ANNEXURE-II- Definitions of Terminologies used in the Study
**GATT:** One of the Three Bretton Woods organizations created after World War-II to ensure a stable trade and economic world environment. GATT functions as the foundation of the WTO trading system. GATT as an organization no longer exists.

**TNC (TRANS NATIONAL CORPORATIONS):** A TNC is a corporation or enterprises are that manages production establishments or delivers services in at least two countries.

**IMF:** One of the Three Bretton Woods organizations created after World War-II to ensure a stable trade and economic world environment. The IMF is an organization of 185 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty.

**WORLD BANK:** Conceived during World War II at Bretton Woods, New Hampshire, the World Bank initially helped rebuild Europe after the war. Reconstruction has remained an important focus of the Bank's work, given the natural disasters, humanitarian emergencies, and post-conflict rehabilitation needs that affect developing and transition economies.

**WTO:** The World Trade Organisation is an international organization dealing with the rules of trade between nations. The WTO came into force on 1 January 1995 replacing GATT. WTO and its agreements now cover trade in services, inventions, creations and designs (intellectual property).

**BOP:** The Balance of Payments is a statistical statement that systematically summarises, for a specific time period, the economic transaction of an economy with the rest of the world. Transaction consists of: a) Merchandise, Services, income and transfers. b) Financial claims on, and liabilities to, the rest of the world. In India it consists of two accounts; current account and Capital account.

**DEFICIT:** A situation where liabilities exceed assets.
CUSTOMS DUTIES:- These are taxes imposed on the import or sale of specific commodities.

MARKET ACCESS INITIATIVE SCHEME:- The Market Access Initiative (MAI) scheme is intended to provide financial assistance for medium term export promotion efforts with a sharp focus on a country and product.

CRAR:- Capital to Risk weighted Assets Ratio includes Capital funds, paid up capital, reserves debt.

BANK RATE: - Bank Rate is the rate at which RBI allows finance to commercial banks. Normally, different types of refinance facilities by RBI to banks are linked to a Bank Rate. Bank Rate is a tool which RBI uses for short-term purposes. Any revision in Bank Rate by RBI is a signal to banks to revise deposit rates as well as Prime Lending Rate.

CRR:- Among the tools available to the Central Bank of a country to influence and control the monetary aggregates of the country, the most powerful is that relating to cash reserve requirements imposed on banks. Under section 42 (1) of RBI act, 1934, every scheduled commercial bank was required to maintain with the RBI every fortnight a minimum average daily cash reserve equivalent to 3% of its Net Demand and Time Liabilities (NDTL) outstanding as on the Friday of the previous week. The RBI is empowered to vary the CRR between 3% and 15%. RBI is using the CRR either to impound the excess liquidity or to release funds needed for the economy from time to time.

SLR:- Under section 24 (b) of the Banking Regulation Act, 1949, every bank is required to maintain at the close of business every day, a minimum proportion of their Net Demand and Time Liabilities as liquid assets in the form of cash, gold and un-encumbered approved securities. The ratio of liquid assets to demand and time liabilities is known as Statutory Liquidity Ratio (SLR). Present SLR is 25%.

REPO RATE /REVERSE REPO RATE:- An abbreviation for a Sale and Repurchase Agreement, is also termed 'Buy Back', 'RP', or 'Ready
Forward' (RF). It is a sale of securities with an agreement to repurchase the same on a future date and at a specific price. By doing so, funds become temporarily available. The difference between the sale and purchase price, the latter being slightly higher, is the interest earned by the investor or lender. Alternatively, the sale and repurchase prices may be identical, with the borrower agreeing to pay a specific interest charge. It is, in effect, a short-term loan secured by the assets sold to the lender. Institutional investors with surplus funds find repos a convenient vehicle. The term 'Reverse Repurchase Agreement' refers to a repos deal viewed from the perspective of the supplier of funds. The assets are bought with an agreement to resell them at a fixed price on a future date.

**DISINVESTMENT:** The deliberate destruction of part of the capital stock or the intended or unintended failure of replacement investment to cover depreciation.

**HS CODE:** The harmonized system code is an international method, of classifying products for trading purposes created by The Customs Co-operation Council. It entered into force on 1 January 1988. As this classification is used by Customs officials around the world to determine the duties, taxes and regulations that apply to the product, a 10-digit unique code is given to every item starting with broad category of HS-2 digit identifier, 4-digit identifier, 6-digit identifier.

**SITC CODE:** Standard International Trade Classification Revision-2, adopted by United Nations Economic and Social Council in 1975. Its revision -3 came in May 1985 and is based on Harmonized commodity description. It is a Statistical classification of the commodities entering external trade, designed to provide the commodity aggregates required for purposes of economic analysis and to facilitate the international comparison of trade-by-commodity data.
MFN TREATMENT: Most Favoured Nation (MFN) Treatment is a commitment by a country to extend the same treatment it accords to its most-favoured trading partner to all its trading partners.

GATS: The WTO rules on trade in services, embodied in General agreement on Trade in services (GATS), aim at creating a basic framework for disciplining the use of trade measures in services by WTO member Countries.

ENABLING CLAUSE: The Enabling Clause, Officially called the decision on differential and more favourable treatment, Reciprocity and fuller participation of developing countries. The enabling Clause is the legal basis under the WTO for the Generalised System of preferences.

TARIFF: A duty or tax on goods imposed at the border or the tax imposed on the import or export of goods. In general parlance, however, it refers to ‘import duties charged at the time goods are imported. Tariff have three primary functions: to serve as a source of revenue, to protect domestic industry and to remedy trade distortions. Tariffs can be ad valorem, specific or mixed.

BOUND TARIFF: Refers to the specific level at which a tariff has been bound. By binding a tariff at a particular level; a country agrees not to raise the tariff above that level. In practice, the applied rates of countries (particularly developing countries) are usually lower than the bound rates.

GSP: A trading system allowed under the enabling clause, whereby developed countries offer preferential treatment, such as zero tariffs, to products originating in developing countries, without the requirement that the developing country reciprocate these measures. The countries granting this preferential treatment unilaterally choose what product ranges and which countries can benefit.

Export Processing Zone: area designated for receiving and storing goods without the obligation to pay duties. Such a zone allows
workers to process or assemble goods for export using imported parts that are considered never to have been imported in the manner that requires duty payment. An FTZ (see below) functions in the same way, except that goods may be passed from it into the country granting the zone status after processing, thus providing an advantage of using a mix of domestic and foreign parts without paying duty on the latter until the end-product is actually moved from the FTZ into the country granting its status.