

UNIT
8

**International Economic
Organisations**

INTRODUCTION

ADVENT OF INTERNATIONAL ECONOMIC ORGANISATION

- ❖ The Brettonwoods Conference proposed IMF, World Bank and International Trade Organisation (ITO) in 1944. The IMF and World Bank were started in 1945.
- ❖ Instead of ITO, an interim arrangement was made and named GATT (General Agreement on Tariff and Trade).
- ❖ The GATT was transformed into WTO (World Trade Organisation) from 1995. The IMF, IBRD and WTO headquarters are presented in the table.

THE INTERNATIONAL MONETARY FUND

- ❖ The IMF promotes itself as “an organization of 189 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.”
- ❖ It was created in 1944, while World War II was still raging, as part of the Bretton Woods Agreement.
- ❖ The agreement sought to create a monetary and exchange rate management system that might prevent a repeat of the currency devaluations that contributed to the economic challenges of that period.

SPECIAL DRAWING RIGHTS

International monetary reserve currency created by the International Monetary Fund (IMF) that operates as a supplement to the existing money reserves of member countries.

TRADE RELATED INTELLECTUAL PROPERTY RIGHTS (TRIPS):

TRIPs include copy right, trade mark, patents, geographical indications, industrial designs and invention of microbial plants.

TRADE RELATED INVESTMENT RIGHTS (TRIMS):

TRIMs are related to conditions or restrictions imposed in respect of foreign investment in the country.

THE WORLD BANK

- ❖ The World Bank Group, like the IMF, was created at Bretton Woods in 1944. Its goal is to provide “financial and technical assistance to developing countries around the world” in an effort to “reduce poverty and support development.”
- ❖ It consists of five underlying institutions, the first two of which are collectively referred to as The World Bank.
 - i. **INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD).** This is the IMF's lending arm. It provides financial assistance to credit-worthy, middle- and low-income nations.
 - ii. **INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA).** IDA provides loans and grants to poor countries.
 - iii. **INTERNATIONAL FINANCE CORPORATION (IFC).** In contrast to the World Bank, which focuses its efforts on governments, the IFC provides money and advice to private sector entities.
 - iv. **MULTILATERAL INVESTMENT GUARANTEE AGENCY.** (MIGA) seeks to encourage foreign direct investment in developing nations.
 - v. **INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES.** (ICSID) provides physical facilities and procedural expertise to help resolve the inevitable disputes that arise when money is at the heart of a disagreement between two parties.

WORLD TRADE ORGANISATION

- ❖ Officially founded in 1995, the WTO traces its roots back to Bretton Woods where the General Agreement on Trade and Tariffs (GATT) was crafted in an effort to encourage and support trade between nations.
- ❖ Following up on GATT, the 1986-1994 Uruguay Roundtable trade negotiations resulted in the formal creation of the WTO. The WTO headquarters is located in Geneva, Switzerland. Like the IMF and the World Bank, the WTO is funded by its members.

SAARC

- ❖ In the South Asian context this Regional Co-operation has made a start in the form of SAARC comprising Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka and very recently Afghanistan.
- ❖ South Asian Association for Regional Co-operation (SAARC) is considered to be a dynamic institution of regional co-operation in South Asia, perceived as the economic grouping to work together for accelerating the pace of socio – economic and cultural development. SAARC is a regional organization.
- ❖ The basic aim of SAARC is to accelerate the process of economic and social developments in the member states through joint action in certain agreed areas of cooperation.

ASSOCIATION OF SOUTH EAST ASIAN NATIONS (ASEAN)

- ❖ ASEAN was established on 8 August 1967 in Bangkok by the five original member countries: Indonesia, Malaysia, Philippines, Singapore and Thailand.
- ❖ Later Brunei Darussalam, Vietnam, Laos and Myanmar and Cambodia joined. Besides ten members of the ASEAN, there are six “dialogue partners” which have been participating in its deliberations. They are China, Japan, India, South Korea, New Zealand and Australia.
- ❖ The common historical and cultural background made the member countries to maintain their unity and solidarity by establishing a trade block. Foreign trade is the life blood of the ASEAN countries following globalization and prudent macroeconomic policies.

The BRICS

- ❖ BRICS is the acronym for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa. Originally the first four were grouped as "BRIC" (or "the BRICs"), before the induction of South Africa in 2010.
- ❖ The five nations if combined would be the largest entity on the global stage, according to Goldman Sachs, which has continued to monitor the four countries since 2001. They are considered among the biggest and fastest growing emerging markets, or those markets still developing.

BOOK EXERCISE QUESTIONS - MULTIPLE CHOICE QUESTIONS

PART - A

1. **International Monetary Fund was an outcome of**
 - a) Pandung Conference
 - b) Dunkel Draft
 - c) Bretton Woods Conference
 - d) Doha Conference
2. **International Monetary Fund is having its headquarters at**
 - a) Washington D.C
 - b) New York
 - c) Vienna
 - d) Geneva
3. **IBRD is otherwise called**
 - a) IMF
 - b) World Bank
 - c) ASEAN
 - d) International Finance Corporation
4. **The other name for Special Drawing Rights is**
 - a) Paper gold
 - b) Quotas
 - c) Voluntary Export Restrictions
 - d) None of these
5. **The organization which provides long term loan is**
 - a) World Bank
 - b) International Monetary Fund
 - c) World Trade Organisation
 - d) BRICS
6. **Which of the following countries is not a member of SAARC?**
 - a) Sri Lanka
 - b) Japan
 - c) Bangladesh
 - d) Afghanistan
7. **International Development Association is an affiliate of**
 - a) IMF
 - b) World Bank
 - c) SAARC
 - d) ASEAN
8. **----- relates to patents, copyrights, trade secrets, etc.,**
 - a) TRIPS
 - b) TRIMS
 - c) GATS
 - d) NAMA
9. **The first ministerial meeting of WTO was held at**
 - a) Singapore
 - b) Geneva
 - c) Seattle
 - d) Doha
10. **ASEAN meetings are held once in every _____ years**
 - a) 2
 - b) 3
 - c) 4
 - d) 5
11. **Which of the following is not the member of SAARC?**
 - a) Pakistan
 - b) Sri Lanka
 - c) Bhutan
 - d) China
12. **SAARC meets once in ----- years.**
 - a) 2
 - b) 3
 - c) 4
 - d) 5
13. **The headquarters of ASEAN is**
 - a) Jaharta
 - b) New Delhi
 - c) Colombo
 - d) Tokyo
14. **The term BRIC was coined in**
 - a) 2001
 - b) 2005
 - c) 2008
 - d) 2010
15. **ASEAN was created in**
 - a) 1965
 - b) 1967
 - c) 1972
 - d) 1997
16. **The Tenth BRICS Summit was held in July 2018 at**
 - a) Beijing
 - b) Moscow
 - c) Johannesburg
 - d) Brasilia

17. New Development Bank is associated with

- a) BRICS b) WTO
c) SAARC d) ASEAN

18. Which of the following does not come under 'Six dialogue partners' of ASEAN?

- a) China b) Japan
c) India d) North Korea

19. SAARC Agricultural Information Centre (SAIC) works as a central information institution for agriculture related resources was founded on

- a) 1985 b) 1988 c) 1992 d) 1998

20. BENELUX is a form of

- a) Free trade area
b) Economic Union
c) Common market
d) Customs union

Answers									
1	2	3	4	5	6	7	8	9	10
c	a	b	a	a	b	b	a	a	b
11	12	13	14	15	16	17	18	19	20
d	a	a	a	b	c	a	d	b	d

PART - B

Answer the following questions in one or two sentences

21. Write the meaning of Special Drawing rights.

- ❖ Special Drawing Rights are a form of international reserves created by the IMF in 1969 to solve the problem of international liquidity.
- ❖ They are allocated to the IMF members in proportion to their Fund quotas.
- ❖ SDRs are used as a means of payment by Fund members to meet balance of payments deficits and their total reserve

position with the Fund.

- ❖ Thus SDRs act both as an international unit of account and a means of payment.
- ❖ Special Drawing Rights (SDRs) is otherwise called as 'Paper Gold'.

22. Mention any two objectives of ASEAN. (write any two)

- i. To accelerate the economic growth, social progress and cultural development in the region;
- ii. To promote regional peace and stability and adherence to the principles of the United Nations Charter;
- iii. To promote cooperation among the members of ASEAN through the exchange of knowledge and experience in the field of public sector auditing.
- iv. To provide a conducive environment and facilities for research, training, and education among the members
- v. To serve as a centre of information and as an ASEAN link with other international organizations.

23. Point out any two ways in which IBRD lends to member countries.

The Bank advances loans to members in three ways

- i) Loans out of its own fund,
- ii) Loans out of borrowed capital and
- iii) Loans through Bank's guarantee.

24. Define Common Market.

- ❖ Common market is established through trade pacts.
- ❖ A group formed by countries within a geographical area to promote duty free trade and free movement of labour and capital among its members.

- ❖ E.g. European Common Market (ECM)

25. What is Free trade area?

- ❖ A free trade area is the region encompassing a trade bloc whose member countries have signed a free-trade agreement (FTA).
- ❖ Such agreements involve cooperation between at least two countries to reduce trade barriers. E.g. SAFTA, EFTA.

26. When and where was SAARC Secretariat established?

The SAARC Secretariat was established in Kathmandu (Nepal) on 16th January 1987.

27. Specify any two affiliates of World Bank Group. (write any two)

- ❖ International Bank for Reconstruction and Development (IBRD)
- ❖ International Development Association (IDA)
- ❖ International Finance Corporation (IFC)
- ❖ Multilateral Investment Guarantee Agency (MIGA)
- ❖ International Centre for Settlement of Investment Disputes (ICSID)

PART - C

Answer the following questions in about a paragraph

28. Mention the various forms of economic integration.

- i. **Economic integration** takes the form of Free Trade Area, Customs Union, Common Market and Economic Union.
- ii. A **free trade** area is the region

encompassing a trade bloc whose member countries have signed a free-trade agreement (FTA). Such agreements involve cooperation between at least two countries to reduce trade barriers. e.g. SAFTA, EFTA.

iii. A **customs union** is defined as a type of trade block which is composed of a free trade area with no tariff among members and (zero tariffs among members) with a common external tariff. e.g. BENELUX (Belgium, Netherland and Luxumburg).

iv. **Common market** is established through trade pacts. A group formed by countries within a geographical free movement of labour and capital among its members. e.g. European Common Market (ECM)

v. An **economic union** is composed of a common market with a customs union. The participant countries have both common policies on product regulation, freedom of movement of goods, services and the factors of production and a common external trade policy. (e.g. European Economic Union)

EU > CM > CU > FTA

29. What are trade blocks?

- ❖ Trade blocks are a set of countries which engage in international trade together and are usually related through a free trade agreement or other associations.
- ❖ Trade blocks cover different kinds of arrangements between or among countries for mutual benefit.
- ❖ Some countries create business

opportunities for themselves by integrating their economies (through trade blocks) in order to avoid unnecessary competition among them.

30. Mention any three lending programmes of IMF. (write any three headings)

The IMF has created several new credit facilities (lending programmes) for its members.

Chief among them are:

(i) Basic Credit Facility:

The IMF provides financial assistance to its member nations to overcome their temporary difficulties relating to balance of payments. A member nation can purchase from the Fund other currencies or SDRs, in exchange for its own currency, to finance payment deficits.

(ii) Extended Fund Facility

Under this arrangement, the IMF provides additional borrowing facility up to 140% of the member's quota, over and above the basic credit facility.

(iii) Compensatory Financing Facility

IMF established compensatory financing facility to provide additional financial assistance to the member countries, particularly primary producing countries facing shortfall in export earnings.

(iv) Buffer Stock Facility

The purpose of this scheme was to help the primary goods (food grains) producing countries to finance contributions to buffer stock arrangements for the stabilisation of primary product prices.

(v) Supplementary Financing Facility

Under the supplementary financing facility,

the IMF makes temporary arrangements to provide supplementary financial assistance to member countries facing payments problems relating to their present quota sizes.

(vi) Structural Adjustment Facility

The purpose of Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF) is to force the poor countries to undertake strong macroeconomic and structural programmes to improve their balance of payments positions and promote economic growth.

31. What is Multilateral Agreement?

- ❖ Multilateral Agreements or Multilateral Trade Agreements are trade agreements between three or more nations.
- ❖ The agreements reduce tariffs and make it easier for businesses to import and export.
- ❖ Since they are among many countries, they are difficult to negotiate.
- ❖ It is a multi national legal or trade agreements between countries. It is an agreement between more than two countries but not many.

32. Write the agenda of BRICS Summit, 2018.

- ❖ The agenda for BRICS summit 2018 includes,
- ❖ Inclusive growth,
- ❖ Trade issues,
- ❖ Global governance,
- ❖ Shared Prosperity,
- ❖ International peace and security.

The Tenth BRICS summit hosted by South Africa at Johannesburg in July 2018. The agenda of BRICS as follow, as per the declaration - Press Information Bureau, Government of India

- i. Strengthening multilateralism, reforming global governance and addressing common challenges
- ii. Strengthening and consolidating BRICS cooperation in international peace and security
- iii. BRICS partnership for global economic recovery, reform of financial and economic global governance institutions, and the fourth industrial revolution
- iv. People-to-people cooperation

33. State briefly the functions of SAARC.

1. Maintenance of the co operation in the region
2. Prevention of common problems associated with the member nations.
3. Ensuring strong relationship among the member nations.
4. Removal of the poverty through various packages of programmes.
5. Prevention of terrorism in the region.

34. List out the achievements of ASEAN.

- ❖ The main achievement of ASEAN has been the maintenance of an uninterrupted period of peace and stability during which the individual Member Countries have been able to concentrate on promoting rapid and sustained economic growth and modernization.
- ❖ ASEAN's modernization efforts have brought about changes in the region's

structure of production.

- ❖ ASEAN has been the fourth largest trading entity in the world after the European Union, the United States and Japan.
- ❖ Industrial and service sectors have rapidly become the region's major sources of employment.
- ❖ These developments have advanced ASEAN members' efforts to attain a status of newly-industrializing economies.

PART - D

Answer the following questions in one page

35. Explain the objectives of IMF.

- i. To promote international monetary cooperation among the member nations.
- ii. To facilitate faster and balanced growth of international trade.
- iii. To ensure exchange rate stability by curbing competitive exchange depreciations. iv) To eliminate or reduce exchange controls imposed by member nations.
- iv. To establish multilateral trade and payment system in respect of current transactions instead of bilateral trade agreements.
- v. To promote the flow of capital from developed to developing nations.
- vi. To solve the problem of international liquidity.

36. Bring out the functions of World Bank.

1. Investment for productive purposes

The World Bank performs the function of assisting in the reconstruction and development of territories of member nations through facility of investment for productive purposes. It also encourages the development of productive facilities and resources in less developed countries.

2. Balanced growth of international trade

Promoting the long range balanced growth of trade at international level and the maintaining equilibrium in BOPs of member nations by encouraging international investment.

3. Provision of loans and guarantees

Arranging the loans or providing guarantees on loans by various other channels so as to execute important projects.

4. Promotion of foreign private investment

The promotion of private foreign investment by means of guarantees on loans and other investment made by private investors. The Bank supplements private investment by providing finance for productive purpose out of its own resources or from borrowed funds.

5. Technical services

The World Bank facilitates different kinds of technical services to the member countries through Staff College and experts.

37. Discuss the role of WTO in India's socio economic development.

India benefited from WTO on following grounds:

1. By reducing tariff rates on raw materials, components and capital goods, it was able to import more for meeting her developmental requirements. India's imports go on increasing.
2. India gets market access in several

countries without any bilateral trade agreements.

3. Advanced technology has been obtained at cheaper cost.
4. India is in a better position to get quick redressal from the trade disputes.
5. The Indian exporters benefited from wider market information

38. Write a note on a) SAARC b) BRICS

SAARC

- i. The South Asian Association for Regional Co-operation (SAARC) is an organisation of South Asian nations, which was established on 8 December 1985.
- ii. The SAARC Group (SAARC) comprises of Bangladesh, Bhutan, India, The Maldives, Nepal, Pakistan and Sri Lanka. In April 2007, Afghanistan became its eighth member.
- iii. The basic aim of the organisation is to accelerate the process of economic and social development of member states through joint action in the agreed areas of cooperation.
- iv. The SAARC Secretariat was established in Kathmandu (Nepal) on 16th January 1987.

BRICS

- i. BRICS is the acronym for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa.
- ii. Originally the first four were grouped as "BRIC" before the induction of South Africa in 2010. The term 'BRIC' was coined in 2001.
- iii. It's headquarters is at Shanghai, China. The New Development Bank (NDB) formerly

referred to as the BRICS Development Bank was established by BRICS States.

- iv. The BRICS countries make up 21 percent of global GDP. They have increased their share of global GDP threefold in the past 15 years.
- v. The BRICS are home to 43 percent of the world's population.
- vi. The BRICS countries have combined foreign reserves of an estimated \$4.4 trillion

Additional One Marks

1. **The Great Depression of 1930s and World War II led to purely in which almost every country imposed trade restrictions, exchange controls and exchange depreciation.**
 - a. global policies
 - b. local policies
 - c. nationalistic policies
 - d. none of above
2.are“**founding fathers**” of both the World Bank and the International Monetary Fund (IMF).
 - a. John Maynard Keynes and Harry Dexter White
 - b. John Stuart Mill and Paul A Samuelson
 - c. Amartya Kumar Sen and JagadishBaga-wathi
 - d. Milton Friedman and Simon Kuznuts
3. **What was the name of the conference that laid the foundations for the creation of the WTO, the IMF and the World Bank Group?**
 - a. The Doha Conference
 - b. The Bretton woods Conference
 - c. The Tokyo Protocol
 - d. The Shangai Summit

4. **Expand the term GATT.**
 - a. General Agreement on Tariff and Trade
 - b. Joint Agreement on Tariff and Trade
 - c. General Arrangement on Tariff and Trade
 - d. General Agreement on Travel and Trade
5. **What was the initial term proposed for the coining of GATT?**
 - a. OTP b. ITP c. SAF d. SDR
6. **When was the International Monetary Fundestablished**
 - a. 1946 b. 1945 c. 1995 d.1969
7. **When was the World Bank established**
 - a. 1945 b. 1935 c. 1955 d. 1947
8. **Pick the year of establishment of World Trade Organisation. Pick the year of establishment of World Trade Organisation.**
 - a. 1945 b. 2001 c. 1995 d. 1996
9. **Which is latest member of IMF as 189thmember**
 - a. Czech Republic b. Afganistan
 - c. Uruguay d. Republic of Nauru
10. **Find the correct answer**
 - I. Financial – Assistance to correct short and medium term deficit in BOP;
 - II. Regulatory – Counseling and technical consultancy
 - III. Consultative - Code of conduct and
 - a. All are correctly matched
 - b. II only correctly matched
 - c. All are incorrectly matched
 - d. I only correctly matched
11. **What is known as ‘Paper Gold’?**
 - a. Gold Bonds

- b. Special Drawing Rights
- c. Sovereign Investments
- d. Gold Reserve of nations

12. The achievements of the fund can be summed up as 'Fund is like an International Reserve Bank.' Who said this

- a. Haien b. Firedman
- c. Arrow d. Lancaster

13. Expand the term ESAF.

- a. Enhanced Structural Adjustment Faculty
- b. Enhanced Structural Arrangement Facility
- c. Enhanced Standard Adjustment Faculty
- d. Enhanced Structural Adjustment Facility

14. Why Was the SDR Created?

- a. To assist developed nations
- b. To improve FOREX imbalances
- c. To be the World Reserve Currency
- d. none of the above

15. What was the initial value of SDR?

- a. equivalent to 2.33 dollar
- b. equivalent to 0.888671 grams gold
- c. equivalent to 500gm of silver
- d. none of the above

16. India's current quota in the IMF is SDRs (Special Drawing Rights).....?

- a. 5,821.5 million b. 6,821.5 million
- c. 5,621.5 million d. 8,821.5 million

17. India is thequota holding country at IMF with shareholdings of 2.44%.

- a. 2nd Largest b. 3rd Smallest
- c. 13th largest d. 14th Smallest

18. Which of following together forms "The World Bank"

- I. International Bank for Reconstruction

and Development (IBRD)

II. International Development Association (IDA)

III. International Finance Corporation (IFC)

IV. Multilateral Investment Guarantee Agency (MIGA)

V. International Centre for Settlement of Investment Disputes (ICSID)

- a. IV and V b. I and II
- c. III and I d. I, II and II

19. Expand the term MIGA.

- a. Multilateral Investment Guarantee Agreement
- b. Multilateral International Guarantee Arrangement
- c. Multilateral Investment Guarantee Agency
- d. Multilateral International Guarantee Agency

20. As of now, The IBRD hasmember countries.

- a. 188 b. 189 c. 35 d. 210

21. The name "International Bank for Reconstruction and Development" was first suggested by to the drafting committee.

- a. China b. USA c. Japan d. India

22. Until.....became the member of World Bank in 1980, India was the largest beneficiary of the World Bank assistance.

- a. South Africa b. China
- c. Nepal d. Indonesia

23. In which of following establishment, India is not a member?

- a. International Development Association (IDA, 1960)
- b. International Finance Corporation (IFC, 1956)

- c. Multilateral Investment Guarantee Agency (MIGA, 1958)
d. International Centre for Settlement of Investment Disputes (ICSID, 1966)
- 24. India became a member of MIGA in?**
a. 1994 b. 1995 c. 1996 d. 1997
- 25. Where did the "The first WTO conference" held?**
a. Singapore b. Thailand
c. Sumathra Island d. India
- 26. WTO is planned to organize 12th ministerial conference at in 2020.**
a. Russia b. China
c. Kazakhstan d. South Africa
- 27. Expand the term TRIPs.**
a. Tradition Related Intellectual Procedural Rights
b. Trade Related Intellectual Property Rights
c. Tourism Related Intellectual Procedural Rights
d. Travel Related Intellectual Property Rights
- 28. Expand the term TRIMs.**
a. Tradition Related Investment Movements
b. Travel Related Investment Measures
c. Trade Related Investment Movements
d. Trade Related Investment Measures
- 29. The multi-fiber agreement governed the world trade is related to?**
a. textiles and garments industry
b. optic fiber industry
c. fiber rich food industry
d. software and technological industry
- 30. In WTO,.....puts an end to procedural delays.**
a. Agreement on Agriculture
b. The Disputes Settlement Body
c. Phasing out of Multi Fibre Agreement
d. None of the above
- 31. Match the items in the List – I with items in List – II. Select the correct answer from the code given below :**
a. Free Trade Area
b. Customs Union
c. Common Market
d. Trade Barriers
- 32. What are the BENELUX countries?**
a. Brazil, Nigeria and Luxumburag
b. Belgium, Netherland and Luxumbuarg
c. Bay of Jamaica, Norway and Luxumbuarg
d. None of the above
- 33. Expand the term ECM**
a. European Common Market
b. Equal Common Market
c. East Asian Common Market
d. EnglandCustom Market
- 34. Which of the following is correct representation in terms of trade agreement?**
a. $EU < CM > CU > FTA$
b. $EU > CM > CU > FTA$
c. $EU > CM < CU > FTA$
d. $EU < CM < CU < FTA$
- 35. Where is the head-quarter of South Asian Association for Regional Cooperation (SAARC) located?**
a. Kathmandu b. Bangkok
c. New Dehli d. Shangai
- 36. Where is the head-quarter of ASEAN located?**
a. Bangkok b. Chili
c. New Dehli d. Shangai

37. Where is the head-quarter of BRICS located?
- Peru
 - Shanghai
 - Sydney
 - Kahmandu
38. Which is not a member state of SAARC?
- The Maldives
 - Nepal
 - Pakistan
 - Japan
39. Expand the term SAPTA.
- SAARC Preferential Trading Agency
 - SAARC Preferential Trading Arrangement
 - SAARC Preferential Trading Agreement
 - SAARC Pricing and Trading Agency
40. Expand the term SAIC.
- American Information Centre
 - Agricultural Information Centre
 - Agrarian Information Centre
 - Agricultural Investment Centre
41. Expand the term SADF.
- South Asian Divisional Fund
 - South Asian Development Force
 - South Asian Development Fund
 - South East Asian Development Force
42. Who are ASEAN initial original member countries?
- India, China, Russia, Japan and Australia
 - Indonesia, Malaysia, Philippines, Singapore and Thailand
 - Pakistan, Srilanka, Bangladesh and Philippines
 - Brunei Darussalam, Vietnam, Laos and Myanmar and Cambodia joined.
43. India's relationship with ASEAN started in 1992 when India became a
- sectoral dialogue partner
 - founding member
 - observer
 - permanent member.
44. Find the right combination of BRICS.
- Brazil, Russia, India, China and South Africa.
 - Britain, Russia, Indonesia, China and Sweden
 - Belgium, Russia, India, Chili, Spain
 - None of the above
45. The BRICS countries make up of global GDP.
- 1 Percent
 - 21 percent
 - 51 percent
 - one third
46. The BRICS are home to of the world's population.
- two third
 - 3 percent
 - three fourth
 - 43 percent
47. In BRICS summit in Brazil, the member countries, signed an agreement to create a development bank (New Development Bank) with headquarters at Shanghai, China in 2015.
- the first
 - the second
 - the sixth
 - the latest
48. The European Union is an example of a/an
- customs union
 - economic union
 - common market
 - free trade area
49. When several countries jointly impose common external tariffs, eliminate tariffs on each other, and eliminate barriers to the movement of labor and capital among

themselves, they have formed a/an

- a. free trade area
- b. customs union
- c. common market
- d. economic union

50. Suppose that tomatoes from India face a 20 percent tariff in the China and a 25 percent-tariff in Pakistan. If the China and Pakistan maintain free trade between each other, the these two countries belong to a

- a. free-trade area b. customs union
- c. common market d. monetary union

51. Which statement is not true about SAARC?

- a. Currently there are 8 members of SAARC
- b. It was established in Bangladesh in 1964
- c. Its first meeting was held in Danka
- d. It aims to promote mutual cooperation among members in South Asia

52. Who issues the Special Drawing Rights (SDR) in the following?

- a. World Bank
- b. World Trade Organization
- c. Asian Development Bank
- d. International Monetary Fund

53. Which of the followings are called Bretton-woods Twins?

- a. IMF & International Bank for Reconstruction and Development (IBRD)
- b. IMF & World Trade Organisation
- c. IBRD & World Trade Organisation
- d. None of the above

54. Which of the following statements is not correct?

- a. Both the IMF & IBRD have headquarters in Washington

- b. Both IMF & IBRD are the Constituent organizations of United Nations Organization
- c. IBRD is also called World Bank
- d. India's vote share in the International Monetary Fund is 10%

55. Which of the following institution is associated with Dunkel Proposals?

- a. World Bank
- b. International Monetary Fund
- c. World Trade Organization
- d. United Nations Organization

56. Which of the following institutions is not part of the World Bank community?

- a. IBRD b. WTO
- c. IDA d. IFC

57. The SAARC movement was launched for

- a. political alliances
- b. regional cooperation
- c. cultural exchanges
- d. military strategy

58. Expand the term MFN.

- a. Multilateral Financial Nations
- b. Most Favoured Nation
- c. Mutual Financial Nation
- d. Movements of Foreign Nations

59. WTO is serving as the successor to which of the following organisations?

- a. General Agreement on Trade and Tariffs
- b. General Arrangement on Trade and Tariffs
- c. World Health Organisation
- d. UN Development Programme

60. Assertion (A) : The Brettonwoods Conference proposed IMF, World Bank and International Trade Organisation (ITO) in 1944.

Reason (R) : Instead of ITO, an interim arrangement was made and named GATT (General Agreement on Tariff and Trade).

- Both A and R are true and R is the correct explanation of A.
- Both A and R are true but R is not the correct explanation of A.
- A is true but R is false.
- A is false but R is true.

61. Assertion (A) : IMF enforces the system of determination of par values of the currencies of the member countries.

Reason (R) : According to the Articles of Agreement of the IMF, every member nation should declare the par value of its currency in terms of gold or US dollars.

- Both A and R are true and R is the correct explanation of A.
- Both A and R are true but R is not the correct explanation of A.
- A is true but R is false.
- A is false but R is true.

62. Assertion (A) : SDRs act both as an international unit of account and a means of payment.

Reason (R) : SDRs are used as a means of payment by Fund members to meet balance of payments deficits and their total reserve position with the Fund.

- Both A and R are true and R is the correct explanation of A.
- Both A and R are true but R is not the correct explanation of A.
- A is true but R is false.
- A is false but R is true.

63. Assertion (A) : The World Bank has given large financial assistance to India for economic development.

Reason (R) : Special mention may be made of the assistance World Bank has given to India in the development of infrastructure such as electric power, transport, communication, irrigation projects and steel industry.

- Both A and R are true and R is the correct explanation of A.
- Both A and R are true but R is not the correct explanation of A.
- A is true but R is false.
- A is false but R is true.

64. Assertion (A) : The ASEAN nations are expected to benefit from the FTA as it will reduce tariff and non-tariff barriers.

Reason (R) : The common historical and cultural background made the member countries to maintain their unity and solidarity by establishing a trade block.

- Both A and R are true and R is the correct explanation of A.
- Both A and R are true but R is not the correct explanation of A.
- A is true but R is false.
- A is false but R is true.

65. Which of the following is not one of the international institutions established in the late 1940s?

- The General Agreement on Tariffs and Trade (GATT)
- The World Bank
- The International Monetary Fund (IMF)
- The World Trade Organization

66. Match the correct codes

1	IBRD	i	1956
2	IDA	ii	1958
3	IFC	iii	1960
4	MIGA	iv	1945

Codes

- (1) – (i) (2) – (ii) (3) – (iv) (4) – (iii)
- (1) – (ii) (2) – (iii) (3) – (iv) (4) – (i)
- (1) – (iv) (2) – (iii) (3) – (i) (4) – (ii)
- (1) – (i) (2) – (ii) (3) – (iii) (4) – (iv)

67. Match the correct codes

	WTO Ministerial Conference		Venue and Date
1	09	i	Singapore, 9-13 December 1996
2	06	ii	Bali, 3-6 December 2013
3	03	iii	Hong Kong, 13-18 December 2005
4	01	iv	Seattle, November 30 – December 3 1999

Codes

- (1) – (i) (2) – (ii) (3) – (iv) (4) – (iii)
- (1) – (ii) (2) – (iii) (3) – (iv) (4) – (i)
- (1) – (iv) (2) – (iii) (3) – (i) (4) – (ii)
- (1) – (i) (2) – (ii) (3) – (iii) (4) – (iv)

68. Match the correct codes

	WTO Ministerial Conference		Venue and Date
1	09	i	Singapore, 9-13 December 1996
2	06	ii	Bali, 3-6 December 2013
3	03	iii	Hong Kong, 13-18 December 2005
4	01	iv	Seattle, November 30 – December 3 1999

Codes

- (1) – (i) (2) – (ii) (3) – (iv) (4) – (iii)
- (1) – (ii) (2) – (iii) (3) – (iv) (4) – (i)
- (1) – (iv) (2) – (iii) (3) – (i) (4) – (ii)
- (1) – (i) (2) – (ii) (3) – (iii) (4) – (iv)

69. Match the correct codes

1	SAARC	i	Bangladesh, Bhutan, India, The Maldives, Nepal, Pakistan and Sri Lanka.
2	ASEAN	ii	Indonesia, Malaysia, Philippines, Singapore and Thailand
3	BRICS	iii	Brazil, Russia, India, China and South Africa
4	BENELUX	iv	Belgium, Netherland and Luxumburg

Codes

- (1) – (i) (2) – (ii) (3) – (iv) (4) – (iii)
- (1) – (ii) (2) – (iii) (3) – (iv) (4) – (i)
- (1) – (iv) (2) – (iii) (3) – (i) (4) – (ii)
- (1) – (i) (2) – (ii) (3) – (iii) (4) – (iv)

70. Match the correct codes

1	It is composed of a common market with a customs union	i	Economic Union
2	Free trade area (zero tariffs among members) with a common external tariff	ii	Customs Union
3	A region encompassing a trade bloc whose member countries have signed a free-trade agreement	iii	Multilateral trade agreement
4	It is a multi national legal or trade agreements between countries	iv	Free Trade Area

Codes

- (1) – (i) (2) – (ii) (3) – (iv) (4) – (iii)
- (1) – (ii) (2) – (iii) (3) – (iv) (4) – (i)
- (1) – (iv) (2) – (iii) (3) – (i) (4) – (ii)
- (1) – (i) (2) – (ii) (3) – (iii) (4) – (iv)

Answers									
1	2	3	4	5	6	7	8	9	10
c	a	b	a	b	b	a	c	d	d
11	12	13	14	15	16	17	18	19	20
b	a	d	c	b	a	c	b	c	b
21	22	23	24	25	26	27	28	29	30
b	d	d	a	a	c	b	d	a	b
31	32	33	34	35	36	37	38	39	40
d	b	a	b	a	a	b	d	c	b
41	42	43	44	45	46	47	48	49	50
c	b	a	a	b	d	c	c	c	a
51	52	53	54	55	56	57	58	59	60
b	d	a	d	c	b	b	b	a	b
61	62	63	64	65	66	67	68	69	70
a	a	a	a	d	c	b	a	a	a

Additional Two Marks

1. Who are the founding fathers of Brettenwoods twin?

- ❖ John Maynard Keynes and Harry Dexter White are the “founding fathers” of both the World Bank and the International Monetary Fund (IMF) which came as an outcome of Brettenwoods conference.

2. What was proposed in The Brettonwoods Conference?

- ❖ The Brettonwoods Conference proposed IMF, World Bank and International Trade Organisation (ITO) in 1944.

3. Mention the year of year establishment of the following ,

- International Monetary Fund
 - World Bank
 - World Trade Organisation
- a. International Monetary Fund - 1945
b. World Bank - 1945
c. World Trade Organisation - 1995

4. What is the key difference between GATT and WTO?

- ❖ GATT refers to an international multilateral treaty, signed by 23 nations to promote international trade and remove cross-country trade barriers. On the contrary, WTO is a global body, which superseded GATT and deals with the rules of international trade between member nations.
- ❖ While GATT is a simple agreement, there is no institutional existence, but have a small secretariat. Conversely, WTO is a permanent institution along with a secretariat.

5. List any two major objectives of IMF.

- To promote international monetary cooperation among the member nations.
- To facilitate faster and balanced growth of international trade.

6. What are the major functions of IMF?

- ❖ BoP crisis assistance
- ❖ Exchange Stability
- ❖ Foster sustainable economic growth.
- ❖ Facilitate international trade

7. How the function of IMR are grouped?

- ❖ The functions of the IMF are grouped under three heads.
 1. Financial – Assistance to correct short and medium term deficit in BOP;
 2. Regulatory – Code of conduct and
 3. Consultative - Counseling and technical consultancy.

8. Write a brief note on “Compensatory Financing Facility”

- ❖ In 1963, IMF established compensatory financing facility to provide additional financial assistance to the member countries, particularly primary producing countries facing shortfall in export earnings.

9. Write a brief note on “Buffer Stock Facility”

- ❖ The buffer stock financing facility was started in 1969. The purpose of this scheme was to help the primary goods (food grains) producing countries to finance contributions to buffer stock arrangements for the stabilisation of primary product prices.

10. Write about the Supplementary Financing Facility of IMF.

- ❖ Under the supplementary financing facility, the IMF makes temporary arrangements to provide supplementary financial assistance to member countries facing payments problems relating to their present quota sizes.

11. Write a short note on “Structural Adjustment Facility”

- ❖ The purpose of Structural Adjustment

Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF) is to force the poor countries to undertake strong macroeconomic and structural programmes to improve their balance of payments positions and promote economic growth.

12. What are the achievements of IMF/?

- i) Establishment of monetary reserve fund
- ii) Monetary discipline and cooperation
- iii) Special interest in the problems of UDCs

13. How is the SDR Valued?

- ❖ The value of the SDR was initially defined as equivalent to 0.888671 grams of fine gold - which, at the time, was also equivalent to one U.S. dollar.

14. Mention various agencies of the World Bank group.



15. List the major objectives of World Bank.

1. Reconstruction and Development
2. Encouragement to Capital Investment

3. Encouragement to International Trade
4. Establishment of Peace-time Economy
5. Environmental Protection

16. Write a note how World Bank is associated with rural areas?

The bank now also takes interest in the activities of the development of rural areas such as:

- a) spread of education among the rural people
- b) development of roads in rural areas and
- c) electrification of the villages.

17. List the highlights of relationship between India and World Bank.

- ❖ The name “International Bank for Reconstruction and Development” was first suggested by India to the drafting committee.
- ❖ Since then the two have developed close relationship with each other from framing the policies of economic development in India to financing the implementation of these policies.
- ❖ The World Bank has given large financial assistance to India for economic development.
- ❖ The World Bank has assisted a number of projects in India.

18. Expand the term TRIPS and TRIMS

- i. Agreement on Trade Related Intellectual Property Rights (TRIPs)
- ii. Agreement on Trade Related Investment Measures (TRIMs)

19. What are the restrictions on foreign investment on following grounds are to be removed under TRIMs?

TRIMs were widely employed by developing countries. Restrictions on foreign investment on following grounds are to be removed.

- i. No restriction on area of investment.
- ii. No binding on use of local material.
- iii. No mandatory exports.
- iv. No restriction on repatriation of royalty, dividend and interest.
- v. No trade balancing requirement, i.e. imports not exceeding exports.

20. What is the multi fibre agreement?

- ❖ Multi fibre agreement governed the world trade in textiles and garments since 1974.
- ❖ It imposed quotas on export of textiles by developing nations to the developed countries.
- ❖ This quota system was to be phased out over a period of ten years. This was beneficial to India.

21. Write a note on WTO's Dispute Settlement Body

- ❖ The Disputes Settlement Body puts an end to procedural delays.
- ❖ It is mandatory to settle any dispute within 18 months.
- ❖ The disputes are resolved through multilateral trading system.

22. What are the major WTO functions?

- i. Administering WTO trade agreements
- ii. Forum for trade negotiations
- iii. Handling trade disputes
- iv. Monitoring national trade policies
- v. Technical assistance and training for

developing countries

- vi. Cooperation with other international organizations

23. Write the venue and dates of any two WTO Ministerial Conferences. (write any two)

- 12. Kazakhstan - 2020
- 11. Buenos Aires, 10-13 December 2017
- 10. Nairobi, 15-18 December 2015
- 09. Bali, 3-6 December 2013
- 08. Geneva, 15-17 December 2011
- 07. Geneva, 30 November - 2 December 2009
- 06. Hong Kong, 13-18 December 2005
- 05. Cancún, 10-14 September 2003
- 04. Doha, 9-13 November 2001
- 03. Seattle, November 30 - December 3 1999
- 02. Geneva, 18-20 May 1998 and
- 01. Singapore, 9-13 December 1996

24. Write the meaning of a free trade area.

- ❖ A free trade area is the region encompassing a trade bloc whose member countries have signed a free-trade agreement (FTA).
- ❖ Such agreements involve cooperation between at least two countries to reduce trade barriers. e.g. SAFTA, EFTA.

25. What is an economic union?

- ❖ An economic union is composed of a common market with a customs union.
- ❖ The participant countries have both common policies on product regulation, freedom of movement of goods, services and the factors of production and a

common external trade policy.

- ❖ E.g. European Economic Union

26. Mention the year of establishment of the following organization.

South Asian Association for Regional Cooperation (SAARC), ASEAN and BRICSs

- 1. SAAR - 1985
- 2. ASEAN - 1967
- 3. BRICS - 2001

27. List the members of The SAARC Group

The SAARC Group (SAARC) comprises of Bangladesh, Bhutan, India, The Maldives, Nepal, Pakistan and Sri Lanka. In April 2007, Afghanistan became its eighth member.

28. What is the basic aim of SAARC organisation?

The basic aim of the organisation is to accelerate the process of economic and social development of member states through joint action in the agreed areas of cooperation.

29. List the members of BRICS.

Brazil, Russia, India, China and South Africa

30. Write a short note on BRICS.

- ❖ The BRICS countries make up 21 percent of global GDP. They have increased their share of global GDP threefold in the past 15 years.
- ❖ The BRICS are home to 43 percent of the world's population.
- ❖ The BRICS countries have combined foreign reserves of an estimated \$4.4 trillion

31. What is MFN?

- ❖ The Most Favoured Nation clause is the first clause in the General Agreement on Tariffs and Trade (GATT) by the World Trade Organisation (WTO).
- ❖ It is a treatment accorded by one state to another to ensure non-discriminatory trade practices between the two countries

32. What are major difference between IMF and World Bank?

The following are the major differences between IMF and World Bank:

- ❖ The International Monetary Fund is a controller of the world's monetary system. World Bank is a global financial institution.
- ❖ The IMF focuses on bringing economic stability, whereas the World Bank laid emphasis on economic growth of the developing nations.

33. What are The Three Regulatory Pillars of the “World Economic Order”?

The Bretton Woods system gave birth to three international organisations of paramount importance for International Economic affairs.

These are:

1. The World Trade Organization (WTO)
(the successor of the General Agreement on Tariffs and Trade)
2. The International Monetary Fund (IMF)
3. The World Bank Group

These are generally perceived as the three main organisations regulating the international economic order.

Additional Questions Three Marks**1. List the important objectives of IMF.**

- i) To promote international monetary cooperation among the member nations.
- ii) To facilitate faster and balanced growth of international trade.
- iii) To ensure exchange rate stability by curbing competitive exchange depreciations.
- iv) To eliminate or reduce exchange controls imposed by member nations.

2. Write briefly about “Structural Adjustment Facility”

- ❖ The IMF established Structural Adjustment Facility (SAF) in March 1986 to provide additional balance of payments assistance on concessional terms to the poorer member countries.
- ❖ In December 1987, the Enhanced Structural Adjustment Facility (ESAF) was set up to augment the availability of concessional resources to low income countries.
- ❖ The purpose of SAF and ESAF is to force the poor countries to undertake strong macroeconomic and structural programmes to improve their balance of payments positions and promote economic growth.

3. Write briefly about “Structural Adjustment Facility”

- i. Till 1970, India stood fifth in the Fund and it had the power to appoint a permanent Executive Director. India has been one of the major beneficiaries of the Fund assistance.

- ii. It has been getting aid from the various Fund Agencies from time to time and has been regularly repaying its debt.
- iii. India's current quota in the IMF is SDRs (Special Drawing Rights) 5,821.5 million, making it the 13th largest quota holding country at IMF with shareholdings of 2.44%.
- iv. Besides receiving loans to meet deficit in its balance of payments, India has benefited in certain other respects from the membership of the Fund.

4. What are the constituents of the World Bank Group where India is a member?

- ❖ International Bank for Reconstruction and Development (IBRD, 1945)
- ❖ International Development Association (IDA, 1960)
- ❖ International Finance Corporation (IFC, 1956)
- ❖ Multilateral Investment Guarantee Agency (MIGA, 1958)

5. What are the major objectives of WTO?

- i) To ensure reduction of tariff and other barriers.
- ii) To eliminate discrimination in trade.
- iii) To facilitate higher standard of living.
- iv) To facilitate optimal use of world's resources.
- v) To enable the LDCs to secure fair share in the growth of international trade.
- vi) To ensure linkages between trade policies, environmental policies and sustainable development.

6. Write a note on TRIPs.

Agreement on Trade Related Intellectual Property Rights (TRIPs)

- ❖ Intellectual Property Rights include copy right, trade marks, patents, geographical indications, trade secrets, industrial designs, etc.
- ❖ TRIPS Agreement provides for granting product patents instead of process patents.
- ❖ The period of protection will be 20 years for patents, 50 years for copy rights, 7 years for trade marks and 10 years for layout designs.
- ❖ As a result of TRIPS, the dependence of LDCs on advanced countries for seeds, drugs, fertilizers and pesticides has increased. Farmers are depending on the industrial firm for their seeds.

7. Write a short note on TRIMs

Agreement on Trade Related Investment Measures (TRIMs)

- ❖ TRIMs are related to conditions or restrictions in respect of foreign investment in the country.
- ❖ It calls for introducing equal treatment for foreign companies on par with national companies. TRIMs were widely employed by developing countries.

8. Explain the "General Agreement on Trade in Services (GATS)"

The important concepts used in macro economics are presented below:

- ❖ GATS is the first multilateral set of rules covering trade in services like banking, insurance, transportation, communication, etc.,
- ❖ All members countries are supposed to extend MFN (Most Favoured Nation)

status to all other countries without any discrimination.

- ❖ Transparency should be maintained by publishing all relevant laws and regulations over services.

9. Distinguish between IMF and World Bank.

BASIS FOR COMPARISON	IMF	WORLD BANK
Meaning	An international organization maintaining the global monetary system is the International Monetary Fund.	A global organization established to finance and advice the developing nations, in order to make them economically developed is World Bank.
Focus on	Economic Stability	Economic Growth
Organizational Structure	It is a single organization with four credit lines.	It has two major institutions, namely International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).
Operations	Provides assistance	Facilitates lending
Objective	To deal with all the issues related to the financial sector and macro economics.	To lessen poverty and promote the long term development of the economy.

10. What are the major achievements of WTO?

- 1) Use of restrictive measures for BoP problems has declined markedly;
- 2) Services trade has been brought into the multilateral system and many countries, as in goods, are opening their markets for trade and investment;
- 3) The trade policy review mechanism has created a process of continuous monitoring of trade policy developments.

Additional Questions Five Marks

1. Differentiate the GATT with WTO by the help of a table

BASIS FOR COMPARISON	GATT	WTO
Meaning	GATT can be described as a set of rules, multilateral trade agreement, that came into force, to encourage international trade and remove cross-country trade barriers.	WTO is an international organization, that came into existence to oversee and liberalize trade between countries.
Institution	It does not have any institutional existence, but have a small secretariat.	It has permanent institution along with a secretariat.

Participant nations	Contracting parties	Members
Commitments	Provisional	Full and Permanent
Application	The rules of GATT are only for trade in goods.	The rules of WTO includes services and aspects of intellectual property along with the goods.
Agreement	Its agreement are originally multilateral, but plurilateral agreement are added to it later.	Its agreements are purely multilateral.
Domestic Legislation	Allowed to continue	Not allowed to continue
Dispute Settlement System	Slow and ineffective	Fast and effective

2. Discuss the major functions of IMF

i) Bringing stability in exchange rate

The IMF is maintaining exchange rate stability and emphasising devaluation criteria, restricting members to go in for multiple exchange rates and also to buy or sell gold at prices other than declared par value.

ii) Correcting BOP Disequilibrium

The IMF is helping the member countries in eliminating or minimizing the short-period disequilibrium in their balance of payments either by selling or lending foreign currencies to the member nation.

iii) Determining par values

IMF enforces the system of determination of par values of the currencies of the member countries. According to the Articles of Agreement

of the IMF, every member nation should declare the par value of its currency in terms of gold or US dollars. Under this article, IMF ensures smooth working of the international monetary system, in favour of some developed countries.

iv) Balancing demand and supply of currencies

IMF is entrusted with the important function of maintaining balance between demand and supply of various currencies. The Fund (IMF) can declare a currency as scarce currency which is in great demand and can increase its supply by borrowing it from the country concerned or by purchasing the same currency in exchange of gold.

v) Reducing trade restrictions

The Fund also aims at reducing tariffs and other trade barriers imposed by the member countries with the purpose of removing restrictions on remittance of funds or to avoid discriminating practices.

vi) Providing credit facilities

IMF is providing different borrowing and credit facilities with the objective of helping the member countries. These credit facilities offered by it include basic credit facility, extended fund facility for a period of three years, compensatory financing facility and structural adjustment facility.

3. Explain in detail about the facilities offered by IMF to its member nations?

(i) Basic Credit Facility:

The IMF provides financial assistance to its member nations to overcome their temporary difficulties relating to balance of payments. A member nation can purchase from the Fund other currencies or SDRs, in exchange for its own currency, to finance payment deficits.

(ii) Extended Fund Facility

Under this arrangement, the IMF provides additional borrowing facility up to 140% of the member's quota, over and above the basic credit facility.

(iii) Compensatory Financing Facility

IMF established compensatory financing facility to provide additional financial assistance to the member countries, particularly primary producing countries facing shortfall in export earnings.

(iv) Buffer Stock Facility

The purpose of this scheme was to help the primary goods (food grains) producing countries to finance contributions to buffer stock arrangements for the stabilisation of primary product prices.

(v) Supplementary Financing Facility

Under the supplementary financing facility, the IMF makes temporary arrangements to provide supplementary financial assistance to member countries facing payments problems relating to their present quota sizes.

(vi) Structural Adjustment Facility

The purpose of Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF) is to force the poor countries to undertake strong macroeconomic and structural programmes to improve their balance of payments positions and promote economic growth.

4. Narrate the achievements of IMF

The main achievements of International Monetary Fund are as follows:

i) Establishment of monetary reserve fund:

The Fund has played a major role in achieving the sizeable stock of the national currencies of different countries. To meet the foreign exchange requirements of the member nations, IMF uses its stock to help the member nations to meet foreign exchange requirements.

ii) Monetary discipline and cooperation

The IMF has shown keen interest in maintaining monetary discipline and cooperation among the member countries. To achieve this objective, it has provided assistance only to those countries which make sincere efforts to solve their problems.

iii) Special interest in the problems of UDCs

The notable success of the Fund is the maintenance of special interest in the acute problems of developing countries. The Fund has provided financial assistance to solve the balance of payment problem of UDCs. However, many UDCs continue to be UDCs, while the developed countries have achieved substantial growth.

5. List the major objectives of World Bank

The following are the objectives of the World Bank:

1. To help member countries for economic reconstruction and development.
2. To stimulate long-run capital investment for restoring Balance of Payments (BoP) equilibrium and thereby ensure balanced development of international trade among the member nations.
3. To provide guarantees for loans meant for infrastructural and industrial projects of member nations.
4. To help war ravaged economies transform into peace economies.

5. To supplement foreign private investment by direct loans out of its own funds for productive purposes.

6. Discuss the Achievements of World Bank.

- i) It is noted that the Bank's membership has increased from the initial number of 30 countries to 68 countries in 1960 and to 151 countries in 1988. The IBRD has 189 member countries.
- ii) The Bank grants medium and long-term loans (i.e., payable over a period of 15-20 years) for reconstruction and development purposes to the member countries. The actual term of a loan depends upon the estimated useful life of the equipment or plant financed.
- iii) Initially the World Bank's loans were mainly directed at the European countries for financing their programmes of reconstruction. Later it changed its development loan strategy and lays more emphasis of financing schemes for the poor masses of the developing countries.
- iv) The World Bank grants loans to member countries only for productive purposes particularly for agriculture, irrigation, power and transport. In other words, the Bank strengthens infrastructure needed for further
- v) The International Development Association (IDA), the Soft Loan Window of the Bank provides loans to UDCs at very low rate of interest. However, the economic inequality among the member-countries goes on increasing. Many African countries are yet to improve their economic status.

7. Elaborate the WTO Agreements in detail.

i) Agreement on Trade Related Intellectual Property Rights (TRIPs)

- ❖ Intellectual Property Rights include copy right, trade marks, patents, geographical indications, trade secrets, industrial designs, etc.
- ❖ TRIPS Agreement provides for granting product patents instead of process patents.
- ❖ The period of protection will be 20 years for patents, 50 years for copy rights, 7 years for trade marks and 10 years for layout designs.
- ❖ As a result of TRIPS, the dependence of LDCs on advanced countries for seeds, drugs, fertilizers and pesticides has increased.
- ❖ Farmers are depending on the industrial firm for their seeds.

ii) Agreement on Trade Related Investment Measures (TRIMs)

- ❖ TRIMs are related to conditions or restrictions in respect of foreign investment in the country.
- ❖ It calls for introducing equal treatment for foreign companies on par with national companies. TRIMs were widely employed by developing countries.

iii) General Agreement on Trade in Services (GATS)

- ❖ GATS is the first multilateral set of rules covering trade in services like banking, insurance, transportation, communication, etc.,
- ❖ All members countries are supposed to extend MFN (Most Favoured Nation) status to all other countries without any discrimination.

- ❖ Transparency should be maintained by publishing all relevant laws and regulations over services.

iv) **Phasing out of Multi Fibre Agreement (MFA)**

- ❖ The multi fibre agreement governed the world trade in textiles and garments since 1974.
- ❖ It imposed quotas on export of textiles by developing nations to the developed countries.
- ❖ This quota system was to be phased out over a period of ten years. This was beneficial to India.

v) **Agreement on Agriculture (AoA)**

- ❖ Agriculture was included for the first time under GATT.
- ❖ The important aspects of the agreement are Tariffication, Tariff cuts and Subsidy reduction.

8. Enumerate the objectives of SAARC.

According to Article I of the Charter of the SAARC, the objectives of the Association are as follows:

- i) To promote the welfare of the people of South Asia and improve their quality of life;
- ii) To accelerate economic growth, social progress and cultural development in the region;
- iii) To promote and strengthen collective self-reliance among the countries of South Asia;
- iv) To contribute to mutual trust, understanding and appreciation of one another's problems;
- v) To promote active collaboration and mutual

assistance in the economic, social, cultural, technical and scientific fields;

- vi) To strengthen co-operation with other developing countries;
- vii) To strengthen cooperation among themselves in international forums on matters of common interest;
- vii) To cooperate with international and regional organisations with similar aims and purposes.

9. List the Achievements of SAARC organization.

1. The establishment of SAARC Preferential Trading Agreement (SAPTA) and reduction in tariff and non-tariff barriers on imports.
2. The setting up of Technical Committees for economic cooperation among SAARC countries relating to agriculture, communications, education, health and population, rural development, science and technology, tourism, etc.
3. SAARC has established a three-tier mechanism for exchanging information on poverty reduction programmes which is passed on to member countries.
4. SAARC Agricultural Information Centre (SAIC) in 1988 works as a central information institution for agriculture related resources like fisheries, forestry, etc.
5. South Asian Development Fund (SADF) for development projects, human resource development and infrastructural development projects. With all these tall claims, the inter-SAARC Trade has not gone beyond three percent in the last 30 years.

10. What are the functions of the ASEAN?

- (i) It facilitates free movement of goods, services and investments within ASEAN by creating a single regional market like the European Union.
- (ii) It provides free access to the markets of one member country to the markets of all other member countries, thus fostering growth in the region.
- (iii) It improves business competitiveness between businesses from different countries and also narrow developmental gaps between member countries.
- (iv) It paves way for market and investment opportunities for the member nations.
- (v) It fosters co-operations in many areas including industry and trade.

11. List the functions of BRICS.

- 1. It acts as a promoter of more legitimate international system and also advocating reform of the UN Security Council.
- 2. This group of nations is especially meant for South-South framework for cooperation.
- 3. It performs as an agent to bridge the increasing gap between developed and developing countries. For instance, in the WTO, the BRICS countries are emphasizing to promote a fair order regarding agricultural policies.
- 4. It performs a commendable contribution for assisting developing countries in gaining in areas such as an advantage in trade and climate change negotiations.

- 5. It disseminates information and exchange platform beyond economic cooperation.
- 6. It acts as a catalytic in protecting the interests of middle powers on global forum.

12. Write anote on “Special Drawing Rights”

- ❖ The IMF has succeeded in establishing a scheme of Special Drawing Rights (SDRs) which is otherwise called ‘Paper Gold’.
- ❖ They are a form of international reserves created by the IMF in 1969 to solve the problem of international liquidity.
- ❖ They are allocated to the IMF members in proportion to their Fund quotas.
- ❖ SDRs are used as a means of payment by Fund members to meet balance of payments deficits and their total reserve position with the Fund.
- ❖ Thus SDRs act both as an international unit of account and a means of payment.
- ❖ All transactions by the Fund in the form of loans and their repayments, its liquid reserves, its capital, etc., are expressed in the SDR.
- ❖ The achievements of the fund can be summed up in the words of Haïen that ‘Fund is like an International Reserve Bank’.

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