The World Bank Group and the International Monetary Fund

What is the difference between the World Bank Group and the IMF?

Founded at the Bretton Woods conference in 1944, the two institutions have complementary missions. The **World Bank Group** works with developing countries to reduce poverty and increase shared prosperity, while the **International Monetary Fund** serves to stabilize the international monetary system and acts as a monitor of the world's currencies. The **World Bank Group** provides financing, policy advice, and technical assistance to governments, and also focuses on strengthening the private sector in developing countries. The **IMF** keeps track of the economy globally and in member countries, lends to countries with balance of payments difficulties, and gives practical help to members. Countries must first join the IMF to be eligible to join the World Bank Group; today, each institution has 189 member countries.

The World Bank Group

The **World Bank Group** is one of the world's largest sources of funding and knowledge for developing countries. Its five institutions share a commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development.

Together, **IBRD** and **IDA** form the **World Bank**, which provides financing, policy advice, and technical assistance to governments of developing countries. IDA focuses on the world's poorest countries, while IBRD assists middle-income and creditworthy poorer countries.

IFC, MIGA, and **ICSID** focus on strengthening the private sector in developing countries. Through these institutions, the World Bank Group provides financing, technical assistance, political risk insurance, and settlement of disputes to private enterprises, including financial institutions.

The International Monetary Fund

The **IMF** works to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

The **IMF's** primary purpose is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries and their citizens to transact with each other. It does so by keeping track of the global economy and the economies of member countries, lending to countries with balance of payments difficulties, and giving practical help to members.

What Is the Balance of Payments (BOP)?

The balance of payments (BOP), also known as the balance of international payments, is a statement of all transactions made between entities in one country and the rest of the world over a defined period, such as a quarter or a year. It summarizes all transactions that a country's individuals, companies, and government bodies complete with individuals, companies, and government bodies outside the country.

KEY TAKEAWAYS

- The balance of payments includes both the current account and capital account.
- The current account includes a nation's net trade in goods and services, its net earnings on cross-border investments, and its net transfer payments.
- The capital account consists of a nation's transactions in financial instruments and central bank reserves.
- The sum of all transactions recorded in the balance of payments should be zero; however, exchange rate fluctuations and differences in accounting practices may hinder this in practice.

[redacted]

What Is a Foreign Direct Investment (FDI)?

A foreign direct investment (FDI) is a purchase of an interest in a company by a company or an investor located outside its borders.

Generally, the term is used to describe a business decision to acquire a substantial stake in a foreign business or to buy it outright in order to expand its operations to a new region. It is not usually used to describe a stock investment in a foreign company.

- Foreign direct investments (FDI) are substantial investments made by a company into a foreign concern.
- The investment may involve acquiring a source of materials, expanding a company's footprint, or developing a multinational presence.
- As of 2020, the U.S. is second to China in attracting FDI.

[redacted]

How Foreign Direct Investments (FDI) Work

Companies considering a foreign direct investment generally look only at companies in open economies that offer a skilled workforce and above-average growth prospects for the investor. Light government regulation also tends to be prized.

APEDA

The Agricultural and Processed Food Products Export Development Authority (APEDA) was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by the Parliament in December, 1985. The Act (2 of 1986) came into effect from 13th February, 1986 by a notification issued in the Gazette of India: Extraordinary: Part-II [Sec. 3(ii): 13.2.1986).

In accordance with the Agricultural and Processed Food Products Export Development Authority Act, 1985, (2 of 1986) the following functions have been assigned to the Authority.

- Development of industries relating to the scheduled products for export by way of providing financial assistance or otherwise for undertaking surveys and feasibility studies, participation in enquiry capital through joint ventures and other reliefs and subsidy schemes;
- Registration of persons as exporters of the scheduled products on payment of such fees as may be prescribed;
- Fixing of standards and specifications for the scheduled products for the purpose of exports;
- Carrying out inspection of meat and meat products in slaughter houses, processing plants, storage premises, conveyances or other places where such products are kept or handled for the purpose of ensuring the quality of such products;
- Improving of packaging of the Scheduled products;
- Improving of marketing of the Scheduled products outside India;
- Promotion of export oriented production and development of the Scheduled products;
- Collection of statistics from the owners of factories or establishments engaged in the production, processing, packaging, marketing or export of the scheduled products or from such other persons as may be prescribed on any matter relating to the scheduled products and publication of the statistics so collected or of any portions thereof or extracts there from;
- Training in various aspects of the industries connected with the scheduled products;
- Such other matters as may be prescribed.

APEDA is mandated with the responsibility of export promotion and development of the following scheduled products:

- Fruits, Vegetables and their Products.
- Meat and Meat Products.
- Poultry and Poultry Products.
- Dairy Products.
- Confectionery, Biscuits and Bakery Products.
- Honey, Jaggery and Sugar Products.
- Cocoa and its products, chocolates of all kinds.
- Alcoholic and Non-Alcoholic Beverages.
- Cereal and Cereal Products.
- Groundnuts, Peanuts and Walnuts.
- Pickles, Papads and Chutneys.
- Guar Gum.
- Floriculture and Floriculture Products.
- Herbal and Medicinal Plants.

Basmati Rice has been included in the Second Schedule of APEDA Act.

In addition to this, APEDA has been entrusted with the responsibility of monitoring the import of sugar as well.

APEDA also functions as the Secretariat to the National Accreditation Board (NAB) for implementation of accreditation of the Certification Bodies under National Programme for Organic Production (NPOP) for organic exports. “Organic Products” for export are to be certified only if Produced, Processed and Packed as per the standards laid down in the document – "National Programme for Organic Production (NPOP)."

Vide DGFT Notification No. 6/2015-2020 dated: 14/06/2021 Cashew Kernels, Cashewnut Shell Liquid, Cardanol are now under the jurisdiction of APEDA.