



The Future of Agri Finance



Ali Reza Iftekhar
Managing Director & CEO
Eastern Bank

Farmers directly engaged in agriculture, livestock, fisheries, and forestry must be targeted and prioritized for agri-loan provision since agricultural production is imperative for our country's economic growth. We can better facilitate our farmers through making timely disbursements of agri-loans in order to meet the cash requirements for fulfilling their various needs including the purchase of necessities such as fertilizers and seeds, investment in agricultural technologies and specialized equipment including irrigation systems, capitalization of operational and maintenance costs, reconstruction and recuperation if faced with natural disasters or infestations, etc.

Rice cultivation predominates the agricultural sector of Bangladesh, farmers primarily need credit facilities for the production of rice crops for its pivotal role in ensuring food security for the nation. We provide agri-loans to farmers at a 4% interest rate under the BDT 5000 crore refinance scheme of food safety initiated by Bangladesh Bank. We additionally provide agri-loans for the production of special crops including pulses, oilseeds, spices, maize, and sunflower at a concessional interest rate of 4% as an alternative for imported crops. Our bank disburses general agri-loans to various tiers of farmers through our own channel and NGO linkages, we have designed the products EBL Krishi Rin and EBL Projukti to finance farmers via branches, and the lending rate of agri-loans is currently 4% - 12%.

The annual credit policies, programs and refinance schemes formulated by Bangladesh Bank guide and support the banks in the successful disbursement of agricultural and rural credit.



Syed Mahbubur Rahman
Managing Director & CEO
Mutual Trust Bank

Historically, farmers had very few options on their grips to promote their agri-farming. Informal lenders and MFIs are still the major sources of borrowing for marginal farmers though banks are also scaling up agri-financing programs across the country. The agricultural sector contributes 11.22% to our total GDP and food security has become a global challenge for the upcoming future.

MTB has been exceeding regulatory loan disbursement targets for the Agricultural & Rural credit sector for years and has also successfully met the last stimulus loan disbursement target set by Bangladesh Bank. We are focusing on horizontal growth by disbursing loans to as many marginal & landless farmers across the country as possible. We are overcoming the physical presence of our channels by introducing an embedded financing program with different Agri Fintech, identifying Agri Clusters of Onions, Maize, Turmeric, Banana, Watermelon, livestock, and other crops in areas like Pabna, Natore, Lalmonirhat, Rajshahi, Naogaon, etc.

The government has already initiated different timely measures and policies to support the agri-financing program in our country and Bangladesh Bank is very successfully executing all these through different Financial Institutions. To attract lenders to the Agri Financing program, a few more policy support may have a positive impact. Low-cost Crop/Agri Insurance should be popularized in our country, a common satellite platform for lenders to locate the land, easy and effective weather forecasting news to farmers, and formulate an easy Digital financing program for Agri lending and Credit Guarantee Scheme to cover Agri Financing.



Hassan O. Rashid
Managing Director & CEO
Prime Bank

To better facilitate our farmers, we are focusing on enhancing access and simplifying the application process for agri-loans. We are implementing digital solutions to reach remote areas, offering training on financial literacy, and tailoring our products to meet specific agricultural needs. Additionally, we collaborate with agricultural experts to ensure our loan products effectively support modern farming techniques and sustainable practices.

Our agri-loan schemes are designed to be inclusive, catering to all tiers of farmers. For small and medium farmers, we offer loans with flexible repayment terms aligned with crop cycles. For landless farmers and sharecroppers, we have introduced innovative financing models that don't require collateral. These include group lending and microfinance products, enabling them to access capital based on community trust and group guarantees.

Policy support from the Government/Bangladesh Bank is crucial to further streamline the agri-loan process. Policies aimed at risk mitigation such as credit guarantee schemes can enable banks to extend more loans to underserved segments. We also advocate for special interest rates to promote sustainable agricultural practices.

Connecting farmers to finance



PHOTO: STAR

Banks offer loans at significantly lower rates compared to other institutions. Therefore, Bangladesh Bank has instructed banks to disburse 50% of their agricultural loans through their own network instead of relying on NGOs or other channels.

ZUBIAN KARIM THAKUR

In the pursuit of agricultural sector development, it's imperative to enhance the accessibility of loans for marginal farmers. However, due to certain shortcomings within our financial system, many marginal farmers struggle to secure loans from formal institutions like banks. This difficulty stems from issues such as remoteness, lack of collateral, and low literacy rate prevalent among farmers residing in rural areas. They often avoid banks due to the burdensome paperwork and strict account opening requirements.

"The low literacy rate amongst farmers makes them reluctant to reach out to banks for loans," shares Ziaul Karim, Head of Communications at Eastern Bank.

On the contrary, NGOs and Microfinance Institutions (MFIs) have greater reach in rural and remote areas and offer a streamlined loan application process. As a result, a significant portion of farmers, approximately 63.28%, obtain loans from these entities.

"Farmers often turn to NGOs and

MFIs operating at the union level for easier access. Traveling to banks from rural areas is both time-consuming and costly for them. One of our main focuses is to go to those rural areas. We have our people at the union level looking to provide loans to those marginal farmers. A total of 7 million farmers have obtained loans from us, with 90% of them being women. We have nearly 3000 branches," mentioned Habibur Rahman from ASA, a non-profit organization.

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"Increasing the loan amount by 50 percent is a positive move. It will boost food production and supply. However, it's crucial to ensure that loans reach small, and genuine farmers promptly. They're numerous and vital for production, yet often struggle to access credit", opines Dr. Golam Rabbani, a professor at Bangladesh Agriculture University.

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বাংক এশিয়া

সহজ শর্তে
ঘরে বসেই পেয়ে যান
বাংক এশিয়া
কৃষি ঋণ

সরল সুদে কৃষি ঋণ সহজ পেমেন্ট সুবিধা

ঘরের কাছেই এজেন্ট ব্যাংক আউটলেট থেকে সেবা পাওয়া যাবে