



INTERNATIONAL MONETARY FUND

About

- An international organization
- Promotes international monetary cooperation, trade and economic growth.
- Established in 1944 at the Bretton Woods Conference
- Headquarters: Washington D.C.
- India: Founding Member

Functions



- To provide financial assistance to member countries facing balance of payments difficulties
- Promote international monetary cooperation
- Provide policy advice and technical assistance to its members

Governing Mechanism

BOARD OF GOVERNORS

- IMF is governed by a Board of Governors.
- Each member country having representation through a governor.
- Board of Governors is responsible for setting the overall policies and direction of the organization.

MANAGING DIRECTOR

- A Managing Director is appointed by the Board of Governors.
- He is responsible for the day-to-day operations of the organization.

EXECUTIVE DIRECTORS

- There are 24 Executive Directors who represent the IMF's 190 member countries.
- They play a key role in the decision making process of the organization.
- Each member country is grouped together with other countries to form a constituency.
- Each constituency represented by an Executive Director.
- The size and composition of constituencies are reviewed periodically to reflect changes in the global economy.

Financial Resources

Provided by its member countries, primarily through quotas that are reviewed periodically.



CRITICISM

- For its role in imposing austerity measures on countries receiving financial assistance.
- For its perceived bias towards developed countries.

Important Reports

- The World Economic Outlook (WEO)
- Global Financial Stability Report (GFSR)
- Fiscal Monitor
- Regional Economic Outlook
- External Sector Report



Voting Rights

- Each member country has a certain number of votes known as its quota
- Quota is determined by its financial commitment to the organization.
- Larger quotas generally correspond to more votes.
- Decisions are typically made by a supermajority of 85% of total voting power.
- The distribution of voting power in the IMF is reviewed periodically to reflect changes in the global economy.



Special Drawing Rights (SDR)

- The IMF created a reserve asset called the SDR in 1969.
- It is used to supplement its member countries' official reserves.
- Used as a unit of account by the IMF.
- Serves as a potential source of funding for its member countries.

