

# NESDC keeping an eye on borrowing

Concern after household debt in Q3 2018 was up nearly 6% from the previous quarter

**CHATRUDEE THEPARAT**

**T**he state planning unit is keeping a close watch on rising household debt after debt defaults on personal loans increased at a faster rate.

The National Economic and Social Development Council (NESDC) reported yesterday that household debt in the third quarter of 2018 was equal to 12.56 trillion baht, an increase of 5.9% from the previous quarter, as consumers sped up their purchases of vehicles and especially houses ahead of new loan-to-value (LTV) limits coming into force in April.

The government's think tank said that in the fourth quarter of 2018 the remaining consumer loans expanded by 9.4% from the same period last year.

"The ability to repay debt started sending signals that it needs to be closely monitored," the NESDC said. "Regarding non-performing loans, the rate increased by 8.9% in this quarter from 4.8% in the fourth quarter of 2018. In terms of debt defaults, loans overdue more than three months of personal loans under supervision increased at an accelerated rate of 9.9% year-on-year, while the number of credit card loans overdue more than three months began to increase by 0.3% from the continued

contraction since the fourth quarter of 2016 onwards.

"Therefore, the trend of other types of consumer debt need to be monitored, which partly come from unnecessary debt incentivised from marketing promotion."

In addition, education in financial management for households, including creating financial discipline and savings at all ages should be continuously promoted, the council said.

In the past, the public sector has implemented policies on household debt, such as resolving informal debt problems, setting up the Debt Clinic Project, resolving debt problems for teachers and educational staff, strengthening farmers and their institutions, and the establishment of the National Savings Fund.

The government should also implement aid measures to 40% of the total population or 27.1 million people who have an income of less than 5,346 baht per month, the NESDC said. The figures cover working people and children.

The aid measures should cover skills development, greater capital access, more opportunities to access information and information technology, an upgrade of their occupation and market access, and skills improvement on financial management, including

income and debt management.

According to the report, among the 27.1 million people, there are two groups of the near-poor comprising 16.3 million who have income of less than 5,346 baht per month, and 5.4 million who earn 3,173 baht per month.

The country's poorest group totals 5.3 million people whose income is below the poverty line of 2,685 baht per month.

Among the 27.1 million people, 55% of them are in the farm sector in the Northeast, the North and the three southernmost provinces.

Thosaporn Sirisamphand, secretary-general of the NESDC, said the 27.1 million people are the main target group under the 12th national economic and social development plan for 2018-22.

The NESDC, the National Electronics and Computer Technology Center and related agencies have been developing the Thai poverty map and analytical platform (TPMAP), which will be measured by various indices such as education, living standards, health and opportunities to determine access to government services.

Mr Thosaporn said the TPMAP will help the government carry out measures and provide help directly to low-income earners.