



# World Bank

## Why in News?

Recently, Indian American business executive Ajay Banga was **nominated by US President to head the [World Bank](#)**.

- **If confirmed by the World Bank Board of directors, he will be the first Indian-American to head either of the two top international financial institutions: the [International Monetary Fund](#) (IMF) and the World Bank.**

## What is World Bank?

- **About:**
  - It was **created in 1944**, as the International Bank for Reconstruction and Development (IBRD) along with the **IMF. The IBRD later became the World Bank.**
  - The World Bank Group is a unique global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.
  - The World Bank is one of the [United Nations'](#) specialized agencies.
- **Members:**
  - It has **189 member countries.**
  - **India is also a** member country.
- **Major Reports:**
  - [Ease of Doing Business \(Stopped publishing\).](#)
  - [Human Capital Index.](#)
  - [World Development Report.](#)
- **Its Five Development Institutions:**
  - International Bank for Reconstruction and Development (IBRD)
  - International Development Association (IDA)
  - International Finance Corporation (IFC).
  - Multilateral Guarantee Agency (MIGA)
  - International Centre for the Settlement of Investment Disputes (ICSID)
    - India is not a member of ICSID.
- **Shareholding of WB:**
  - The United States is the largest single shareholder, with 16.41% of the votes, followed by Japan (7.87%), Germany (4.49%), the United Kingdom (4.31%), and France (4.31%). The rest of the shares are divided among the other member countries.
- **Difference Between the WB and the IMF:**
  - While the World Bank provides support to developing countries, the IMF aims to stabilize the international monetary system and monitors the world's currencies.

## UPSC Civil Services Examination Previous Year Question (PYQ)

**Q1. India's ranking in the 'Ease of Doing Business Index' is sometimes seen in the news. Which of the following has declared that ranking? (2016)**

- (a) Organization for Economic Cooperation and Development (OECD)

- (b) World Economic Forum
- (c) World Bank
- (d) World Trade Organization (WTO)

**Ans: C**

**Q2. With reference to 'IFC Masala Bonds', sometimes seen in the news, which of the statements given below is/ are correct? (2016)**

1. The International Finance Corporation, which offers these bonds, is an arm of the World Bank.
2. They are the rupee-denominated bonds and are a source of debt financing for the public and private sector.

**Select the correct answer using the code given below:**

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

**Ans: (c)**

- IFC is one of the 5 Development institutions of World Bank. **hence, statement 1 is correct.**
- Masala Bonds are rupee-denominated borrowings issued by Indian entities in overseas markets. Masala means 'spices' and the term was used by International Finance Corporation (IFC) to popularise the culture and cuisine of India on foreign platforms. The objective of Masala Bonds is to fund infrastructure projects in India, fuel internal growth via borrowings and internationalize the Indian currency. **Hence, statement 2 is correct. Therefore, option (c) is the correct answer.**

**Source: IE**

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