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Sugar fund gets B16bn to support subsidy

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The Bank for Agriculture and Agricultural Cooperatives (BAAC) has extended a 15.9-billion-baht loan to the state-run Cane and Sugar Fund.

The loan extension came after the cabinet earlier assigned the fund to seek loans from the bank to pay sugar cane farmers an extra 160 baht per tonne.

Farmers sold their sugar cane to the fund at the minimum guaranteed price of 950 baht a tonne for the 2012-13 crushing sugar cane season.

The 15.9-billion-baht loan carries the

minimum lending rate minus 0.75% a year or 4.25%.

The Cane and Sugar Fund is due to pay off the new debt by next March.

The fund will use a five-baht-a-kilogramme increase from the previous sugar price to pay off the BAAC loan.

The BAAC has extended loans worth a combined 80.8 billion baht to the fund to finance shoring up sugar cane price to farmers from the 1998-99 season and the fund at present has outstanding debt of about 3 billion baht.