

# Competitive Exams Commerce Study Material: World Organizations

## World Organizations

### What is IMF?

IMF is UNO recognized international monetary fund or reserve which helps its members. It established in 1946 after bretton wood meeting. It has 185 members across the all nations but soviet Russia and its member are not linked with IMF.

All work is done by its board of directors which is made by board of governors. Every country's finance minister is as the governor from his respective country. There are two type directors in board of directors of IMF. One is quota and other is non quota. USA, UK, Germany and India are quota country and one member is taken in board of directors and other from non quota countries. Total no. Of directors are 20.

### Objective and Functions of IMF

1. Provide loan to the members for removing unfavorable balance of payment.
2. Determine the value of currency of member countries.
3. Determine the economic policies' main contents of member's countries.
4. To make plan for increasing per capita income of member countries.
5. To collect money from member countries in the form of fun or reserves.
6. Latest objective in IMF is that it will support 3 trillion dollars under his budget for decreasing the pressure of 2000 recession.

### Eligibility for Membership in IMF

Any country can become the member of IMF but for getting eligibility the following procedure is adopted by IMF. First of all membership is accepted by board of directors after accepting membership, board of directors send this proposal to board of governors with supported all documents and subscription and quota amount as per the terms of membership.

### World Bank or IBRD

World Bank is international financial institution for reconstruction and development of member countries. So, its other name is international bank of reconstruction and development IBRD. This bank is established in 1944 after bretton woods meeting of 20 major countries. This bank

provides long term loan to its members and all work is done by executive directors which is nominated by shareholders of member countries and board of governors.

Bank has own 20 billion dollar paid up capital. Bank provides loan but before providing loan it sees the project and after accepting project, the loan is given under strict terms and conditions of World Bank. In which includes the interest on loan, commission and administration charges.

## GATT and Its Functions and Policies

In 1944, developed countries participated in bretton woods meeting. In this meeting they wanted to make international trade organisation but all countries could not agree on its terms but 1948, they had made a general agreement for tariffs and trade after signing GATT in 1947 by 23 countries including India. Now no. Of member countries reached up to 184.

## Objectives and Functions of GATT

1. Reduce international restriction
2. Reduce tax problems
3. Development in international trade

## Policies of GATT

1. Non discrimination policy
2. No quantitative restrictions
3. Opinions

## WTO and Its Functions and Policies

Full form of WTO is world trade organisation. It is an international organisation which established after conversion of GATT in 1995. In 1944, when bretton woods conference was completed. In that meeting leaders of developed countries wanted to make international trade organisation but they accepted only GATT's policies in 1948. After Uruguay discussion, all GATT members included in WTO. Main objective of making WTO is to reduce restrictions in international trade with more globalisation and liberalisation policy.

## Functions and Policies of WTO

1. Reduction of the rate of Tariffs: Tariffs means tax on imported goods. For developing international trade, it is compulsory to all member countries to reduce 24 % to 30 % tariffs with in 6 to 10 years.
2. Reduction the subsidy to domestic trade: For more smooth competition, WTO has made rule to reduce the amount of subsidy or other assistance which is given by govt. To their domestic industry.

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3. TRIPS: Trips means trade and intellectual property rights. WTO has made some rules for prohibiting piracy in intellectual property rights. All countries will have to accept these trips.
4. Other GATT rules: Some of GATT rules will still apply