



“बेटी बचाओ, बेटी पढ़ाओ”

**JAYOTI VIDYAPEETH WOMEN'S UNIVERSITY, JAIPUR**  
**Faculty of Law & Management**

<b>Faculty Name</b>	- JV'n Dr. Shahnawaz Alam (Asst. Prof./Asso. Prof./Professor)
<b>Program</b>	- B.COM (H) V SEM/ B.COM LLB V SEM
<b>Course Name</b>	- International Economics

**Academic Day starts with saying**

‘**Namaste**’ by joining Hands together following by 2-3 Minutes Happy session, Celebrating birthday of any student of respective class and **National Anthem.**

**Lecture Starts with Review of previous Session**

**Topic to Be Discussed Today: Objective and Function of IMF**

The origin of the IMF goes back to the days of international chaos of the 1930s. During the Second World War, plans for the construction of an international institution for the establishment of monetary order were taken up. At the Bretton Woods Conference held in July 1944, delegates from 44 non-communist countries negotiated an agreement on the structure and operation of the international monetary system. The Articles of Agreement of the IMF provided the basis of the international monetary system. The IMF commenced financial operations on 1 March 1947, though it came into official existence on 27 December 1945, when 29 countries signed its Articles of Agreement (its

charter). Presently the IMF has near-global membership of 189 member countries. India is one of the founder- members of the Fund.

To promote international cooperation; to facilitate the expansion and balanced growth of international trade; to promote exchange stability; to assist in the establishment of a multilateral system of payments; to make its general resources available to its members experiencing balance of payments difficulties under adequate safeguards; and to shorten the duration and lessen the degree of disequilibrium in the international balance of payments of members.

### **Objectives of IMF:**

- To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems?
- To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objective of economic policy.
- To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.
- To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper
- To give confidence to members by making the general resources of the Fund temporarily available to them under adequate safeguards, thus providing them with the opportunity to correct maladjustments in their balance of

payments, without resorting to measures destructive of national or international prosperity. or the growth of world trade?

- In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balance of payments of members.

### **Functions of IMF:**

The principal function of the IMF is to supervise the international monetary system. Several functions are derived from this. These are: granting of credit to member countries in the midst of temporary balance of payments deficits, surveillance over the monetary and exchange rate policy. The main function of the IMF is to provide temporary financial support to its members so that 'fundamental' BOP disequilibrium can be corrected. However, such granting of credit is subject to strict conditionality. The conditionality is a direct consequence of the IMF's surveillance function over the exchange rate policies or adjustment process of members. The main conditionality clause is the introduction of structural reforms. Low income countries drew attraction of the IMF in the early years of 1980s when many of them faced terrible BOP difficulties and severe debt repayment problems. Against this backdrop, the Fund took up 'stabilization program' as well as 'structural adjustment program'. Stabilization program is a demand management issue, while structural program concentrates on supply management. The IMF insists member countries to implement these programs to tackle macroeconomic instability. The Fund provides financial assistance. It includes credits and loans to member countries with balance of payments problems to support policies of adjustment and reform. It makes its financial resources available to member countries through a variety of financial facilities.

In addition, technical assistance is also given by the Fund. Technical assistance consists of expertise and support provided by the IMF to its members in several

broad areas: the design and implementation of fiscal and monetary policy;  
institution-building

**University Library Reference:**

Jhingan, M. L. (2009). *International Economics*, 6th Re-vised and Enlarged Edition.

**Online Reference:**

1. Krueger, A. O. (1997). Whither the World Bank and the IMF?.
2. Bertelli Motta, C., Clark, P. C., Glover, S. C., Klessen, R. S., & Pasquali, A. (2016). The IMF as a function of supersonic turbulence. *Monthly Notices of the Royal Astronomical Society*, 462(4), 4171-4182.

**Competitive questions from today topic (2 questions Minimum) - The headquarter** of IMF located at

- I. Geneva
- II. London
- III. Iraq
- IV. None of these

**When did international monetary fund start functioning?**

- I. 1945
- II. 1978
- III. 1946
- IV. 1947

Questions to check understanding level of students-

Discuss the objective and function of International monetary fund