

MINISTERIAL REGULATION
PRESCRIBING RATES AND CONDITIONS ON COLLECTION OF INTEREST AND FEES
FOR ON-LENDING OF THE MINISTRY OF FINANCE,
B.E. 2551 (2008)*

By virtue of section 5 and section 26 of the Public Debt Management Act, B.E. 2548 (2005), the Minister of Finance hereby issues the Ministerial Regulation as follows:

Clause 1. The Ministry of Finance shall collect on-lending interest from a State agency, agency under State supervision, local administrative organisation, State enterprise or State financial institution which is a borrowing agency at the same rate and under the same conditions as those imposed on the Ministry of Finance by the source of loan. This also applies to other expenses in connection with raising of loan for on-lending.

Clause 2. The Ministry of Finance shall collect an on-lending fee from a State agency, agency under State supervision, local administrative organisation, State enterprise or State financial institution at the rate specified in the schedule of on-lending fee rates annexed to this Ministerial Regulation.

The Minister may approve the Ministry of Finance to collect an on-lending fee at the rate lower than that specified in the schedule of on-lending fee rates annexed to this Ministerial Regulation or not to collect any fee in the following cases:

(1) a project or work plan of a State agency, agency under State supervision, local administrative organisation or State enterprise in accordance with a Government policy, which the Council of Ministers has passed a resolution that the State agency, agency under State supervision, local administrative organisation or State enterprise shall be responsible for and execute such project or work plan;

* Published in the Government Gazette, Vol. 125, Part 90a, dated 30th July B.E. 2551 (2008).

(2) a project or work plan of a State agency, agency under State supervision, local administrative organisation or State enterprise for basic public utilities which is beneficial to the public at large but not commercially viable for investment;

(3) a new investment project or work plan of a State agency, agency under State supervision, local administrative organisation or State enterprise under the strategy of the public administration plan;

(4) a project or work plan for credit facilitation of a State financial institution in accordance with a Government policy, in respect of which the Council of Ministers has passed a resolution assigning such State financial institution to be responsible for and execute such project or work plan.

The State agency, agency under State supervision, local administrative organisation, State enterprise or State financial institution, which pays a fee at the rate lower than that specified in the schedule of on-lending fee rates annexed to this Ministerial Regulation or does not have to pay a fee under paragraph two, shall record the amount of difference between the on-lending fee actually paid and the on-lending fee which should have been paid in accordance with the schedule of on-lending fee rates annexed to this Ministerial Regulation as a part of the amount of governmental subsidy for its operation.

Clause 3. Subject to clause 4, the Office shall evaluate the credit rating at least every twelve months for the purpose of collecting an on-lending fee from the State enterprise or State financial institution by taking into consideration:

(1) credit risk, including industrial risk, business risk and financial risk, as well as future implementation plan and structure of the loan facility; and,

(2) difference between the yield rate of bonds of the State enterprise or State financial institution guaranteed by the Ministry of Finance and the benchmark yield rate of Government bonds.

In the case where it is unable to find the difference of the yield rates under (2), only the credit risk under (1) shall be taken into consideration for the credit rating.

The rules and procedures for evaluating the credit rating under paragraph one shall be as prescribed by notification of the Director-General of the Public Debt Management Office.

Clause 4. In the case where the Office has evaluated credit rating for the purpose of collecting a guarantee fee from a State enterprise or a State financial institution, the Office may use the result of such evaluation as the result of the evaluation of credit rating for the purpose of collecting an on-lending fee.

Clause 5. When the Office has evaluated the credit rating of a State enterprise or a State financial institution to which the Ministry of Finance provides on-lending in accordance with the rules and procedures under clause 3 or uses the result of the evaluation of credit rating for the purpose of collecting a guarantee fee from the State enterprise or State financial institution under clause 4, as the case may be, it shall notify the evaluation result to the State enterprise or State financial institution.

Clause 6. The on-lending fee under clause 2 shall be charged in the currency of the on-lending, and shall be collected once a year or twice a year.

Given on the 7th day of July B.E. 2551 (2008)

Surapong Suebwonglee

Minister of Finance

Schedule of On-lending Fee Rates for State Agencies, Agencies under State Supervision
or Local Administrative Organisations

Organisation	Fee Rate (Percentage per Annum of Outstanding On-lending Amount)			
	Less than 1 year	From 1 year to 5 years	More than 5 years, but not exceeding 10 years	More than 10 years
State agencies, agencies under State supervision, local administrative organisations	0.01	0.05	0.10	0.15

Schedule of On-lending Fee Rates for State Enterprises or State Financial Institutions

Credit Rating	Fee Rate (Percentage per Annum of Outstanding On-lending Amount)			
	Less than 1 year	From 1 year to 5 years	More than 5 years, but not exceeding 10 years	More than 10 years
1	0.01	0.05	0.10	0.15
2	0.05	0.10	0.15	0.20
3	0.10	0.15	0.20	0.25
4	0.15	0.20	0.25	0.30
5	0.20	0.25	0.30	0.35
6	0.25	0.30	0.35	0.40
7	0.30	0.35	0.40	0.45
8	0.35	0.40	0.45	0.50

Remarks: The reasons for the promulgation of this Ministerial Regulation are as follows. Whereas section 26 of the Public Debt Management Act, B.E. 2548 (2005) provides that the Ministry of Finance shall have the power to collect interest and fees for on-lending at the rates and under the conditions prescribed by the Ministerial Regulation, it is therefore necessary to issue this Ministerial Regulation.