

Section-B

What is International Trade? Write the major function of IMF. What are the benefits of home country?

International Trade →

International trade refers to exchange of goods and services b/w the countries. In simple words, it means the export and import of goods and services.

Export means selling goods and services out of the country.

While import means goods and services flowing into the country.

International trade law supports the world economy where prices of demand and supply are affected by global events.

The major function of IMF (International Monetary Fund)

① Exchange stability →

The first important function of IMF is to maintain exchange stability and thereby to discourage and fluctuation in the rate of exchange. The fund ensures such stability by making necessary arrangements like enforcing declaration of par value of currency of all members in terms of

gold or US dollar, enforcing devaluation
Criteria up to 10 percent or more
by more information.

2 Eliminating BOP Disequilibrium →

The fund helps to member countries in eliminating or minimizing the short period of balance of payment either by selling or lending foreign currencies to the members.

The funds also help its members towards removing long term period disequilibrium in their balance of payment.

3 Determination of par value →

IMF enforces the system of determinates of par-values of the currencies of the member countries. As per the original Articles of agreement of the IMF every member country must declare the par value of its currency.

④ Stabilise Economic ↴

IMF has an important function to advise the member countries on various economic & monetary matters

⑤ Credit facilities ↴

IMF is maintaining various borrowing credit facilities so as to help the member countries in correcting in their bop. This credit facilities include basic credit facilities, extended fund facilities for a period of 3 yrs.