

# **Vivekanand College, Kolhapur (Autonomous)**

**Department of BBA**

**Subject- International Business**

*Topic- International Monetary Fund (IMF)*

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# International Monetary Fund (IMF)

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# International Monetary Fund (IMF)

- After the 1<sup>st</sup> world war, there were a complete lack of monetary co-operation among various countries of the world.
- Every country was trying to maximize its export and minimize imports.
- During the closing years of war, an international monetary conference was held at Bretton Woods in USA.
- Final negotiations for establishment of IMF took place among the delegates of 29 nations gathered at Bretton Woods in July 1944.
- Headquarter- Washington D. C.

# International Monetary Fund (IMF)

## Membership-

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- The communist countries like China and Russia earlier kept themselves away from membership.
- The membership is open to every country. Membership of IMF is prerequisite for membership of world bank.
- Till date (Jan 2022) total 190 countries are members of IMF.

# International Monetary Fund (IMF)

## Resources (Fund)-

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- Members quota is the main resource of IMF.
- Quotas are fixed for each country and it represents the subscription by member-country.
- Initially, 25% of quota was paid in form of gold or US dollars and 75% in own currency now 25% is in form of SDR (Special Drawing Right).
- Currently \$ 1 trillion available for lending.

# International Monetary Fund (IMF)

## Organization Structure-

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- Board of Governors, Executive Board, a Managing Director, Secretariat, Interim and Development Committee.
- The Board of Governors is the main decision making body of the fund. It is the highest body. The board consist one Governor and one alternative Governor. Governor has right to vote. They meet once in a year.
- The Executive Board at present has 24 directors. 5 major members are appointed by largest quotas. They have vast powers relating to regulatory, supervisory and financial services.
- Managing Director is non-voting chairman of Board.

# International Monetary Fund (IMF)

## Objectives of IMF-

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- To promote international monetary co-operation through proper consultation on various problems.
- To provide balanced growth of international trade.
- To promote exchange stability.
- To provide funds temporarily to them for proper utilization of resources.
- To promote export of capital in underdeveloped and poor countries.
- To minimize the imbalance in quantum and duration of external trade.

# International Monetary Fund (IMF)

## Functions of IMF-

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- It provides technical assistance to member countries with regard to fiscal and monetary policies.
- IMF provides short term financial assistance to its members to remove BOP crisis.
- It enables the members to borrow from other countries.
- It conducts research studies and publishes various reports.
- It also conducts short-term training courses on policy makings.