

EMERGENCY DECREE
AUTHORISING THE MINISTRY OF FINANCE TO RAISE AND MANAGE LOAN
TO ASSIST THE FINANCIAL INSTITUTIONS DEVELOPMENT FUND,
B.E. 2541 (1998)

BHUMIBOL ADULYADEJ, REX.

Given on the 7th Day of May B.E. 2541;

Being the 53rd Year of the Present Reign.

His Majesty King Bhumibol Adulyadej is graciously pleased to proclaim that:

Whereas it is expedient to have a law on authorising the Ministry of Finance to raise and manage loan to assist the Financial Institutions Development Fund;

By virtue of the provisions in section 218 of the Constitution of the Kingdom of Thailand, the King hereby issues the Emergency Decree as follows:

Section 1. This Emergency Decree is called the “Emergency Decree Authorising the Ministry of Finance to Raise and Manage Loan to Assist the Financial Institutions Development Fund, B.E. 2541 (1998)”.

Section 2. This Emergency Decree shall come into force as from the day following the date of its publication in the Government Gazette.*

Section 3. The Ministry of Finance, with approval from the Council of Ministers, shall have the power to raise a loan from domestic sources of loan in the name of the Government of the Kingdom of Thailand to compensate for the losses and restructure financial sources of the Financial Institutions Development Fund.

* Published in the Government Gazette, Vol. 115, part 23a, page 4, dated 7th May B.E. 2541.

The aggregate amount of the loan under paragraph one shall not exceed five-hundred billion baht.

Section 4. In the raising of loan under this Emergency Decree, the Ministry of Finance, apart from entering into a loan agreement, shall have the power to raise a loan through the issuance of bonds or other instruments from time to time.

The money obtained through the raising of loan under paragraph one shall be used for the purpose of which the money is loaned, without having to be remitted to the Treasury pursuant to the law on budgetary procedure and the law on treasury reserves.

Section 5. Interest rate, condition, fee, expenditure, management and procedure in relation to each raising of loan, and the term of principal repayment, shall be as approved by the Council of Ministers.

Section 6. Each raising of loan shall be published in the Government Gazette within a month from the date of entering into the loan agreement or of the issuance of bonds or other instruments. The publication shall contain the amount of the loan, interest rate, condition, fee, all expenditure, term of principal repayment and the purpose of spending of such loan.

Section 7. In the case where the Ministry of Finance deems it appropriate to restructure its debt under section 3 or extend the term of repayment or reduce the burden of the original debt, the Ministry of Finance, with approval from the Council of Ministers, shall have the power to raise a loan from domestic sources of loan for such undertakings. The provisions of section 4, section 5 and section 6 shall apply *mutatis mutandis*.

The amount of loan under paragraph one shall not be included in the aggregate amount under section 3.

Section 8. A fund shall be established within the Ministry of Finance, called the “Fund for Principal Repayment to Compensate for the Losses of the Financial Institutions Development Fund”, for the purpose of repaying the principal of loan under this Emergency Decree.

The Fund under paragraph one consists of:

(1) not less than ninety per cent of net profit annually remitted by the Bank of Thailand as its revenue pursuant to the law on the Bank of Thailand;

(2) revenue obtained through the privatization of State enterprises, the amount of which shall be in accordance with the rules and conditions prescribed by the Minister of Finance with approval from the Council of Ministers;

(3) fruits of the Fund.

The Ministry of Finance shall have the power to set aside a sum from the money under paragraph two (1) and (2) to be added to the Fund before remitting such money as State revenue, and shall have the power to use the Fund for the repayment of principal of loan under this Emergency Decree.

The management of the Fund shall be in accordance with the rule prescribed by the Minister of Finance with approval from the Council of Ministers.

Section 9. Expenditure money for the repayment of interest of loan under this Emergency Decree shall be set up in the law on annual expenditure budget.

The Bank of Thailand shall remit annually as revenue the money of not less than ninety per cent of its net profit obtained through its operation pursuant to the law on budgetary procedure and the law on treasury reserves for the purpose of repaying the interest of loan under paragraph one.

The remittance of money under paragraph two shall be commenced and continued from the year in which the remittance under section 8 paragraph two (1) is completed until the amount is fully covered.

In calculating the amount to be repaid under paragraph two, the interest thereof shall not be calculated from the expenditure of interest of loan under paragraph one.

Section 10. The Minister of Finance or a person entrusted by the Minister of Finance shall have the power to raise a loan in accordance with this Emergency Decree.

Section 11. The Minister of Finance shall have charge and control of the execution of this Emergency Decree.

Countersigned by

Chuan Leekpai

Prime Minister

Remarks: The reasons for the promulgation of this Emergency Decree are as follows. Due to the economic crisis in Thailand in the past period of time which has an impact on the confidence in financial institutions and financial system of the country, this results in the use of money by the Financial Institutions Development Fund to assist a large number of financial institutions under difficulties. Nonetheless, as the financial sources of the Fund are mostly short-termed with high interest rate and limited amount, there arises the problem in raising capital of the Fund and in the effect on interest rate in the financial market in general. Therefore, in order for the systematic management of financial burden of the government in providing financial assistance to the Fund, the financial sources of the Fund shall be appropriately restructured by authorising the Ministry of Finance to raise a loan to assist the Fund and to prescribe the procedure in managing the repayment of loan in the way which maximises clarity, transparency and the public benefit, thereby the burden of financial assistance by the Government is reduced, the distortion in domestic financial market is resolved, and the interest rate in the next phase is reduced. This will help build the confidence of foreign investors in one way, the undertaking of which is a part of the measures in solving the problems of economic crisis. And as it is the case of urgent necessity which cannot be avoided for the benefit of preserving economic stability of the country, it is therefore necessary to enact this Emergency Decree.