

Annexures

Annexure I

**Reserve Bank of India
Central Office
Mumbai 400 001**

Memorandum

1. With a view to examining the various issues relating to capital account convertibility, Reserve Bank of India appoints a Committee on Capital Account Convertibility.
2. The Committee consists of the following :
 - 1) Shri S.S.Tarapore Chairman
 - 2) Dr. Surjit S.Bhalla Member
 - 3) Shri M.G.Bhide Member
 - 4) Dr. Kirit Parikh Member
 - 5) Shri A.V.Rajwade Member
3. The terms of reference of the Committee will be as follows :
 - (i) To review the international experience in relation to capital account convertibility and to indicate the preconditions for introduction of full capital account convertibility.
 - (ii) To recommend the measures that should be taken to achieve full capital account convertibility.
 - (iii) To specify the sequence and time frame in which such measures are to be taken.
 - (iv) To suggest domestic policy measures and changes in institutional framework, consistent with the specified sequencing, and
 - (v) To make such other recommendations as the Committee may deem relevant to the subject.
4. The Committee will adopt its own work procedures and meet as often as necessary.
5. The Committee is expected to submit its Report by May 30, 1997.
6. The Secretariat for the Committee will be provided by the Reserve Bank of India.

**(C.Rangarajan)
Governor**

Annexure II

List of Organisations with whom the Committee had discussions or received material as also a list of persons who provided help to the Committee:

List of Organisations

1. Associated Chambers of Commerce and Industry of India (ASSOCHAM)
2. Confederation of Indian Industry (CII)
3. Federation of Indian Chambers of Commerce and Industry (FICCI)
4. PHD Chamber of Commerce and Industry
5. Indian Merchants' Chamber
6. Federation of Indian Export Organisations (FIEO).
7. Indian Banks Association (IBA)
8. Foreign Exchange Dealers' Association of India (FEDAI).
9. Bombay Chartered Accountants' Society
10. Bombay Chamber of Commerce and Industry
11. Industrial Development Bank of India (IDBI)
12. Industrial Credit and Investment Corporation (ICICI)
13. Export- Import Bank of India (EXIM Bank)
14. Bank Indonesia
15. Bank of Thailand
16. Banco Central de Chile
17. Ministry of Finance, Buenos Aires, Argentina
18. Bank of Mexico
19. Bank Negara, Malaysia
20. Bank of Korea
21. Reserve Bank of New Zealand
22. Central Bank of the Philippines
23. South African Reserve Bank

List of Persons:

1. M.R.Sivaraman, Executive Director, International Monetary Fund.
2. R. Kannan, International Monetary Fund
3. David Goldsbrough, International Monetary Fund
4. Suman Bery, The World Bank
5. John Williamson, The World Bank
6. N. Ganesh Kumar, University of Southern California, Los Angeles.
7. G.Giridhar Prabhu, Achal Industries
8. M.V Subbiah, Murugappa Group
9. Ajay Shah, Indira Gandhi Institute of Developmental Research
- 10 Susan Thomas, Indira Gandhi Institute of Developmental Research

Reserve Bank of India

1. V Subrahmanyam, Executive Director
2. A. Vasudevan, Executive Director
3. C. Harikumar, Executive Director
4. Khizer Ahmed
5. A. K. Batra
6. B. Maheshwaran
7. Benu Schneider
8. Urjit Patel

List of Persons:

Department of External Investments and Operations

9. H. Bhattacharya
10. G. Mahalingam
11. Raj i v Ranjan
12. Vanitha K Venugopal
13. R. Mani
14. R. Srinivas Rao
15. G. V. Naik
16. J. S. Jathan
17. R.S. Vaidya

Department of Economic Analysis & Policy

18. S.K. Pattanaik.
19. L. Laxmanan
20. David L. Sinate
21. Sumit B asu
22. S. Sugandhi
23. Ambika Padmanabhan
24. L.F..Fernandes

Exchange Control Department

25. K. G. Chaudhari
26. K.C.Nair
27. K. Ramasubramanian
28. K.K. Rawal
29. G. Padmanabhan
30. F.M. Chinikamwala
31. D.G. Kolhatkar

Annexure III.1

IMF Members not having Restriction on Payments for Capital Transactions

Developed countries

1. Australia
2. Austria
3. Belgium and Luxembourg
4. Canada
5. Denmark
6. Finland
7. France
8. Germany
9. Hong Kong
10. Ireland
11. Italy
12. Netherland
13. New Zealand
14. Norway
15. Portugal
16. Saudi Arabia
17. Spain
18. Sweden
19. Switzerland
20. United Kingdom
21. United States

Developing Countries

1. Antigua and Barbuda
2. Argentina
3. Bahrain
4. Bolivia
5. Brunei Darussalam
6. Costa Rica
7. Djibouti
8. Ecuador
9. El Salvador
10. Estonia
11. Gambia
12. Guatemala

13. Honduras
14. Indonesia
15. Jamaica
16. Kiribati
17. Kuwait
18. Latvia
19. Lebanon
20. Lithuania
21. Malaysia
22. Maldives
23. Marshall Island
24. Mauritius
25. Micronesia, Fed. States of
26. Niger
27. Oman
28. Panama
29. Peru
30. Qatar
31. San Marino
32. Seychelles
33. Singapore
34. Trinidad And Tobago
35. United Arab Emirates
36. Vanuatu

Source : International Monetary Fund

Annexure III.2

Capital Controls in Developing Countries

Category	Number of Countries Maintaining Controls
Any form of capital control	119
Comprehensive controls	67
On outflows	67
On inflows	17
Foreign direct investments	107
Of non residents	84
Of residents	35
Profit repatriation and capital liquidation	34
Taxes on capital transactions	9
Non resident-controlled enterprises	6
Portfolio investments	61
Of non residents	30
Of residents	33

Security issuance by non residents	15
Security issuance abroad by residents	6
Debt-to-equity conversion	2
Financial transactions	78
Of non residents	41
Of residents	66
Trade-related financial transactions	7
Deposit requirements for borrowing from abroad by residents	2
Deposit accounts	83
Of non residents in foreign exchange'	37
Of non residents in local currency	52
Of residents abroad	29
Of residents in foreign currency with domestic banks	23
Other capital transfers	70
Personal capital transfers	34
Blocked accounts	24
Real estate transactions	
Of non residents	23
Of residents	30

Source: Quirk, Peter J., Owen Evans, et al " Capital Account Convertibility, Review of Experience and Implications for IMF. Policies", Occasional Paper 13 1, IMF, Washington D.C. , October 1995.

Annexure III.3

Comparator Country Performance

	Real GDP Growth (per cent)					
	1990	1991	1992	1993	1994	1995
Argentina	0.1	8.9	8.7	6.0	7.4	-4.6
Chile	3.3	7.3	10.7	6.6	4.2	8.5
Indonesia	7.2	7.0	6.5	6.5	7.5	8.1
Korea	9.5	9.1	5.1	5.8	8.6	9.0
Malaysia	9.7	8.7	7.8	8.3	8.7	9.5
Mexico	4.5	3.6	2.8	0.7	3.5	-6.9
New Zealand	-0.8	-1.3	Neg	6.0	3.4	6.2
Philippines	3.0	-0.5	0.3	2.1	4.4	4.8
Thailand	11.6	8.4	7.9	8.2	8.5	15.4
South Africa	-0.3	-1.0	-2.2	1.3	2.7	3.3
India	5.7	0.5	4.6	4.5	6.3	7.2

Neg : Negligible.

Investment/GDP (Per cent)						
	1990	1991	1992	1993	1994	1995
Argentina	14.0	14.6	16.7	18.2	19.9	18.3
Chile	26.3	24.5	26.8	28.8	26.8	27.4
Indonesia	36.1	35.5	35.9	33.2	34.3	41.8
Korea	36.9	38.9	36.6	35.1	36.1	37.1
Malaysia	31.3	35.9	33.5	35.0	38.5	40.7
Mexico	22.8	23.4	24.4	23.2	23.5	19.4
New Zealand	19.9	16.8	18.6	21.1	22.3	21.9
Philippines	24.2	20.2	21.3	24.0	24.0	22.3
Thailand	41.1	42.2	39.6	39.9	40.1	42.2
South Africa	17.6	16.9	15.9	15.7	17.7	19.3
India	27.7	23.4	24.0	23.6	26.0	27.4

Inflation, CPI (Percent)						
	1990	1991	1992	1993	1994	1995
Argentina	2314.0	171.7	24.9	10.6	4.2	3.4
Chil	26.0	21.8	15.4	12.7	11.4	8.2
Indonesia	7.8	9.4	7.5	9.7	8.5	9.4
Korea	8.6	9.3	6.2	4.8	6.3	4.5
Malaysia	2.6	4.4	4.8	3.5	3.7	5.3
Mexico	26.7	22.7	15.5	9.8	7.0	35.0
New Zealand	6.1	2.6	1.0	1.3	1.7	3.8
Philippines	14.1	18.7	8.9	7.6	9.1	8.1
Thailand	6.0	5.7	4.1	3.4	5.1	5.7
South Africa	14.4	15.3	13.9	9.7	9.0	8.7
India	9.0	13.9	11.8	6.4	10.2	10.2

CAD/GDP (Percent)						
	1990	1991	1992	1993	1994	1995
Argentina	3.2	-0.3	-2.9	-2.9	-3.3	-0.9
Chil	-1.8	0.3	-1.6	-4.6	-1.2	0.2
Indonesia	-2.8	-3.7	-2.2	-1.3	-1.6	-3.4
Korea	-0.7	-2.8	-1.3	0.3	-1.0	-1.8
Malaysia	-2.0	-8.9	-3.7	-4.4	-5.9	-8.3
Mexico	-3.0	-5.1	-7.3	-6.4	-7.8	-0.3
New Zealand	-7.2	-3.5	-3.4	-2.5	-4.6	-6.3
Philippines	-6.1	-2.3	-1.9	-5.5	-4.4	-2.7
Thailand	-8.5	-7.7	-5.7	-5.6	-5.9	-8.1
South Africa	1.9	-2.0	1.2	1.5	-0.5	-2.6

India	-3.2	-0.4	-1.8	-0.4	-1.1	-1.6
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Current Receipts/GDP (Per cent)						
	1990	1991	1992	1993	1994	1995
Argentina	265.6	8.9	7.4	6.9	7.8	10.2
Chile	35.8	34.7	31.2	27.8	29.4	30.3
Indonesia	28.4	28.8	30.1	26.8	26.7	31.3
Korea	31.1	29.5	30.2	30.2	31.3	34.3
Malaysia	81.2	84.3	80.5	84.9	93.6	97.4@
Mexico	8.1	19.9	18.4	18.4	20.8	39.0
New Zealand	28.8	29.5	31.0	32.1	32.1	31.7
Philippines	31.0	38.7	34.3	36.1	39.1	45.9
Thailand	36.9	38.7	38.9	40.2	42.2	45.2
South Africa	26.5	24.9	23.8	24.5	24.6	25.2
India	8.7	11.1	11.1	12.5	13.3	14.8

@ Excludes Transfer Receipts

Reserves* (\$ Bn.)						
	1990	1991	1992	1993	1994	1995
Argentina	4.6	6.0	10.0	13.8	14.3	14.3
Chile	6.1	7.0	9.2	9.6	13.1	14.1
Indonesia	7.5	9.3	10.4	11.3	12.1	13.7
Korea	14.8	13.7	17.1	20.2	25.6	32.7
Malaysia	9.8	10.9	17.2	27.2	25.4	23.8
Mexico	9.9	17.7	18.9	25.1	6.3	16.8
New Zealand	4.1	3.0	3.1	3.3	3.7	4.4
Philippines	0.9	3.2	4.4	4.7	6.0	6.4
Thailand	13.3	17.5	20.4	24.5	29.3	36.0
South Africa	1.0	0.9	1.0	1.0	1.7	2.8
India	2.3	5.7	6.5	15.2	20.8	17.1

*Total Reserves minus Gold.

Reserves */Imports (Months)						
	1990	1991	1992	1993	1994	1995
Argentina	13.5	8.7	8.1	9.9	8.0	8.5
Chile	9.5	10.4	10.9	10.4	13.3	10.7
Indonesia	4.1	4.3	4.6	4.8	4.6	4.0
Korea	2.5	2.0	2.5	2.9	3.0	2.9
Malaysia	4.0	3.6	5.2	7.2	5.1	3.7

Mexico	3.8	5.6	4.7	6.1	1.2	4.4
New Zealand	5.2	4.2	4.0	4.2	3.8	3.8
Philippines	0.8	3.0	3.4	3.0	3.2	2.7
Thailand	4.8	5.6	6.0	6.4	6.5	5.9
South Africa	0.7	0.6	0.6	0.6	0.9	1.1
India	1.0	3.3	3.3	7.3	7.4	4.9

*Total Reserves minus Gold

Exchange Rates {App. (+)/Dep. (-)} (Period Average)						
	1990	1991	1992	1993	1994	1995
Argentina #	-1051.9	-95.6	-3.9	-0.8	-0.0	-0.1
Chile *	-14.2	- 14.5	-3.8	- 11.5	-3.9	5.5
Indonesia @	-4.1	-5.8	-4.1	-2.8	-3.5	-4.1
Korea @	-5.4	-3.6	-6.4	-2.8	-0.1	4.0
Malaysia #	0.1	-1.7	7.4	-1.0	-2.0	4.6
Mexico @	-14.3	-7.3	-2.6	-0.7	-8.3	-90.2
New Zealand @	0.6	2.7	7.1	-0.5	-9.8	-10.6
Philippines @	-11.8	-13.0	7.2	-6.3	2.6	2.7
Thailand #	0.5	0.3	0.5	0.3	0.7	0.9
South Africa *	-1.2	6.2	3.3	12.7	8.0	2.1
India @	-7.9	-29.9	-14.0	-17.7	-2.9	-3.4

Official Rate; @ Market Rate; * Principal Rate;

Debt Service Ratio (Per cent)						
	1990	1991	1992	1993	1994	1995
Argentina	41.1	36.4	32.3	36.8	31.8	
Chile	26.4	23.2	21.0	23.1	19.2	
Indonesia	31.5	34.0	31.6	33.8	30.0	
Korea	10.7	7.1	7.6	9.2	6.8	
Malaysia	10.3	7.7	6.6	7.8	7.7	
Mexico	25.9	29.6	44.3	42.3	33.9	
New Zealand#	NA	NA	NA	NA	NA	
Philippines	27.0	23.0	24.4	25.5	18.5	
Thailand	16.9	13.0	13.7	18.5	15.6	
South Africa	10.7	9.5	15.3	10.3	10.7	
India	35.3	30.2	28.6	26.9	27.5	

Not included in World Debt Tables.

	GFD/GDP (Per cent)					
	1990	1991	1992	1993	1994	1995
Argentina	-0.3	-0.5	-0.0	-0.6	-0.7	NA
Chile	0.8	1.5	2.2	1.9	1.6	2.5
Indonesia	0.4	0.4	-0.4	0.6	0.0	0.0
Korea	-0.7	-1.6	-0.5	0.6	0.3	-0.2
Malaysia	-4.8	-4.4	-4.2	-5.3	2.4	0.9
Mexico	-2.8	-0.2	1.5	0.4	-0.8	-0.7
New Zealand	4.0	1.9	-2.2	0.1	0.8	0.1
Philippines	-3.5	-2.1	-1.2	-1.5	1.1	0.5
Thailand	4.5	4.7	2.8	2.1	1.9	3.0
South Africa	-2.5	-4.1	-7.9	-6.0	-5.7	-5.5
India@	-8.3	-5.9	-5.7	-7.4	-6.1	-5.5

@ Refers to Central Government Only. N.A. : Not Available

Sources: World Debt Tables 1996.

International Financial Statistics Year Book 1996, IMF.

International Financial Statistics, February 1997, IMF.

Economic Survey, GOI, 1996-97

Annual Report, RBI, 1995-96.

Status Report on India's External Debt, 1997.

Annexure III.4

Reserve Adequacy Indicators

	Year	Reserves (\$ million)	Reserves to Imports (in months)	Reserves to Imports and Debt Service Payments (in months)	Short term debt and portfolio Stocks/ Reserves (per cent)	NFEA to currency (per cent)	Reserves to Broad Money (per cent)
Argentina	1991	6005	8.7	5.2	232.9	-117.7	30.0
	1992	9990	8.1	6.0	170.3	33.0	31.9
	1993	13791	9.9	7.1	94.9	78.2	30.3
	1994	14327	8.0	6.1	89.4	57.0	26.8
	1995	14288	8.5	NA	NA	22.9	27.5
Chile	1991	7041	10.4	7.9	39.4	291.0	51.9
	1992	9168	10.9	8.6	45.0	350.6	56.9
	1993	9640	10.4	8.3	55.8	363.9	54.1
	1994	13088	13.3	10.7	54.6	500.8	68.5
	1995	14140	10.7	NA	NA	558.0	55.6
Indonesia	1991	9258	4.3	3.0	160.1	184.9	18.2

	1992	10449	4.6	3.1	178.8	243.8	17.8
	1993	11263	4.8	3.2	181.6	NA	NA
	1994	12133	4.6	3.1	191.6	NA	NA
	1995	13708	4.0	NA	NA	NA	NA
Korea	1991	13701	2.0	1.9	88.9	104.7	12.0
	1992	17121	2.5	2.3	93.1	142.6	13.9
	1993	20228	2.9	2.6	110.0	146.5	14.5
	1994	25639	3.0	2.8	103.2	157.0	15.5
	1995	32678	2.9	NA	NA	149.0	16.4
Malaysia	1991	10886	3.6	3.3	24.3	200.4	33.4
	1992	17228	5.2	4.8	26.7	278.6	37.9
	1993	27249	7.2	6.6	42.6	410.5	47.9
	1994	25423	5.1	4.7	47.9	388.5	40.4
	1995	23774	3.7	NA	NA	333.9	NA
Mexico	1991	17726	5.6	4.1	151.3	73.7	21.7
	1992	18942	4.7	3.3	184.1	82.0	19.4
	1993	25110	6.1	4.3	206.7	112.7	22.6
	1994	6278	1.2	0.9	967.6	-21.0	5.0
	1995	16847	4.4	NA	NA	-21.6	19.2
New Zealand	1991	2950	4.2	NA	NA	-385.2	9.2
	1992	3079	4.0	NA	NA	-800.2	9.9
	1993	3337	4.2	NA	NA	-605.3	9.7
	1994	3709	3.8	NA	NA	-860.2	9.5
	1995	4410	3.8	NA	NA	-941.2	9.4
Philippines	1991	3246	3.0	2.2	160.1	-26.4	18.5
	1992	4403	3.4	2.7	132.8	46.8	23.0
	1993	4676	3.0	2.4	143.3	128.9	20.4
	1994	6017	3.2	2.7	146.1	131.6	20.6
	1995	6372	2.7	NA	NA	106.7	17.1
South Africa	1991	899	0.6	NA	NA	-48.7	NA
	1992	992	0.6	NA	NA	-111.0	1.5
	1993	1020	0.6	NA	NA	-157.0	1.7
	1994	1685	0.9	NA	NA	-168.5	2.5
	1995	2820	1.1	NA	NA	-125.1	-5.9
Thailand	1991	17517	5.6	4.9	85.7	277.1	24.4
	1992	20359	6.0	5.2	84.7	249.2	24.4
	1993	24473	6.4	5.3	103.7	217.6	24.7
	1994	29332	6.5	5.5	116.9	60.5	26.1
	1995	35982	5.9	NA	NA	1.9	27.1
India	1991	5721	3.3	2.3	132.9	14.4	4.9
	1992	6452	3.3	2.5	110.8	29.6	5.3
	1993	15156	7.3	5.4	52.5	31.8	12.6
	1994	20816	7.4	5.6	58.5	60.2	15.0
	1995	17126	4.9	3.8	82.9	71.4	10.5

Note : Broad Money is measured by M3 in case of India and M2 for all other countries.
 NA: Not Available
 NFEA: Net Foreign Exchange Assets.
 Imports are given in c.i.f. basis.
 Reserves exclude gold.
 Portfolio Stock is calculated by adding up flow figures. In case of India it is calculated by converting the outstanding stock figures in Rupees into US dollars at end March exchange rate.

Source : International Financial Statistics Yearbook 1996 and IFS, April 1.997, IMF.
 World Debt Tables 1996, The World Bank.
 Economic Survey, 1996-97, GOI.
 Status Report on India's External Debt, GOI, 1997.
 Annual Report, RBI, 1995-96.

Annexure III.5

Indicators of the Structure of the Banking Industry

	Bank share in financial Intermediation* 1994	Share of state-owned banks @	Non-interest operating costs As a % of total assets#	Net interest margins
India	80	87	2.6	2.9
Hongkong	-	0	1.5	2.2
Korea	38	13	1.7	2.1
Singapore	71	0	1.4	1.6
Taiwan	80	57	1.3	2.0
Indonesia	91	48	2.4	3.3
Malaysia	64	8	1.6	3.0
Thailand	75	7	1.9	3.7
Argentina	98	36	8.5	9.2
Brazil	97	48	6.0	6.8**
Chile	62	14	3.0	6.1
Colombia	86	23	7.3	8.3
Mexico	87	28	3.9	5.1
Venezuela	92	30	5.7	8.1
Memorandum :				
United States	23	0	3.7	3.7
Japan	79	0	0.8	1.1
Germany	77	50***	1.1	1.4

Note : Operating costs and net interest margins are shown before loan loss provisions
 * Assets of banks as a percentage of the assets of banks and non bank financial institutions.
 @ Percentage share of assets. For India, 1993. For Argentina, June 1996.
 # Average of 1990-94

- ** 1992-94
 *** Not strictly comparable

Source : Goldstein Morris and Philip Turner, "Banking crises in Emerging Economics: Origins and Policy Options", BIS Economic Papers, No.46, October 1996.

Annexure III.6

Indicators of Profitability and Concentration in the Banking Industry

	Average rate of return on assets*	Five largest banks' share of deposits or assets @
India	-0.2	47.3
Hong Kong	1.7#	39.7**
Korea	0.6	38.1
Singapore	1.1	39.0
Taiwan	0.7	55.9
Indonesia	0.7	-
Malaysia	1.3	34.8
Thailand	1.3	59.6
Argentina	1.4	37.5
Brazil	0.1	54.9
Chile	1.1	46.7
Colombia	2.3	24.5
Maxico	1.3	61.9
Venezuela	1.4	57.2
Russian Federation	-	29.0
Israel	0.4	85-90
South Africa	0.8	82.0
Memorandum :		
United States	0.8	13.8
Japan	0.1	27.3
Germany	0.2	16.7

* Average 1990-94; for Argentina, Hong Kong and South Africa, 1991-94 and for India, 1991-95

@ In 1994; for Germany and India, 1995 and for Argentina and Singapore, May 1996

Locally incorporated licensed banks only

** Total deposits include both domestic and foreign currency deposits.

Source: Goldstein Morris and Philip Turner, "Banking crises in Emerging Economies : Origins and Policy Options", BIS Economic Papers, No.46, October 1996

Annexure III.7

Loan Loss Reserves and Non-Performing Loans

	Loan loss reserves* (A)	Non-performing loans @ (B)	Coverage ratio i.e. A/B
	as a percentage of total loans		
India	-	19.5#	-
Hong Kong	2.2@	3.1	0.71
Korea	1.5	1.0	1.50
Singapore	-	-	1.20
Taiwan	1.1	2.6	0.42
Indonesia	2.6	11.2	0.23
Malaysia	9.6	8.2	1.17
Thailand	1.7	7.6	0.22
Argentina	10.2@	10.5	0.97
Brazil	1.6	5.9	0.27
Chile	3.5	1.0	3.50
Colombia	1.9	2.5	0.76
Mexico	3.1**	14.8	0.21
Venezuela	7.0	17.7	0.40
Memorandum :			
United States	2.7	1.6	1.69
Japan	1.0	3.3	0.30

Note : These figures may not be strictly comparable.

* Average 1990-94

@ Average 1994-95

Relates only to public sector banks

** Average 1992-94

Source : Goldstein, Morris and Philip Turner, "Banking crises in Emerging Economics: Origins and Policy Options", BIS Economic Papers, No.46, October 1996.

Annexure III.8

Argentina: Summary of the Regulations on Capital Account and other Financial Transactions

Liberalisation Measures	Year
(1)	(2)

1. Operations in Securities

a) Controls on Capital Market securities

1) Purchase in the country by non residents	1991
2) Sale or issue by non residents	1991
3) Purchase abroad by residents	1991
4) Sale or issue abroad by residents	1991
<hr/>	
b) Controls on money market instruments	
1) Purchase in the country by non residents	1991
2) Sale or issue by non residents	1991
3) Purchase abroad by residents	1991
4) Sale or issue abroad by residents	1991
<hr/>	
c) Controls on collective investments securities	
1) Purchase in the country by non residents	1991
2) Sale or issue by non residents	1991
3) Purchase abroad by residents	1991
4) Sale or issue abroad by residents	1991
<hr/>	
2. Controls on derivatives and other instruments	
a. Purchase in the local market by non residents	1991
b. Sale or issue by non residents	1991
c. Purchase abroad by residents	1991
d. Sale or issue abroad by residents	1991
<hr/>	
3. Controls on credit operations	
a. Commercial credits	
1) by residents to non residents	1991
2) residents from non residents	1991
b. Financial credits	

1) by residents to non residents	1991
2) residents from non residents	1991
c. Guarantees, sureties and financial back-up facilities	
1) by residents to non residents	1991
2) residents from non residents	1991
4. Controls on direct investment	
a. Outward direct investment	1991
b. Inward direct investment	1991
5. Control on liquidation of direct investment	1991
6. Control on real estate	
a. Purchase abroad by residents	1991
b. Purchase locally by non residents	1991
c. Sale locally by non residents	1991
7. Provisions specific to commercial banks and other credits institutions: controls on :	
a. Borrowing abroad	1991
b. Maintenance of account abroad	1991
c. Lending to non residents (loans, financial or commercial credits)	1991
d. Lending locally in foreign exchange	1991
e. Purchase of locally issue securities denominated in foreign exchange	1991
f. Other controls : differential treatment of non resident deposit account or deposit accounts in foreign exchange	
1) Reserve requirements	1991

2) Liquid asset requirements	1991
3) Interest rate controls	1991
4) Investment regulation	1991
5) Credit controls	1991
6) Open foreign exchange position limits	1991
8. Provision specific to institutional investors @	
a. Limits (max.) on portfolio invested abroad	
b. Limits (min.) on portfolio invested locally	
c. Currency matching regulations on assets/ liabilities composition	
9. Other restrictions imposed by Securities Laws	1991

@ There is a specific provision for Pension Funds Investments.

Source : Ministry of Finance, Buenos Aires, Argentina.

Annexure III.9

A. Korea : Sequencing of Capital Account Transactions.

CATEGORY	AT PRESENT	1995	1996-97	1998-99
Overseas Direct Investment	Subject to approval	Partially liberalised	Liberalised	
Stock Investment by Non residents	12 per cent	15 per cent	Ceiling raised	Ceiling raised or abolished
Overseas Portfolio Investment by Firms, (individuals)	W300 million; (W100 million)	W1 billion (W500 million)	Liberalised	
Overseas Deposit by Firms; (indv)	Partially allowed; (not allowed)	\$1 million; (\$30 thousand)	Ceiling raised	Liberalised,; (ceiling raised)
Overseas Real estate inv.(indv)	Restricted	Restrictions eased	Restrictions eased	Liberalised; (ceiling raised)

Domestic Issuance by Non residents	Not allowed	Issuance of equities liberalised	Won-denominated bonds liberalised	Liberalised
Overseas Issuance by Residents	Partially allowed	Restrictions eased	Equity-linked bond liberalised	Liberalised
Commercial Loans (for facilities import)	Not allowed (with the exception of some public enterprises)	SMEs, high-tech firms, etc.	Liberalised for SMEs and partially allowed to all other firms	Liberalised for all firms
Spot Financing	Restrictions applied to usage	Restrictions eased	Liberalised	

B. Korea Sequencing of Foreign Exchange Market Reforms

CATEGORY	AT PRESENT	1995	1996-97	1998-99
Exchange Rate System	plus or minus 1.5 per cent	Review enlarging the band	Review plan to transition into a floating rate system	
Position system	Restrictions	the ceiling on Spot O/S raised	the ceiling on composite O/S, O/B and Spot O/S raised	Further raised or liberalised
Underlying Documentation System	Restrictions	Restrictions eased	Exempted	
FX Concentration System	Liberalised (registration requirement for amounts exceeding \$50,000)	Liberalised (registration requirement abolished)		
External Credit Collection Requirement	\$20,000	\$30,000	the ceiling raised	the ceiling raised

Source: Bank of Korea