The objective of this study is to analyze factors affecting short term loan repayment probability of Bank for Agriculture and Agricultural Co-operatives (BAAC)'s famer clients. The data used in this study is obtained from interviewing 416 BAAC's farmer clients in Dan Kun Thod District, Nakon Ratchasima Province, and the data set is analyzed by Multinomial logit model.

The results indicated that most of the borrowers are male, age between 40 – 49 year, and main occupation is farming. The education level of the borrowers is mainly lower than grade 6 and the average number of workers is about 0.46 persons per household. The average asset value, farm income and off-farm income of the borrowers are about 1,987,691.66, 159,798.21 and 138,158.30 Bath per household, respectively. For the expenditure, the borrowers have spent about 54,248.49, 33,986.39 and 97,569.81 Bath per household on the average on the production cost, off-farm spending and household consumption, respectively. The average amount of loan borrowing from BAAC is about 63,324.95 Bath per household, and other debts are about 51,820.76 Bath per household. The average debt tracking by BAAC's loan officer is about 2 times per year and most of the borrowers become BAAC's farmer clients for about 1-10 years. The major lending sources for the borrowers are BAAC and the village fund.

In this study, the borrowers were classified into 4 groups namely: (1) Normal borrowers who return the loan by using their own money; (2) Normal borrowers who borrowing to return the loan; (3) Default borrowers who intend to not return the loan; and (4) Default borrowers who are unable to return the loan. The results from Multinomial logit models showed that age, farm income, amount of debt borrowing from BAAC to the total debt, and number of debt tracking have positive impact on the repayment probability, while production cost, amount of loan and major occupation (farmer) have negative influence on the repayment probability. In addition, the results indicated that the borrowers may use "Evergreen strategy" (borrowing to return the loan) when the number of debt tracking increased.

The study results suggest that BACC should find the ways to increase farm revenue to the young farmers who have the paddy rice farm. This is to ensure that they will be able to generate sufficient fund to repay the loan. In addition, to increase the loan repayment rate, BAAC's loan officer should visit their farmer clients more often and should also provide some financial advices or suggestions to their farmer clients.

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