

Functions of IMF:

IMF was established for specific purpose. For achieving the objectives, IMF performs the following functions for the member countries.

1. Stability in Exchange Rate:

In order to maintain stability in the exchange rates of the currencies of the member countries, IMF has determined the value of their currencies in term of gold and dollar at the very beginning of its establishment and thereby discourages any fluctuations in the rate of exchange.

2. Determination of par value:

IMF enforces the system of determination of par values of the currencies of the members countries. As per the Original Articles of Agreement of the IMF every member countries must declare the par value of its currency in terms of Gold or US dollars.

3. Maintenance of liquidity:

The IMF was set for the purpose of increasing the international liquidity. International liquidity was quite inadequate due to scarce availability of the gold and existence of smaller number of key currencies.

4. Maintaining balance between demand and supply of currencies:

IMF is also entrusted with important function to maintain balance between demand and supply of various currencies. Accordingly, the fund can declare a currency as scarce currency which is in great demand and can increase its supply by borrowing in form the country concerned or by purchasing the same currency in exchange of gold.

5. Technical assistance:

The IMF is also performing a useful function to provide technical assistance to the member countries. Such Technical assistance is given in two ways, i.e. firstly by granting the member countries the services of its specialists and experts, and secondly by sending the outside experts. Moreover the fund has also set up two specialized new departments: (a) Central Banking Services Department and (b) Fiscal Affairs Department for sending specialists to member countries so as to manage it's central banks and also on fiscal management.

6. Training:

IMF is helping in the economic development of the member countries through various training programmes. These training programmes are related with mainly economic department, International payment data collection, analysis and financial arrangement.

7. Consultancy services:

The IMF renders advice to the member countries on economic and monetary matters because IMF is in a position to do so in view of its special status. By doing so, the IMF help the member countries to stabilize their economics. For this purpose the IMF has set up two departments, namely, central banking services department and fiscal Affairs Department.

8. Reducing Tariffs:The fund also aims at reducing tariffs and other restriction imposed on international trade by the member countries so as to cease restrictions of remittance of funds or to avoid discriminating and failures.