

ABSTRACT

Thesis Title : The Impact of Measures to Encourage Private
Investment “10 August 1999” : A Case Study
of Government Housing Bank

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The objective of this research was to study the impacts of the measures initiated by the Government on August 10, 1999 to promote the recovery of the residential property sector. The study examined the impacts of the measures on three aspects; the impacts on housing developers, home buyers and amount of mortgages that financial institutions granted to home buyers. The findings are as follows.

1. Concerning the study of the impacts of the measures on the expansion of the housing developments, it was found that such measures could not encourage housing developers to invest on new projects. This recession might result from consecutive economic downturn and lack of capital sources. Although the measures could not stimulate the expansion, they facilitated developers of completed housing projects in selling property which helped accrue liquidity.

2. Concerning the study of the impacts of the measures on the number of customers, it was found that such measures encouraged quicker decision making among home buyers. Home buyers benefited from the extended amount of credit, lower rate mortgages and 30-year repayment period. This helped them to pay lesser amount of monthly mortgage repayment.

3. Concerning the study of the impacts of the measures on the amount of mortgages that financial institutions granted to home buyers, it was found that such measures could not yield the increasing amount of the outstanding loans. Moreover, the amount continually decreased. This indicates that the Government has to urgently introduce measures to increase amount of loan to financial institutions.

Suggestions:

The Government should take an important role in solving problems by formulating policies or setting up responsible authorities to initiate policies and guidance to the residential property sector. Also, the Government should act as a key informant providing business information necessary for housing developers to formulate policies and make decisions. The continually assistance measures for home buyers via interest rate measures should be initiated. The financial institutions that grant mortgages should seek new or alternative approaches, giving more choices to home buyers.