

Q. What is IMF? Discuss the issues involved with IMF. (200 words)

A. International Monetary Fund, an organisation founded in 1945 at the Bretton Woods Conference aims to help countries ~~there~~ handle their balance of payment crises.

It deals with solving problems of foreign trade and exchange, international monetary co-operation promotion, tries to maintain a balance in the international trade. When IMF feels that a nation's economy needs restructuring it can also suggest economic reforms like those of India in 1991.

Issues Involved:-

(i) IMF generally provide loans to countries facing balance of payment crisis, instead of developmental loans.

(ii) These loans are provided at conditions of restructuring and adjusting country's economy, which often create a self-defeating effect and may further deteriorate its performance like the Argentinian Economic crisis of 2001.

(iii) Every country needs to maintain a quota, which further decides the voting rights, hence, it can be clearly stated that most of the developed countries enjoy a dominant role in IMF.

IMF set up with idea of creating a global platform to help country deals with problems of international monetary system is slowly losing its significance, working on the terms of more richer nations and able to do nothing with de-globalization.

All what is needed is equal representation, focus on the requirements of least developed countries and increasing the scope of providing monetary help.

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