



# What Bangladeshi banks offer to farmers

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In recent years, agricultural and rural finance programs have been boosted as the private commercial banks (PCBs) along with state-owned commercial banks (SCBs), have come forward to disburse agri-loans in the country.

In line with the broad-based objectives of the government, Bangladesh Bank (BB) formulates the 'Agricultural And Rural Credit Policy and Programme' to ensure an adequate flow of funds to the agricultural and rural economies in a proper, timely, easier, and hassle-free manner, reaching farmers at the grassroots level. This policy plays a helpful role in increasing the scope of agri-loans, promoting financial inclusion, fostering the use of technology, and expanding banking activities in rural areas.

This article will explore the new and existing products Bangladeshi banks offer as agri-loans to farmers of different levels.

#### Smart Agri Loan by AB Bank

Iftakhar Enam Awal, Head of Business, Corporate, and SME at AB Bank, elaborated on the bank's initiative to provide agricultural loans to marginal farmers through the AB Smart Card. This innovative loan product, operational in 43 Upazilas across 11 districts, benefited 27,008 marginal farmers in 2023, particularly those who are landless or sharecroppers. Additionally, the bank's 19 programs, totaling loans worth 154.01 crore, directly contributed to agricultural production, yielding 24,000 metric tons of grains across 12,500 acres of land.

The farmers are required to submit the Agricultural Input Assistance Card issued by the Department of Agriculture Extension along with their own NID Card to obtain an agricultural loan from AB Bank. Additionally, a personal guarantee from their spouse and a guarantee from a third party are required. Once the loan is approved, disbursement is made to the customer's account, from which they can withdraw funds as needed through the AB Smart card. After full repayment of the loan, farmers can apply for further loans for different agricultural activities, and the loan amount may be increased if necessary.

#### Demand and Term Loans by Bank Asia

"The existing demand and term agri loan products cover all needs of farmers in terms of their convenience, purposefulness, and ease of repayment. The existing products are also being offered at a low price with a moratorium depending on the requirement of the farmer. Farmers can get season-based loans easily either in one-time mode or in installments," said Md. Shaminoor Rahman, Senior Executive Vice President & Head of SMR, Bank Asia.

The Demand and Term Loan products include:

Dairy Support: for milk production and beef fattening

Fishery Support: for all types of fish cultivation and hatchery

Poultry Support: for poultry projects involved in egg and meat production

Loan against Tk10 A/C: for small/marginal/landless farmers, micro/marginal/small business people involved in any income-generating activity, people affected by natural calamities involved in any income-generating activities, disabled & women entrepreneurs

MFI Finance: for financing ultimate beneficiaries through MFIs

Additionally, the Demand Loan product, Cropping Support, is for cultivating all types of crops, vegetables, medicinal plants, fruits, and flowers. (Note that for the cultivation of pulses, oilseeds, spices, and maize, the loan is provided only at 4.00% per annum). The Term Loan, Agricultural Equipment Support, is for purchasing agri-machinery and irrigation equipment.

#### Capital and Term Loans by BRAC Bank

"We have developed our digital process to reduce the processing time of loans to marginal farmers. Hence, they can avail of loans up to BDT 50,000 using smartphones in the quickest possible time," said Syed Abdul Momen, Deputy Managing Director & Head of SME Banking, BRAC Bank.

BRAC Bank has working capital loans and term loans for the farmers' specific needs. They can also avail of term loans for fixed assets and agri-machinery procurement. All agri loan products can be availed at a lower rate than regular ones, with easy terms and conditions and charges, no supervision and processing costs.

#### Krishi Loan by City Bank

"City Bank currently offers only the 'Krishi Loan' to farmers, with quick disbursement within 3-5 days. In 2022-23, the bank surpassed Bangladesh Bank's target of BDT 574 crore, disbursing BDT 966 crore, which is 168% of the goal. 70% of the disbursement was through NGOs, and 30% via its own channels, positioning it as one of the top banks in providing agri-loans," said Kamrul Mehedi, Head of SME at City Bank.

This year, City Bank aims to launch the 'Digital Agri Loan' to efficiently reach more farmers, leveraging technology to bridge the digital gap. The loan will utilize a scoring engine based on factors such as behavior, social data, transaction patterns, and crop cycles to accurately determine loan amounts and purposes. City Bank is providing loans to farmers through agent banking in a hybrid model and this transactional data will be pulled out to prepare the scoring engine for digital lending to the farmers.

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