The World Bank and IMF provide funding to developing countries and their contributions are proportionate to their size, however, major contributions from G-20 are quite evidently affecting their decision making. Funding from IMF and World is usually tied in with certain structural adjustments. These Structural Adjustments Programmes (SAPs) have been applied to numerous developing countries including South Asia from the 1980's onward. The literature on the topic reveals that SAPs usually include a set of adjustments including privatisation, removal of subsidies, reduction in state expenditure, devaluation of national currency, trade liberalisation and raising interest rates.

To find out whether structural adjustments work, it is necessary to establish how SAPs are to be assessed and then to conduct the necessary empirical exercise. Success or failure of SAPs can be assessed by looking at the conditionalities attached with them and whether these are met or not. These conditions vary with each programme, but mostly include reducing the fiscal deficit, abating inflation, phasing out subsidies, liberalising the interest rate and the exchange rate (Khan 1999).

These prescriptions emerge from an economic philosophy now commonly referred to as neo-liberalism, which focuses mainly on efficiency and market production. Thus the goal of the prescribed conditions can be viewed as economic efficiency and growth. Ideally then the researcher needs to identify the mechanisms that link particular policies to certain effects and then engage in empirical measurement.

Not all agree that the neo-liberal paradigm offers the best set of economic policies. These critiques of new-liberalism can be bifurcated into external and internal critiques. The external critique rejects the neo-liberal paradigm altogether, setting the problem and its solution in different domains. The prominent alternative critiques include neo-Marxism (perhaps temporarily in retreat), neo-structuralism (could be viewed as a version of institutional economics focusing on rural development and particularly on collective action issues), and the property rights and public choice perspective, which can incorporate governance issues (Khan 1999).

Abstracts followed by research papers are invited from the academia, practitioners, civil society and other interested individuals focusing on impacts of IMF and World Bank SAPs on South Asian economies and that provide empirical evidence for further insights.

Reference: