

*** OFFICIAL ANNOUNCEMENT ***

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FINANCE

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DEPARTMENT OF FINANCE OF THE REPUBLIC OF INDONESIA

LETTER OF THE MINISTER OF FINANCE
NUMBER : S-628/MK.017/1998 ; DATED : DECEMBER 7, 1998

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**DISTRIBUTION OF INTEREST OF THE CREDIT FOR FARM
 BUSINESS (KUT)**

To :
 Governor of Bank Indonesia
 in Jakarta

In connection with the Decision of the Cabinet Meeting on December 2, 1998 on the Elimination of subsidies for fertilizers and the change in the credit package for farm businesses (KUT), the following matters are conveyed :

1. The ceiling of the package of KUT as stipulated in the Decree of the Minister of Agriculture/Chairman of the Agency for Controlling the Provision of Credit Assistance for Farmers (BP BIMAS) No. 05/Kpts/Mentan/Bimas/X/1998 dated October 21, 1998 is adjusted to the change in farmers purchasing price of fertilizers which has not been subsidized by the government since December 1, 1998.
2. Distribution of interest of KUT as contained in our letter No. S-607/MK.017/1998 dated November 24, 1998 is changed to become as follows :

Distribution of interest of KUT		
	Old	New
Institutions		
Bank Indonesia	3%	0%
Channeling bank	2%	2%
Rural Cooperatives Units (KUD)/cooperatives/ non-government organizations (NGOs)	5%	5%
P P L	1%	1%
Perum P K K	1.5%	1.5%
Government funds entrusted to Perum PKK	1.5%	1%
T o t a l	14%	10.5%

Remark

The withdrawal of the funds of the government can only be made by approval of the Minister of Finance and Minister of Cooperatives, Small-and Medium-scale businesses.

3. Distribution of risks of guaranty for KUT, is still as contained in our letter No. S-607/MK.017/1998 dated November 24, 1998.
4. The amount of distribution of interest of KUT as meant in point 2 is effective as from the planting season of 1998/99.

We highly appreciate your attention.

THE MINISTER OF FINANCE

SGD.

BAMBANG SUBIANTO

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