

Q17
Ans 2 • Two main objectives of UNCTAD are :-

- a) To reduce and eventually eliminate the trade gap between the developed and developing Countries.
- b) To accelerate the rate of economic growth of the developing world.

• The main functions of the UNCTAD are :-

- i) To promote international trade 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, To negotiate trade agreements.
- iv) To review and facilitate the coordination of activities of the other U.N. institutions in the field of international trade.
- v) To function as a centre for a harmonious trade and related documents in development policies of governments.

● 8 Essential Factors that determines the gains from international trade :-

- 1) Differences in Cost Ratios: The gains from international trade depend on differences in comparative cost ratios in the two trading countries.
- 2) Reciprocal Demand: The terms of trade, in turn, depend upon reciprocal demand, i.e., the relative strength and elasticity of demand of one country for the product of the other in exchange for its product.
- 3) Level of Income: The level of money income of a country is another factor which determines the gains and the share of trade.
- 4) Terms of Trade: The most important factor which determines the gains from trade is the terms of trade.
- 5) Productive Efficiency: An increase in the productive efficiency of a country also determines its gain from trade.
- 6) Nature of Commodities Exported: Another factor is the nature of commodities exported by a country.
- 7) Technological Conditions: A country which is technologically advanced and has an abundance of capital, its volume of foreign trade will be large & so will be its gain from international trade.
- 8) Size of the Country: The gain from trade also depends on the size of the country.