



Cultivating Prosperity

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However, the prospects for agricultural loans through banks are on the rise due to guidance from the central bank.

Two specialized banks, Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (RAKUB), along with six state-owned commercial banks (SCBs), play a pivotal role in disbursing agricultural and rural credit. The contributions of foreign and private commercial banks are also crucial in this aspect.

In order to promote direct lending to farmers, the Bangladesh Bank has mandated that banks disburse a minimum of 50% of their total loans through their own channels.

"Bangladesh Bank has modified the policy tool and instructed all banks to disburse at least 50% of the agri loan disbursement target using their own distribution network. Though the industry is behind the expected direct lending to farmers by banks, things are improving. All banks are trying to take different measures to scale up agri lending," shares Sanjib Kumar Dey, Head of SME & Agri Banking, Mutual Trust Bank.

"Agricultural loans, though small and labor-intensive, pose challenges due to limited branch coverage. However, ours has proactively embraced this sector, surpassing targets since inception," emphasizes Ahsan Jamil Hossain, VP and Head of SME and Agricultural Loans at Midland Bank. He underlines their commitment to disbursing loans directly to the grassroots level through branches, NGOs, and intermediaries.

"Network challenges hinder loan disbursement in agricultural areas with limited bank branches. However, Dhaka Bank has opened 1,500 farmers' accounts via the EzyBank app, allowing for quick loan processing within seven days and application processing within 15 days," notes Md. Katebur Rahman, Senior VP and Head of the Agriculture Banking Unit at Dhaka Bank.

"We mainly disburse agricultural loans to farmers through NGO linkages, however, we finance farmers through our own channel via our branches as well. We have designed two agricultural products called EBL Krishi Rin and EBL Projukti for disbursing loans through our own sources," shares M. Khorshed Anwar, Deputy Managing Director & Head of Retail & SME Banking at Eastern Bank.

"Two noteworthy initiatives are underway: one in Patgram, Lalnamirhat, supporting corn farmers, and another in Laxmipur,



PHOTO : ANISUR RAHMAN

aiding soybean farmers. Through a network spanning 136 branches and collaborating with numerous prominent NGOs, we distribute agricultural loans to empower these communities," says M. Shahidul Islam, Senior Vice President at NCC Bank.

"Many banks prioritize corporate clients, with fewer focusing on small and medium-sized enterprises (SMEs). However, at our bank, SMEs are our main focus. We directly disburse loans for dairy, poultry, and fisheries ventures, while also channeling support to farmers through NGO partnerships," mentions Syed Abdul Momen, Deputy

Managing Director & Head of SME Banking at BRAC Bank.

"Previously, reliance on NGO financing was predominant, but in the last three years, this dependency has been decreasing. Our initiatives have been accompanied by the establishment of numerous sub-branches and agent outlets across the country, mostly in rural areas, with the primary objective of integrating unbanked marginal farmers into the formal banking system. Notably, more than 27,000 marginal and landless farmers are now benefiting, compared to the previous number of 150 (excluding NGO

financing)," shares Iftekhar Enam Awal, Head of Business, Corporate, and SME at AB Bank.

"We are providing collateral-free loans with small amounts, and we are also focusing on leveraging our agent banking network to reach our farmers in the most remote areas, pushing forward the adoption of digital or phone applications, and partnering with tech-based agri-companies to facilitate the loan application process for farmers," adds Nazeem A. Choudhury, Deputy Managing Director - Consumer Banking at Prime Bank.

"Our bank has exceeded the central bank's target, disbursing loans through 300

stations nationwide. With 40% facilitated via agent banking across 500 agent points, alongside 163 branches and 40 sub-branches, our network is robust for agricultural loan disbursement," notes Kamrul Mehedi, Head of SME at City Bank.

"Our bank is nearing its agricultural loan disbursement target across NGOs, branches, and our agent banking network. Leveraging the extensive networks and experience of NGOs in agricultural loans, we aim to further enhance performance in this sector," shares Shaminoor Rahman, Head of SMR at Bank Asia.

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কৃষিতেই সমৃদ্ধি

কৃষিক্ষেত্র সম্পর্কিত বিস্তারিত জানতে আপনার নিকটস্থ শাখা, উপশাখা কিংবা এজেন্ট ব্যাংকিং আউটলেটে যোগাযোগ করুন

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AGRICULTURAL LOAN DYNAMICS IN BANGLADESH

Comparative Position of Disbursement and Recovery of Agricultural Loan (Billion BDT)

FY	Disbursement (target)	Actual disbursement	Recovery	Total outstanding loan
21	262.9	255.1	271.2	459.4
22	283.9	288.3	274.6	498.0
23	308.1	328.3	330.1	527.0

Term structure of loan disbursed in FY23

SHORT TERM : LONG TERM
269.0 billion BDT : **59.3** billion BDT

SOURCE: BANGLADESH BANK ANNUAL REPORT (JULY 2022-JUNE 2023)

DISBURSEMENT TARGET FOR FY24:
350 billion BDT

SECTOR-WISE ACTUAL DISBURSEMENT IN FY23

