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Agence France Presse (AFP)

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BANGKOK, June 25 (AFP) - The government's asset management company -- a cornerstone of premier Thaksin Shinawatra's economic platform -- will begin transferring bad loans from the nation's overburdened banks next month, an official said Monday.

Thai Asset Management Corporation (TAMC) president Yodchai Choosri said the body would begin transferring debts from both private- and state-owned financial institutions.

"The bad assets transfer will begin July 31 as scheduled if there isn't any change," he said.

Yodchai said the TAMC would open for business on June 26 at a temporary office even though its executive board, which was scheduled to meet Monday to discuss the debt figures, has not yet been officially appointed.

The unofficial board will forge ahead by drafting notices for financial institutions regarding the amount of debt to be transferred, the means and period of debt transfers, he said.

Yodchai added that the total amount of bad debts transferred to the TAMC was undetermined, but there had been an initial agreement to shift 1.1 trillion baht (24 billion dollars) from state banks and 250 billion baht (5.5 billion dollars) from private banks.

Some of the assets involved were currently stuck in court proceedings, Yodchai said, and it remained unclear whether they would be taken over by the TAMC.

The Thaksin government laid the groundwork for the TAMC in March when cabinet members and top bankers drew up a broad agreement to set up the central body to manage the bad debts of Thailand's banks.

The plan was aimed at ridding the banking sector of non-performing loans dating from the Asian economic crisis of 1997-98.

Estimated to be worth 1.2 trillion baht (28 billion dollars), they have severely handicapped the ability of Thailand's banking sector to finance new economic activity.

Moody's Investors Services in New York earlier this year gave cautious backing to the plan, saying the move, if properly executed, may provide the impetus for a longer-term recovery in the ratings of Thai banks and the economy as a whole.

Critics have said the government can ill-afford to absorb the debts and that the costs would ultimately fall to taxpayers.

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