

Nalanda Open University

Department of Economics

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- Course – BA Economics (Part –III)
- Paper – VI (International Economics)
- Topic – Functions of IMF

Origin of International Monetary Fund (IMF)

- In post Second World War era countries aborted Gold Standard (adopted in 1930s).
- Now countries were eager to adopt new clearing agreements.
- The British Plan prepared by well known British economist John Maynard Keynes known as 'Keynes Plan'.
- Another plan was framed by American expert Harry D. White was also known as 'White Plan'.

Origin of International Monetary Fund (IMF)

- The basic features of these plans were fused and prepared a final plan document.
- This final plan document was proposed among participants in Bretton Woods, New Hampshire, USA from July 1st to July 22nd, 1944.
- In this United Nations conference two institutions were born namely,
 - (a) International Monetary Fund (IMF) and
 - (b) International Bank for Reconstruction and Development (IBRD).

Functions of International Monetary Fund

- Providing Short term loans to members
- Fund is regarded as 'Guardian of good conduct'
- Fund render technical advice to member nations
- Fund advices BoP correction techniques
- Fund organises tentative training techniques on fiscal, monetary and monetary flow to member nations.

Objectives of International Monetary Fund

- To promote international monetary co-operation
- To facilitate the expansion of balanced growth of international trade
- To promote exchange stability
- To assist establishment of multilateral system of payment
- To adjust disequilibrium in member nations