

Agriculture and CMSME Finance

9.1 Agriculture plays an important role as a priority sector of Bangladesh economy. It's also the main source of rural employment and income generating sector of the country. The contribution of the agriculture in Bangladesh GDP is approximately 13.35 percent (constant price 2005-06 base). According to Labour Force Survey 2017, Bangladesh Bureau of Statistics, around 41.0 percent of the total workforce is directly engaged on agriculture. Besides ensuring food security, the agriculture sector has been playing an important role to meet up the nutrition demand, increase export earnings and augment total internal production of the country as a whole.

9.2 In line with the government policy direction, Bangladesh Bank formulated "Agricultural and rural credit policy and program" to ensure adequate flow of funds to agricultural and rural economy properly, timely, easier and hassle-free way to the farmers level. With a view to improving the socio-economic condition of the country along with an underscored role of the agriculture and rural sector, agricultural and rural credit policy and program is being implemented through all scheduled banks. The role of the agriculture is immense even to encounter environmental calamity and the negative impact of climatic changes. So, it is essential to develop the agriculture sector for the economic development of the country. During FY20, BDT 227.49 billion (94.30 percent of target) has been disbursed as agricultural and rural credit against the target of BDT 241.24 billion through all scheduled (state-owned, commercial and specialized) banks (Table 9.1).

Table 9.1 Comparative Statement of Disbursement and Recovery of Agricultural Loan*

(billion BDT)			
Disbursement	FY18	FY19	FY20
1. Disbursement (Target)	204.0	218.0	241.2
a) Crops loan (Other than tea)	102.9	116.9	131.9
b) Purchase and installation of irrigation equipment	7.8	6.2	13.0
c) Livestock	27.1	27.1	24.4
d) Marketing of agricultural goods	3.5	3.4	5.7
e) Fisheries	23.1	25.0	24.5
f) Poverty alleviation	12.6	11.9	15.8
g) Other agricultural activities	27.0	27.5	26.1
2. Actual disbursement	213.9	236.2	227.5
a) Crops loan (Other than tea)	103.4	118.8	114.0
b) Purchase and installation of irrigation equipment	2.7	3.2	2.7
c) Livestock	30.6	32.5	31.7
d) Marketing of agricultural goods	1.1	1.2	1.3
e) Fisheries	24.6	26.8	26.1
f) Poverty alleviation	21.5	19.5	20.9
g) Other agricultural activities	30.0	34.3	30.9
3. Term structure of loan disbursed	213.9	236.2	227.5
a) Short term	178.7	199.3	191.5
b) Longer term	35.3	36.9	36.0
4. Recovery	215.0	237.3	212.5
5. Due for Recovery	286.6	304.6	279.8
6. Total Outstanding loan	406.0	429.7	455.9
7. Overdue	72.1	66.9	60.6
8. Overdue as Percent of outstanding	17.8	15.6	13.3

* Excluding BRDB and BSBL
Source: ACD, BB.

The Major Achievement of Agricultural Credit Program in FY20

9.3 The implementation of some important initiatives of this program are as follows:

- Around 3.07 million farmers availed agricultural and rural credit of which 1.51 million women got BDT 83.60 billion from different banks.
- Around BDT 6.76 billion was disbursed among about 0.102 million farmers through 15,522 open credit disbursement programs arranged by different banks.

- Around 2.35 million small and marginal farmers avail BDT 163.00 billion agricultural loans from different banks.
- About BDT 0.21 billion of agricultural and rural credit was disbursed among about 7179 farmers living in less developed area like haor, char, etc.
- Around 10.2 million bank accounts were opened by farmers in the state-owned commercial banks with an initial deposit of BDT 10 only.
- In the three Hill Tract districts, more than BDT 0.80 billion was disbursed by BKB among 20,666 tribal farmers at only 5.0 percent interest rate.

Credit Disbursement to Agriculture

9.4 In recent years, agricultural and rural finance program seems to have boosted up as the Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) along with State-owned Commercial bank (SCBs) came forward to disburse agricultural credit in the country. The actual disbursement of BDT 227.49 billion in FY20 against the disbursement target of BDT 241.24 billion was 3.67 percent lower than the actual disbursement of BDT 236.16 billion in FY19.

Table 9.1 shows the comparative position of overall disbursement and recovery of agricultural loan during FY18-FY20 and Charts 9.1 and 9.2 show targets and actual disbursement of agricultural loan.

9.5 About 84.19 percent of disbursement was short-term lending and the rest 15.81 percent was in the form of long-term loans for irrigation equipment, agricultural machinery, livestock etc. The credit for the production of crops constituted 59.50 percent of the total short-term loans during FY20 (Table 9.1).

9.6 The total outstanding loan in the agricultural sector (all banks) in FY20 increased by BDT 26.19 billion or 6.09 percent to BDT 455.93 billion from BDT 429.74 billion in FY19 (Table 9.2).

9.7 Two specialized banks, BKB, RAKUB and six SCBs played key role in the disbursement of agricultural and rural credit. The contribution of foreign and private commercial banks was also imperative in this regard. The BKB and FCBs have exceeded the disbursement target by 12.67 and 8.98 percent respectively and SCBs, RAKUB and PCBs have failed to achieve the disbursement target by 19.87, 5.06 and 11.02 percent respectively in FY20 (Table 9.2). Apart from this, BRDB and BSBL disbursed

Table 9.2 Agricultural Credit Performance by Banks*

(billion BDT)

	FY16	FY17	FY18	FY19	FY20					Total
					SCBs	BKB	RAKUB	PCBs	FCBs	
Disbursement Target	164.00	175.50	204.00	218.00	31.95	55.00	16.80	130.68	6.81	241.24
Actual disbursement	176.50	209.99	213.93	236.16	25.60	61.97	15.95	116.54	7.42	227.49
Recovery	170.60	188.41	215.03	237.34	25.55	52.59	16.86	111.00	6.44	212.45
Overdue	56.78	67.08	72.11	669.16	20.93	17.05	15.62	6.98	0.00	60.60
Outstanding	344.80	390.48	406.01	429.74	110.73	175.59	44.76	119.57	5.28	455.93

*Excluding BRDB and BSBL
Source: ACD, BB.

BDT 8.18 billion from their own sources which raised the total disbursement to BDT 235.67 billion (including banks) during FY20.

Credit Recovery

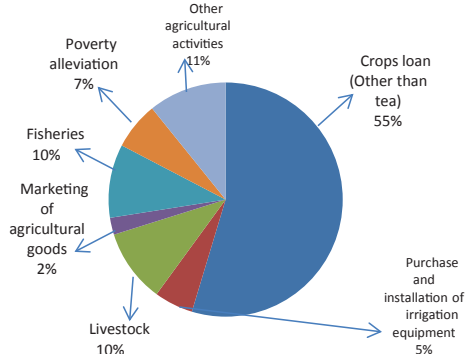
9.8 During FY20, recovery of agricultural credit decreased by 10.49 percent to BDT 212.45 billion from BDT 237.34 billion in FY19. Consequently, the rate of recovery as a percent of due for recovery of agricultural credit was 46.60 percent during FY20 which was lower than that of 55.23 percent in FY19 (Table 9.1).

9.9 The overdue as percentage of outstanding agricultural loan decreased from 15.57 percent at the end of June 2019 to 13.29 percent at the end of June 2020 (Table 9.1 and 9.2). It is important that banks should take appropriate measures to disburse credit to the right farmer for harvesting of crop and to conduct proper intensive supervision to ensure smooth recovery.

Sources of Agricultural Finance

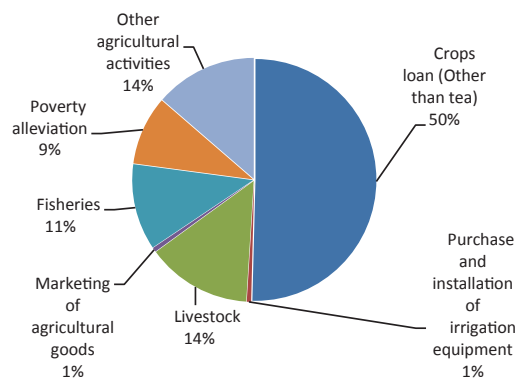
9.10 Two specialized banks (BKB, RAKUB) and six SCBs played key role in disbursement of agricultural and rural finance. In addition to that PCBs are playing significant role in the annual disbursement of agricultural loans. In FY20, two specialized banks (BKB, RAKUB) and six SCBs disbursed BDT 103.52 billion or 45.51 percent, PCBs BDT 116.54 billion or 51.23 percent and FCB BDT 7.42 billion or 3.26 percent respectively of the total disbursement of BDT 227.49 billion (Table 9.2). The SCBs' overdue loans as percent of their agricultural outstanding loans stood at 18.90 percent at the end of FY20, while the overdue loans of RAKUB and BKB were recorded to 34.90 and 9.71 percent respectively of their outstanding loans (Table 9.2). The PCBs' overdue loans as

Chart 9.1 Targets for Agricultural Credit Disbursement in FY20



Source: ACD, BB.

Chart 9.2 Actual Agricultural Credit Disbursement in FY20



Source: ACD, BB.

percentage of their outstanding loans stood at 5.59 percent at the end of FY20.

Interest Subsidy from Government (Budgetary Allocation)

9.11 Credit disbursement at concessional interest rate for specified crops:

There is a large demand for pulses, oil seeds, spices and maize in the country. But the production of these crops is not sufficient. In order to encourage on production of such crops and disburse loan for these crops by the state-owned (commercial and specialized) banks

at concessional interest rate in cultivation of pulses, oil seeds, spices and maize at farmers level has been set at 4.0 percent from 1 July 2010 under interest-loss subsidy facilities of the government. Along with the state-owned (commercial and specialized) banks, PCBs and FCBs disburse loan from FY12 against their annual agricultural and rural credit target in pulse, oil seed, spices and maize cultivation under the government's facility of 5.0 percent interest subsidy. The scenario of this sector is shown in Table 9.3.

9.12 During FY20, 36 banks availed BDT 0.02 billion as five percent interest subsidy against their disbursement and actual recovery of FY19 on import substitute crops (Pulse, Oilseed, Spices and Maize). During FY20, BDT 1.07 billion disbursed by banks on import substitute crops and corresponding interest subsidy is under process to release as per policy.

Interest Subsidy from Bangladesh Bank

Scheme for the Disbursement of agricultural loan at 4.0 percent concessional interest rate for grain and crop sector to mitigate the crisis due to outbreak of the Novel Corona virus

9.13 Due to outbreak of the Novel Corona virus, it is necessary to provide agricultural loan at low interest rate for continuing food production and food supply at normal level. With this view banks are instructed through the ACD circular-02 dated: 27 April 2020 to provide agricultural loan at 4 percent concessional rate (maximum) for cultivating grain crops, cash crops, vegetables and tuber crops as mentioned in agricultural and rural credit policy and program. Against the disbursement of these loans, banks will be reimbursed at 5.0 percent as interest loss from Bangladesh

Table 9.3 Credit Disbursement for Specified Crops

(million BDT)			
FY	Target	Actual Disbursement	Percentage
FY19	1094.80	1088.05	99.38%
FY20	1233.25	1065.69	86.41%

Source: ACD, BB.

Bank. These facilities will be continued up to 30 June 2021 effective from 1 April 2020. To avail the reimbursement facility, banks have to ensure that loans are disbursed directly to the farmers at maximum 4.0 percent through their own network. Beside these, they have to follow other norms and rules and regulations of the annual agricultural and rural credit policy. After the completion of the financial year, banks can claim the reimbursement amount against the adjusted/repaid loans to Bangladesh Bank. Bangladesh Bank will justify the claims at random basis by inspecting minimum 10 percent of the claimed amount. Then the reimbursement will be made from Bangladesh Bank's own source. During FY20, BDT 2.86 billion disbursed by the banks at the end user level under this scheme.

Refinance Facility from Bangladesh Bank

Refinance facility under Government Guarantee

9.14 With a view to enriching country's economy and food security, BB has been continually supporting BKB and RAKUB by providing refinance facility under government guarantee. The rate of interest at the PFI level is 5.0 percent and ultimate borrower level is 9.0 percent and loan tenure is maximum 01 year. During FY20, BKB and RAKUB have availed BDT 1 billion and BDT 5.0 billion respectively as refinance facility from Bangladesh Bank against their agricultural and rural credit finance.

Refinance Scheme for Milk Production and Artificial Insemination

9.15 In order to ensure nutrition security for mass people of the country and to reduce dependency on imported milk and milk products as well as to promote self-employment for unemployed youth, BB has introduced a refinance scheme for milk production and artificial insemination sector with a fund of BDT 2.00 billion since 2015. Fourteen participating banks and financial institutions entered into a participation agreement with Bangladesh Bank to avail refinance facility and interest subsidy at 5.0 percent. The banks and financial institutions get refinance from Bangladesh Bank against their disbursed amount. After recovery of the loans from the borrowers, the concerned banks and financial institutions will be eligible for 5.0 percent interest subsidy from the government against their disbursed amount subject to fulfillment of terms and conditions. Up to FY20, the participating banks and financial Institutions have disbursed BDT 2.0 billion to the end borrowers. A total of 18,429 borrowers benefitted from the scheme.

Refinance Scheme for the Jute Sectors

9.16 In FY15, BB undertook a revolving refinance scheme of BDT 2.0 billion is extended to BDT 3.0 billion by adding BDT 1.0 billion to provide working capital to jute goods manufacturing companies and jute exporters. As on 30 June 2020, total 5.16 billion has been refinanced among 197 beneficiaries since inception of the scheme. Total 0.25 billion has been refinanced among 8 beneficiaries during FY20.

Special Stimulus Refinance Scheme for Agriculture Sector

9.17 The recent outbreak of the Novel

Corona virus is likely to lead to a series of adverse conditions, including a reduction in food production in the future. According to the annual agricultural policy, banks distribute loans to the crop sector at a minimum of 60.0 percent of their total target. As a result, the ongoing credit flow in the crop sector is sufficient. For this reason, sufficient cash flow should be ensured to the current capital-based agricultural sectors. In this context, a re-financing scheme of BDT 50 billion has been formulated for the current capital-based agriculture sector (Horticulture, Fish Farming, Poultry, Dairy and Livestock Sector) to ensure adequate funding. Under this refinance scheme banks will disburse agricultural loan to the borrower level at 4.0 percent interest rate. On the other hand, PFI will be refinanced from Bangladesh Bank at 1.0 percent interest rate. Under this scheme, PFI will be able to distribute loans to customers by 30 September 2020. The scheme would be conducted according to ACD Circular no-1, dated 13 April 2020. The scheme is funded by Bangladesh Bank's own source and the nature of the fund is non revolving. Forty three PFI signed the participation agreement with BB to avail refinance facility from the scheme. During FY20, BDT 44.03 billion allocated among 43 PFI's and BDT 1.72 billion disbursed among 7,201 beneficiaries.

Demand Loan

9.18 Apart from refinance scheme of BB and refinance against Government guarantee, a special type of finance is assisted by BB to meet up the regular agricultural credit flow. Those are demand loan by 90 days of maturity against DP note. During FY20, BKB availed BDT 18 billion and RAKUB availed BDT 7.0 billion of demand loan.

Donor-financed Revolving Funds of Grameen Bank, Managed by Bangladesh Bank

Swedish International Development Authority (SIDA) Grant

9.19 The grant was provided by the Swedish International Development Authority (SIDA). The total size of the grant is BDT 0.24 billion. This grant is governed as per loan agreement signed between the Government of Bangladesh and Grameen Bank (GB) on 30 November 1986. GB repays the half-yearly installments of principal and revolving funds on 15 March and 15 September each year to Bangladesh Bank (BB), and BB revolves the repayment amount on the same day of payment made by Grameen Bank.

Norwegian Agency for International Development (NORAD) Grant

9.20 The grant was provided by the Norwegian Agency for International Development (NORAD). The total size of the grant is BDT 0.26 billion. This grant is governed as per loan agreement signed between the Government of Bangladesh and Grameen Bank (GB) on 4 August 1986. GB repays the half-yearly installments of principal and revolving funds on 15 March and 15 September each year to Bangladesh Bank (BB), and BB revolves the repayment amount on the same day of payment made by Grameen Bank.

Grameen Bank House Loan Scheme

9.21 The grant was provided by the Netherland Government. The total size of the grant is BDT 0.04 billion. This revolving grant is governed as per the loan agreement signed between the Bangladesh Bank (BB) and Grameen Bank (GB) on 24 November 1985. Under this scheme, members of Grameen

Bank get the loan for construction of houses. GB repays the half-yearly installments revolving funds on 15 December each year to BB, and BB revolves the repayment amount on the same day of payment made by Grameen Bank.

Development Partner's Funded Agricultural Credit Related Project/Programme Operated under Bangladesh Bank's Supervision

Small and Marginal Sized Farmers Agricultural Productivity Improvement and Diversification Financing Project (SMAP)

9.22 With a view to increasing agricultural productivity and diversity of the small and marginal farmers of Bangladesh by financing agricultural loans and providing agricultural technical support service to farmers through Microfinance Institutions, thereby contributing to the sound development of agricultural finance and the agricultural sector of Bangladesh this revolving pre-finance project formed and started its journey in 2015. Japan International Cooperation Agency (JICA) is the donor agency for this project and GoB portion of this project is contributed by Bangladesh Bank. The total project cost is BDT 8.23 billion. The tenure of the project is 2014-2021. To avail pre-finance facility from the projects, 11 participating Microfinance Institutions (PMFIs) signed an agreement with BB. During FY20, BDT 5.98 billion has been disbursed to 70,000 end borrowers through 11 PMFIs. Total 19.75 billion has been disbursed among 3,48,491 (approximately) end borrowers in which 83 percent are female beneficiaries have been benefitted since the starting operation. Future planning/projection of the project: Operations have already been started for developing 30 model branches, which were picked up earlier from 1400 branches (approximate) that are operating for

implementing SMAP. The vision of SMAP-PIU is to extract and incorporate all distinctive activities of model branches in other branches. Besides disbursing credit, Technical Support Services (TSS), a unique part of the project, have been provided to end borrowers of this project for familiarizing themselves with new scientific cultivation method, new agro- machinery and a new method of cattle rearing etc.

ADB Funded Second Crop Diversification Project (SCDP)

9.23 The project was built on the successful activities of NCDP and expands the activities to new project areas. Loan component of the project are USD 26 million by ADB. The project starts its operation in 2011. For wholesale of credit the participation agreement signed between BB & BASIC Bank Ltd. and Eastern Bank Ltd. on 2011. Project implementation area covers 54 upazilas of 25 districts of north and south-western zone of Bangladesh. As of June 30, 2020, total fund BDT 2.04 billion disbursed to the end borrower from beginning of the project. The number of farmers covered by the project is 2,04,000.

Marginal and Small Farm Systems Crop Intensification Project (MSFSCIP)-Kurigram District

9.24 The project is financed by the International Fund for Agricultural Development (IFAD) and the loan component is BDT 0.14 billion. The project is implementing at the nine thana of Kurigram district. Four PFI signed a participation agreement with BB. Project period was from 1987 to 1997, but refinancing is still going on as revolving fund. PFI availed refinance from BB at bank rate. At the beneficiary level interest rate are determined by the PFI. As of

30 June 2020, the balance of revolving fund was BDT 0.05 billion.

Pre-finance under Government Guarantee

Ansar-VDP Unnayan Bank

9.25 Bangladesh Bank provides pre-finance facility to Ansar-VDP Unnayan Bank for implementing its “Agricultural Credit Programme”. The objective of this facility is to extend credit facilities to the members of Ansar-VDP aimed towards poverty alleviation and expanding income generating activities. These loans are provided against government guarantee covering the loan amount and interest accrued thereon. As of 30 June 2020, the outstanding principal of loans is BDT 2.75 billion. Bangladesh Bank provides these loans at bank rate (5 percent) and the maximum interest rate at borrower level is 9 percent. As on 30 June 2020, a total number of 26,556 beneficiaries have been benefitted from this programme since inception. During FY20, 4934 beneficiaries have been benefitted from this programme.

Karmasangsthan Bank

9.26 Karmasangsthan Bank avail pre-finance facility time to time from Bangladesh Bank. It extends credit facilities to its customers in the fisheries and livestock sector out of the loan facility. The main sub-sectors are shrimp culture, fishes, cow rearing, beef fattening, dairy farming and such other areas. These loans are provided against government guarantee covering the loan amount and interest thereon.

As on 30 June 2020, a total of BDT 4.0 billion has been provided to Karmasangsthan Bank of which BDT 1.0 billion is 5-years term loan, BDT 2.9 billion is 3 years mid-term loan and 0.10 billion is 1 year short-term revolving loan

renewable up to 3 years depending on fulfillment of few conditions. Bangladesh Bank provides these loans at bank rate and Karmasangsthan Bank currently charge a maximum of 9.0 percent from its customers. The loans provided by Karmasangsthan Bank to its customers should comply with the annual agricultural and rural credit policy published by Bangladesh Bank. As on 30 June 2020, a total of 33078 beneficiaries have been benefitted from this programme. Total number of beneficiaries was 11,926 in the FY20.

Financing Cottage, Micro, Small and Medium Enterprises (CMSMEs)

9.27 Cottage, Micro, Small and Medium Enterprises (CMSMEs) have been playing a significant role in employment generation, poverty reduction and overall economic growth of the country. BB has established a new department named “SME & Special Programmes Department” (SMESPD) in 31 December 2009 dedicated for CMSME development in Bangladesh. SMESPD started its journey towards the development of CMSMEs in Bangladesh by improving existing environment in the banking sector through regulatory and policy interventions. Banks and NBFIs have given much emphasis on financing to CMSMEs.

9.28 Moreover, BB has undertaken different refinance schemes to provide relatively low

cost funding to encourage banks and NBFIs in CMSME financing. To develop CMSME sector, BB has continued its refinance facilities in FY20 for banks and NBFIs against their financing to CMSMEs. Currently, BB is providing refinance facilities to banks and NBFIs from refinancing scheme for agro-based product processing industry; small enterprise; new entrepreneurs in cottage, micro and small industry; islamic shariah-based financing; JICA assisted financial sector project for the development of SME (FSPDSME) fund and JICA assisted urban Building Safety Project (UBSP). Banks and NBFIs have come forward for financing and development of CMSMEs under close monitoring and supervision of BB. In FY20, all banks and NBFIs have disbursed an amount of BDT 1538.13 billion against 6,91,664 CMSMEs. On the other hand, 57,228 women led CMSME enterprises received financing of BDT 51.78 billion in FY20 from banks and NBFIs.

Target-based Disbursement for CMSME Credit

9.29 A target-based lending to CMSMEs has been initiated since 2010. Until 2019, lending target calculation process was disbursement based. From 2020, lending target is being determined using Net Outstanding method:

$$\left(\frac{\text{Total Loans and Advances Outstanding} - \text{Total Classified Loan Outstanding}}{\text{Total CMSME Loans and Advances Outstanding} - \text{Total CMSME Classified Loan Outstanding}} \right)$$

Table 9.4 Disbursement of CMSME Credit by Banks and NBFIs

Period	Sub-Categories			Total	Women Entrepreneur
	Manufacturing	Service	Trading		
FY12	183.84	35.09	379.19	598.12	23.11
FY13	233.04	42.02	518.41	793.46	24.72
FY14	251.29	60.60	594.47	906.36	36.51
FY15	323.50	98.94	680.43	1102.87	39.68
FY16	329.97	141.33	819.38	1290.68	54.88
FY17	373.78	184.44	999.63	1557.85	45.96
FY18	488.71	266.91	802.47	1558.09	121.74
FY19	578.07	342.48	703.72	1624.27	60.01
FY20	553.20	339.62	645.31	1538.13	51.78

Source : SME&SPD, BB.

Table 9.5 Statement of Refinance on CMSMEs Under Different Refinance Schemes of BB (up to June 2020)

(billion BDT)

Name of Fund	Amount Refinance				No. of Beneficiary (Sector wise)			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industry	Trade	Service	Total
1. Refinance Scheme for Agro-based Industries in Rural Areas	8.26	3.43	7.72	19.41	2,791	-	-	2,791
2. Small Ent. Refinance Scheme:	10.37	25.13	8.94	44.44	13,644	19,985	5,920	39,549
i) Small enterprise Refinance Scheme	9.63	22.91	8.27	40.81	12,884	18,624	5,603	37,111
ii) Small enterprise Refinance Scheme- Extension 2014	0.74	2.22	0.67	3.63	760	1361	317	2,438
3. New Enterprises Refinance Fund for CMSEs	0.015	0.25	0.018	0.28	267	19	210	496
4. Islamic Shariah-based Refinance Fund	3.84	0.61	1.29	5.74	199	557	55	811
5. JICA FSPDSME	0.90	5.55	3.47	9.92	725	34	536	1,295
6. JICA UBSP	-	-	0.55	0.55	5	-	-	5
7. IDA Fund (EGBMP)	0.80	1.33	1.00	3.13	1,368	1,306	486	3,160
8. SMESDP (ADB-1)	1.45	1.32	0.58	3.35	800	2,096	368	3,264
9. SMEDP (ADB-2)	-	5.68	1.79	7.47	3,765	7,435	2,445	13,645
Grand Total	25.64	43.30	25.36	94.30	23,564	31,432	10,020	65,016

Source : SME&SPD, BB.

based calculation process which is initiated by SMESPD Circular No. 02: Master Circular on CMSME Financing, dated September 05, 2019.

9.30 During the first half (January-June) of 2020, banks and NBFIs have disbursed BDT 658.3 billion as CMSME credit. The Net Outstanding of CMSME credit is 1902.9 billion which is 87.3 percent of the annual CMSME Net Outstanding target (2178.7 billion) for 2020, set by banks and NBFIs.

Refinance Schemes

9.31 In addition to regular financing from their own fund, banks and NBFIs are also making short to long term financing to CMSMEs through refinance schemes of BB. SMESPD of BB, with the help of government and different development partners, is implementing a total of six pre-finance/refinance schemes for banks and NBFIs currently against their disbursed

CMSME credit. All these funds are revolving in nature. In addition to those, three other refinance schemes have been successfully completed (Table 9.5). A total amount of BDT 94.30 billion has been provided to different banks and NBFIs under different refinance/pre-finance schemes up to June 2020 against 65,016 enterprises. Out of the total refinance, BDT 25.64 billion has been provided as working capital, BDT 43.30 billion as medium term loan, and BDT 25.36 billion as long term loan.

BB's Refinance/Pre-finance Facilities to Banks And NBFIs for Promoting CMSMEs

Refinance Scheme for Agro-based Product Processing Industries in Rural Area

9.32 In order to boost up agro product-processing industries in the areas outside divisional headquarters and Narayanganj town, BB launched a scheme of BDT 1.0

billion in November 2001 out of its own fund. Responding to the huge demand of this fund, the size of the fund was increased to BDT 2.0 billion in 2012; BDT 4.0 billion in 2013, BDT 4.5 billion in 2015, BDT 7.0 (approx) billion in 2018-19 and later on BDT 14.0 billion in 2020. Under this fund, refinancing facilities are being provided to banks and NBFIs at 3.0 percent and beneficiary of CMSMEs are getting funds at preferential interest rate within 7.0 percent (3.0 percent + maximum 4.0 percent spread). An amount of BDT 19.41 billion has been disbursed under this scheme till the end of June, 2020 against 2,791 enterprises on revolving basis (Table-9.5).

9.33 From 2004 to 2020 banks and NBFIs have financed in 33 different sectors by taking refinance facility from this fund. Sector-wise refinance for agro-based product processing fund till June 2020 is shown in Table 9.6.

Small Enterprise Refinance Scheme

9.34 Bangladesh Bank introduced a refinancing scheme named Small Enterprise Fund (SEF) of BDT 1.0 billion out of its own fund for supporting the development of small enterprises in the country back in 2004. Later on, to meet up the increasing demand from end

Table 9.6 Sector-wise Refinance Classification (Agro-based Product Processing) till June 2020

Sector	Percent
Rice industry	50.17
Agro feed	9.60
Maida	7.12
Bakery	6.34
Agro machine	4.24
Poultry	4.21
Others	18.32

Source : SME&SPD, BB.

borrower especially from women entrepreneurs the fund size has been increased to BDT 15 billion. For accounting purpose, small enterprise refinance scheme maintains 2 different accounts; as mentioned in Table-9.6. This is a revolving fund in nature. Hence, recovered amount against refinance is used for further refinance. Up to June 2020, BDT 44.44 billion has been refinanced under this fund among 39,549 enterprises (Table- 9.7).

Refinance Scheme for New Entrepreneurs' in Cottage, Micro and Small Enterprise (CMSE) Sector

9.35 In order to provide start-up capital to new cottage, micro and small enterprises, BB has created a fund worth BDT 1.0 billion from its own source in 2014. Under this fund,

Table 9.7 Refinancing under Small Enterprise Refinance Scheme

Name of Fund	Amount Refinance			Total Loan	No. of Beneficiary (sector wise)				Total
	Working Capital	Mid Term Loan	Long Term Loan		Industry	Trade	Service		
A. Small Enterprise Refinance Scheme									
1 Bank (20)	8.55	11.43	3.60	23.58	7,856	13,467	3,419		24,742
2 NBFIs (23)	1.08	11.49	4.66	17.23	5,028	5,157	2,184		12,369
Sub-Total	9.63	22.92	8.26	40.81	12,884	18,624	5,603		37,111
B. Small Enterprise Refinance Scheme (Extension-2014)									
1 Bank (27)	0.67	0.67	0.27	1.61	358	934	169		1461
2 NBFIs (17)	0.07	1.55	0.40	2.02	402	427	148		977
Sub-Total	0.74	2.22	0.67	3.63	760	1,361	317		2,438
Grand Total	10.37	25.14	8.93	44.44	13,644	19,985	5,920		39,549

Source : SME&SPD, BB.

Table 9.8 Refinancing from New Entrepreneurs Refinance Fund

(billion BDT)

Banks/NBFIS	Amount Refinance				No. of Beneficiary (sector wise)			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industry	Trade	Service	Total
1 Banks (8)	0.0127	0.0604	0.0113	0.0844	105	19	100	224
2 NBFIs (4)	0.0023	0.1855	0.0070	0.1948	162	-	110	272
Total	0.0150	0.2459	0.0183	0.2792	267	19	210	496

Source : SME&SPD, BB.

the prospective entrepreneurs selected and trained by recognized public and private training providers have the opportunity to get up to BDT 2.5 million CMSE loan with collateral security and up to BDT 1.0 million CMSE loan without collateral security. Rate for such credit is limited at maximum 7.0 percent (3.0 percent for BB + maximum 4.0 percent spread). As of 30 June 2020, a total of 496 new entrepreneurs have been refinanced worth BDT 279.2 million from this scheme (Table 9.8).

Refinance Scheme for Islamic Shariah-based Financing

9.36 With the objective of increasing the involvement of Islamic banks and NBFIs in CMSMEs financing, a special refinance fund under Islamic Shariah mode was created in BB vide BRPD circular no. 13 dated 18 September 2014. Under this fund, Islamic banks and NBFIs will get refinance against their financing to “agro-based industries”, “small entrepreneurs’

(including women entrepreneur)” and “new entrepreneurs’ in cottage, micro and small enterprise sector”. At the end of June 2020, BDT 5.74 billion has been refinanced to banks and NBFIs against their financing to 811 enterprises (Table 9.9).

JICA funded FSPDSME Project’s Two Step Re/Pre-finance Fund

9.37 A loan agreement was signed between JICA, Japan and the Government of Bangladesh in 2011 for SME development and financing. As per the loan agreement, BB is implementing the “Financial Sector Project for the Development of Small and Medium-Sized Enterprise (FSPDSME)-BD-P67” project. The objective of the project was to create a medium to long-term financing market for SMEs specially for the productive investments. The Fund size was 5,000.00 million Japanese Yen including a technical assistance component. A total of 25 banks and 21 NBFIs signed participating

Table 9.9 CMSME Refinance Scheme for Islamic Shariah-Based Financing in “Agro-Based Industries”, “Small Entrepreneurs’ (including Women Entrepreneur)” and “New Entrepreneurs’ in Cottage, Micro & Small Enterprise Sector”

(billion BDT)

Banks/NBFIS	Amount Refinance				No. of Beneficiary (sector wise)			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industry	Trade	Service	Total
1 Banks (3)	3.49	0.13	0.0028	3.62	117	492	32	641
2 NBFIs (1)	0.35	0.48	1.29	2.12	82	65	23	170
Total	3.84	0.61	1.2928	5.74	199	557	55	811

Source : SME&SPD, BB.

agreements with SMESPD, BB. Refinancing or pre-financing facilities were being provided to participating financial institutions (PFIs) at the bank rate (currently 5 percent) for on lending to CMSME sub-projects of productive investment for medium to long-term duration at the market rate. In the backdrop of tragic incidence of Rana Plaza collapse, a special initiative to finance the RMG sector for the improvement of safe working environment was taken under the JICA assisted FSPDSME project in 2013. RMG factories which are members of BGMEA and/or BKMEA with labor employment of 100 - 2,000 provided that the factory building was owned by the applicant entrepreneur would get loan facility up to BDT 0.10 billion for the purpose of retrofitting, rebuilding and relocation of their factory buildings. The FSPDSME project was completed successfully within the project period (by the end of June 2016). Meanwhile, the project received full allocation of two step loan (TSL) fund from JICA for disbursing the revolving fund to the accredited PFIs. As on June 2020, BDT 9.92 billion has been refinanced against 1295 enterprises (Table 9.5).

Urban Building Safety Project (UBSP)

9.38 For the purpose of creating a safe working environment in the RMG sector through retrofitting, rebuilding and relocation of vulnerable RMG industries, the “Urban Building Safety Project” has been taken under the 36th Japanese ODA package. A loan agreement between the Government of Japan (represented by JICA) and Government of Bangladesh has been signed on 13 December 2015. Under this agreement, JICA will provide JPY 12,086 million; of which JPY 4,129 million (equivalent to BDT 2.68 billion) is earmarked for TSL purposes. The TSL component will be

managed and implemented by SMESPD, BB in accordance with approved operating guideline of the project. A total of 26 banks and 10 NBFIs signed participating agreements with SMESPD, BB until June 2020. As on June 2020, BDT 0.55 billion has been refinanced against five (05) enterprises (Table 9.5).

New Entrepreneurs Creation and Entrepreneurship Development

9.39 BB not only engaged itself for mainstreaming banks and NBFIs in financing CMSME enterprises, but also has taken steps for creating of new entrepreneurs and entrepreneurship development. The Government of Bangladesh (GoB) has taken a project titled “Skills for Employment Investment Program (SEIP)” with the assistance of Asian Development Bank (ADB) and Swiss Agency for Development and Cooperation (SDC) to scale up skills of young workers and new entrants. BB is serving as the implementing agency of the project. SEIP project aimed to provide market oriented job training to 10,964 people at the end of December 2019. BB has also undertaken training programme for additional 600 trainees with the unspent money of Tranche-1. In this regard, as of June 2020, 11,484 trainees have been enrolled in different courses out of which 11,246 trainees received certificate after successful completion and 8,038 trained personnel have been employed in different CMSME sectors.

Programme to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garment (RMG) Sector Project (SREUP)

9.40 SMESPD of BB is implementing a project specially designed to strengthen economic sustainability of the RMG sector

named “Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garment (RMG) Sector Project (SREUP)”. With Euro 50 million credit and Euro 14.29 million grant facilities from Agence Française de Développement (AFD) and other developing partners such as European Union (EU), KfW Development Bank, German Agency for International Cooperation (GIZ) and BB, this project has been initiated to develop sustainable, safe and environment friendly RMG sector through financial and technical support. As the title suggests the overall objective of the project is to provide technical assistance to the banking sector and RMGs of Bangladesh to enhance the capability of investing in RMG sector to ensure RMGs' full compliance with “Accord and Alliance” (group of American and EU Buyers) as well as respective national regulations. Thus the project aims to investment and incentivize grants in the RMGs safety retrofitting, environment and safety up gradation which will make them compliant to boost up the export of RMGs in Bangladesh. For the RMG owners, interest rate would be maximum 7.0 percent in order to be attractive for factories. Repayment period of the loan would be in the range of 3 to 5 years. The project implementation period is from 1 January 2018 to 31 December 2022. BB has signed participation agreement with 7 banks and 2 NBFIs. The selected banks and NBFIs as PFI are: Southeast Bank Ltd, One Bank Ltd, NCC Bank Ltd, Bank Asia Ltd, Mutual Trust Bank Ltd, IDLC Finance Ltd and IPDC Finance Limited, Mercantile Bank Ltd and The City Bank Ltd. RMG owners can take the loan facility from these banks/NBFIs under this project. This project has an aim of upgrading around 150

factories. This intervention would help to sustain the RMG sectors' contribution to the economy as well as the export earning of Bangladesh by helping RMG factories to remain in the capacity of maintaining and developing their commercial partnerships with foreign retailers.

Local Finance Initiatives (LFI) Support to SMEs in Bangladesh

9.41 A pilot project in the name of “Local Finance Initiatives (LFI) – support to SMEs in Bangladesh” has been initiated by BB with the support of United Nations Capital Development Fund (UNCDF). The objective of this project was to support prospective Women CMSME entrepreneurs in certain SME clusters for business development and making them eligible to avail loan facility from the banking sector by providing collateral support. The size of the seed money for issuing credit guarantee is BDT 0.016 billion. A total of 21 credit guarantee has been issued valued BDT 0.018 billion against bank financing of BDT 0.023 billion.

Steps Taken by BB for Development of CMSMEs until June 2020

9.42 Major initiatives of BB for promoting credit flow to CMSME sector are:

- CMSME credit disbursement target has been revised to be increased to 25 percent by 2021 with minimum 1.0 percent increment in each year.
- To ensure sector-wise distribution of overall CMSME credit portfolio, a target for at least 40.0 percent for manufacturing, 25.0 percent for service and a maximum ceiling of 35.0 percent for trading has been instructed by BB to be achieved by all banks/NBFIs within 2021.

- CMSMEs have been redefined in line with the National Industrial Policy-2016 and 'turnover' for trading concern has been added as an additional criterion for sector determination.
- Banks and NBFIs are instructed to disburse 50.0 percent of the total CMSME loan to cottage, micro and small (CMSs) sector by 2021.
- Maximum credit limits for different types of CMSMEs have been imposed and 'trading industry' has been removed from medium and cottage category.
- Banks and NBFIs are instructed to provide three (03) months grace period for one (01) year term loan and three to six (03/06) months grace period for medium to long term loan based on banker-customer relationship.
- To enhance CMSME activities, quarterly monitoring meeting is held with SME heads of banks and NBFIs regularly. Also, CMSME monitoring cell has been established in all branches of BB. Banks and NBFIs are also performing three (03) stages SME monitoring for better outcome.
- New Entrepreneurs Refinance Scheme in CMSE sector allows collateral security free financing more than BDT 1.00 million on case to case basis and collateral security supported financing up to BDT 2.5 million for new entrepreneurs.
- Cluster based financing to CMSMEs has been expedited. Banks and NBFIs are advised to formulate a cluster development policy for strengthening existing clusters and developing new clusters.
- To overcome financial challenges due to outbreak of COVID-19 pandemic government announced stimulus packages of BDT 200.0 billion for the CMSME sector in the country. Under this package, the banks will provide working capital support to the CMSME sector at 9.0 percent interest rate, of which the entrepreneurs will pay 4.0 percent and the rest 5.0 percent will be reimbursed by the government to the banks and NBFIs as subsidy (SMESPD Circular No-01, Date: 13/04/2020 and SMESPD Circular Letter No.-02, Date-07/05/2020). SME & Special Programmes Department has started working on this package.
- Bangladesh Bank also introduced BDT 100.0 billion Refinance Scheme (Revolving) to provide working capital facility for the CMSMEs. Within this stimulus packages banks and NBFIs can avail this refinance facility up to 50.0 percent of their disbursed amount against stimulus packages at 4.0 percent interest rate (SMESPD Circular No.-02, Date-26/04/2020). SME & Special Programmes Department has formed/created two COVID-19 Team (Headed by two Deputy General Managers) to implement this Refinance Scheme (Revolving) facility smoothly and successfully.

Special Incentives for Women Entrepreneurs

9.43 Sustainable economic development is barely possible without women empowerment. For mainstreaming women in economic activities, SMESPD has taken a number of policy initiatives so as to ensure financial facilities for women entrepreneurs on simple

terms and conditions. Some of the initiatives of BB are outlined below :

- To ensure loan facility for CMSME women entrepreneurs, banks and NBFIs are instructed to disburse at least 15.0 percent of the total CMSME loan among women entrepreneurs;
- Instructions have been given for establishing separate 'Women Entrepreneurs Dedicated Help Desk' in each branch of every bank and NBFIs. If possible. All banks/FIs are also advised to employ a female official in the desk to provide suggestions and services towards women entrepreneurs regarding project preparation, loan application process etc.
- Instructions were given to banks and NBFIs to consider sanctioning loan up to BDT 2.5 million to women entrepreneurs without collateral security but against personal guarantee under the refinance facilities provided by BB.
- In order to include a large number of micro women entrepreneurs in the CMSME credit facilities, a policy of group-based lending has been initiated.
- In order to expedite the process of women entrepreneurship development, BB has opened a separate "Women Entrepreneurs Development Unit" in its head office and branch offices. All banks and NBFIs are also advised to open such unit.
- A maximum lending cap of 9.0 percent (bank rate + maximum 4.0 percent spread) has been imposed for financing to women led enterprises under all refinancing scheme.

- All banks and NBFIs are advised to find out and train at least three (03) prospective CMSME women entrepreneurs who have not received any financing yet per branch and finance at least one (01) of them in each year.

Policy Initiatives for Women Entrepreneurs

9.44 Financial Inclusion has been prioritized in Bangladesh Bank's policy to include small entrepreneurs and a large number of women in financial activities. To ensure this, Bangladesh Bank has taken a number of policy initiatives for women entrepreneurs. These are as follows:

- According to the policy of SME & Special Programmes Department as regards financing women entrepreneurs banks/ NBFIs must maintain 10.0 percent of their total CMSME loan portfolio and the percentage will have to be raised at least 15.0 percent by 2024. This will include more women in the financial system which will ultimately expedite the women in economic empowerment.
- The size of Bangladesh Bank own source fund 'Small Enterprise Refinance Scheme' has been increased from BDT 8.5 billion to BDT 15.0 billion to include more entrepreneurs specially women entrepreneurs from remote areas in the financial activities. The eligibility criteria of availing CMSME Refinance Facility by the state owned commercial banks has been relaxed to expedite the process.
- To encourage women entrepreneurs for taking CMSME initiatives, Refinance Facility is being provided at lower rate of interest. Banks and NBFIs can avail Refinance Facility at 3.0 percent interest rate (which was earlier 5.0 percent) from

- BB against their disbursed CMSME loan so that the customer can avail the same at 7.0 percent interest rate (which was earlier 9).
- To tackle financial challenges due to outbreak of COVID-19 pandemic Govt. announced stimulus packages of BDT 200.0 billion for the CMSME sector in the country. Banks/NBFIs should disburse at least 5.0 percent of their total allotted portion of the said package annually to the Women Entrepreneurs.
 - Bangladesh Bank also introduced BDT 100.0 billion Refinance Scheme (Revolving) to provide working capital facility for the CMSMEs within this stimulus packages. Banks and NBFIs can avail this refinance facility up to 50.0 percent of their disbursed amount against stimulus packages at 4.0 percent interest rate. Women Entrepreneurs can also avail these facilities.
 - Minimum 15.0 percent of all refinance windows has been allotted for the women entrepreneurs. For greater inclusion of marginal and home based women entrepreneurs loan limit has been set up to BDT 10,000 and group based lending of up to BDT 50,000 is permitted.
 - Regulatory provision for collateral free loan for women entrepreneurs is up to BDT 1.0 million and against personal/ supplementary guarantee up to BDT 2.5 million has been made (SMESPD Master Circular No.-02, Date-05/09/2019). Banks and NBFIs have been advised to consider social security, personal guarantee & group guarantee, also advised not to put any pressure to or compel them for guarantee of specific person viz high officials, well-off relatives and husband.
 - Bangladesh Bank Introduced simplified loan application Form in Bengali for CMSME Entrepreneurs including Women Entrepreneurs to reduce difficulties in meeting documentation requirements (SMESPD Master Circular No.-02, Date-25/09/2016). Banks & NBFIs have been advised to give information to the CMSME entrepreneurs within 10 working days of receiving complete loan application.
 - Bangladesh Bank advised all banks and NBFIs to provide 03-06 months grace period facility for the term loan (1-5 year) in favor of Cottage, Micro and Small (CMSME) Entrepreneurs including women entrepreneurs based on banker-customer relationship.
 - To extend credit facilities to new women entrepreneurs instruction has been given to all branches of banks and NBFIs to find out at least three women interested in having enterprise or becoming women entrepreneurs 'within the catchment area for imparting training in the field of their interest for capacity building and above all extend credit facilities to minimum one of those training receivers.
 - To strengthen monitoring activities of women entrepreneur's development initiatives banks and NBFIs are advised to set up Women entrepreneurs' Development Unit (WEDU) in all of their Head Office including Regional Offices (if any).
 - To ensure prompt services for Women Entrepreneurs Banks and Financial Institutions are advised to set up separate "Women Entrepreneur's Dedicated Desk" in each branch of Banks and NBFIs. The desk is advised to provide support to prospective women about

the preparation of loanable business proposal, marketing strategies etc..

- Recently Bangladesh Bank issued Lead Banks Guidelines (15 January 2020) and developed a Lead Bank Calendar to disseminate CMSME related information in the grassroots level through discussion, seminar and view exchange programmes (Virtual Meeting through Zoom App.) This Lead Bank will also work for the implementation of Government stimulus packages, refinance schemes and women entrepreneurs development activities.
- Instruction has been given to banks and NBFIs for prioritizing women entrepreneurs in extending credit facilities and to take capacity building initiatives for their existing and prospective women clients.
- Bangladesh Bank has also made several remarkable initiatives to create entrepreneurs specially women entrepreneurs. BB is working on Credit Guarantee Scheme to create greater access to finance for SMEs, specially to women entrepreneurs, in different cluster areas.
- If any women entrepreneur face problem or harassment in availing CMSME loan facility or interested to know CMSME related information, advice, and consultation they can contact directly Problem Solutions Centre of SME & Special Programmes Department, submitting written application etc.

Selection of Lead Banks in Each District to Coordinate with Other Local Scheduled Banks for SME Lending

9.45 Our Stand: Bangladesh Bank issued Lead Bank Guidelines (15 January 2020) and

Table 9.10 Microcredit Operations of the Grameen Bank and Large MFIs
(billion BDT)

	FY18	FY19	FY20
1. Disbursement	964.65	1072.33	944.24
i) Grameen Bank	243.21	251.37	205.02
ii) BRAC	318.06	396.12	360.99
iii) ASA	296.81	283.68	252.16
iv) TMSS	43.23	49.67	43.91
v) BURO Bangladesh	63.34	91.48	82.20
2. Recovery	906.23	996.08	879.44
i) Grameen Bank	225.60	245.06	204.90
ii) BRAC	285.76	350.40	325.62
iii) ASA	299.51	284.57	236.21
iv) TMSS	38.28	45.09	40.96
v) BURO Bangladesh	57.08	70.95	71.75
3. Outstanding Loans	561.44	638.45	702.68
i) Grameen Bank	152.20	158.51	158.62
ii) BRAC	184.71	230.43	265.80
iii) ASA	161.99	161.10	177.05
iv) TMSS	23.50	28.82	30.93
v) BURO Bangladesh	39.04	59.58	70.27
4. Loans Overdue	13.28	14.08	16.37
i) Grameen Bank	0.50	0.92	1.54
ii) BRAC	4.39	3.57	6.36
iii) ASA	6.35	6.47	6.41
iv) TMSS	0.74	1.16	0.85
v) BURO Bangladesh	1.30	1.95	1.20
5. Overdue as percentage of outstanding	3.33	3.28	1.71
i) Grameen Bank	0.33	0.58	0.97
ii) BRAC	2.38	1.50	2.39
iii) ASA	3.92	4.02	3.62
iv) TMSS	3.13	4.04	2.74
v) BURO Bangladesh	3.33	3.28	1.71

Source: Microcredit Regulatory Authority (MRA)

developed a Lead Bank Calendar for the year 2020. This is a yearly calendar of selected lead Bank for every district. Lead Bank disseminates CMSME related information like CMSME target based lending, sector wise financing, women entrepreneur financing in the grass root level through discussion, seminar, view exchange programmes (Virtual Meeting through Zoom App). At the outbreak of COVID-19 Pandemic Lead Bank Terms of Reference (TOR) has been revised.

- Lead Bank is playing an important role in organizing CMSME view exchange programmes engaging all divisional/district level bank branches, Association of Chamber of Commerce, Investors, businessmen, entrepreneurs', Bangladesh Small and Cottage Industries Corporation (BSCIC) in consultation with Bangladesh Bank Branch Offices. At the outbreak of COVID-19 pandemic government announced stimulus packages of BDT 200.0 billion for the CMSME sector in the country. Lead Bank also works for implementation of the stimulus package.
- Bangladesh Bank introduced BDT 100.0 billion Refinance Scheme (Revolving) to provide working capital facility for the CMSMEs within the stimulus packages. Banks and NBFIs can avail this refinance facility up to 50.0 percent of their disbursed amount against stimulus packages at 4.0 percent interest rate. Women Entrepreneurs can also avail these facilities. Lead Bank will also play a pivotal role in implementing BB Refinance Schemes and women entrepreneurs development activities.
- Lead Bank also facilitates affected entrepreneurs specially women entrepreneurs due to outbreak of COVID-19 to avail hassle free and less time consuming credit facilities under stimulus packages.

Microcredit Operations of the Grameen Bank and the Large MFIs

9.46 The success of Bangladesh microfinance operation is now a globally

accepted issue. To institutionalize this microfinance operation and build up an inclusive financial market for economic development of the country, Microcredit Regulatory Authority (MRA) as the regulator of the microfinance sector is working dynamically. Since the inception, MRA is regulating MFI's and its microfinancing activities through MRA-act, MRA-regulations, circular, off-site supervision and on-site supervisions. MRA has already issued 877 licenses for microfinance operation and cancelled 118 licenses due to non-compliance till June 2020. In FY20, the 759 licensed MFIs disbursed more than BDT 1352.0 billion to more than 30 million clients. The total savings of microfinance sector was more than BDT 302.0 billion.

9.47 Palli Karma Sahayak Foundation (PKSF) has been established in line with the own thoughts and ideas of the Government of Bangladesh to broaden and smoothen microfinance process. Since inception in May 1990, the PKSF has been working as an apex microcredit funding and capacity building organisation for alleviating poverty by providing microcredit to the poor through its partner organisations (POs). The loan disbursed by PKSF to 278 POs was BDT 38.7 billion in FY20, which was BDT 1.7 billion or 4.5 percent higher than BDT 37.0 billion in FY19.

9.48 Grameen Bank was established with the vision of poverty eradication, i.e. the economic emancipation and advancement of social status of the poor. In FY20, the total amount of loan disbursed by Grameen Bank is BDT 205.0 billion. Out of this, BDT 204.9 billion has been repaid.