

I. CHOOSE THE BEST ANSWER:

1. General Agreement on Tariff and Trade was signed on

(a) 30-October-1947	(b) 29-October-1947
(c) 28-October-1947	(d) 26-October-1947
2. WTO was established on

(a) 1-1-1996	(b) 1-1-1997	(c) 1-1-1995	(d) 1-1-1994
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3. The headquarter of WTO is located at

(a) New York	(b) London	(c) Geneva	(d) Brazil
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4. The day to day administration of WTO is entrusted with

(a) Executive Council	(b) General Council
(c) Administrative Council	(d) General body
5. World bank is located at

(a) Washington DC	(b) New York	(c) Tokyo	(d) Hongkong
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II. VERY SHORT ANSWER QUESTIONS:**1. What is WTO?**

- The World Trade Organisation (WTO) was established on 1st January 1995.
- The GATT was renamed as WTO with some changes.
- WTO has 164 member countries as on 29th July 2016.

2. What do you mean by World Bank?

- ✧ International Bank for Reconstruction and Development International Bank for Reconstruction and Development is commonly known as World Bank.
- ✧ It is located at Washington DC. It has its offices all over the world.

3. What is Special Drawing Rights?

- ❖ SDR was created by the IMF in the year 1969 as supplementary international reserve asset.
- ❖ It is described as paper gold

4. What is SAARC?

- ✱ South Asian Association for Regional Cooperation is the regional inter governmental organization and geo-political union of nations in South Asia.
- ✱ The member countries include Bhutan, India, Nepal, Srilanka, Pakistan and Maldives.
- ✱ It was established on 8th December 1985. It was founded at Dhaka in Bangladesh.

5. What is GATT?

- ✱ International business involved complex issues among various countries way back in 1950's.
- ✱ As a result, the General Agreement on Tariffs and Trade was signed at Geneva on 30th October 1947 by 23 countries.

III. SHORT ANSWER QUESTIONS:

1. What is the primary motive of establishment of WTO?

- ✱ Improving the standard of living of people in member countries
- ✱ Expansion of trade in goods and services
- ✱ Ensuring full employment and large steady growth volume of real income and effective demand

2. Name the affiliate of World Bank

- ✱ International Development Association (IDA)
- ✱ International Financial corporation (IFC)
- ✱ Multinational Investment Guarantee Agency(MIGA)

3. What are the criticisms of World Bank?

i). Most Favored Nation Principles

- ✱ This is the core of WTO rules.
- ✱ Under this rule member countries are advised not to discriminate among the home enterprises, multi-nationals and foreign enterprises.

ii). Failure to Reduce Tariffs on Agriculture

- ✱ WTO failed to convince the USA and European Unions to eliminate high tariff on agriculture .
- ✱ It defends high tariff on agriculture in USA and EU.
- ✱ This would undoubtedly hurt the farmers in developing countries.

iii). Neglect of Cultural and Social Factors

- WTO is criticized for promoting the domination of multinational companies which are feared to eliminate local enterprises from business world altogether.
- The growth of MNC's is feared to ruin cultural diversity of many developing countries.

4. How is the value of SDR determined currently?

- ✧ It is calculated as the sum of specific amount of each basket currency value in US dollar based on the spot exchange rates observed at noon London time.
- ✧ IMF allocates SDR to member countries in proportion to their quota.

5. Mention the functions of SAARC.

- Monitoring and co-coordinating the development programme
- Determining inter-sectoral priorities
- Mobilizing cooperation within and outside the region.
- Dealing with modalities of financing

IV. LONG ANSWER QUESTIONS:

1. Point out the objectives of WTO

- Improving the standard of living of people in member countries
- Making optimum utilization of world's resources for sustainable development of member countries.
- Expansion of trade in goods and services

2. Write down the functions of WTO.

- ✱ It is a forum for negotiation and formalization of trade agreement among the member countries.
- ✱ It settles disputes and grievances relating to trade among the member countries.
- ✱ It frames commonly acceptable code of conduct in order to reduce trade barriers.
- ✱ It regulates trade between participating countries.

3. Describe the benefits of WTO

- ❖ WTO is promoting international peace and creating a conducting international trade.
- ❖ It settles the trade disputes amicably among the member countries.

- ❖ It promotes the standard of living of people by increasing their income level from free trades
- ❖ WTO has removed quantitative restrictions and non-tariff barriers.
- ❖ It stimulates economic growth of developing countries by providing them with much needed capital and giving related matters.

4. Highlights the functions of IBRD

- ✱ Assisting reconstruction of war-affected countries
- ✱ Promoting economic growth and balanced growth of international business
- ✱ Promoting infrastructural facilities like energy and transportation, road development, etc. in member countries.
- ✱ Encouraging agricultural and industrial development in developing countries by providing adequate resources
- ✱ Providing resources for promoting sanitation, education, health care and small scale enterprises in member countries

5. Write down the functions of IMF

- ✱ It acts as short term credit institution at the international level.
- ✱ It provides machinery for ordinary adjustments of exchange rates.
- ✱ It promotes economic stability and global growth by encouraging countries adopt sound economic and financial policies.
- ✱ It offers technical assistance and training to help member countries strengthen and implement effective policies.
- ✱ It helps member countries correct their imbalance in balance of payment.

6. Explain how far India has benefited from IMF?

i). Free Convertibility of Indian Rupee:

- ⊗ Indian rupee has become independent after the establishment of IMF.
- ⊗ Earlier it was linked with pound sterling.
- ⊗ Its value is now determined in terms of Gold.
- ⊗ Hence it is freely convertible.

ii). Loan For Development Activities:

- ✱ India got several loan facilities from IMF for its several development projects.

iii). Ability To Purchase Foreign Currency

➔ Government of India is able to purchase foreign currencies from time to time to meet the ever growing requirement of development activities.

iv). Expert Advice

- India used to get expert advice from IMF for solving the economic problems.
- It has given valuable advice to India with regard to financing its 5 year plan.

v). Financial Assistance during Natural Calamity

- India has got a lot of financial assistance from IMF to solve the economic crises arising from natural calamities like, floods, famine, earthquake, aggressions of Chinese and Pakistan etc.
- It gets technical assistance from IMF.

vi). Membership in World Bank

- * By virtue of its membership in IMF India could become member in the World Bank.
- * Solve its balance of payments crisis.

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