



# Account for the shift in the location of the textile

## Why in News?

The Government of India has approved the appointment of former [Reserve Bank of India \(RBI\)](#) Governor **Urjit Patel** as the **Executive Director (ED)** at the [International Monetary Fund \(IMF\)](#).

- He will be representing India, which is part of a four-country constituency along with **Bangladesh, Sri Lanka, and Bhutan**.
- The **Executive Board** of the IMF **consists of 25 directors**, who are elected by the member countries or groups of countries.

## Key Points

- **About:** The [Appointments Committee of the Cabinet](#) approved his appointment for a term of three years from the date of assuming charge or until further orders, whichever is earlier.
  - He will replace K.V. Subramanian, former Chief Economic Advisor, whose term was cut short by six months amid allegations of impropriety.
- **Role:** As an Executive Director at the IMF, he will:
  - Be part of the **Executive Board**, which discusses and influences global and regional economic policies, national economic policies, and the Fund's capacity development efforts.
  - Help approve financing packages to support member countries in addressing temporary [balance of payments](#) issues.
  - Play a key role in overseeing the IMF's support to countries' economic reforms and initiatives.

## Background of Urjit Patel:

- **About:** **Urjit Patel** served as the 24th [Governor of the RBI](#) from 2016 to 2018, succeeding Raghuram Rajan, after previously holding the position of **Deputy Governor**, where he oversaw key areas like [monetary policy](#), economic research, and deposit insurance.
  - After resigning from the RBI, Patel served as **Vice President for Investment Operations** at the [Asian Infrastructure Investment Bank \(AIIB\)](#), based in **Beijing**, until his resignation in **January 2024** due to family health reasons.
  - He has been the **Chairman of the National Institute of Public Finance and Policy (NIPFP)** since **June 2020**.
- **Reforms at RBI:**
  - Under his leadership, the RBI introduced significant reforms in monetary policy, including the **Monetary Policy Committee (MPC)** formed in **October 2016** to decide on interest rates.
  - **Flexible Inflation Targeting:** The RBI adopted a flexible inflation targeting framework recommended in **January 2014**, with Patel playing a key role as Deputy Governor.

## INTERNATIONAL MONETARY FUND

- Estd. - 1944 (UN Bretton Woods Conference following Great Depression 1930s)
- Headquarters - Washington, DC, USA
- Functions -
  - » Global financial assistance
  - » Facilitate international trade
  - » Financing for developing countries
  - » Promotion of exchange rate stability
- Member States - 190 (India a founding member)

*India's FM is the ex-officio Governor on the Board of Governors of IMF*

- Special Drawing Rights (SDR) -
  - » IMF's intl. reserve asset to supplement the official reserves of its member countries (not a currency)

*Currencies in SDR Basket - \$, €, £, ¥ (Yen) and CN¥ (Renminbi)*

- IMF Quotas -
  - » Reflects a member country's relative position in world economy (India – 2.75%)
  - » Denominated in SDRs
- Flagship Publications -
  - » World Economic Outlook
  - » Global Financial Stability Report
  - » Fiscal Monitor
  - » External Sector Report

PDF Reference URL: <https://www.drishtiias.com/printpdf/account-for-the-shift-in-the-location-of-the-textile>

