited territory. Though the firm has many business establishments in different locations all the trading activities are inside a single boundary.

17. Benefits:

International business benefits both the nations and firms. Domestic business has lesser benefits when compared to the former.

- *To the nations:* Through international business nations gain by way of earning foreign exchange, more efficient use of domestic resources, greater prospects of growth and creation of employment opportunities. Domestic business as it is conducted locally there would be no much involvement of foreign currency. It can create employment opportunities too and the most important part is business since carried locally and always dealt with local resources the perfection in utilisation of the same resources would obviously reap the benefits.

- *To the firms:* The advantages to the firms carrying business globally include prospects for higher profits, greater utilization of production capacities, way out to intense competition in domestic market and improved business vision. Profits in domestic trade are always lesser when compared to the profits of the firms dealing transactions globally.

16. Market Fluctuations:

Firms conducting trade internationally can withstand these situations and huge losses as their operations are wide spread. Though they face losses in one area they may get profits in other areas, this provides for stabilizing during seasonal market fluctuations. Firms carrying business locally have to face this situation which results in low profits and in some cases losses too.

19. Modes of entry:

A firm desirous of entering into international business has several options available to it. These range from exporting/importing to contract manufacturing abroad, licensing and franchising, joint ventures and setting up wholly owned subsidiaries abroad.

Providing goods and services as a business within a territory is much easier than doing the same globally. Restrictions such as custom procedures do not bother domestic entities but whereas globally operating firms need to follow complicated customs procedures and trade barriers like tariff etc.