

Answer No-2

UNCTAD is an abbreviation United Nations Conference on Trade and Development.

★ Objective of Unctad :-> The objective of unctad

(a) to reduce and ^{it} eventually eliminate the trade gap between and developed and developing countries

(b) and to accelerate the rate of economic growth of the developing world.

★ Function of Unctad :->

- (i) To promote International between developed and developing Countries with a view to accelerate economic development.
- (ii) To formulate principles and policies on International trade and related problems of economic development
- (iii) To make proposals for putting its principles and policies into effect.
- (iv) To Negotiate trade Agreements.
- (v) To function as a centre for a harmonious trade and related documents in development policies of Government.

★ Factors that determine the gains from international trade

- (i) Difference in Cost Ratio! → The gains from International trade depend on differences in Comparative Cost ratio in the two trading Countries.
- (ii) Reciprocal Demand! → The term trade, in turn, depends upon reciprocal demand, i.e. the relative strength and elasticity of demand of one Country for the product of the other in exchange of its product.
- (iii) Level of Income! → The Level of Money Income of a Country is another factor which determines the gains and the share of trade. A Country whose goods have a constant demand in other Countries will have a high level of money Income.

(iv) Terms of Trade!) The most important factor which determines the gains from trade is the terms of trade. The terms of trade refer to the rate at which one commodity for a country is exchanged for another commodity of the other country. This refers to the barter terms of trade which will be used to determine the gains as well as the distribution of the gains from International trade.

(v) Productive Efficiency!)

(vi) Nature of Commodities Exported

(vii) Technological Conditions