

# TEACHERS' VISION

WAY TO GOVERNMENT JOBS

## STUDY MATERIAL

### BANKING & ECONOMY

# IMF

HIGHLY EXPERIENCED FACULTY 10+ YEARS TEACHING EXPERIENCE



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EXPERTISE IN MATHS



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#### Why Us

- ❖ Small Size Batch.
- ❖ Individual Attention to Each Student.
- ❖ We take Regular Test.
- ❖ We prepare Students for Previous Year & Latest Pattern Based Questions.
- ❖ We have Provided Best Results.

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## INTERNATIONAL MONETARY FUND (IMF)

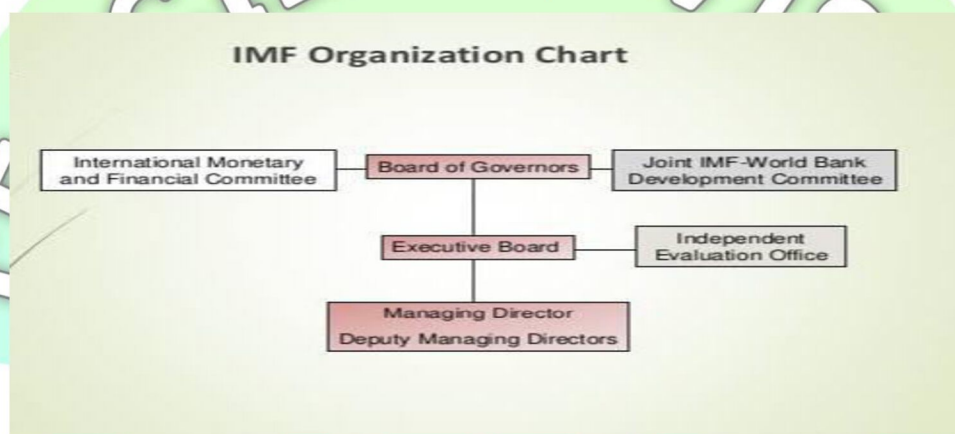
Bretton woods conference- United Nations monetary and financial conference Meeting of 44 countries in Bretton woods, Hampshire USA in July 1944. Gathered to regulate the international monetary and financial order

Bretton Wood Twins : : World Bank ( IBRD, IDA) and IMF

India – founding member of Both are ' Specialized Agencies' of UN

IMF Headquarter : Washington DC.. Funding body Formed in 1944, Formal Existence Started on 27 December 1945 with 29 member countries.

Present members : 190 countries. Latest one Andorra ( Principality of Andorra) 16 oct 2020



### STRUCTURE/ ORGANIZATION

- Board of Governors:
- Highest decision making body – like parliament in India
- Each member country One Governor and One alternate Governor  
India – Nirmala Sitharaman, Shaktikanta Das
- Rights to approve quota increase , admission of new members , amendment to article of association, SDR allocation.

### Two Ministerial committees :

- 1) International Monetary and Financial Committee IMFC – 24 Members representing all member countries. It discuss the Mgt. Of the international monetary and Financial system and any other matters of common concern affecting the global economy. World Bank is merely a observer in it .
- 2) Development committee: Joint committee of IMF and World Bank – 25 members. It advise on issues related to economic development in emerging market and developing countries.

### Functions of IMF

- 1) Surveillance

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➤ The IMF monitors member country policies as well as national, regional, and global economic and financial developments through a formal system known as surveillance.

➤ World Economic Outlook , Global Financial Stability Report

### 2) Financial Assistance

➤ Providing loan : short and Medium term

➤ Financial stability issues

3) Capacity development : Technical assistance and training. Policy advice macroeconomic

### SDR - International Reserve Asset

➤ supplement the official reserves of member countries made in 1969.

➤ The SDR is neither a currency nor a claim on the IMF.

➤ The SDR basket is reviewed every five years

➤ In March 2021, the Executive Board delayed the next review of the SDR valuation basket to July 31, 2022 effectively resetting the five-year cycle of SDR valuation reviews.

Currency	Weights determined in the 2015 Review	Fixed Number of Units of Currency for a 5-year period Starting Oct 1, 2016
U.S. Dollar	41.73	0.58252
Euro	30.93	0.38671
Chinese Yuan	10.92	1.0174
Japanese Yen	8.33	11.900
Pound Sterling	8.09	0.085946

### SDR

➤ On August 2, 2021 the Board of Governors of the IMF approved a general allocation of SDRs equivalent to US\$650 billion (about SDR 456 billion)

➤ SDRs cannot be held by private entities or individuals.

➤ IMF has made an allocation of (SDR) 12.57 billion (equivalent to around USD 17.86 billion at the latest exchange rate) to India on August 23, 2021.

➤ The total SDR holdings of India now stands at SDR 13.66 billion (equivalent to around USD 19.41 billion at the latest exchange rate) as on August 23, 2021.

### IMF QUOTAS

#### ➤ Resource Contributions

Quotas determine the maximum amount of financial resources a member is obliged to provide to the IMF.

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### ➤ Voting Power

Quotas are a key determinant of the voting power in IMF decisions. Votes comprise one vote per SDR100,000 of quota plus basic votes (same for all me

### ➤ Access to Financing

Quotas determine the maximum amount of financing a member can obtain from the IMF under normal access.

### ➤ SDR Allocations

Quotas determine a member's share in a general allocation of SDRs.

### Quota

#### ➤ Quota formula... ?

➤ India holds 2.75 per cent of SDR quota and 2.63 per cent of votes in the IMF. (2016 Reforms)

➤ How to pay quota by member countries..?

➤

### Funding of IMF

1) quota Subscription

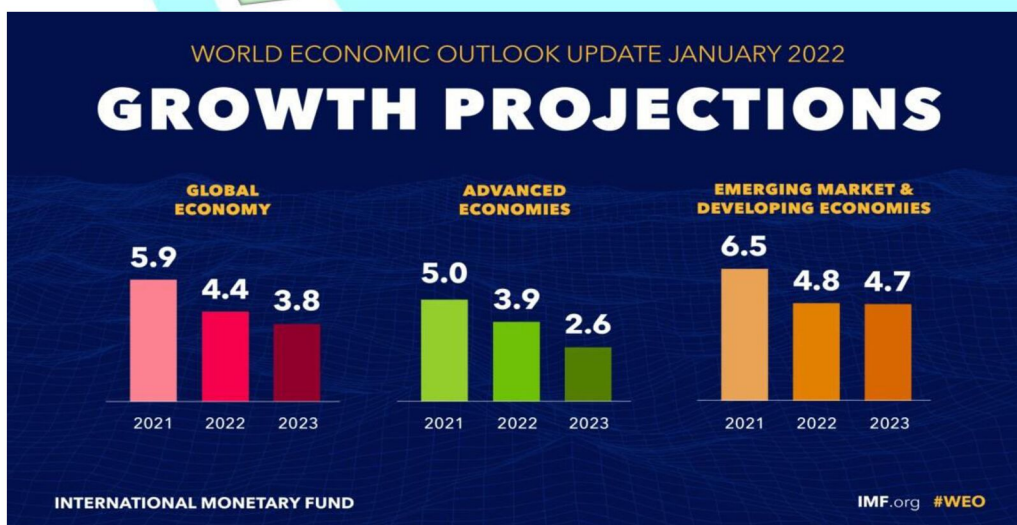
2) Multilateral and bilateral borrowing

General arrangements to Borrow (GAB) 11 industrial countries ( lapsed )

New Arrangements to Borrow (NAB) :

### Lending by IMF :

The IMF projects global GDP to grow 4.4% in 2022, a downtick from the 5.9% growth expected in 2021. WEO.

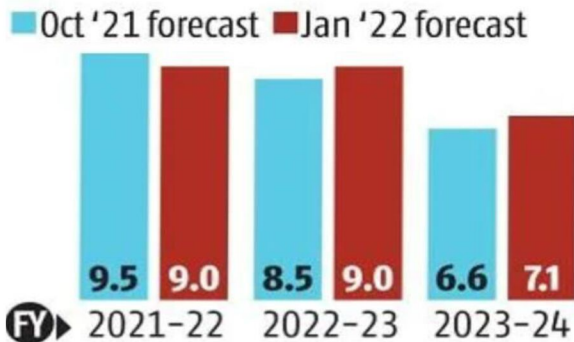


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## IMF'S INDIA GDP ESTIMATE: OCTOBER 2021 VS JANUARY 2022



Source: IMF World Economic Outlook

## FY23 FORECASTS BY VARIOUS AGENCIES

Agency	FY23 real GDP forecast (in %)
RBI	7.3
IMF	9.0
World Bank	8.7
India Ratings	7.6
SBI Research	8.0
Moody's	7.9
Barclays	7.3

Source: Various Agencies

## MCQ ON IMF

Q1) Which of the following statement is not true about the International Monetary Fund?

- (A) IMF was established along with the world bank
- (B) IMF is the result of the Bretton Woods conference
- (C) Kristalina Georgieva is the current Chief Executive Officer of the IMF
- (D) Currently 193 countries are the members of the IMF

Q2) When was IMF established?

- (A) Dec. 27, 1945
- (B) Jan. 30, 1947
- (C) Jan. 1, 1946
- (D) Sept. 24, 1947

Q3. Which of the following statement is NOT correct regarding the membership of the IMF?

- (A) Currently its membership is 190
- (B) All "member countries" of the IMF are members of the United Nations
- (C) All member countries of the IMF are not sovereign states
- (D) Andorra is the latest member of the IMF

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**Q4. The International Monetary Fund (IMF) was established by an international treaty in \_\_**

- (A) 1932
- (B) 1943
- (C) 1944
- (D) 1945

**Q5. The Headquarter of International Monetary Fund is in**

- (A) Vienna (Austria)
- (B) Washington DC (USA)
- (C) Paris (France)
- (D) New York (USA)

**Q6. International Monetary System is a system of international**

- (A) payments
- (B) exchange rates
- (C) both (A) and (B)
- (D) none of the above

**Q7. The IMF was conceived in July 1944 at an international conference held in**

- (A) USA
- (B) England
- (C) France
- (D) Germany

**Q8. In December 1945, the IMF came into existence with the following number of countries signed its Articles of Agreement.**

- (A) 29
- (B) 30
- (C) 31
- (D) 32

**Q9. The purpose of IMF is to**

- (A) To promote international monetary cooperation
- (B) To facilitate the expansion and balanced growth of international trade
- (C) To promote exchange stability

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(D) all of the above

**Q10. The IMF focuses mainly on a country's \_\_\_ policies.**

- (A) macroeconomic
- (B) microeconomic
- (C) both (A) and (B)
- (D) none of the above

**Q11. The Board of Governors are represented by**

- (A) 12 members
- (B) 24 members
- (C) 36 members
- (D) all member countries

**Q12. The highest authority governing the IMF, is**

- (A) Board of Governors
- (B) Executive Board
- (C) Managing Director
- (D) none of the above

**Q13. The Executive board of IMF consists of \_\_\_ members.**

- (A) 12
- (B) 24
- (C) 36
- (D) 48

**Q14. A member's quota delineates basic aspects of its financial and organizational relationship with the IMF, including:**

- (A) Voting power
- (B) Access to financing
- (C) SDR allocations
- (D) all of the above

**Q15. The IMF serve its members by**

- (A) advising them on their economic policies;

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- (B) lending them hard currencies to support adjustment and reform policies
- (C) offering a wide range of technical assistance
- (D) all of the above

**Q16. The World Bank is one of the world's largest sources of finance and knowledge to its member countries to**

- (A) protect the environment
- (B) provide water and electricity
- (C) improve the condition of health centers
- (D) all of the above

**Q17. World Bank is known as**

- (A) International Bank for Reconstruction and Development
- (B) International Bank for Construction and Development
- (C) International Bank for Cooperation and Development
- (D) none of the above

**Q18. IBRD offers following type of loan(s).**

- (A) Investment loans
- (B) Development policy loans
- (C) both (A) and (B)
- (D) Construction loan

**Q19. IBRD provides**

- (A) Loans
- (B) Grants
- (C) Analytic and Advisory Services
- (D) All of the above

**Q20. The Headquarter of World Bank is in**

- (A) Geneva
- (B) Paris
- (C) New York
- (D) Washington DC

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Q21. Following is the soft loan section of the World Bank

- (A) International Development Association (IDA)
- (B) International Finance Corporation (IFC)
- (C) Multilateral Investment Guarantee Agency (MIGA)
- (D) all of the above

Q22. The Great Depression was a period of \_\_\_\_.

- (A) Political crisis
- (B) Social crisis
- (C) Environmental crisis
- (D) Economic crisis
- (E) None of these

Q23. Recently which one of the following currencies has been added to the basket of IMF's SDR.

- (A) Indian rupee
- (B) Renminbi
- (C) Rand
- (D) Rouble

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