International Monetary Fund (IMF) is an international monetary institution established by different countries after the World War II with an objective of providing exchange stability throughout the world & increasing liquidity so that Balanced Multilateral Trade is promoted through the cooperation of the member nations.

The IMF is a self described organisation of 188 countries working to foster globalisation of cooperation, secure financial stability, facilitate international trade, promote high employment & sustainable economic growth and reduce poverty around the world.

The establishment of IMF was the outcome of a conference of 44 countries held at Bretton Woods, New Hampshire in the summer of 1944. Its main purpose was to provide exchange stability temporary assistance to countries falling short of foreign exchange reserves.

The IMF is thus a pool of central bank reserves & national currencies which are available to its members under certain conditions.

ORGANISATION OF IMF :

The IMF came into existence in December 1945 and it started functioning in March 1947.

It is an autonomous organization & is affiliated

the UNO. It has its headquarter at Washington DC. IMF came into existence on 27 December 1945 and it began its financial operation on 1st March 1947 & on 8th May 1947, France became the 1st country to borrow from IMF.

Initially the IMF had 30 countries as its members and the present number of members of IMF is 188. Since IMF is affiliated to the UNO & falls under its umbrella, the 188 countries of IMF include 187 members of the UNO & Republic of Kosovo. All members of IMF are also IBRD members & vice versa.

The Management of Fund is under the control of;
Board of Governors
Board of Executive Directors
& the Managing Director

1. Board of Governor – The Board of governor is the general body of management consisting of one governor and ~~all~~ an alternate governor for each member country. Thus each member country appoints its two governors.

The Board of Governor has the responsibility of formulating general policies of the Fund.

The Board normally meets once a year & is responsible for electing or appointing executive directors to the Executive Board.

The Board of Governor is officially responsible for approving quota increases, SDR allocations, the

admittance of new members, compulsory withdrawn of members & amendments to the Articles of Agreement and by laws in practice it has delegated most of its power to IMF's executive Board.

The Board of Governor is advised by the International Monetary & Financial Committee and the Development committee.

2. Executive Board - 24 executive directors makes up the Executive Board.
The executive directors represents all 188 member countries in a geographically based roster following the 2008 Amendment of voice & Participation which came into effect in March 2011, 8 countries each appoints an executive Director; the US, Japan, Germany, France, UK, China, the Russian Federation and Saudi Arabia. The remaining 16 directors represent constituencies consisting of 4 to 22 countries.

The Board usually meets several times a week. The Board Membership and Constituency is scheduled for periodic review every eight years. Countries with large economies have their own ED, but most countries are grouped in constituencies representing four or more countries

3. Managing Director - The IMF is led by a MD who is the head of the staff and serves as chairman of the executive Board.

The present Managing Director of IMF is Christine Lagarde.

The MD is assisted by a first deputy managing director and three other deputy managing directors

OBJECTIVES OF IMF:

Basically the main objective of IMF was to;

(a) achieve international advantages of the gold standard without subjecting nations to its internal disadvantage.

But according to Article of the Fund, the main purpose of the Fund are —

(b) achieve internal advantage of paper standard while avoiding its internal disadvantage.

(i) To promote international monetary cooperation through a permanent institution.

(ii) To facilitate the expansion & balanced growth of international trade, & to contribute thereby to the promotion & maintenance of high levels of employment of the member countries.

(iii) To promote exchange stability, to maintain orderly exchange arrangements among members & to avoid competitive exchange depreciation

(iv) To assist in the establishment of a multilateral system of payments in respect of current transactions between members & in the elimination of foreign exchange restrictions

(v) To give confidence to members by making the Fund's

resource available to them under adequate safeguards thus providing them with opportunity to correct maladjustments in their BOP without resorting to measures destructive of national or international prosperity.

(vi) In accordance with above, to shorten the duration & lessen the degree of disequilibrium in the international BOP's of members.