

# Thai AJDF Category B



Valve Factory (Panton Thani Area)

## Outline of Loan Agreement

|                                    |   |
|------------------------------------|---|
| Loan Amount/ Loan Disbursed Amount | ¥34,375 million / ¥34,375 million   |
| Loan Agreement                     | September 1992  |
| Terms and Conditions               | Interest rate: 2.5%,<br>Repayment period: 30 years (grace period: 10 years) |
| Final Disbursement Date            | March 1998  |

## Project Profile

The project was to supply small and medium businesses with medium and long-term capital investment funding through the Industrial Finance Corporation of Thailand (IFCT) and the Krung Thai Bank (KTB) to foster their development.

## Results and Evaluation

The project funds provided finance to 341 small and medium businesses in the food processing, metal machining, furniture and other industries. Approximately 80% of the borrowers were located outside Bangkok, which demonstrates that the project provided finance in line with the development policy of regional small and medium businesses. In terms of end user size, the IFCT financed a higher proportion of small businesses than the KTB did. Nearly all of the funds were used for new or expanded capital investments, helping to encourage investment by small and medium businesses. In some cases, borrowers succeeded in introducing new production technologies in order to meet the consumer and quality control standards of export markets.

Both banks are working carefully to manage their credits and to solve non-performing loan problems swiftly, but there are many small and medium business borrowers under the project, and increasing numbers have fallen into management difficulties since the economic crisis. Both banks are instructing their borrowers towards restructuring and stabilizing their business operations, and are prudent in project supervision and debt management, and their financial positions appear likely to improve, as well as the national economy recovers.