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## Tk 2b fund for Tk 10 account holders

FE Report

The central bank has formed a revolving re-financing fund of Tk 2.0 billion for strengthening financial inclusion programmes through providing loans to Tk 10 account holders, officials said Wednesday.

"We've formed the fund aiming to bring un-banked people in the banking network for facilitating their business activities," M Mahfuzur Rahman, executive director and spokesperson of the Bangladesh Bank (BB), told the FE.

He also said, "We expect that marginal traders are benefited from the re-financing scheme."

Under the scheme, the banks are allowed to disburse the collateral-free loan to the Tk 10 account holders at maximum 12 per cent interest while the non-government organisations (NGOs) will charge up to 19 per cent interest.

The central bank will provide the fund to the commercial banks at the rate of 5.0 per cent interest.

The central bank issued a circular in this connection Wednesday and asked the chief executive officers and managing directors of all scheduled banks for taking necessary measures to provide such loan.

One single borrower can borrow maximum Tk 50,000 under the scheme, according to the circular.

Earlier on January 17, 2010, the BB asked the state-owned banks to open bank accounts for the farmers with a nominal deposit of Tk 10. Later, different categories of people were included in the programme.

As of March 2014, the number of Tk 10 account holders - who are mostly farmers, city corporation cleaning workers and social safety net beneficiaries - stood at nearly 13.90 million.

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## BB announces Tk 200cr refinance fund for farmers, micro-entrepreneurs

 Monirul Alam

Bangladesh Bank (BB) Wednesday announced a Tk 200-crore refinance fund for banks and micro-finance institutions (MFIs) to lend on easy terms to the small farmers and micro-entrepreneurs across the country aimed at strengthening the rural economy.

The credit limit for the individual applicant will be Tk 50,000 while the limit has been fixed at Tk 50,000 per head in case of group applications seeking credit under the refinance fund.

This special credit facility will be applicable for individuals having the Tk 10 accounts, which is free of charge, according to a BB circular.

Interest rate for this credit from banks will be maximum 11.2 percent and the rate has been fixed at 19 percent if disbursed by MFIs as agents of banks.

Bangladesh Bank will charge the banks a contemporary bank rate of 5 percent on the refinance fund. The central bank will also provide 3.5 percent subsidy on recovery of the loans, of which bank will get 1 percent and MFI will receive remaining 2.5 percent.

The central bank's Green Banking and CSR Department issued a circular Wednesday seeking compliance of the scheduled banks in this regard.

No mortgage or security will be required for this loan, but the banks and MFIs were asked to ensure personal guarantee from an adult individual, who is Bangladeshi national, on behalf of the applicant to guarantee recovery, according to the BB circular. Persons individual or in a group entitled for this credit facility include small, marginal and landless farmers, who are involved in agricultural activity. Individuals having maximum 2.47 acres of land or are defined as small, marginal or landless farmers as per the central bank's policy.

Micro entrepreneurs who are entitled to this credit facility include agro-based manufacturers, traders, grocers, jeweller, tea vendors, flower seller, electric, electronic traders, van and auto rickshaw drivers, tailors, waiters, bakers, homestead cattle and birds growers, hawkers, internet and flexiload service providers and so on, the circular says.

Those who are not entitled to this credit include persons who had enjoyed credit facility under any previous refinance and interest-free scheme, individuals who enjoyed any credit under the government's special loan facility and the persons who are loan defaulters.

Bangladesh Bank also asked the scheduled banks to report to the central bank's Green Banking and CSR Department by 10th of every month about credit disbursed in the previous month under the refinance scheme.

The circular said BB will closely monitor this credit scheme.

Print

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# BB approves Tk 200cr refinance fund for farmer bank accounts

Posted by [BankInfo](#) on Thu, Apr 24 2014 11:20 am



A [file photo](#) shows farmers sowing potato seeds on a land in Munshiganj. The [Bangladesh Bank](#) board on Tuesday approved a fresh [refinance fund](#) worth Tk 200 crore for making active [bank accounts](#) with Tk 10 [deposits](#) of marginal and landless farmers.

The [Bangladesh Bank](#) board on Tuesday approved a fresh refinance fund worth Tk 200 crore for making active bank accounts with Tk 10 deposits of marginal and landless farmers, said officials of the central bank.

The marginal and landless farmers, small shop owners, hawkers and people affected by river erosion having the Tk 10 accounts will get loans under the refinance scheme with a 12 per cent to 20 per cent interest rate.

The [BB](#) board also approved separate two regulations – [Bangladesh](#) Payment and Settlement System Regulation, 2014 (amended) and Regulation on Electronic Fund Transfer – at the meeting.

BB governor Atiur Rahman presided over the meeting at the central bank headquarters in the capital. BB spokesperson and executive director M Mahfuzur Rahman told New Age on Tuesday that the clients would count 20 per cent rate of interest if they received the loan from the refinance fund through the linkage of non-government organisations.

The clients, however, will have to count 12 per cent interest rate if they received the loans through the scheduled banks.








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The banks will receive the fund from the [central bank](#) with interest rate of five per cent.

A client will get maximum Tk 50,000 in credit from the banks for one year.

The banks including Sonali Bank, Janata Bank, [Agrani Bank](#), Rupali Bank, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank and BASIC Bank opened more than 1 crore accounts with initial deposit of only Tk 10. But the majority of the accounts are now inactive, the BB official said.

He said the banks would disburse the loan under the refinance [fund for](#) income generating activities.

According to the approved Bangladesh Payment and Settlement System Regulation, 2014 (amended), the country's payment system operators and payment system providers will have to procure licences from the BB to conduct their business operation.

Payment system operator (PSO) refers to an entity for operating a settlement system for payment activities between participants of which the principal participant must be a scheduled bank or financial institution.

The PSOs are settling inter-bank transaction between banks and clients through automated teller machines.

Q-Cash, Cashlink Bangladesh and OMNIBUS are now providing such type of services in the country's banking sector.

The PSOs and the PSPs will have to maintain a capital structure in a bid to mitigate their financial risks, according to the BB's amended regulation.

From now on, the BB will monitor and supervise the PSOs as they are now brought under the central bank's licencing, the BB official said.

'The inter-bank settlement through ATM and point-of-sale increased significantly in the last few years. The settlement is mainly completed through the PSOs, so it is important to monitor them,' he said.

News:New Age/23-Apr-2014

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