World Bank (WB):

The International Bank for Reconstruction and Development (IBRD) also called as World Bank was established in the year 1945 and started its operations in the year 1946. It is the sister institution of another international financial agency, International Monetary Fund (IMF)

The IBRD/world Bank's main aim is to reduce the poverty by promoting sustainable economic development in member countries. It attains this goal by providing loans and technical assistance for projects and programmes in its developing member countries.

The financial strength of IBRD is based on the support it receives from its shareholders and financial policies and practices adopted by it. The principal activity of World Bank is to providing loans to the member countries.

Functions/activities of World Bank

- **Development activities**: It provides loans to its member countries to meet their developmental needs. It also provides technical assistance and other services to the member countries to reduce poverty.
- **Providing Loans:** Each loan must be approved by IBRD's Executive Directors. Apart from providing loans it also waives the loans under special circumstances i.e. occurrence of natural calamities. After providing loans, the appraisal of the projects is carried out by IBRD's operational staff comprising engineers, financial analysts, economists and other specialists.
  The loan disbursements are subjected to the fulfilment of conditions laid in the loan agreement. During the implementation IBRD's experienced staff periodically visits the project site to review the progress and monitor whether the execution of project is in line with IBRD's policies. During these visits the bank staff helps in resolving any problems that may arise during the execution of the project. After the completion, the projects are evaluated by an independent

body and findings will be reported to the Executive directors to determine the extent to which project objectives are fulfilled.

- **Consultancy:** In addition to the financial help, IBRD also provides technical assistance to its member countries irrespective of loans taken from it (or) not. There is a growing demand from borrowers for strategic advice, knowledge transfer and capacity building.
- **Research & Training:** For assisting its member countries, the World Bank offers courses and training related to economic policy development and administration for governments and organizations that work closely with IBRD.
- **Trust–Fund Administration:** IBRD itself (or) jointly with International Development Agency (IDA), on behalf of donors restricts the use of funds for specific purposes only. The funds so obtained are not included in the list of assets owned by IBRD.
- **Investment Management:** IBRD provides investment management services for external institutions by charging a fee. The funds thus obtained are not included in the assets of IBRD.

Affiliated Organizations of IBRD:

To complement the activities of IBRD, there are three affiliated organizations and they are

1. International Development Association (IDA):

It was established in the year 1960. Its main goal is to reduce the poverty through promoting economic development in less developed areas of the world.

The International Bank for Reconstruction and Development (IBRD), better known as the World Bank, was established in 1944 to help Europe recover from the devastation of World War II. The success of that enterprise led the Bank, within a few years, to turn its attention to developing countries. By the 1950s, it became clear that the poorest developing countries needed softer terms than those that could be offered by the Bank, so they could afford to borrow the capital they needed to grow.

With the United States taking the initiative, a group of the Bank's member countries decided to set up an agency that could lend to the poorest countries on the most favorable terms possible. They called the agency the "International Development Association." Its founders saw IDA as a way for the "haves" of the world to help the "have-nots." But they also wanted IDA to be run with the discipline of a bank. For this reason, US President Dwight D. Eisenhower proposed, and other countries agreed, that IDA should be part of the World Bank.

IDA's Articles of Agreement became effective in 1960. The first IDA loans, known as credits, were approved in 1961 to Chile, Honduras, India and Sudan.

IDA currently has 169 member countries. Members subscribe to IDA's initial subscriptions and subsequent replenishments by submitting the necessary documentation and making the required payments under the replenishment arrangements.

The International Development Asso- ciation (IDA) is the part of the World Bank that helps the world's poorest countries. Established in 1960, IDA aims to reduce poverty by providing interest-free credits and grants for programs that boost economic growth, reduce inequalities and improve people's living conditions.

IDA complements the World Bank's other lending arm–the International Bank for Reconstruction and Development (IBRD)–which serves middle-income countries with capital investment and advisory services. IBRD and IDA share the same staff and headquarters and evaluate projects with the same rigorous standards.

IDA is one of the largest sources of assistance for the world's 79 poorest countries, 39 of which are in Africa. It is the single largest source of donor funds for basic social services in the poorest countries.

IDA lends money (known as credits) on concessional terms. This means that IDA credits have no interest charge and repayments are stretched over 35 to 40 years, including a 10-year grace period. IDA also provides grants to countries at risk of debt distress.

Since its inception, IDA credits and grants have totaled US$207 billion, averaging US$14 billion a year in recent years and directing the largest share, about 50 percent, to Africa.

2. International Financial Corporation (IFC):

It was established in the year 1955.Its main aim is to encourage the growth of productive private enterprises in the member countries by providing loans and investments without a member's guarantee.

3. Multilateral Investment Guarantee Agency (MIGA):

Its main aim is to encourage the flow of investments for productive purposes among member countries particularly in developing countries.
IBRD, IDA, IFC and MIGA are collectively called as World Bank Group. Each of them is financially independent, with separate assets and liabilities.

International Monetary Fund (IMF):

The International Monetary Fund (IMF) is an international organization. At present 185 countries are the members of IMF. Its headquarters is located at Washington, DC., USA.

Origin: After the Second World War, many countries felt the need to have an organization to get help in monetary matters between countries. To begin with, 29 countries discussed the matter, and signed an agreement. The agreement was the Articles of Association of the International Monetary Fund. IMF came in to being in December 1945.

Membership: Any country may apply to become a member of the IMF. When a country applies for membership, the IMF's Executive Board examines the application. If found suitable, the Executive Board gives its report to IMF's Board of Governors. After the Board of Governor clears the application, the country may join the IMF. However, before joining, the country should fulfill legal requirements, if any, of its own country. Every member has a different voting right. Likewise, every country has a different right to draw funds. This depends on many factors, including the member country's first subscription to the IMF.

Functions:

The IMF does a number of supervisory works relating to financial dealings between different countries. Some of the works done by IMF are:

- Helping in international trade, that is, business between countries
- Looking after exchange rates
- Looking after balance of payments
- Helping member countries in economic development

Management

A Board of Directors manages the IMF. One tradition has governed the selection of two most senior posts of IMF. Firstly, IMF's managing director is always European. IMF's president is always from the United States of America.

The major countries of Europe and America control the IMF. This is because they have given more money to IMF by way of first subscriptions, and so have larger share of voting rights.

Asian development Bank (ADB):

The Asian Development Bank is a regional development bank established in the year 1966 to promote economic and social development in Asia and Pacific countries by providing loans and technical assistance. The ADB's

Head Quarters is located at Manila, Philippines. It aims at eradication/ removal of poverty in the Asia –Pacific region.

It is a multilateral financial institution owned by 67 members. Forty eight (48) members from the region of Asia- pacific and 19 from other parts of globe. The highest policy-making body of the bank is the Board of Governors composed of one representative from each member country. The Board of Governors, in turn, elect among themselves the 12 member of the Board of Directors and their deputy. Eight of the twelve members come from Asia- Pacific members while the rest come from non-regional members.

The Board of Governors also elects the bank's president who is the chairperson of the Board of Directors and manages the ADB. The term of office /tenure of president lasting for five years, and may be reelected for second term. As Japan is the largest share holder of the bank, traditionally the president has always been Japanese.

The ADB was founded in 1966 with goal of eradicating the poverty in the Asia-Pacific region. With over 1.9 billion people living less on less than $2 a day in Asia, the institution has a formidable challenge. It plays the following functions for countries in the Asia –Pacific region:

- Provides loans and equity investments to its developing member countries (DMC's).
- Provides technical assistance for the planning and execution of development projects, programs and for advisory services.
- Promotes and facilitates investment of public and provide capital for development.
- Assists in coordinating developmental policies and plans of its DMC's.

Deposit Insurance and Credit Guarantee Corporation (DICGC):

The concept of insuring deposits kept with banks received attention for the first time in the year 1948 after the banking crises in Bengal. The question came up for reconsideration in the year 1949, but it was decided to hold it in abeyance till the Reserve Bank of India ensured adequate arrangements for inspection of banks. Subsequently, in the year 1950, the Rural Banking Enquiry Committee also supported the concept. Serious thought to the concept was, however, given by the Reserve Bank of India and the Central Government after the crash of the Palai Central Bank Ltd., and the Laxmi Bank Ltd. in 1960. The Deposit Insurance Corporation (DIC) Bill was introduced in the Parliament on August 21, 1961. After it was passed by the Parliament, the Bill got the assent of the President on December 7, 1961 and the Deposit Insurance Act, 1961 came into force on January 1, 1962.

The Deposit Insurance Scheme was initially extended to functioning commercial banks only. This included the State Bank of India and its subsidiaries, other commercial banks and the branches of the foreign banks operating in India.

Since 1968, with the enactment of the Deposit Insurance Corporation (Amendment) Act, 1968, the Corporation was required to register the 'eligible co-operative banks' as insured banks under the provisions of Section 13 A of the Act. An eligible co-operative bank means a co-operative bank (whether it is a State co-operative bank, a Central co-operative bank or a Primary co-operative bank) in a State which has passed the enabling legislation amending its Co-operative Societies Act, requiring the State Government to vest power in the Reserve Bank to order the Registrar of Co-operative Societies of a State to wind up a co-operative bank or to supersede its Committee of Management and to require the Registrar not to take any action for winding up, amalgamation or reconstruction of a co-operative bank without prior sanction in writing from the Reserve Bank of India.

Further, the Government of India, in consultation with the Reserve Bank of India, introduced a Credit Guarantee Scheme in July 1960. The Reserve Bank of India was entrusted with the administration of the Scheme, as an agent of the Central Government, under Section 17 (11 A)(a) of the Reserve

Bank of India Act, 1934 and was designated as the Credit Guarantee Organization (CGO) for guaranteeing the advances granted by banks and other Credit Institutions to small scale industries. The Reserve Bank of India operated the scheme up to March 31, 1981.

The Reserve Bank of India also promoted a public limited company on January 14, 1971, named the Credit Guarantee Corporation of India Ltd. (CGCI). The main thrust of the Credit Guarantee Schemes, introduced by the Credit Guarantee Corporation of India Ltd., was aimed at encouraging the commercial banks to cater to the credit needs of the hitherto neglected sectors, particularly the weaker sections of the society engaged in non-industrial activities, by providing guarantee cover to the loans and advances granted by the credit institutions to small and needy borrowers covered under the priority sector.

With a view to integrating the functions of deposit insurance and credit guarantee, the above two organizations (DIC & CGCI) were merged and the present Deposit Insurance and Credit Guarantee Corporation (DICGC) came into existence on July 15, 1978. Consequently, the title of Deposit Insurance Act, 1961 was changed to 'The Deposit Insurance and Credit Guarantee Corporation Act, 1961.

Effective from April 1, 1981, the Corporation extended its guarantee support to credit granted to small scale industries also, after the cancellation of the Government of India's credit guarantee scheme. With effect from April 1, 1989, guarantee cover was extended to the entire priority sector advances, as per the definition of the Reserve Bank of India. However, effective from April 1, 1995, all housing loans have been excluded from the purview of guarantee cover by the Corporation.

Objective of DICGC: To contribute to stability and public confidence in the banking system through provision of deposit insurance and credit guarantee to small depositors and borrowers.