

APPENDIX. DETAILS OF THE IMPLEMENTATION OF MONETARY POLICY CLASSIFIED BY INSTRUMENTS

Table 1. Bank Rate

Year	Effective Date	% pa	Notes
1958	17 November	8	Introduced the Bank Rate as interest charged on commercial banks borrowing from the Bank of Thailand. The loans must be guaranteed by government banks.
1965	2 August	7	The rate was reduced in compliance with government policy.
1969	27 January	8	In order to check capital outflow and to maintain financial stability since the commercial banks excessively utilized the loan window facility.
	23 June	11	In order to be in line with foreign interest rates which was as high as 12 percent pa.
1970	30 March	9	To spur economic growth.
1972	3 April	8	To stimulate investment and economic expansion
1973	9 August	10	To reduce the growth of private credit and money supply as well as to prevent the capital outflow.
1974	31 January	11	In order to be in line with foreign money market rates and to slow down the expansion of domestic credits and money supply.
1975	1 April	10	To induce reduction in domestic interest rates.
1976	25 August	9	As in 1975.
1978	1 February 4 December	10.5 12.5	To be in line with world monetary conditions and to reduce interest rate differentials which were in favor of capital outflows.

Table 1. Bank Rate (continued)

Year	Effective Date	% pa	Notes
1979	17 October		Modified the existing loan window facility and introduced the two-tier system of Bank Rate such that the interest rate of 12.5 percent pa was applied to loans within specified credit lines and additional 1.5 percent pa above the Bank Rate would be charged for the portion of loan exceeding the credit line so as to curb borrowing from the loan window to repay foreign debts bearing higher interest rates or to invest abroad.

Table 1. Bank Rate (continued)

Year	Effective Date	%pa		Notes
		1st tier Bank Rate	2nd tier Bank Rate	
1979	31 October	12.5	15.0	The same reasons as above.
1980	10 March	12.5	16.5	The same reasons as above.
	31 March	14.0	17.5	The same reasons as above.
	12 May	14.0	17.0	The same reasons as above
	21 May	13.5	16.0	To correspond with domestic and foreign money market conditions.
	4 June	12.5	15.0	As in May 21.
	31 October	13.5	15.0	To check capital outflow.
1981	23 January	-	-	Modified the Bank Rate system from two-tier to three-tier system as follows: -The interest rate of 13.5 percent pa was applicable to the lending within the credit line. -The interest rate of 15.0 percent pa would be charged for the portion of loan exceeding the credit loan but within twice as much as the credit loan. -The interest rate of 17.0 percent pa would be charged for the portion of loan in excess of the amount stated above.

Table 1. Bank Rate (continued)

Year	Effective Date	%pa		Notes
		1st tier Bank Rate	2nd tier Bank Rate	
1981	23 January (continued)			This modification was intended to bring about more flexibility into the system to cope with the changing domestic and foreign monetary conditions.
	8 May			Thailand increased the second tier rate to 17.5 percent pa and resume the two-tier system as described below: -The interest rate of 13.5 percent pa was charged for lending with specified credit loan. -For the portion of lending in excess of the credit loan, the interest rate of 17.5 percent pa would be charged. The objectives were to control capital outflow and to adjust the interest rate in response to the prevailing monetary conditions.
	6 July	14.5	18.5	To prevent the outflows of capital and the refinancing of commercial banks' foreign debts by borrowing from the Bank of THAILAND.
	12 November	14.5	17.0	To be in line with internal and external monetary conditions.

Table 1. Bank Rate (continued)

Year	Effective Date	%pa		Notes
		1st tier Bank Rate	2nd tier Bank Rate	
	3 December	14.5	16.0	As in November 12.
1982	20 April	14.5	17.0	To induce higher domestic interest rate so as to stimulate capital inflows.
	10 August	14.0	16.0	To correspond with the international money market condition and to induce reduction of domestic interest rates so as to stimulate growth.
	25 August	13.5	15.0	As in August 10.
	28 October	12.5	14.0	As in August 10.
1983	12 January	11.5	13.0	As in August 10.
	9 December	13.0	14.5	To correspond with general economic conditions and to encourage more foreign borrowing.
1984	14 November	12.0	13.5	To be in accordance with general economic conditions and to induce commercial banks to lower the lending rates.
1985	26 July	11.0	12.0	To correspond with domestic monetary conditions characterized by high liquidity.

Table 1. Bank Rate (continued)

Year	Effective Date	%pa		Notes
		1st tier Bank Rate	2nd tier Bank Rate	
1986	4 March	10.0	11.0	To encourage money market rates to adjust in accordance with prevailing monetary condition and to induce financial institutions to lower the lending rates so as to stimulate economy and investment.
	9 July	9.0	-	As in March 4 and also abolished two-tier system while maintaining a single Bank rate with revised credit lines.
	1 September	8.0	-	As in March 4.

Table 2. Reserve Requirement

Effective Date		Total Reserve Requirement	Deposits at BOT	Government Securities	Cash in Hand
1962	17 May	6	4.5	1.5	-
1965	25 May	6	3.0	3.0	-
1969	9 May	7	3.5	3.5	-
1974	1 March	8	4.0	4.0	-
	2 September	7	3.5	3.5	-
1976	20 February	7	3.25	3.75	-
	9 November	7	3.0	4.0	-
1979	22 June	7	2.0	2.5	2.5

Note) As Percentage of total deposits.

Ceilings on deposit and lending rates of commercial banks

Effective Date	15 May 1962	1 June 1963	1 July 1964	5 April 1966	9 Sept 1969	3 April 1972	31 Jan 1974	20 Oct 1976	1 Oct 1979	15 Jan 1980	1 July 1981	1 Feb 1983	5 Mar 1984	2 Jan 1986	5 Mar 1986
Deposit Rates															
At call 1/	0.50	0.50	0.50	0.01	0.01	0.01	0.01	0.01	-	-	-	-	-	-	-
At call (with condition on withdrawal)	4.50	4.50	30.00	-	-	-	-	-	-	-	-	-	-	-	-
Saving	-	4.50	4.50	3.50	3.50	3.50	4.50	4.50	5.50	8.00	9.00	9.00	9.00	8.50	7.25
Time:															
within 3 months	5.00														
Over 3 and within 6 months	6.00														
Less than 3 months	8 7/2														
from 3 and <3 months		0.50	0.5	0.01	0.01	0.01	0.01	0.01	-	-	-	-	-	-	-
from 6 and <12 months		5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	9.00	10.00	10.00	-	-	-
from 12 months onward		6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	10.00	11.00	11.00	-	-	-
from 1 and <3 years		7.00	7.00	7.00	7.00	7.00	8.00	8.00	9.00	-	-	-	-	-	-
from 1 and <2 years								12.00	9.00	12.00	-	-	-	-	-
from 3 months & <2yrs										-	13.00	13.00	-	-	-
from 2 yrs onward											-	-	13.00	11.00	9.50
from 3 and <5 yrs											14.00	14.00	14.00	11.00	9.50
from 5 years onward										13.00	-	-	-	-	-
Foreign currency deposits					12.00	12.00	12.00	12.00	<	14.00	-	-	-	-	-
												float			>

Table 3 (cont)

Effective Date	15 May 1962	1 June 1963	1 July 1964	5 April 1966	9 Sept 1969	3 April 1972	31 Jan 1974	20 Oct 1976	1 Oct 1979	15 Jan 1980	1 July 1981	1 Feb 1983	5 Mar 1984	2 Jan 1986	5 Mar 1986
Lending and Discount Rates															
Lending															
-Export															
-Lending for industry guaranteed by immovable properties or eligible movable assets	12.00	10.00	10.00	9.00	9.00	8.50	15.00	15.00							
-others	15.00	15.00	15.00	12.00 14.00	12.00 14.00	11.50 14.00	12.50 15.00	12.50 15.00	15.00	18.00	19.00	17.50	17.504/ 19.00	15.00 7.00	15.00
Discount															
-Commercial	12.00	10.00	10.00	9.00	14.00 9.00	14.00 8.50	15.00 15.00	15.00 15.00							
-Export															
-the purchase of industrial raw material	-	-	-	10.00	10.00	9.50	10.50	12.50							
-The hire purchase of industrial product	-	-	-	10.00	10.00	9.50	10.50	12.50							
-Mining	-	-	-	-	-	-	-	12.50							

1/ expired after July 1964

2/ 8% for the 1st year and 7% applied thereafter

3/ in use until expiration of the existing contract but not exceeding one year from the effective date

4/ (1) 17.5% applicable to lendings for agricultural, industrial, export sectors and wholesale agricultural product trading

(2) 19.0% applicable to lendings for other sectors apart from (1)

Table 4. Credit Allocation Measures

4.1 Agricultural credit requirement

The Bank of Thailand introduced the measure so that commercial banks would provide higher agricultural credit on yearly basis starting from 1975 with the annual target as follows:

Year	Agricultural credit target
1975	5 percent of the total loan outstanding at the year-end 1974
1976	7 percent of the total deposit outstanding at the year-end 1975
1977	9 percent of the total deposit outstanding at the year-end 1976
1978	7 percent ^{1/} of the total deposit outstanding at the year-end 1977
1979	11 percent ^{1/} of the total deposit outstanding at the year-end 1978
1980 ^{2/}	13 percent ^{1/} of the total deposit outstanding at the year-end 1979
1981	13 percent ^{1/} of the total deposit outstanding at the year-end 1980
1982	13 percent ^{1/} of the total deposit outstanding at the year-end 1981
1983	13 percent ^{1/} of the total deposit outstanding at the year-end 1982
1984	13 percent ^{1/} of the total deposit outstanding at the year-end 1983
1985	13 percent ^{1/} of the total deposit outstanding at the year-end 1984
1986	13 percent ^{1/} of the total deposit outstanding at the year-end 1985

1/ Including lendings to agri-business for at most two percent of the total deposits.

2/ In 1980 the Bank of Thailand required commercial banks which could not achieve the agricultural credit requirement to purchase government bonds.

4.2 Rural Credit Requirement

In 1987, the agricultural credit requirement was modified and replaced by rural credit target. Since then rural credit target has been set at 20 percent of total deposit outstanding at the end of the previous year. Of this 20 percent target, at least 14 percent must be extended to agriculturalists and small scale industrialists who borrow and receive credit line of not more than 3 million Baht. Those small-scale industries must also locate in areas outside Bangkok and specified provinces.

Table 5. Exchange Rate Measure

Effective Date	Details
1949 (Became a member of IMF)	Fixed the exchange rate at 35 Baht/Pound or 12.5 Baht/U.S. dollar.
March 1955	Set the value of one Baht to be equivalent to 0.0444335 grammes worth of pure gold or equivalent to 56 Baht/pound sterling or equivalent to 20 Baht/U.S. dollar.
20 October 1963	Reset the Gold/Baht parity to be equivalent to 0.0427245 grammes worth of pure gold or 20.80 Baht /U.S. Dollar
8 May 1972	Devalued Baht by 7.89 percent, resulting in the value of one Baht equivalent to 0.0393516 grammes worth of pure gold. The devaluation was equiproportionate to the fall of U.S. dollar value against gold. Thus the Baht/dollar exchange rate was still maintained at 20.80 Baht/U.S. dollar.
23 March 1973	Devalue Baht by 10.0 percent which was equal to the percentage fall in the value of U.S. dollar against gold. As a result, one Baht was equivalent to 0.0354164 grammes worth of pure gold while the Baht/dollar exchange rate remained unchanged at 20.80 Baht/U.S.dollar.
14 July 1973	Revalued the Gold/Baht parity by 4 percent, resulting in the value of one Baht equivalent to 0.0368331 grammes worth of pure gold or 20.0Baht/U.S. dollar.
8 March 1978	Modified the exchange rate system from fixing the vale of Baht to gold (or to U.S. dollar, in practice) to pegging the Baht value to a number of major currencies. The Baht/dollar exchange rate was, thus, adjusted to 19.8 Baht/U.S. dollar.

5. Exchange Rate Measure (continued)

Effective Date	Details
1 November 1978	Adopted the daily fixing system.
12 May 1981	Devalued the Baht/dollar exchange rate by 1.1 percent to 21 Baht/U.S. dollar.
15 July 1981	Devalued the Baht/dollar exchange rate by 8.7 percent to 23 Baht /dollar and abandoned the daily fixing system.
5 November 1984	Devalued the Baht/dollar exchange rate by 14.8 percent to 27 Baht/U.S. dollar and adopted the new exchange rate regime which pegged the exchange rate with the basket of currencies.

Table 6. The Maintenance of Capital Adequacy

a) The commercial banks have been required by Section 10 of the Commercial Banking Act B.E.2505 to maintain the minimum capital to risk asset ratio as follows:

Date of Announcement	Effective Date	Capital/Risk Assets (Minimum percentage)
1 May 1962	1 May 1963	6
29 June 1970	1 October 1970	7.5
29 June 1970	1 October 1971	9
7 January 1980	1 February 1980	8.5
18 April 1983	1 May 1983	8

b) Finance Companies

Date of Announcement	Effective Date	Capital/Risk Assets (Minimum percentage)
4 July 1975	1 January 1976	2
	1 July 1976	3.5
	1 January 1977	5
9 December 1981	19 February 1982	5
	1 April 1982	6