

FLOWS OF MONEY INTO DEVELOPING AND ECONOMIES MARKETS

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ABSTRACT

This paper, we tend to think about the development of flow of funds information in a very little sample of developing economies, that square measure the topics of a general analysis programme that this paper serves partially as background: People's Republic of Bangladesh, India, Sri Lanka, Kenya, Tanzania, African country and African country. We tend to develop a simplified internationally comparable framework for the compilation of flow of funds tables. we tend to demonstrate that wide out there UN agency information embrace all the most important building blocks necessary to construct an amazingly elaborated flow of funds table for any news country, exploitation the framework that we tend to taken off. We tend to compile flow of funds tables for our sample countries for a recent year that loosely adequate information square measure out there, exploitation UN agency information. We tend to additionally assess and discuss this information, and compare them with national supply flow of funds information for Asian nation. Our methodology for assembling the flow of funds provides a replacement and sensible technology to help developing countries in assembling flow of funds information. It provides a framework among those national statisticians will adapt pre-existing information compiled for the UN agency, and upon that they'll build and extend their own flow of funds information at considerably lower value than would be incurred in assembling this information from scratch.

Keywords: Flow of Funds, Developing Countries, Compilation of Statistics.

INTRODUCTION

After a slump in cross-border flows of capital within the years following the East Asian monetary crisis, international monetary flows have seen a sturdy revival in recent years. The magnitude of cross border transactions has full-grown exponentially throughout the present decade. Further, qualitative changes that attended this quantitative enlargement have remodeled the character of the monetary integration of developing countries with their developed country counterparts Ahlquist (2006). Mensuration absolutely the size of worldwide distributed finance capital is so a tough proposition. Given the variety of agents, instruments and markets and therefore the lack of transparency in sure over-the-counter markets, it's very tough to determine the dimensions of the corpus that functions as international finance. However, on the market figures do purpose to pace growth within the world operations of monetary companies Ahmed & Zlate (2014).

Flow of funds analysis is generally recognized as an important tool to aid in the understanding of macroeconomic and financial developments in an economy, and in policy appraisal. The flow of funds is notable for its widespread use by applied economists, but limited use by academics (Bowman et al., 2015). See Dawson. A major reason for its neglect by academics is that the level of detail in a typical flow of funds matrix militates against the application of "simple" models to the data. Of course, it is precisely this level of detail which

makes it useful to applied economists and policy-makers who seek to understand the movement of funds in the economy which may lie behind changes in the prices of assets and products. In the major industrial countries, detailed flow of funds data are routinely compiled and published within the general framework of the UN System of National Accounts. However, the SNA remains largely a blueprint for the relatively few industrial countries with well-funded and organized statistical services Leduc & Zheng (2016).

The absence of flow of funds accounts in virtually all developing countries is unfortunate, for it can be argued that such data may be of more value in the developing world than in the industrial countries. Economic policy information is derived from both the prices and the quantities traded in an economy. The major industrial economies benefit from a vast range of organized and informal markets, which possess attributes of depth and liquidity, and whose prices provide much of the basic, timely information upon which economic policy is based in practice Shah & Ahmed (2003).

CONCLUSION

It is clear that the construction and analysis of a detailed flow of funds table for developing countries, based on IMF data, is quite feasible in principle. However, the availability of the necessary IMF data in practice is uncertain. None of our sample countries produced both adequate and timely data within the framework set out in this paper. A major problem appears to be one of timeliness, with Kenya and India producing relevant statistics but only with a substantial lag. Sri Lankan data are also relatively good. In our other sample countries the problems may be more deep-seated. However, these do include some of the poorest countries among IMF members. In general, the data compiled by the IMF do not represent a large proportion of the available social and economic statistics in a country.

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