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FPO Warns Government Debt Under Section 28 Surpasses 1 Trillion Baht

The Fiscal Policy Office (FPO) has warned that government debt obligations under Section 28 of the State Financial and Fiscal Discipline Act have surpassed 1 trillion baht. Section 28 permits state agencies to spend in advance of formal budget allocations for projects such as economic stimulus, occupational support, quality of life improvements, and disaster relief. By the end of fiscal 2024, obligations reached 1.02 trillion baht, including over 900 billion baht owed to the Bank for Agriculture and Agricultural Cooperatives (BAAC) and 73 billion baht to the Thai Credit Guarantee Corporation.

Debt levels under this framework rose sharply between 2019 and 2022which used large sums for pandemic relief and income guarantee schemes for farmers. Over 519 billion baht was channelled into the agricultural sector, leading the government to temporarily raise the Section 28 debt ceiling from 30% to 35% of the expenditure budget (currently capped at 32%). The FPO seeks to return the ceiling to 30%.

Although a 2023 resolution discouraged direct subsidies to ease fiscal pressure, the government recently approved an exemption, authorising a rice price compensation scheme. For 2025, the budget includes 7.28 billion baht for the off-season crop (covering 861,000 households) and 37.9 billion baht for the main 2025/26 crop (benefiting 4.63 million households), with BAAC providing advance payments.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com