

**A Study Report  
on**

**Impact Assessment of Bangladesh Bank's Re-finance Scheme  
for Financing Agricultural & Non-farm Rural Borrowers of  
Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank**

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## Executive Summary

### Introduction

Considering the importance of agriculture in ensuring food security and in eradication of poverty through employment generation, Bangladesh Bank (BB) introduced re-finance scheme for BKB and RAKUB with a view to providing credit facilities to agriculture sector; especially to enhance agricultural production in manifolds. Since after the liberation in 1971, BB has been formulating its Agriculture & Rural Credit Policy and Program every year and providing a remarkable amount of re-finance facility to BKB and RAKUB for increasing the scope of agricultural and rural credit. Meanwhile, a sizable amount of BB's re-finance funds under the above mentioned scheme have become overdue with BKB and RAKUB and as such the central bank's policymakers have felt an urgency to examine the outcomes of the re-finance scheme through conducting an in-depth study for the assessment of the impact of agricultural and non-farm rural credit to the borrowers of BKB and RAKUB and for finding out some appropriate policy guidelines to enhance the overall efficiency of the ongoing scheme for realizing its desired objectives.

### Objectives

The main objective of this study report is to find out the impact(s) of the refinance scheme of BB through comparing the economic well-being of the target group people who have taken loan from BKB and RAKUB with a control group people who have not taken loan from these two banks. This study has also tried to examine the impact(s) of re-finance scheme on the balance sheets of these two banks. Survey data received from the selected 128 branches of BKB and RAKUB dealing with agricultural and non-farm rural credit have been analyzed for finding out existing problems of BKB and RAKUB.

### Research Methodology

This impact assessment has been done through combining three approaches of studies. First, brief scenario of the BB's refinance to BKB and RAKUB and its impact on their balance sheets have been analyzed by using secondary data received from Agriculture Credit & Financial Inclusion Department of BB and from the concerned two banks. Second, data collected from randomly selected 128 branches (in 64 districts covering 2 upazilas in each district) of BKB and RAKUB involved in agricultural and non-farm rural credit throughout the country have been used to gauge impact of the BB's re-finance on the agricultural credit operations in the branch/field level. And finally, using questionnaires containing some qualitative and quantitative information relating to socio-economic and demographic parameters of both the groups, we have conducted a survey on 1030 target group farmers- receiving agricultural and non-farm rural credit- and on 395 control group equal contextual farmers-not receiving such credit by using cluster sampling techniques. Based on the findings of the sample survey, we have assessed beneficiary farmers' (of BKB & RAKAB) comparative benefits in terms of positive changes of their socio-economic and demographic parameters.

### Major Findings of the Study

#### 1. Impact of BB's Refinance Scheme on BKB & RAKUB's Balance Sheet

- Through various studies and based on clear consensus among experts and policy-makers, it has been well established that agricultural production has a positive impact not only on GDP but also indirectly on the non-agricultural sectors in Bangladesh. Hence, BB mostly has been

trying to influence in enhancing credit flow to the agriculture sector for achieving its broad objectives of monetary policy; i.e., for attaining overall GDP growth along with maintaining a price stability, and stability of food price in particular. So, BB provides refinance facilities to BKB and RAKUB for mostly playing a supportive role in implementing monetary policy. As a result, BB's refinance explicitly depends on the space and accommodative stance of monetary policy.

- The recent trend showed that BKB and RAKUB's outstanding refinance loan as percentage of their outstanding credit disbursement has been declined which indicates that their reliance on the refinance loan is being reduced in the recent years. It is also notable that more than 80% of BKB's and almost 68% of RAKUB's total outstanding agricultural and non-farm credit have been disbursed from the sources outside the BB's refinance window which indicates that their loan-able funds are mainly generated from their depositors' money.
- A declining trend of the share of interest earning assets to total assets and an increasing trend of non-performing assets to total assets have been translated into a declining trend in net interest income and as such in spite of increasing ratio of non-interest income to total operating incomes, total profits have substantially been declined for both of the banks. By contrast, yearly total operating expenditures on account of salaries and allowances and provisioning need for classified loans have increased during the last five fiscal years (**from FY 2009-10 to FY 2013-14**) which have negatively affected their profitability.
- On an average during last five fiscal years, BKB & RAKUB have negative net disbursement of credit i.e. their recoveries are larger than their disbursements. This indicates that BKB and RAKUB have concentrated more on the credit recovery than the credit disbursement which is virtually not undesirable as they have stockpile of huge outstanding loans since their inception.

## **2. Comparison of performances of BKB, RAKUB & other banks with MFIs**

- It has been observed that all the NGOs/MFIs, except PROSHIKA, have positive net disbursement of agricultural and non-farm rural credit during the last five fiscal years which is an encouraging sign for reducing financing disparity between rural and urban areas. It has also been observed that NGOs/MFIs are also clearly the better performer taking into account the statistics of overdue as percentage of outstanding loan compared to the banks including BKB & RAKUB. The large NGOs/MFIs had on an average around 3.52% overdue as percentage of their outstanding credit during the last five fiscal years which illustrates their strength in customer selection, loan recovery and field level administration in providing agricultural and non-farm rural credit. By contrast, all banks including BRDB and BSBL had on an average 22.63% overdue as percentage of their total outstanding loans during the same period. Thus, it can be concluded that NGOs/MFIs are better performer than BKB, RAKUB or any other banks in Bangladesh. Therefore, it appears that providing better credit facility to agriculture and non-farm rural areas may not easily be covered by the existing traditional banking system. An innovative and a door step approach must have to be introduced by the banks; particularly, by BKB and RAKUB as financing in agriculture and non-farm rural sector is the prime objective of these banks.

### **3. Survey findings of the target and control group farmers**

- From the survey data, it has been observed that both the per acre production and yearly growth of production of paddy, maize, jute, onion, ginger, turmeric, garlic, potato and wheat were better for the target group farmers than the control group farmers.
- The survey data also exhibited that in terms of having livestock per household, the target group farmers were in a better-off situation than the control group farmers.
- Economic conditions in terms of holding total assets value, income and surplus income have proved that target group farmers are in a well-off situation as compared to the control group farmers.
- A comparison between the target and control group farmers has shown that since target group farmers have availed loan from BKB & RAKUB, their tendency of availing loan from formal sources other than BKB & RAKUB was lower than that of the control group farmers. The comparison in terms of having loan from informal sources has revealed that a higher percentage of the target group farmers have also availed loan from informal sources compared to the control group farmers which indicates that the potential demand for loan of the target group farmers is higher than the loan received by them from BKB and RAKUB.
- About 98% of the target group farmers agreed that they have been benefited from agricultural credit of BKB and RAKUB while among the control group farmers who have availed loan from other sources outside BKB and RAKUB, only about 47% of them have agreed that they have been benefited.
- In terms of increasing cropping intensity in the recent years, more than 93% farmers combining both target and control groups have given their affirmative response.
- About 70% farmers combining both target and control groups agreed that they have received reasonable price for their agricultural commodities. The rest of the farmers who did not receive reasonable price for their agricultural commodities have identified that their sell during harvesting period was the main cause for not getting reasonable price.
- It has been observed that 83.51% of target and control group farmers were aware about BB's re-finance scheme for BKB and RAKUB but after having knowledge about this scheme, a total of 97.12% farmers opined that BB should continue its existing re-finance scheme for BKB and RAKUB.

### **4. Survey Findings from the selected 128 Branches of BKB & RAKUB: Existing Problems and Probable Solutions**

- Management Problems: Manpower distribution at the branches of BKB and RAKUB is completely opposite to the thrust of their business operations.
- Agricultural credit monitoring problems: The major problem is scarcity of manpower.
- Sector-wise total agricultural & non-farm rural credit disbursement and recovery performances: Disbursement dominated by food grain and fisheries sub-sectors with poor recovery.
- Agricultural and non-farm rural credit disbursement is completely gender biased towards male borrowers.
- Domination of the old borrowers is prevailing in BKB and RAKUB who sometimes create trap for banks to make book adjustment of bank credit just for avoiding provision of loan classification.

- The rural branches of BKB and RAKUB are widely involved in social corporate responsibilities (CSR) type of activities for which they do not receive any remuneration at all.

## 5. Overall Assessment of the Impact of the Re-finance Scheme

- The comparison between target and control groups in terms of asset, income, expenditure, per acre production of agricultural commodities and highlights of various qualitative assessments indicate that farmers who have taken agricultural credit from BKB and RAKUB have economically been benefitted and as such the basic intension of the BB's re-finance scheme to increasing production of agricultural commodities including food grains and financially supporting the rural people with a view to improving their economic conditions has been achieved.
- On an average the farmers are capable to repay their credit to banks. But this is very much unfortunate that each year a remarkable amount of agricultural credit is being added to the non-performing loans (NPLs). BKB and RAKUB are being continually paid interest for their depositors and fund providers including BB while they are not becoming enabled to earn due money from their credit-clients. As a result, their total operating incomes are always lower than their total operating expenditures.

## Concluding Remarks and Policy Recommendations

- This study delineates that the basic objectives of BB's re-finance scheme are being achieved and as such BB may not only continue this re-finance scheme for BKB and RAKUB but also can think effectively to expand its magnitude and institutional coverage in line with the broad objectives of its monetary policy.
- The major outcomes of this study also revealed that it is not the matter of financial insolvency of the borrowers to repay their loans to BKB and RAKUB in due time rather it is mostly the administrative/ manpower problem in credit management of banks. Hesitancy in the mindset of the borrowers to repay the loan and scarcity of manpower to streamlining the recovery drives are the prime reasons for aggravating non-performing loans (NPLs) in the public sector banks-like BKB & RAKUB. In order to mitigate this aggravating NPLs situation, recruiting of a required number of new officials and agricultural credit supervisors at the branch level in BKB and RAKUB and strengthening of existing recovery drives are not the only solution. As financing in agricultural and non-farm rural activities is very much alike to micro, small and medium enterprise (SME) financing, banks will have to be very much cautious not only in disbursement of credit but also have to be pro-active and strenuous in making recovery drives mainly through persuasion in the field level which may not be possible with the existing structure of manpower of BKB and RAKUB. Perhaps the pay packages and other remunerations for the officials or agricultural credit supervisors who will be involved in the process of selection of borrowers, recommendation for disbursement of credit and ensure timely recovery of credit for banks will have to be tagged with the realization of credit and net profit from the credit operations. Therefore, alongside the continuation of the present financing system, BKB and RAKUB may consider involving local non-governmental organizations (NGOs) or any third party in such a specific term and condition that their remuneration will be given through sharing the realized interest earnings minus suspended interest for bad loan, if any. In this regard, NGOs or third party will just make recommendation for credit disbursement while credit will have to be

disbursed directly to the borrowers through the respective branch offices of BKB and RAKUB through opening a 10-Taka Account just after making proper scrutiny of the recommended lists of the NGOs/ third party in the field level so that no fake borrower can be created. NGOs or third party will also pursue borrowers to repay their loans at the branch level in due time and draw their share of realized interests at the end of each month. The responsibility of collection of deposits under the mobile banking system and recovery of NPLs can also be given to NGOs or third party with ensuring an attractive remuneration for them. However, in the initial stage BKB and RAKUB may introduce a detailed pilot project to engage NGOs or third party in some of their selected branches for this purpose and if it becomes successful then this experience can be replicated in other branches throughout the country.

- There must be a policy of encouragement and penalty for the good and default borrowers respectively. For this purpose, such a policy can be introduced where borrowers who will pay their loan regularly by the predetermined deadline may be exempted from a certain amount of interest (say, 1 percentage point exemption of predetermined interest rate) while borrowers who will not pay their loans by the predetermined deadline can be imposed a certain amount of penalty interest rate (say, 2 percentage point additional interest to the predetermined interest rate). Borrowers who are willing to continue their loan can be even allowed to do so on or before the predetermined deadline with out charging any penalty interest but they should not be given 1 percentage point exemption of predetermined interest rate rather they should be charged 2 percentage point penalty interest on the due amount of loan if it is rescheduled after the predetermined deadline. However, there should be a maximum time limit for such direct rescheduling (say, up to 5 times which is now allowed up to 3 times as per the existing agricultural credit policy) and before imposing any penalty interest rate the borrowers should have to be properly notified in due time.
- Increase of loan amount for the borrowers through revising existing agricultural credit disbursement norms and simplification of documentation & loan disbursement procedures and its publicly dissemination are essential for strengthening activities related to agricultural and non-farm rural credit. Although BB in the recent years has simplified loan disbursement procedures and prohibited banks to taking any kinds of original deed or parcha as security of loan but due to non-cooperation of bank officials farmers sometimes become compel to keep it with banks. Therefore, BB may publicly disseminate a very brief (if possible in a page) credit policy each year entailing the rights of the farmers and also advocating in favor of banks to repay their loans in a timely manner for the betterment of the country.
- Finally, it is generally believed that agricultural and non-farm rural credit from the banking system is not only helping to boost up our overall GDP but also helping us to reduce capital flight from the rural to urban and thus favoring to minimize the gap between rich and poor people of the country. Therefore, for sake of the greater interest of the country, the current efforts of BB to encouraging BKB & RAKUB through providing re-financing facilities are needed to continue and at the same time special steps should have to be initiated from BKB and RAKUB to enhance their institutional capacity and efficiency. In this regard, creation of a resource pool may be required for BKB and RAKUB for carefully examining their costs of funds, determining a shadow lending rate for agricultural and non-farm rural credit and for re-arranging their manpower at branch level.

# A Study Report On Impact Assessment of Bangladesh Bank's Re-finance Scheme for Financing Agricultural & Non-Farm Rural Borrowers of Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank

## 1. Introduction

Notwithstanding of a declining trend of its share in gross domestic product (GDP), agriculture sector is still playing a central role in the Bangladesh economy. Ensuring food security, eradication of poverty through employment generation, supplying raw materials for industries and attaining sustainable economic growth have been critically contingent upon the performance of the agriculture sector. Majority of the total population still live in the rural areas in Bangladesh.<sup>1</sup> Moreover, agriculture is also considered as a major driving force of exports in Bangladesh. Considering the huge importance of agriculture sector, since after the liberation in 1971 Bangladesh Bank (BB) has been operating a re-finance scheme for financing agricultural and non-farm rural borrowers following its mandate given through Section 16 (10) of the Bangladesh Bank Order, 1972. It is needless to say that success of the scheme is fully dependent on utilization of the re-financing fund for enhancing productivity through greater utilization of modern input including irrigation and mechanization of agriculture and its contribution to uplift the overall socio-economic condition of the borrowers of the agricultural sector. Hence, BB authority has felt an urgency to assess the impact of its re-finance scheme; particularly, through conducting an in-depth study on the borrowers of the Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (RAKUB) as they are using BB's re-finance credit line for financing borrowers involved in agricultural and non-farm rural activities.

Moreover, the Government of the People's Republic of Bangladesh has always attached a high emphasis for increasing production of food grains through productivity enhancement and financially supporting the rural people with a view to improving their economic conditions. Hence, the Government has always embrace agriculture-friendly policy and facilitated banks and financial institutions to increase flow of finance to the agriculture sector. Following the agriculture-friendly policy of the government, BB has been formulating its Agriculture & Rural Credit Policy and Program every year and provided a remarkable amount of re-finance facility to BKB and RAKUB for increasing the scope to agricultural and rural credit. Meanwhile, a sizable amount of BB's re-financed loans have become overdue with BKB and RAKUB and as such it has now turned into a conscientiousness to the central bank's policymakers to examine the outcomes of the re-finance scheme and to find out some appropriate policy guidelines to enhance the overall efficiency of the ongoing scheme for realizing its ultimate objectives.

## 2. Objectives of the Report

The main objective of this study report is to find out the impact(s) of the re-finance scheme of BB through comparing the economic well-being of the target group people who have taken loan from BKB and RAKUB with a control group people who have not taken loan from these two banks. This

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<sup>1</sup> As per the latest population census conducted in 2011, 74.51% of the total populations live in the rural areas of Bangladesh.

study has also tried to examine the impact(s) of re-finance scheme on the balance sheets of these two banks. Survey data received from the selected 128 branches of BKB and RAKUB dealing with agricultural and non-farm rural credit has been analyzed for finding out existing problems of BKB and RAKUB.

### 3. Methodology of Impact Assessment

The impact assessment has been done through combining three approaches of studies. First, brief scenario of the BB's refinance to BKB and RAKUB and its impact on their balance sheets have been analyzed by using secondary data received from Agriculture Credit & Financial Inclusion Department of BB and from the concerned two banks. Second, data collected from randomly selected 128 branches (in 64 districts covering 2 upazilas in each district) of BKB and RAKUB involved in agricultural and non-farm rural credit throughout the country have been used to gauge impact of the BB's re-finance on the agricultural credit operations in the branch/field level. And finally, using questionnaires containing some qualitative and quantitative information relating to socio-economic and demographic parameters of both the groups, we have conducted a survey on 1030 target group farmers- receiving agricultural and non-farm rural credit- and on 395 control group equal contextual farmers-not receiving such credit by using cluster sampling techniques. Based on findings of the sample survey, we have assessed beneficiary farmers' (of BKB & RAKAB) comparative benefits in terms of positive changes of their socio-economic and demographic parameters.

The target group agricultural borrowers have been randomly selected from 128 upazila level branches of BKB and RAKUB capturing 2 branches from 2 upazilas/unions in each district and the control group equal contextual non-borrowers have been chosen by using multistage sampling from the same upazila/union in order to make it comparable. At least seven 7 agricultural borrowers and 3 equal contextual non-borrowers from each selected upazila were decided to be interviewed. The expected sample size for the target and control groups farmers were 896 (64 districts\*2 upazilas\*7 borrowers) and 364 (64 districts\*2 upazilas\*3 borrowers) respectively. It was relatively difficult to have time and response from the control group non-borrowers than target group borrowers due to control group's non-involvement with BKB and RAKUB. However, the effective sample size for target and control groups actually become 1030 and 395 respectively which were higher than the expected sample size. Sample size and distribution of target and control group farmers across divisions are shown in Table-1. The sample survey involved structured questionnaires set in Bangla to generate both quantitative as well as qualitative information relating to socio-economic and demographic parameters of both the target and control groups for assessing overall impact of refinance loan on their comparative socio-economic well-being. The English versions of the questionnaires are given at *annex-I and II* respectively.

**Table-1: Sample size and distribution of target and control group farmers across divisions**

Division Name	Bank Name	No. of Districts	No. of Upazilas	No. of target group farmers	No. of control group farmers
Dhaka	BKB	17	34	242	90
Chittagong	BKB	11	22	188	78
Rajshahi	RAKUB	8	16	119	46
Khulna	BKB	10	20	179	75
Sylhet	BKB	4	8	52	32
Barisal	BKB	6	12	104	31
Rangpur	RAKUB	8	16	146	43
<b>Total</b>		<b>64</b>	<b>128</b>	<b>1030</b>	<b>395</b>

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

## 4. Brief Scenario of the BB's Re-finance to BKB and RAKUB and its Impact on Their Balance Sheet

### 4.1. BB's refinance and agricultural and non-farm credit disbursement by BKB and RAKUB

BKB and RAKUB have been enjoying refinance facilities from BB for financing various priority sectors of agriculture since after their starting business operation as specialized banks in 1973 and in 1987 respectively. In spite of receiving a handsome amount of refinance facilities from BB, their business operations have not become very vibrant or profitable rather it has become very austere due to huge non-performing assets which have branded them as loss making institutions. As a result, it has become an alarming issue to the policymakers to examine the status of refinancing to these banks and to assess the impact of refinancing on improvement of some socio-economic and demographic parameters in the life of the borrowers' at household level. It may be noted that, although financing in agricultural and non-farm rural activities of these two specialized banks are largely dependent on refinance facilities of BB but their whole credit operations are not dependent on it. In fact, BB does not refinance these banks to accomplish their normal regular business. **Through various studies and based on clear consensus among experts and policy-makers, it has been well established that agricultural production has a positive impact not only on GDP but also indirectly on the non-agricultural sectors in Bangladesh. Hence, BB mostly has been trying to influence in enhancing credit flow to the agriculture sector for achieving its broad objectives of monetary policy; i.e., for attaining overall GDP growth along with maintaining a price stability, and stability of food price in particular. So, BB provides refinance facilities to BKB and RAKUB for mostly playing a supportive role in implementing monetary policy. As a result, BB's refinance explicitly depends on the space and accommodative stance of monetary policy.**

Considering the yearly flow of refinance facility provided by BB to BKB and RAKUB, it has been observed that during FY 2009-10 to FY 2013-14, BKB has drawn refinance from BB only once in FY'13 to the tune of Taka 5.00 billion. But in spite of making some payments against past due, BKB's outstanding refinance loan from BB stood at Taka 31.13 billion at the end of FY14. Similarly, RAKUB has drawn a total amount of Taka 12.24 billion refinance from BB during the last five fiscal years and its outstanding amount of refinance loan from BB stood at Taka 13.47 billion at the end of FY14. Statistics shows some remarkably positive trends of their performance. For example, in recent years it has been observed that yearly outstanding amount of refinance loan from BB as percentage of BKB's outstanding amount of agricultural & non-farm rural credit has steadily reduced from 41.15% in FY'09 to 19.72% in FY'14. Similarly, yearly outstanding amount of refinance loan from BB as percentage of RAKUB's outstanding amount of agricultural & non-farm rural credit has also reduced from 54.78% in FY'09 to 32.42% in FY'14 (Table-2). **The decreasing trends of the outstanding refinance loan to the outstanding credit disbursement by BKB and RAKUB indicate that their reliance on the refinance loan is being reduced in the recent years. It is also notable that more than 80% of BKB's and almost 68% of RAKUB's total outstanding agricultural and non-farm credit have been disbursed from the sources outside the BB's refinance window which indicates that their loan-able funds are mainly generated from their depositors' money.**

**Table-2: Yearly outstanding amount of re-finance and agricultural & non-farm rural credit disbursement by BKB and RAKUB during FY 2009-10 to FY 2013-14**

(Tk. In billion)

BKB				
Financial Year	Refinance drawing from BB	Outstanding Re-finance from BB	Outstanding Credit Disbursement	Outstanding Re-finance as % of Outstanding Credit Disbursement
2013-14	0.00	31.13	157.85	19.72
2012-13	5.00	33.43	135.49	24.67
2011-12	0.00	35.65	111.69	31.92
2010-11	0.00	37.81	116.22	32.53
2009-10	0.00	39.91	96.99	41.15
RAKUB				
2013-14	6.00	13.47	41.57	32.42
2012-13	0.18	16.14	38.98	41.41
2011-12	2.62	19.44	35.68	54.47
2010-11	1.86	17.90	33.16	53.99
2009-10	1.58	17.16	31.33	54.78

Source: Agriculture Credit & Financial Inclusion Department, BB

#### 4.2. BB's re-finance and overall activities of BKB and RAKUB: Balance Sheet Approach

From the balance sheet approach, it is observed that during FY 2010-FY2014 on an average 20.08% of BKB's total liabilities and 42.46% of RAKUB's total liabilities have been comprised of borrowings from banks and financial institutions while the share of their total liabilities originated from the deposits and other accounts were 71.14% and 42.91% respectively (Table-3). It is easily comprehensible that although BKB and RAKUB have limited amount of borrowings from the banks and financial institutions from both inside and outside Bangladesh, the lion share<sup>2</sup> of their liabilities have been originated from the deposits. The balance sheet approach of activities of both these banks virtually indicates that their major parts of business operations are being run from their depositors' money for which they are paying interest regularly. But it is remarkably noticeable that the shares of interest earning assets of these banks have reduced while the shares of non-performing assets have substantially increased during the last five fiscal years. It may be noted that the share of interest earning assets in total assets which was 68.03% for BKB in FY 2010 has steadily been declined to 49.15% in FY 2014 while the share of non-performing assets in total assets which was 31.97% in FY10 has steadily been increased to 50.85% in FY14. **Declining trends of the share of interest earning assets to total assets and increasing trends of non-performing assets to total assets have been translated into declining trends in net interest income and as such in spite of increasing ratio of non-interest income to total operating incomes, total profits have substantially declined for both of the banks. By contrast, yearly total operating expenditures on account of salaries and allowances and provisioning need for classified loans have increased which negatively affected their profitability.**

<sup>2</sup> In fact more than 86% of BKB's total liabilities and more than 74% of RAKUB's total liabilities have been originated from their deposits and other accounts as on 30 June, 2014.

**Table-3: Highlights on the overall activities during FY 2009-10 to FY 2013-14: Balance Sheet Approach****Bangladesh Krishi Bank (BKB)**

(Taka in billion)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	5-yrs Average
<b>a) Total Assets</b>	<b>222.62</b>	<b>206.90</b>	<b>191.30</b>	<b>175.28</b>	<b>159.85</b>	<b>191.19</b>
i) Interest Earning Assets (as % of Total Assets)	109.41 49.15	109.27 52.81	109.02 56.99	109.21 62.31	108.74 68.03	<b>109.13</b> <b>57.08</b>
ii) Non-performing Assets (as % of Total Assets)	113.21 50.85	97.63 47.19	82.28 43.01	66.07 37.69	51.11 31.97	<b>82.06</b> <b>42.92</b>
<b>b) Total Liabilities</b>	<b>233.94</b>	<b>218.95</b>	<b>203.23</b>	<b>190.21</b>	<b>173.24</b>	<b>203.91</b>
i) Borrowings from Banks and financial Institutions (as % of Total Liabilities)	47.31 20.22	44.14 20.16	39.24 19.31	41.11 21.61	32.95 19.02	<b>40.95</b> <b>20.08</b>
- of which borrowing from inside Bangladesh (as % of Total Liabilities)	46.92 20.05	43.76 19.99	38.93 19.16	40.80 21.45	32.62 18.83	<b>40.60</b> <b>19.91</b>
- borrowing from outside Bangladesh (as % of Total Liabilities)	0.40 0.17	0.39 0.18	0.30 0.15	0.31 0.16	0.33 0.19	<b>0.35</b> <b>0.17</b>
ii) Deposits and Other accounts (as % of Total Liabilities)	177.56 75.90	161.32 73.68	144.68 71.19	129.60 68.14	112.15 64.74	<b>145.06</b> <b>71.14</b>
iii) Other Liabilities (as % of Total Liabilities)	9.07 3.88	13.48 6.16	19.31 9.50	19.49 10.25	28.14 16.25	<b>17.90</b> <b>8.78</b>
<b>Total Capital (a-b) Surplus (+)/Shortfall (-)</b>	<b>- 11.32</b>	<b>- 12.05</b>	<b>- 11.93</b>	<b>- 14.93</b>	<b>- 13.39</b>	<b>- 12.73</b>
<b>c)% of Classified Loans against total loans and advances</b>	<b>28</b>	<b>27</b>	<b>27</b>	<b>22</b>	<b>25</b>	<b>26</b>
<b>d) Total Operating Incomes</b>	<b>2.61</b>	<b>3.02</b>	<b>3.53</b>	<b>3.68</b>	<b>4.36</b>	<b>3.44</b>
i) Net Interest Income (as % of Total Operating Incomes)	0.65 24.85	0.22 7.24	1.28 36.25	1.57 42.70	3.01 69.13	<b>1.35</b> <b>39.13</b>
ii) Non-interest Income (as % of Total Operating Incomes)	1.96 75.15	2.80 92.76	2.25 63.75	2.11 57.30	1.35 30.87	<b>2.09</b> <b>60.87</b>
<b>e) Total Operating Expenditures</b>	<b>5.86</b>	<b>5.51</b>	<b>4.93</b>	<b>5.22</b>	<b>4.21</b>	<b>5.15</b>
i) Salaries & Allowance (as % of Total Operating Expenditures)	5.19 88.57	4.83 87.81	4.24 85.96	4.59 87.94	3.52 83.55	<b>4.48</b> <b>86.96</b>
ii) Other expenditure (as % of Total Operating Expenditures)	0.67 11.43	0.67 12.19	0.69 14.04	0.32 6.21	0.69 16.45	<b>0.61</b> <b>11.86</b>
<b>f) Total Provision</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.14</b>	<b>0.03</b>
<b>Total Profits(+)/Loss(-):{(d-e)-f}</b>	<b>- 3.26</b>	<b>- 2.48</b>	<b>- 1.40</b>	<b>- 1.54</b>	<b>- 0.15</b>	<b>- 1.74</b>

Source: BKB Annual Report, various issues.

**Rajshahi Krishi Unnayan Bank (RAKUB)**

(Taka in billion)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	5-yrs Average
<b>a) Total Assets</b>	<b>52.58</b>	<b>51.15</b>	<b>49.30</b>	<b>46.60</b>	<b>46.43</b>	<b>49.21</b>
i) Interest Earning Assets (as % of Total Assets)	37.65 71.61	36.34 71.04	36.22 73.47	35.42 76.00	33.58 72.31	<b>35.84</b> <b>72.83</b>
ii) Non-performing Assets (as % of Total Assets)	14.93 28.39	14.82 28.96	13.08 26.53	11.19 24.00	12.85 27.69	<b>13.37</b> <b>27.17</b>
<b>b) Total Liabilities</b>	<b>53.04</b>	<b>50.87</b>	<b>48.43</b>	<b>45.06</b>	<b>44.18</b>	<b>48.31</b>
i) Borrowings from Banks and financial Institutions (as % of Total Liabilities)	22.40 42.24	20.22 39.75	22.34 46.12	19.54 43.37	18.06 40.87	<b>20.51</b> <b>42.46</b>
- of which borrowing from inside Bangladesh (as % of Total Liabilities)	22.40 42.24	20.22 39.75	22.34 46.12	19.54 43.37	18.06 40.87	<b>20.51</b> <b>42.46</b>
- borrowing from outside Bangladesh (as % of Total Liabilities)	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	<b>0.00</b> <b>0.00</b>
ii) Deposits and Other accounts (as % of Total Liabilities)	21.71 40.94	22.29 43.81	19.53 40.34	19.46 43.20	20.67 46.79	<b>20.73</b> <b>42.91</b>
iii) Other Liabilities (as % of Total Liabilities)	8.92 16.81	8.36 16.44	6.56 13.54	6.05 13.43	5.45 12.34	<b>7.07</b> <b>14.63</b>

<b>Total Capital (a-b) Surplus (+)/Shortfall (-)</b>	<b>- 0.46</b>	<b>0.28</b>	<b>0.87</b>	<b>1.55</b>	<b>2.25</b>	<b>0.90</b>
<b>c)% of Classified loans against total loans and advances</b>	<b>34</b>	<b>36</b>	<b>34</b>	<b>38</b>	<b>39</b>	<b>36</b>
<b>d) Total Operating Incomes</b>	<b>1.31</b>	<b>1.40</b>	<b>1.25</b>	<b>1.08</b>	<b>1.42</b>	<b>1.29</b>
i) Net Interest Income (as % of Total Operating Incomes)	1.11 84.74	1.21 86.97	1.04 83.50	0.86 79.29	1.23 86.79	<b>1.09</b> <b>84.52</b>
ii) Non-interest Income (as % of Total Operating Incomes)	0.20 15.26	0.18 13.03	0.21 16.50	0.22 20.71	0.19 13.21	<b>0.20</b> <b>15.48</b>
<b>e) Total Operating Expenditures</b>	<b>1.80</b>	<b>1.67</b>	<b>1.62</b>	<b>1.59</b>	<b>1.36</b>	<b>1.61</b>
i) Salaries & Allowance (as % of Total Operating Expenditures)	1.60 89.09	1.43 85.78	1.44 88.89	1.45 91.19	1.10 80.72	<b>1.41</b> <b>87.36</b>
ii) Other expenditure (as % of Total Operating Expenditures)	0.20 10.91	0.24 14.22	0.18 11.11	0.14 8.81	0.26 19.28	<b>0.20</b> <b>12.64</b>
<b>f) Total Provision</b>	<b>0.31</b>	<b>0.31</b>	<b>0.30</b>	<b>0.20</b>	<b>0.30</b>	<b>0.29</b>
<b>Total Profits(+)/Loss(-):{(d-e)-f}</b>	<b>- 0.80</b>	<b>- 0.59</b>	<b>- 0.68</b>	<b>- 0.70</b>	<b>- 0.25</b>	<b>- 0.60</b>

Source: RAKUB Annual Report, various issues.

It may be noted that BKB started its activities as a banking company in 1973 while RAKUB started its functioning on 15 March 1987 by taking over the branches and offices along with assets and liabilities of BKB within the formerly Rajshahi division and currently Rajshahi and Rangpur divisions. Considering the interest earning assets as % of total assets, RAKUB is in a comparatively better position than BKB. During the last five fiscal years on an average interest earning assets as % total assets for RAKUB was 72.83% while it was 57.08% for BKB. It is observed that during the last five fiscal years on an average 71.14% of BKB's total liabilities have been originated from their deposits and other accounts while it was on an average 42.91% for RAKUB during the same period. During FY10-FY14, on an average net interest income as % of total operating incomes which stood at 39.13% for BKB that have been seen to stand at 84.52% for RAKUB. Contrarily, non-interest income as % of total operating incomes stood at 60.87% on an average for BKB which was only 15.48% for RAKUB during the same period as mentioned above. It is anticipated that as both the banks are dealing mostly with agricultural credit their interest rate both on the deposits and credit would be the same but due to differential in their total liability structures, net interest income as % of total operating incomes have remarkably been differentiated from each other. The increasing trend of the non-interest income as % of total operating incomes can be considered as a good feature if it does not hamper the core business and the purpose of establishment of these two specialized banks. But this is very much unfortunate that there has been a tendency of changing the thrust of business from providing agricultural and non-farm rural credit to providing non-agricultural banking facilities such as remittance facility to the rural people by using national and international payment channels like Western Union, MoneyGram etc especially by BKB.

### 4.3. Comparative performance of banks and other agricultural and non-farm rural credit lenders in terms of agricultural and non-farm rural credit statistics

#### 4.3.1. Comparative performance of banks

Agricultural and non-farm rural sector plays an important role in the context of the economy of Bangladesh as till now a lion's share of the people of Bangladesh earn their living from this sector. The performance of this sector has a major impact on the overall economic development of the country. For an efficient performance of this sector proper credit facilities and adequate support are essential from the country's banking sector. In this context, the performance of banks and other agricultural and non-farm rural credit lenders have been analyzed through comparing their last 5 years' average agricultural and non-farm rural credit statistics. It has been observed that a total

amount of Tk. 136.16 billion has been disbursed by the banking system in the last 5 years where the lion shares remained with BKB (36.05%), RAKUB (8.79%), State-owned Commercial Banks-SCBs (16.92%) and Private Commercial Banks-PCBs (30.72%). Foreign Commercial Banks (FCBs), Bangladesh Rural Development Board (BRDB) and Bangladesh Samabaya Bank Limited (BSBL) have very limited exposure in the agricultural and non-farm rural credit market (Table-4). **It is worthwhile mentioning that PCBs are not lagging behind in agricultural and non-farm credit disbursement which is not the prime objective of their banking operations. Such satisfactory progress in the agricultural and non-farm rural credit disbursement scenario by the PCBs has happened due to the pragmatic measures taken by BB through making their participation mandatory in the agricultural and non-farm rural credit activities.** The credit recovery performances of all scheduled banks, BRDB and BSBL were also similar to their credit disbursement performances. In terms of recovery, BKB has the leading role covering 41.42% of total recovery. **It is notable that only SCBs, PCBs and BRDB have positive net disbursement of credit in last five years i.e. they disbursed more credit than they recovered. This indicates that BKB and RAKUB have concentrated more on credit recovery than to credit disbursement during the last 5 years which is virtually not surprising as they have stockpile of huge outstanding loans since their inception.**

**Table-4: 5-yrs (FY10 to FY14) average<sup>3</sup> of bank category-wise agricultural & non-farm rural credit performances**

(Taka in billion)

Particulars	BKB	RAKUB	SCBs	PCBs	FCBs	BRDB	BSBL	Total
1. Disbursement	49.09	11.97	23.04	41.83	5.49	4.72	0.02	<b>136.16</b>
2. Share (%) of disbursement	36.05	8.79	16.92	30.72	4.03	3.47	0.01	<b>100.00</b>
3. Recovery	55.47	13.30	20.52	33.98	5.98	4.63	0.05	<b>133.93</b>
4. Share (%) of Recovery	41.42	9.93	15.32	25.37	4.47	3.46	0.03	<b>100.00</b>
5. Net Disbursement (1-3)	-6.38	-1.33	2.52	7.86	-0.49	0.09	-0.03	<b>2.24</b>
6. Overdue	21.20	12.96	25.25	1.60	0.00	2.50	0.42	<b>63.91</b>
7. Share (%) of overdue	33.16	20.28	39.50	2.50	0.00	3.91	0.65	<b>100.00</b>
8. Outstanding	123.65	36.14	69.12	42.81	3.46	6.74	0.44	<b>282.37</b>
9. Share (%) of Outstanding	43.79	12.80	24.48	15.16	1.22	2.39	0.16	<b>100.00</b>
10. Overdue as (%) of outstanding	17.14	35.86	36.53	3.73	0.00	37.02	93.98	<b>22.63</b>

Source: BB Annual Report, various issues.

Considering overdue credit amount, SCBs are the worst performers having share of 39.50% of total overdue in agricultural and non-farm rural credit. But in terms of outstanding credit amount, BKB has the major share of 43.79% of total outstanding credit in this sector which indicates that they are the main contributor as agricultural and non-farm rural credit providers. In terms of overdue credit in agricultural and non-farm rural sector, the performances of BKB, RAKUB and SCBs are in the worst situation as compared to PCBs and FCBs which are negatively affecting their operational profits. Although BSBL and BRDB have the highest share (%) of overdue as percentage of their outstanding credit but considering their market share in terms of outstanding credit in this sector and considering their sources of funds, it may not be considered as a major concern for them. But it can

<sup>3</sup> Calculation has been done through simple average of five years' (FY10 to FY14) actual data.

be a huge concern for BKB, RAKUB and SCBs as their major source of funding for this sector is depositors' money and they are the major contributors to agricultural and non-farm rural borrowers.

#### 4.3.2. Performance of NGOs/MFIs as agricultural and non-farm rural credit lenders

The agricultural and non-farm rural credit statistics of the largest 6 NGOs/MFIs namely Grameen Bank (GB), BRAC, ASA, PROSHIKA, Thengamara Mohila Sabuj Sangha (TMSS), BURO Bangladesh (BURO BD) indicate that they are larger contributors than the banks both in terms of amount of credit disbursement and recovery in this sector. It has been observed that during FY10-FY14 the average amount of agricultural and non-farm rural credit disbursement and recovery by these NGOs/ MFIs stood at Tk. 320.36 billion and 288.57 billion respectively which were more than double as compared to the disbursement and recovery by banks (see Table-4 and Table-5 for details). A notable feature is that all the NGOs/MFIs, except PROSHIKA, have positive net disbursement of agricultural and non-farm rural credit during the last five years which is an encouraging sign for reducing financing flow disparity between rural and urban. Moreover, the NGOs/MFIs are also clearly the better performer taking into account the statistics of overdue as percentage of outstanding loan compared to the banks including BKB & RAKUB. The large NGOs/MFIs had on an average around 3.52% overdue as percentage of their outstanding credit during the last five fiscal years (2009-2014) which illustrates their strength in customer selection, loan recovery and field level administration in providing agricultural and non-farm rural credit. Thus, it can be concluded that NGOs/MFIs are better performer than BKB, RAKUB or any other banks in Bangladesh. Therefore, it appears that providing better credit facility to agriculture and non-farm rural areas may not easily be covered by the existing traditional banking system. An innovative and a door step approach must have to be introduced by the banks; particularly, by BKB and RAKUB as financing in agriculture and non-farm rural sector is the prime objective of these two banks.

**Table-5: 5-yrs (FY10 to FY14) average<sup>3</sup> of Grameen Bank & large NGOs/MFIs-wise credit performances**

Particulars	(Taka in billion)						
	GB	BRAC	ASA	PROSHIKA	TMSS	BURO BD	Total
Disbursement	110.70	98.86	80.28	1.97	12.49	16.05	<b>320.36</b>
Share (%) of disbursement	34.56	30.86	25.06	0.62	3.90	5.01	<b>100.00</b>
Recovery	92.24	95.12	73.61	2.39	11.07	14.14	<b>288.57</b>
Share (%) of Recovery	31.96	32.96	25.51	0.83	3.83	4.90	<b>100.00</b>
Net Disbursement	18.46	3.74	6.67	-0.42	1.43	1.91	<b>31.79</b>
Overdue	1.34	3.25	1.15	0.98	0.23	0.21	<b>7.17</b>
Share (%) of overdue	18.71	45.34	16.09	13.72	3.15	2.98	<b>100.00</b>
Outstanding	76.99	59.01	50.06	2.22	6.93	8.77	<b>203.97</b>
Share (%) of Outstanding	37.75	28.93	24.54	1.09	3.40	4.30	<b>100.00</b>
Overdue as (%) of outstanding	1.74	5.51	2.31	44.40	3.26	2.44	<b>3.52</b>

Source: BB Annual Report, various issues.

## 5. Survey Results on Impact Assessment of BB's Re-finance Scheme: Comparison of Socio-economic Condition Between Treatment and Control Groups

### 5.1.Characterizing the target and control group farmers

The survey data revealed that the average age of both the target and control group farmers were near about 48 and considering their profession 57.94% of the target group farmers were engaged only in agriculture while it was 56.06% for the control group farmers. The characteristics of their educational qualifications were also more or less similar with very little differences in various educational tiers (Table-6).

Particulars	Target Group (N=1030)	Control Group (N=395)
Average age (years)	48.41	47.95
Engaged only in agriculture	57.94%	56.06%
<b>Educational qualification</b>		
Illiterate	8.37%	8.61%
Primary education	33.70%	31.37%
Secondary education	32.21%	33.18%
Higher secondary education	14.96%	16.64%
Graduate	8.77%	7.63%
Post graduate	1.99%	2.57%

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

The survey data also revealed that the mean values of household characteristics and infrastructural facilities such as household size, employment in agricultural sector, nature of housing etc. of both the target and control group farmers were almost same with a remarkable difference in access of bank accounts. The mean value of the household size for both the target and control group farmers were near about 5.8 in 2012 and 2013 respectively. Other household characteristics such as per household number of students going to educational institutions, unemployed persons looking for an appropriate job, number of persons employed in agriculture sector and number of persons employed outside agricultural sector was approximately same. Even considering the infrastructural facilities in terms of paka/semi paka house, access to sanitary latrine and access to electricity, the overall socio-economic condition of both the target and control group farmers were in the same status and hence any difference in their incomes, expenditures, agricultural productivity, asset holding etc. might be associated to their access to loan with BKB and RAKUB. **But, in terms of having bank account, a notable difference is observed between the target and control group farmers. Over 73% of the target group farmers have bank account while it is only about 57% for the control group farmers (Table-7).**

Particulars	Target Group (N=1,030)		Control Group (N=395)	
	2012	2013	2012	2013
<b>Household Characteristics</b>				
Household size	5.76	5.79	5.80	5.82
Female	2.89	2.91	2.91	2.92
Students	2.09	2.08	1.90	1.91
Unemployment	1.27	1.28	1.53	1.66
Employed in agricultural sector	1.36	1.37	1.28	1.28
Employed outside agri. sector	1.45	1.45	1.50	1.49
<b>Infrastructure facilities</b>				
Paka/Semi-paka house	67.23%	68.04%	67.67%	67.92%
Having bank account	73.03%	73.10%	56.96%	56.88%
Access to sanitary latrine	76.64%	77.73%	76.18%	77.43%
Access to electricity	85.45%	86.65%	86.63%	86.63%

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

## 5.2. Comparison between the target and control groups in terms of per acre production of some selected agricultural commodities

It has been observed that there has been a substantial difference between the target group farmers who had taken loan from BKB and RAKUB and the control group farmers who did not take loan. **The survey data revealed that both the production and yearly change of production per acre of paddy, maize, jute, onion, ginger, turmeric, garlic, potato and wheat were better for the target group farmers than the control group farmers.** For an example, per acre production of paddy for the target group farmers was 69.23 mon in 2012 which increased by 5.66% to 73.15 mon in 2013. Per acre production of paddy for the control group farmers was 67.18 mon in 2012 which increased by 4.55% to 70.24 mon in 2013 (Table-8). This means the control group farmers have harvested 2.05 mon and 2.91 mon additional paddy per acre in 2012 and 2013 respectively. Similarly, per acre production and yearly change of production of maize, jute, onion, ginger, turmeric, garlic, potato and wheat for the target group farmers were better than the control group farmers in 2012 and 2013 respectively. **This indicates that the target group farmers who availed loan facilities from BKB and RAKUB have not only economically been benefited through having more production than the control group farmers but they have also been contributed in increasing the overall productivity of the agriculture sector.**

**Table-8: Mean values of per acre production of selected agricultural commodities and their production difference in terms of yearly percentage change and per acre additional production** (in mon\*)

Production per acre	Target Group (N=1,030)			Control Group (N=395)			Amount of per acre additional production for control group	
	2012	2013	% change	2012	2013	% change	2012	2013
Paddy	69.23	73.15	5.66	67.18	70.24	4.55	2.05	2.91
Maize	70.72	72.93	3.13	69.97	71.38	2.02	0.75	1.55
Jute	40.97	41.62	1.59	39.85	40.08	0.58	1.12	1.54
Onion	107.36	112.74	5.01	105.03	106.54	1.44	2.33	6.20
Ginger	196.85	207.01	5.16	194.55	199.12	2.35	2.30	7.89
Turmeric	193.63	204.32	5.52	190.74	196.24	2.88	2.89	8.08
Garlic	73.41	78.32	6.69	72.01	73.71	2.36	1.40	4.61
Potato	220.67	225.7	2.28	218.32	221.74	1.57	2.35	3.96
Wheat	45.75	48.63	6.30	44.32	47.03	6.11	1.43	1.60

\* 1 mon = 37.32 kg

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

## 5.3. Comparison between the target and control groups in terms of having livestock per household

The survey data exhibited that in terms of having livestock per household, the target group farmers who had taken loan from BKB and RAKUB were in a better-off situation than the control group farmers. It has been observed that the mean values of the number of cows, buffalos, goats, sheep, hens, ducks and other kinds of livestock such as pigeon, koel bird etc. per household were larger for the target group farmers than the control group farmers. The survey data revealed that mean values of number of holdings of cows, buffalos, goats & sheep, hens & ducks and other livestock per household for the target group farmers were 2.03, 0.10, 1.02, 12.89 and 0.12 respectively in 2012 which were 1.95, 0.02, 0.99, 7.97 and 0.07 respectively for the control group farmers in the same year (Table-9). Holdings of cows, buffalos, goats & sheep, hens & ducks and other livestock per household for the target group farmers were 2.14, 0.10, 1.13, 14.18 and 0.16

respectively in 2013 which were 1.98, 0.02, 1.01, 8.72 and 0.07 for the control group farmers in the same year. This indicates that there were additional amount of livestock holdings per target group household during the above mentioned two years and at the same time yearly growth (% change) of all kinds of livestock except buffalo were also larger for the target group farmers than the control group farmers.

**Table-9: Mean values of livestock holdings per household**

Livestock	Target Group (N=1,030)			Control Group (N=395)			Amount of additional livestock holdings per target group household	
	2012	2013	% change	2012	2013	% change	2012	2013
Cows	2.03	2.14	5.42	1.95	1.98	1.54	0.08	0.16
Buffalos	0.10	0.10	0.00	0.02	0.02	0.00	0.08	0.08
Goats & sheep	1.02	1.13	10.78	0.99	1.01	2.02	0.03	0.12
Hens & Ducks	12.89	14.18	10.01	7.97	8.72	9.41	4.92	5.46
Others*	0.12	0.16	33.33	0.07	0.07	0.00	0.05	0.09

\* includes pigeon, koel bird etc.

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

#### 5.4. Comparison between the target and control groups in terms of having asset value, income and expenditure

**The comparison of mean values of total assets value, incomes and expenditures between the target and control group farmers specifies that the target group farmers were in a better economic condition than the control group farmers.** Holding of various physical assets and mean value of total assets of the target group farmers were Tk. 8,299,311.24 in 2012 which increased by 5.91% and stood at Tk. 8,790,003.32 in 2013. Holding of various physical assets and mean value of total assets of the control group farmers were Tk. 7,450,072.80 in 2012 which increased by 2.39% and stood at Tk. 7,627,928.90 in 2013. Total yearly income per household for the target group farmers was Tk. 421,518.44 in 2012 which increased by 12.68% and stood at Tk. 474,978.90 in 2013. Total yearly income per household for the control group farmers was Tk. 365,374.87 in 2012 which increased by 9.02% and stood at Tk. 398,312.90 in 2013. Total yearly expenditure per household was also higher for the target group farmers than the control group farmers. **A remarkable feature is that the yearly growth (% change) of per household total expenditure was higher than the total income for the target group farmers while per household total expenditure was lower than the total income for the control group farmers.** It is also noticeable that in spite of higher growth of expenditure than income, per target group household had surplus income (total income minus total expenditure) of Tk. 153,410.80 in 2012 which increased by 11.57% and stood at Tk. 171,160.11 in 2013 which were Tk. 114,685.22 in 2012 and Tk. 130,425.39 in 2013 for the control group farmers (Table-10). **Therefore, it is very much visible that in terms of all economic conditions including having total assets value, total income and surplus income, target group farmers are in a well-off situation as compared to the control group farmers.**

**Table-10: Mean values of asset, income and expenditure per household**

(amount in Taka)

Particulars	Target Group (N=1,030)			Control Group (N=395)		
	2012	2013	% change	2012	2013	% change
<b>Asset</b>						
i. Total Land Value (ii+iii)	7,568,972	8,010,782	5.84	6,709,448	6,866,302	2.34
ii. Agricultural Land Value	4,898,020	5,152,341	5.19	4,135,936	4,235,623	2.41
iii. Non-agricultural Land Value	2,670,952	2,858,441	7.02	2,573,512	2,630,679	2.22
iv. Total Other Asset Value	730,339.24	779,221.32	6.69	740,624.8	761,626.9	2.84
<b>A. Total Assets Value (i+iv)</b>	<b>8,299,311.24</b>	<b>8,790,003.32</b>	<b>5.91</b>	<b>7,450,072.8</b>	<b>7,627,928.9</b>	<b>2.39</b>
<b>Income</b>						
i. Agricultural income including livestock	296,207.10	338,515.70	14.28	217,701.80	241,720.50	11.03
ii. Income from business activities	73,957.26	82,678.45	11.79	96,802.53	101,755.70	5.12
iii. Income from service & physical labor	22,414.95	23,799.22	6.18	28,468.86	30,837.97	8.32
iv. Remittances	24,695.15	25,692.23	4.04	15,635.44	16,984.81	8.63
v. Other incomes*	4,243.98	4,293.30	1.16	6,739.24	7,013.92	4.08
<b>B. Total income (i+....+v)</b>	<b>421,518.44</b>	<b>474,978.90</b>	<b>12.68</b>	<b>365,347.87</b>	<b>398,312.90</b>	<b>9.02</b>
<b>Expenditure</b>						
i. Food expenditure	95,326.40	106,468.00	11.69	113,361.3	116,104.80	2.42
ii. Agricultural expenditure	54,757.33	60,662.82	10.78	30,074.68	32,596.46	8.39
iii. Educational expenditure	33,097.63	36,953.83	11.65	27,831.65	29,059.24	4.41
iv. Medical expenditure	17,900.78	18,693.42	4.43	13,333.16	17,233.67	29.25
v. Mobile phone expenditure	5,691.26	6,388.47	12.25	6,553.17	8,930.38	36.28
vi. Expenditure on social activities	7,535.24	8,403.59	11.52	9,339.49	10,293.42	10.21
vii. Loan repayment	23,676.92	28,697.00	21.20	1,394.94	1,662.37	19.17
viii. Expenditure on business activities	24,537.80	28,528.06	16.26	35,324.05	40,584.81	14.89
ix. Installment against savings	562.67	718.98	27.78	540.08	460.33	-14.77
x. Other expenditures**	5,021.61	8,304.62	65.38	12,910.13	10,962.03	-15.09
<b>C. Total Expenditure (i+....+x)</b>	<b>268,107.64</b>	<b>303,818.79</b>	<b>13.32</b>	<b>250,662.65</b>	<b>267,887.51</b>	<b>6.87</b>
<b>D. Surplus income (B - C)</b>	<b>153,410.80</b>	<b>171,160.11</b>	<b>11.57</b>	<b>114,685.22</b>	<b>130,425.39</b>	<b>13.72</b>

\* includes income from investments in saving instruments, shares etc.

\*\* includes expenditures on land purchase, house building, rent/leasing costs etc.

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

### 5.5. Comparison between the target and control groups in terms of credit from other sources except BKB and RAKUB

The survey data revealed that while conducting the field level survey in 2014 a total of 51 (out of 1030); i.e., 4.95% of the target group farmers and a total of 47 (out of 395); i.e., 11.90% of the control group farmers took loan from other formal sources like state-owned commercial banks, private commercial banks, financial institutions and various NGOs/MFIs. A total of 44 (out of 1030); i.e., 4.27% of the target group farmers and a total of 12 (out of 395); i.e., 3.04% of the control group farmers had taken loan from various informal sources like local money lenders, friends and relatives at that time (Table-11). **A comparison between the target and control groups shows that since target group farmers have availed loan from BKB & RAKUB, their tendency of availing loan from formal sources other than BKB & RAKUB was lower than that of the control group farmers. The comparison in terms of having loan from informal sources revealed that a higher percentage of the target group farmers have also availed loan from informal sources compared to the control group farmers which indicates that the actual demand for loan of the target group farmers is higher than the loan received by them from BKB & RAKUB.**

Particulars	Target Group (N=1030)	Control Group (N=395)
<b>Loan from formal sources</b>	<b>51 (4.95%)</b>	<b>47 (11.90%)</b>
-State-owned commercial banks	7 (13.73%)	11 (23.81%)
-Private commercial banks	4 (7.84%)	16 (34.04%)
-Financial institutions	3 (3.58%)	2 (4.26%)
-NGOs/MFIs	37 (72.55%)	18 (38.30%)
<b>Loan from informal sources</b>	<b>44 (4.27%)</b>	<b>12 (3.04%)</b>
-Local money lenders	3 (5.88%)	0 (0.00%)
-Friends	16 (31.37%)	8 (66.67%)
-Relatives	32 (62.74%)	4 (33.33%)

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

## 5.6.Highlights on some qualitative assessments

The survey results have provided some good perception regarding number of farmers benefitted from agricultural loan from BKB and RAKUB, increasing cropping intensity, enhancing adequacy of agricultural inputs and ensuring reasonable price of agricultural commodities in the country. A brief highlight on some qualitative assessments of the survey is given below (table-12):

- About 98% of the target group farmers agreed that they have been benefitted from agricultural credit of BKB and RAKUB while among the control group farmers who have availed loan from other sources outside BKB and RAKUB, only about 47% of them have agreed that they have been benefitted.
- In terms of increasing cropping intensity in the recent years, more than 93% farmers combining both target and control groups have given their affirmative response.
- About 70% farmers combining both target and control groups agreed that they have received reasonable price for their agricultural commodities. The rest of the farmers who did not receive reasonable price for their agricultural commodities have identified that their sell during harvesting period was the main cause for not getting reasonable price.
- It has been observed that 83.51% of target and control group farmers were aware about BB's re-finance scheme for BKB and RAKUB but after having knowledge about this scheme, a total of 97.12% farmers opined that BB should continue its existing re-finance scheme for BKB and RAKUB.

Particulars	Total respondents (N=1425)
1. Target group farmers benefitted of agricultural credit from BKB & RAKUB (N=1030)	1009 (97.96%)
2. Control group farmers benefitted of credit from other institutions (N=395)	185 (46.84%)
3. Increase in cropping intensity	1328 (93.19%)
4. Adequacy of agricultural inputs	1173 (82.32%)
5. Reasonable price of agricultural commodities	996 (69.89%) <sup>4</sup>
6. Not receiving proper price of agricultural commodities	429 (30.11%)
Causes of not receiving proper price of agricultural products (N=429)	
-Sell during harvesting period	287 (66.89%)
-Market syndication/presence of middle-man	38 (8.86%)
-Insufficient storage system	28 (6.53%)
-Lack of adequate transportation	13 (3.03%)
-Others	63 (14.69%)

<sup>4</sup> The question was related to the reasonable price of paddy, rice, wheat and jute.

7. Awareness about refinance scheme of BB for BKB & RAKUB	1190 (83.51%)
8. Supporting continuation of BB's existing refinance scheme for BKB & RAKUB	1384 (97.12%)
9. Target group farmers received interest remission (N=1030)	108 (11.23%)
10. Responses from control group farmers regarding reasons for not taking loan from BKB & RAKUB (N=483)*	
-Insufficient amount of loan	108 (22.36%)
-Loan not needed	92 (19.05%)
-Loan is not advantageous in terms of interest & other costs	73 (15.11%)
-Not providing loan as per desired sector	37 (7.66%)
-Distant locations of branches and complex formalities of getting loan	28 (5.80%)
-Lengthiness of getting loan	24 (4.97%)
-Others	121 (25.05%)

\* Since multiple responses have been counted, total responses is not equal to total number of control group respondents (N=395).

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

## 5.7.Overall Assessment of the Impact of the Re-finance Scheme

The comparison between target and control groups in terms of asset, income, expenditure, per acre production of agricultural commodities and highlights of various qualitative assessments indicate that farmers who have taken agricultural credit from BKB and RAKUB have been economically benefitted; and as such the basic intension of the BB's re-finance scheme to increasing production of agricultural commodities including food grains and financially supporting the rural people with a view to improving their economic conditions has been achieved. Mean values of asset, income and expenditure per household also indicate that farmers who have taken agricultural credit from BKB and RAKUB are on an average solvent having asset value of Tk. 8,790,003.32 and surplus income of Tk. 171,160.11 in 2013. It may be noted that the average amount of per target group farmer's agricultural credit was Tk. 67,315.80 in 2013. **This means that on an average the farmers are capable to repay their credit to banks. But this is very much unfortunate that each year a remarkable amount of agricultural credit is being added to the non-performing loans (NPLs). Banks are being continually paid interest for their depositors and fund providers including BB while they are not becoming enabled to earn due money from their credit-clients.** This is also the reason that their total operating incomes are always lower than their total operating expenditures which has been found in the analysis of the balance sheets of BKB & RAKUB in our study.

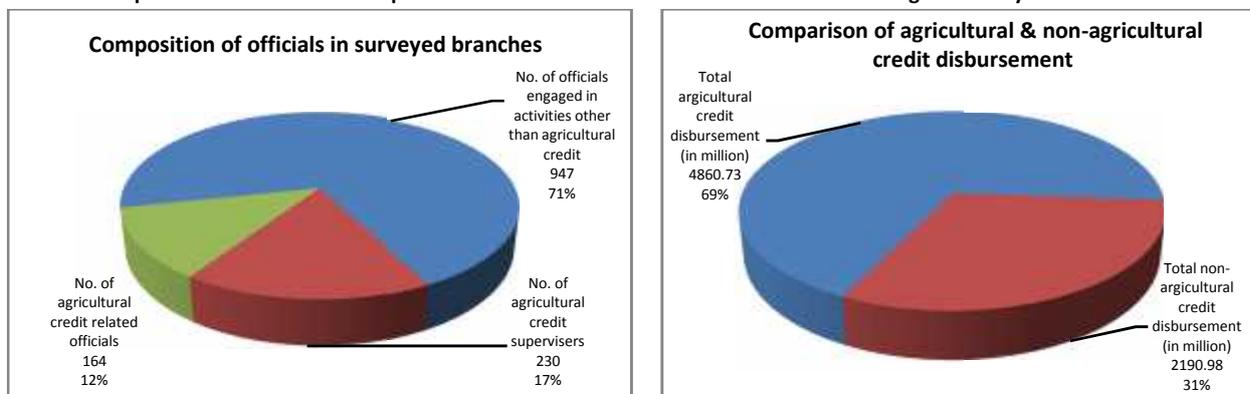
However, the major question is that why BKB and RAKUB are becoming failure to achieve reasonable amount of agricultural credit recovery like NGOs? In order to inquire this question and to finding out the existing problems of agricultural credit and credit recovery in particular, a separate questionnaire (**annex-III**) was designed and required information have been collected from the 128 branches of BKB and RAKUB. Based on the information collected from the surveyed 128 branches of BKB and RAKUB, we have tried to find out potential problems of agricultural credit disbursement/delivery and the reasons of dismal picture of loan recovery by BKB and RAKUB.

## 6. Survey Findings from the Branches of BKB & RAKUB: Existing Problems and Probable Solutions

### 6.1. Management Problems: Manpower distribution at the branches of BKB and RAKUB is completely opposite to the thrust of their business operations

The survey results disclosed that the number of manpower employed in the 128 surveyed branches of both BKB and RAKUB were 1,341 during survey time in 2014. Among them, 71% (no. 947) manpower were engaged in general banking or non-agricultural banking activities and 29% (no. 394) manpower were engaged in agricultural credit related activities; where 12% (no. 164) were engaged as officials and the rest 17% (no. 230) were engaged as credit supervisors (**chart-1**). Officials and agricultural credit supervisors are also occasionally involved in general banking or non-agricultural banking activities while officials involved in general banking are hardly involved in agricultural credit activities which indicate that the effective manpower engaged in agricultural credit related activities will be even less than 29% of the total manpower. Now considering their main business operations in terms of credit disbursement, it was found that the lion share of their total credit disbursements were given to agricultural sector which constituted 69% of their total credit disbursements. **It is noticeable that though non-agricultural credit contributed only 31% of the total credit disbursement of the surveyed 128 branches of BKB and RAKUB, the major portion of the manpower (71%) is occupied in activities of non-agricultural credit. Therefore, bank branches are facing huge difficulties in managing and supervising their activities related to agricultural credit facilities resulting from such unfavorable manpower distribution towards agricultural credit disbursement and recovery.**

Chart-1: Comparison between total manpower and credit disbursement of BKB & RAKUB among the surveyed 128 branches in 2014

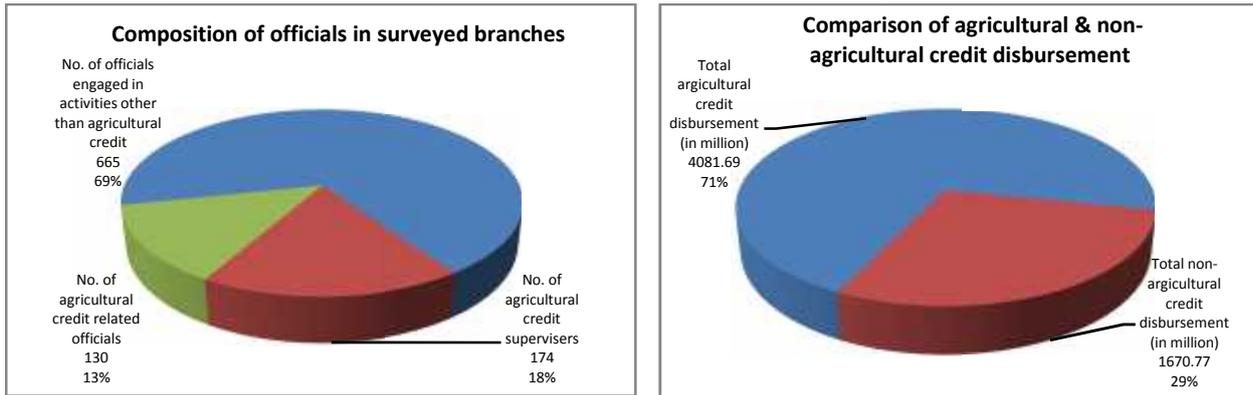


Note: Total no. of employees and total amount of credit disbursement were 1,341 and Taka 7051.71 million respectively.

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

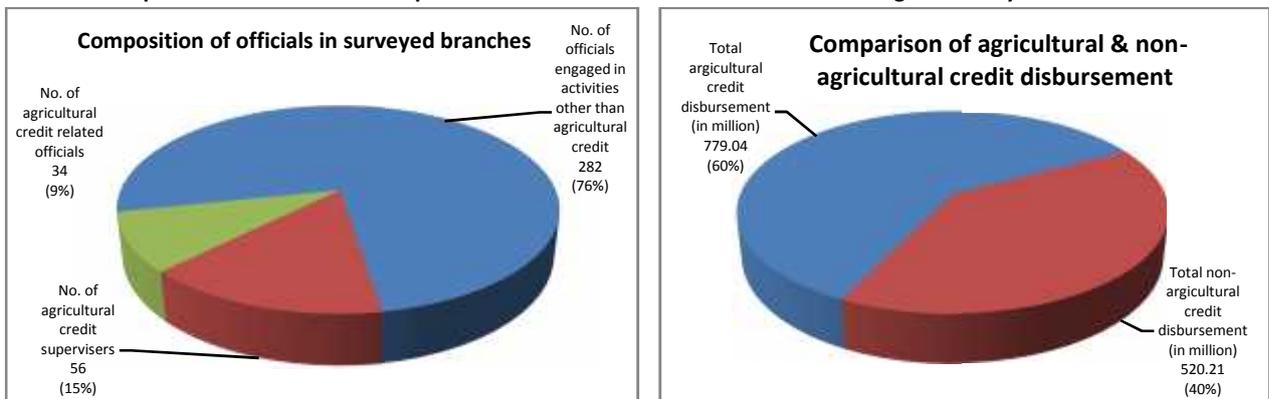
Even after analyzing the distribution of manpower separately for BKB and RAKUB, it was found that the above mentioned scenarios remained more or less same for both the banks which are depicted below in chart-2 and chart-3 respectively.

**Chart-2: Comparison between total manpower and credit disbursement of BKB among the surveyed 96 branches in 2014**



Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

**Chart-3: Comparison between total manpower and credit disbursement of RAKUB among the surveyed 32 branches in 2014**



Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

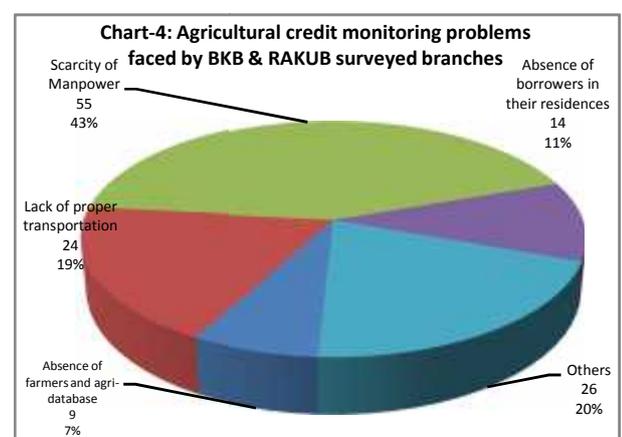
With these uneven distribution of manpower although BKB and RAKUB are capable to disburse desired amount of credit to agricultural sector but they are not capable to make proper drives for ensuring credit recovery from the farmers who are scattered in numerous villages. As a result, their performance in terms of agricultural credit recovery which is their prime business is continuously being hampered and as such non-performing loans (NPLs) of both the banks are being increased with a substantial amount of required capital shortfall.

***Now, the vital question is how to solve it? Considering the main thrust of their business both the banks will have to engage major part of their manpower in disbursement, monitoring and recovery of agricultural and non-farm rural credit rather than general banking and at the same time some innovative approaches may need to be developed for addressing the problem of scarcity of manpower. In our opinion, recruiting required number of new officials and agricultural credit supervisors at the branch level may not be a lone and fruitful solution. Because, financing in agricultural and non-farm rural activities are very much alike to micro, small and medium enterprise (SME) financing and hence banks will have to be very much cautious not only in disbursement of credit but also have to be pro-active and strenuous in making recovery drives mostly through persuasion in the field level which may not be possible with the existing structure of manpower of BKB and RAKUB as they are operating in public sector. In order to reduce non-performing loans, the pay package and other remunerations for the officials or agricultural credit supervisors involved in the process of selection of borrowers and making recommendation for disbursement of credit may needed to be tagged with the realization of credit and net interest earnings which might not be directly possible in BKB and RAKUB under their existing staff***

regulations. Therefore, alongside the continuation of their present financing system through branches, BKB and RAKUB may think to involve local non-governmental organizations (NGOs) or any third party in specific terms and conditions; for example their remuneration may be given through sharing the realized interest earnings minus suspended interests for bad loans, if any. NGOs or third party will just make recommendation for credit disbursement while credit will have to be disbursed directly to the borrowers/farmers through the respective branch office of BKB and RAKUB by opening a 10-Taka Account just after making proper scrutiny of the recommended lists of the NGOs/third party in the field level so that no fake borrower can be created. In the initial stage BKB and RAKUB may introduce a pilot project to engage NGOs or third party in some of their selected branches and if it becomes successful only then this experience can be replicated in other branches throughout the country.

## 6.2. Agricultural credit monitoring problems faced by 128 surveyed branches of BKB and RAKUB: The major problem is scarcity of manpower

The opinions from the branch managers and agricultural credit related officials/agricultural credit supervisors also support the idea that the major problem of monitoring and enhancing recovery of agricultural credit is related to scarcity of manpower at branch level. The survey results depicted in chart-4 showed that 43% of the surveyed branches have identified scarcity of manpower as the main agricultural credit monitoring problem for BKB & RAKUB followed by lack of proper transportation (24% percent branches), difficulty of contacting farmers at their houses due to absence during the day time when they are usually



busy in work (reported by 11% percent branches) and absence of detailed database on farmers and agricultural activities (7% percent branches). Therefore, it is needless to say that due to lack of proper required manpower monitoring and recovery drives of agricultural credit have been impeded for both of these banks and as such their overall performance have been suffered with huge amount of non-performing loans.

## 6.3. Sector-wise total agricultural & non-farm rural credit disbursement and recovery performances of the surveyed branches: Disbursement dominated by food grain and fisheries sub-sectors with poor recovery

The sector-wise percentage shares of total agricultural credit disbursement, recovery, outstanding and classified loan of the surveyed 128 branches of BKB & RAKUB also illustrated that food grain sector was the leading sector in terms of agricultural credit disbursement followed by fisheries, livestock & poultry in 2013. But this is unfortunate that percentage shares of total recovery of these sub-sectors are not as high as disbursement except livestock & poultry and as such percentage shares of total outstanding credit and total classified credit are also high in these dominant sub-sectors (Table-13).

**Table-13: BKB & RAKUB's sector-wise total agricultural & non-farm rural credit disbursement in FY 2012-13**

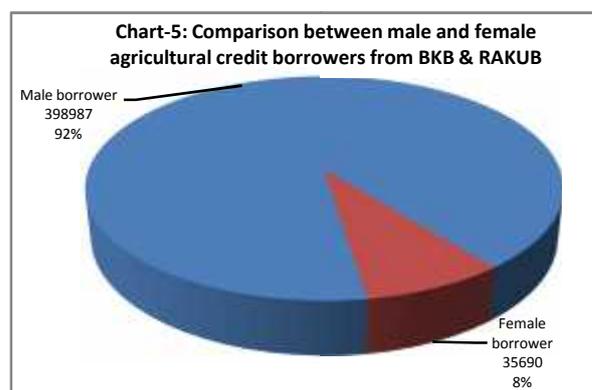
(% of total)

FY	Agricultural credit							Non-farm rural credit				Total
	Food grain	Cash crop	Agri-equipment	Agri-machineries	Livestock & poultry	Fisheries	Grain Storage & marketing	Poverty Alleviation & income generating activities	Bio-gas plant	Solar Panel	Others	
Total disbursement	53.16	4.72	0.31	0.76	5.7	14.43	3.68	1.86	0.02	0.13	15.23	100
Total recovery	36.6	5.42	0.51	0.88	8.65	8.24	4.06	2.68	0.02	0.11	32.83	100
Total outstanding	46.36	4.02	0.64	2.46	9.34	7.73	2.48	4.57	0.08	0.07	22.25	100
Total classified	47.91	3.1	1.49	5.36	15.21	5.83	1.36	8.1	0.16	0.02	11.46	100

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014

#### 6.4. Agricultural and non-farm rural credit disbursement is completely gender biased towards male borrowers

It was observed from the practices of agricultural credit disbursement that all the 128 branches provide credit to farmers on individual basis while only 14 branches indicated that they also provide credit on group basis along with individual basis. It was also observed that as on 30 June 2013, total number of agricultural and non-farm rural credit borrowers were 434,677 with the 128 surveyed branches of BKB and RAKUB where 92% were male borrowers and out of the rest 8% of female



borrowers a major part took credit mostly as co-borrower with male borrower and only a very little part of the female borrower individually took credit for livestock and poultry sector (chart-5). It has been observed that the traditional method of selection of borrowers from the branch level (not on the field level) is mainly responsible for this lower participation of female borrowers. It may be noted that although the surveyed 128 branches have mentioned that they adopt procedure of field level identification system and launch campaign in rural areas for selecting agricultural credit borrowers but still majority of their borrowers are being selected from the branch level due to the shortage of manpower.

#### 6.5. Domination of the old borrowers who sometimes create trap for banks to make book adjustment of credit just for avoiding provision of loan classification

The survey results of the 1030 target group borrowers and 128 surveyed branches of BKB and RAKUB exposed that agricultural credit disbursement of BKB & RAKUB are highly dominated by the old borrowers both in terms of number of borrowers and in terms of amount credit. It may be noted that the average ratio of new borrowers to total borrowers and their ratio to total amount of agricultural credit during FY09-FY13 were 11.42% and 10.82% respectively (Table-14). **The domination of the old borrowers is natural if they take credit and pay it back regularly to banks. But this is unfortunate that many old borrowers most often try to create a trap for the banks to force repeated sanctions in favor of them for additional amount of credit each year through book adjustment just for avoiding provision of classification which creates a kind of vicious circle of agricultural credit and disappoint the good borrowers who pay loan regularly.**

**Table-14: Statistics on number of old & new borrowers and amount of agricultural loans**

FY/particulars	Number of borrowers			Amount of agricultural loan (in million Taka)		
	New	Old	Total	New	Old	Total
2012-13	17,459.00	137,724.00	155,183.00	539.90	4,320.81	4,860.71
% of total	11.25	88.75	100.00	11.11	88.89	100.00
2011-12	16,091.00	138,962.00	155,053.00	458.74	4,288.35	4,747.09
% of total	10.38	89.62	100.00	9.66	90.34	100.00
2010-11	18,325.00	138,099.00	156,424.00	447.34	3,790.05	4,237.39
% of total	11.71	88.29	100.00	10.56	89.44	100.00
2009-10*	17,401.00	140,203.00	157,604.00	445.13	3,296.27	3,741.40
% of total	11.04	88.96	100.00	11.90	88.10	100.00
2008-09**	11,004.00	75,475.00	86,479.00	271.01	2,226.08	2,497.09
% of total	12.72	87.28	100.00	10.85	89.15	100.00

\* 4 branches did not provide data in 2009-10.

\*\* 28 branches did not provide data in 2008-09.

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

The survey results also suggest that only 13.59% of the total target group farmers took agricultural loan for the first time while the rest 86.41% farmers took loan more than 1 time from the surveyed 128 branches of BKB and RAKUB (Table-15). It may be noted that taking loan more than 1 time is not at all bad if the borrowers properly maintained their previous dues with the bank branches; but it is completely contrary to the long run interest of banks and detrimental for the credit culture if it is done through book adjustments; although as per the existing agricultural credit policy borrowers are not allowed to reschedule previous loan and take fresh loan in the same day. In this regard, banks will have to be cautious and an innovative system needs to be developed for resisting the borrowers who want to create credit trap for banks. For this purpose, such a policy can be introduced where borrowers who will pay their loan by the predetermined deadline may be exempted from a certain amount of interest (say, 1 percentage point exemption of predetermined interest rate) while borrowers who will not pay their loans by the predetermined deadline can be imposed a certain amount of penalty interest rate (say, 2 percentage point additional interest to the predetermined interest rate). Borrowers who will continue their loan can be even allowed to do so on or before the predetermined deadline without charging any penalty interest but they should not be given 1 percentage point exemption of predetermined interest rate rather they should be charged 2 percentage point penalty interest on the due amount of loan if it is rescheduled after the predetermined deadline. However, there should be a maximum rescheduling time limit (say, up to 5 times which is now allowed up to three times as per the existing agricultural credit policy) and before imposing any penalty interest rate the borrowers should have to be properly notified in due time.

**Table-15: Statistics on how many times target group farmers have taken loan from the surveyed 128 branches of BKB & RAKUB**

Frequency (times) of taking loans	No. of farmers	% of total target group farmers
1	140	13.59
2	144	13.98
3	141	13.69
4	140	13.59
5	81	7.86
6-10	218	21.17
11-20	129	12.52
21-30	31	3.01
31-40	6	0.58
<b>Total</b>	<b>1030</b>	<b>100</b>

Note: Each farmer has taken 6.29 times loan on an average from BKB & RAKUB.

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

## 6.6. The rural branches of BKB and RAKUB are widely involved in social corporate responsibilities (CSR) type of activities

Apart from the regular banking activities, BKB and RAKUB are also involved in carrying out several Corporate Social Responsibilities (CSRs) such as receiving electricity bills from the customers of Polli Bidyut Samity, providing agricultural subsidy to farmers & allowances to the beneficiaries of the Government's employment generation program (40 days program); widow, old age & disable allowances programs and pension for the retired military personnel etc. Moreover, the survey results showed that the surveyed 128 branches of BKB and RAKUB had opened 437,764 bank accounts at Taka 10 only where nearly 72% accounts were remained active in transaction during the field survey time in 2014. **This indicates that these two banks are playing an important role in enhancing ongoing financial inclusion initiatives of BB. Therefore, the magnitudes of their manpower involvement in CSR activities may need to be reviewed and a policy must have to be developed so that their involvement in CSR activities does not hamper its main business.**

## 6.7. Opinions of the target and control group farmers regarding problems and possible solutions of agricultural and non-farm rural credit in Bangladesh

Some questions were also set in the questionnaires to justify farmers' opinions on existing problems of agricultural and non-farm rural credit and their possible solutions. The survey data revealed that out of total 1425 target and control group farmers 30.11% have identified lack of having proper price for the agricultural products particularly, during the harvesting period, which is the prime problem against agricultural and non-farm rural credit recovery drives-as most of the farmers usually want to repay their loan just after harvesting crops. Insufficient amount of loan (24.35%), high interest rate (11.23%), crop failure due to natural calamities (5.68%), lack of proper documentation for loan (4.28%), variety of interest rate for agricultural products (2.32%), remoteness of bank branch location (1.19%), failure of the sharecroppers to collect proper documents from land owners (0.63%) etc. are the major problems of agricultural and non-farm rural credit in Bangladesh (Table-16). Similarly, out of the total 1425 farmers 36.42% and 32.56% suggested to lowering interest rate and increasing of loan amount through revising existing agricultural credit disbursement norms respectively for solving the existing problems of agricultural and non-farm rural credit. Moreover, simplification of documentation & loan disbursement procedures (6.25%), interest waiver in case of crop failure (5.05%), ensuring fair price for agro-products through government procurement (3.79%), establishment of bank branch in their nearby locality (3.37%) and introducing crop insurance (2.04%) are also the other significant ways suggested by them to solve the existing problems of agricultural and non-farm rural credit.

**It is notable that although the majority of the farmers have suggested to lowering the interest rate and increasing loan amount; but, these might not be good options for optimizing the effective delivery-recovery channel of agricultural and non-farm rural credit.** Because, the experiences of the microfinance institutions suggest that in spite of their high interest rate and given a very small amount of credit they have been operating successfully and their non-performing loans are very low as compared to BKB and RAKUB. The results also revealed that most of the target and control group farmers believe that BKB and RAKUB are dealing with the government money to help the farmers. So, they consider that repayment of the loans to BKB and RAKUB may not be as urgent as like NGOs or MFIs. But the truth is that BKB and RAKUB are mostly dealing with their depositors' money. BB sometimes provides few re-finance facilities against the government guarantee which is not even

free rather interest bearing. So, there has been a potential need for BKB and RAKUB to rebuild public awareness in this regard.

**Table-16: Existing problems and suggested solutions of agricultural credit in Bangladesh**

Particulars	Total respondents (N=1425)
<b>Existing problems:</b>	
1. Lack of having proper price for agricultural products	429 (30.11%)
2. Insufficient amount of loan	347 (24.35%)
3. High interest rate	160 (11.23%)
4. Crop failure due to natural calamities	80 (5.68%)
5. Lack of proper documentation for loan	61 (4.28%)
6. Variety of interest rate for agricultural products	33 (2.32%)
7. Remoteness of bank branch location	17 (1.19%)
8. Failure of the sharecroppers to collect proper documents from land owners	9 (0.63%)
9. Others/ not identified any problem	289 (20.28%)
<b>Suggested solutions:</b>	
1. Lowering interest rate	519 (36.42%)
2. Increase of loan amount through revising existing agri-credit disbursement norms	464 (32.56%)
3. Simplification of documentation & loan disbursement procedures	89 (6.25%)
4. Interest waiver in case of crop failure	72 (5.05%)
5. Establishment of bank branch in nearest locality	54 (3.79%)
6. Ensuring fair price for agro-products through govt. procurement	48 (3.37%)
7. Introducing crop insurance	29 (2.04%)
8. Others/ not identified any solution	150 (10.53%)

Source: Survey on Impact Assessment of BB's Re-finance Scheme for BKB and RAKUB, 2014.

## 7. Concluding Remarks and Policy Recommendations

**7.1.** The comparison of economic well-being between the target group borrowers-who have taken loan from BKB & RAKUB-and the equal contextual control group non-borrowers, revealed that there has been good impact of agricultural and non-farm rural credit on the borrowers. The survey data exposed that in spite of having similar demographic characteristics and infrastructural facilities of both the groups, the target group borrowers of the BKB and RAKUB are in a better-off position than the control group non-borrowers in terms of holding asset value, income and expenditure. The study also disclosed that per acre production and yearly growth of per acre production of some selected agricultural commodities such as paddy, maize, jute, onion, ginger, turmeric, garlic, potato, wheat etc. for the target group borrowers were higher than the control group non-borrowers in the year 2012 and 2013 respectively which means that the target group farmers through availing loan from the BKB and RAKUB have contributed in increasing overall productivity of the agriculture sector and thereby contributed to increase country's overall GDP. It has already been mentioned that BB mostly provides refinance facilities to BKB and RAKUB for playing a supportive role of implementing its monetary policy to enhancing credit flow to the agricultural and non-farm rural borrowers for achieving its broad objectives of attaining overall GDP growth along with maintaining a price stability, food price in particular through increasing production of food grain. It is, therefore, appeared that the broad objectives of BB's re-finance scheme are being achieved and as such BB may not only continue this re-finance scheme for BKB and RAKUB but also can think effectively to expand its magnitude and institutional coverage in line with the broad objectives of its monetary policy.

**7.2.** The major outcomes of this study also revealed that it is not the matter of financial insolvency of the borrowers to repay their loans to BKB and RAKUB in due time rather it is mostly the administrative/ manpower problem in credit management of banks. Hesitancy in the mindset of the borrowers to repay the loan and scarcity of manpower to streamlining the recovery drives are the prime reasons for aggravating non-performing loans (NPLs) in the public sector banks-like BKB & RAKUB. In order to mitigate this aggravating NPLs situation, recruiting of a required number of new officials and agricultural credit supervisors at the branch level in BKB and RAKUB and strengthening of existing recovery drives are not the only solution. As financing in agricultural and non-farm rural activities is very much alike to micro, small and medium enterprise (SME) financing, banks will have to be very much cautious not only in disbursement of credit but also have to be pro-active and strenuous in making recovery drives mainly through persuasion in the field level which may not be possible with the existing structure of manpower of BKB and RAKUB. Perhaps the pay package and other remunerations for the officials or agricultural credit supervisors who will be involved in the process of selection of borrowers, recommendation for disbursement of credit and ensure timely recovery of credit for banks will have to be tagged with the realization of credit and net profit from the credit operations. Therefore, alongside the continuation of the present financing system, BKB and RAKUB may consider involving local non-governmental organizations (NGOs) or any third party in such a specific term and condition that their remuneration will be given through sharing the realized interest earnings minus suspended interest for bad loan, if any. In this regard, NGOs or third party will just make recommendation for credit disbursement while credit will have to be disbursed directly to the borrowers through the respective branch offices of BKB and RAKUB through opening a 10-Taka Account just after making proper scrutiny of the recommended lists of the NGOs/ third party in the field level so that no fake borrower can be created. NGOs or third party will also pursue borrowers to repay their loans at the branch level in due time and draw their share of realized interests at the end of each month. The responsibility of collection of deposits under the mobile banking system and recovery of NPLs can also be given to NGOs or third party with ensuring an attractive remuneration for them. However, in the initial stage BKB and RAKUB may introduce a detailed pilot project to engage NGOs or third party in some of their selected branches for this purpose and if it becomes successful then this experience can be replicated in other branches throughout the country.

**7.3.** There must be a policy of encouragement and penalty for the good and default borrowers respectively. For this purpose, such a policy can be introduced where borrowers who will pay their loan regularly by the predetermined deadline may be exempted from a certain amount of interest (say, 1 percentage point exemption of predetermined interest rate) while borrowers who will not pay their loans by the predetermined deadline can be imposed a certain amount of penalty interest rate (say, 2 percentage point additional interest to the predetermined interest rate). Borrowers who are willing to continue their loan can be even allowed to do so on or before the predetermined deadline without charging any penalty interest but they should not be given 1 percentage point exemption of predetermined interest rate rather they should be charged 2 percentage point penalty interest on the due amount of loan if it is rescheduled after the predetermined deadline. However, there should be a maximum time limit for such direct rescheduling (say, up to 5 times which is now allowed up to 3 times as per the existing

agricultural credit policy) and before imposing any penalty interest rate the borrowers should have to be properly notified in due time.

**7.4.** Increase of loan amount for borrowers through revising existing agricultural credit disbursement norms and simplification of documentation & loan disbursement procedures and its publicly dissemination are essential for strengthening activities related to agricultural and non-farm rural credit. Although BB in the recent years has simplified loan disbursement procedures and prohibited banks to taking any kinds of original deed or parcha as security of loan but due to non-cooperation of bank officials farmers sometimes become compel to keep it with banks. Therefore, BB may publicly disseminate a very brief (if possible in a page) credit policy each year entailing the rights of the farmers and also advocating in favor of banks to repay their loans in a timely manner for the betterment of the country.

**7.5.** Finally, it is generally believed that agricultural and non-farm rural credit from the banking system is not only helping to boost up our overall GDP but also helping us to reduce capital flight from the rural to urban and thus favoring to minimize the gap between rich and poor people of the country. Therefore, for sake of the greater interest of the country, the current efforts of BB to encouraging BKB & RAKUB through providing re-financing facilities are needed to continue and at the same time special steps should have to be initiated from BKB and RAKUB to enhance their institutional capacity and efficiency. In this regard, creation of a resource pool may be required for BKB and RAKUB for carefully examining their costs of funds, determining a shadow lending rate for agricultural and non-farm rural credit and for re-arranging their manpower at branch level.

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**Bangladesh Bank**  
Research Department

**"Impact Assessment of Bangladesh Bank's Re-finance Scheme for Financing Agricultural & Non-farm Rural Credit Borrowers through Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank"**

[Borrowers of agricultural & non-farm rural credit taken from BKB/RAKUB]

Borrower's bank: BKB/RAKUB      Branch name:      Ledger book no.:  
Union      Upazilla:      District:      Survey date:  
Survey team      A      B      C      Questionnaire code:

**1. Household head's information:**

a) Name:		b) Age	..... years
c) Name of any other profession along with agricultural activities:			
d) Education:	<input type="checkbox"/> Illiterate <input type="checkbox"/> Primary <input type="checkbox"/> SSC <input type="checkbox"/> HSC <input type="checkbox"/> Graduate <input type="checkbox"/> Post-graduate		
e) Address	Village/area:		Union:
	Thana:		Upazilla:
f) Mobile no.(if not owned then on request):			

**2. Family information:**

Particulars	Number		Particulars	Number		Particulars	Number		Particulars	Number	
	2012	2013		2012	2013		2012	2013		2012	2013
Total Member			Student			Unemployment			-Earning member		
a) Male									a) Employed in agricultural sector		
b) Female									b) Employed in other sector		
Housing*			Bank account**			Latrine <sup>#</sup>			Electricity		

\* (Housing codes) 1-Kancha, 2-Semi-paka, 3-Paka, 4-Rented house/others # (Latrine codes) 1-Kancha, 2-Sanitary, 3-Slab

\*\* (Bank account/electricity codes) 1-Yes, 2-No

**3. Information of land (in decimal):**

Land type	2012 (Type of farmer:Solvent/Middle/Small/Marginal)			2013 (Type of farmer:Solvent/Middle/Small/Marginal)		
	Own land	Share cropping/ Lease land	Price per decimal (in Taka)	Own land	Share cropping/ Lease land	Price per decimal (in Taka)
a) Agricultural land:						
-Irrigated						
-Non-irrigated						
b) Non-agricultural land						
-Homestead						
-Pond						
-Garden						
-Others						

#### 4. Other asset:

Asset type	2012		2013	
	Quantity	Value (in Taka)	Quantity	Value (in Taka)
- Houses/buildings/flats etc				
- Agricultural equipments/machineries				
- Own vehicles				
- Forestry and fisheries				
- Furniture				
- Non-industrial business institutions (like: shop/storage/poultry etc.)				
- Ornaments and other valuable goods				
- Financial/miscellaneous asset & savings				

#### 5. Agricultural products: (quantity in mon, Price in Taka, land area in decimal)

Products	2012			2013			Products	2012			2013		
	Quantity	Price/mon	Land area	Quantity	Price/mon	Land area		Quantity	Price/mon	Land area	Quantity	Price/mon	Land area
Paddy							Onion						
Maize							Ginger						
Jute							Turmeric						
Potato							Garlic						
Wheat							Vegetables						
Pulses							Others						

#### 6. Livestock:

Cattle type	2012		2013		Cattle type	2012		2013	
	Qty	Price/Qty	Qty	Price/Qty		Qty	Price/Qty	Qty	Price/Qty
Cow					Hen/Duck				
Buffalo					Others*				
Goat/Sheep									

\*includes pigeon, koel bird etc.

#### 7. Borrower's agricultural credit related information:

- How many times you have taken loans from BKB/RAKUB? ..... times
- When did you take loan for the first time? Date:....., Amount: ..... Taka
- Total amount of outstanding loan up to FY 2011-12.....Taka (filled up by bank branch)
- Total amount of outstanding loan up to FY 2012-13.....Taka (filled up by bank branch)
- When did you take loan for the last time? Date:....., Amount: ..... Taka
- Is there any difference between bank approved loan and received cash amount from the officials?  
 Yes /  No. If yes, mention the amount of approved loan: ..... Taka
- Interest rate of the loan?.....
- Did you pay any other additional charges except accrued interest?  Yes /  No.  
If yes, please mention the amount of additional charges: ..... Taka
- Amount of total cost to avail agricultural credit from BKB/RAKUB: ..... Taka
- Do you regularly repay the agricultural credit?  Yes /  No.  
If no, please mention the reason for not repaying the loan:.....
- Did you use agriculture loan in non-agricultural sectors?  Yes /  No.  
If yes, please mention the sector: ....., Amount:..... Taka
- Is the amount of loan sufficient for you?  Yes /  No.

**m) Sector-wise usage of agricultural credit (in Taka):**

Sectors	Amount of usage for 2012	Amount of usage for 2013
a) Agricultural crops:		
- Food grain		
- Spices		
- Oil-seeds		
- Nursery		
b) Irrigation/fertilizer/insecticides/ crop seeds/storage/fuel etc.		
c) Agri-equipments & machineries		
d) Livestock		
e) Fisheries		
f) Poultry		
g) Bio-gas plant		

**8. Information on loan from formal and informal sources other than BKB & RAKUB (if any)**

- a) Have you ever taken loan from any formal sources other than BKB & RAKUB ?  Yes /  No.  
If yes, specify the source:  Govt. banks /  Private banks/  Financial institutions/  NGOs/MFIs
- b) Have you ever taken loan from any informal source?  Yes /  No.  
If yes, specify the source:  Local money lenders /  Friends /  Relatives
- c) Amount of loan received from the above mentioned (a) & (b) sources in 2013:.....Taka

**9. Annual income and expenditure statement: (in Taka)**

Income			Expenditure		
Particulars	2012	2013	Particulars	2012	2013
i. Agricultural income including livestock			i. Food expenditure		
ii. Income from business activities			ii. Agricultural expenditure		
iii. Income from service & physical labor			iii. Educational expenditure		
iv. Remittances			iv. Medical expenditure		
v. Other incomes (includes income from investments in saving instruments, shares etc.)			v. Mobile phone expenditure		
			vi. Expenditure on social activities		
			vii. Loan repayment		
-			viii. Expenditure on business activities		
-			ix. Installment against savings		
-			x. Other expenditures (includes expenditures on land purchase, house building, rent/leasing cost etc.)		

10. Have you been benefitted from agricultural loan of BKB/RAKUB? es / No.

If no, specify the reason: \_\_\_\_\_

a) Do the production & cropping intensity of your land has increased? es / o.

b) Have you got fair price of your agricultural products? es / No.

c) If no in the above mentioned (a) & (b), specify the reason: \_\_\_\_\_

11. Do you have knowledge about Bangladesh Bank's re-finance scheme for BKB & RAKUB?  Yes /  No.

12. If yes in the above mentioned question no. 11, do you support the continuation of BB's existing refinance scheme? Yes/ No. Specify the reason: \_\_\_\_\_

13. Have you ever received any interest remission from Govt.? es / o.

14. Is there adequacy of agricultural inputs (irrigation/ fertilizer/ insecticides/ crop seeds/ storage/ fuel etc.) in your locality? Yes/ No. If no, specify the reason: \_\_\_\_\_

15. In your opinion, what are the existing problems of agricultural and non-farm rural credit?

16. Please suggest some solutions to mitigate the above mentioned problems.

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**Bangladesh Bank**  
**Research Department**

**"Impact Assessment of Bangladesh Bank's Re-finance Scheme for Financing Agricultural & Non-farm Rural Credit Borrowers through Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank"**

[Farmers who did not take agricultural & non-farm rural credit from BKB/RAKUB]

Farmer's residence nearby the bank: BKB/RAKUB Branch name: Ledger book no.:  
 Union Upazilla: District: Survey date:  
 Survey team A B C Questionnaire code

**1. Household head's information:**

a) Name:		b) Age	..... years
c) Name of any other profession along with agricultural activities:			
d) Education:	<input type="checkbox"/> Illiterate <input type="checkbox"/> Primary <input type="checkbox"/> SSC <input type="checkbox"/> HSC <input type="checkbox"/> Graduate <input type="checkbox"/> Post-graduate		
e) Address	Village/area:		Union:
	Thana:		Upazilla:
f) Mobile no.(if not owned then on request):			

**2. Family information:**

Particulars	Number		Particulars	Number		Particulars	Number		Particulars	Number	
	2012	2013		2012	2013		2012	2013		2012	2013
Total Member			Student			Unemployment			-Earning member		
a) Male									a) Employed in agricultural sector		
b) Female									b) Employed in other sector		
Housing*			Bank account**			Latrine#			Electricity		

\* (Housing codes) 1-Kancha, 2-Semi-paka, 3-Paka, 4-Rented house/others # (Latrine codes) 1-Kancha, 2-Sanitary, 3-Slab

\*\* (Bank account/electricity codes) 1-Yes, 2-No

**3. Information of land (in decimal):**

Land type	2012 (Type of farmer: Solvent/Middle/Small/Marginal)			2013 (Type of farmer: Solvent/Middle/Small/Marginal)		
	Own land	Share cropping/ Lease land	Price per decimal (in Taka)	Own land	Share cropping/ Lease land	Price per decimal (in Taka)
a) Agricultural land:						
-Irrigated						
-Non-irrigated						
b) Non-agricultural land						
-Homestead						
-Pond						
-Garden						
-Others						

#### 4. Other asset:

Asset type	2012		2013	
	Quantity	Value (in Taka)	Quantity	Value (in Taka)
- Houses/buildings/flats etc				
- Agricultural equipments/machineries				
- Own vehicles				
- Forestry and fisheries				
- Furniture				
- Non-industrial business institutions (like: shop/storage/poultry etc.)				
- Ornaments and other valuable goods				
- Financial/miscellaneous asset & savings				

#### 5. Agricultural products: (quantity in mon, Price in Taka, land area in decimal)

Products	2012			2013			Products	2012			2013		
	Quantity	Price/mon	Land area	Quantity	Price/mon	Land area		Quantity	Price/mon	Land area	Quantity	Price/mon	Land area
Paddy							Onion						
Maize							Ginger						
Jute							Turmeric						
Potato							Garlic						
Wheat							Vegetables						
Pulses							Others						

#### 6. Livestock:

Cattle type	2012		2013		Cattle type	2012		2013	
	Qty	Price/Qty	Qty	Price/Qty		Qty	Price/Qty	Qty	Price/Qty
Cow					Hen/Duck				
Buffalo					Others*				
Goat/Sheep									

\*includes pigeon, koel bird etc.

#### 7. Information on loan from formal and informal sources other than BKB & RAKUB (if any)

- a) Have you ever taken loan from any formal sources other than BKB & RAKUB ?  Yes /  No.  
If yes, specify the source:  Govt. banks /  Private banks/  Financial institutions/  NGOs/MFIs
- b) Have you ever taken loan from any informal source?  Yes /  No.  
If yes, specify the source:  Local money lenders /  Friends /  Relatives
- c) Amount of loan received from the above mentioned (a) & (b) sources in 2013:.....Taka

#### 8. Annual income and expenditure statement: (in Taka)

Income			Expenditure		
Particulars	2012	2013	Particulars	2012	2013
i. Agricultural income including livestock			i. Food expenditure		
ii. Income from business activities			ii. Agricultural expenditure		
iii. Income from service & physical labor			iii. Educational expenditure		
iv. Remittances			iv. Medical expenditure		
v. Other incomes (includes income from investments in saving instruments, shares etc.)			v. Mobile phone expenditure		
			vi. Expenditure on social activities		
			vii. Loan repayment		
-			viii. Expenditure on business activities		
-			ix. Installment against savings		
-			x. Other expenditures (includes expenditures on land purchase, house building, rent/leasing cost etc.)		

9. Do you have knowledge about Bangladesh Bank's re-finance scheme for BKB & RAKUB?  Yes /  No.

10. If yes in the above mentioned question no. 9, do you support the continuation of BB's existing refinance scheme?  Yes/  No. Specify the reason: \_\_\_\_\_

11. If yes in the above mentioned question no. 9, why didn't you take loan from BKB/RAKUB?

(Put tick mark, you can choose multiple answer)

- a) Insufficient amount of loan
- b) Loan not needed
- c) Loan is not advantageous in terms of interest & other costs
- d) Banks do not provide loan as per our desired sector
- e) Distant locations of branches and complex formalities of getting loan
- f) Lengthiness of getting loan
- g) Others (please specify): \_\_\_\_\_

12. Have you been benefitted from loan of sources other than BKB/RAKUB?  es /  o.

If no, specify the reason: \_\_\_\_\_

a) Do the production & cropping intensity of your land increase?  es /  o.

b) Have you got fair price of your agricultural products?  Yes /  o.

13. Is there adequacy of agricultural inputs (irrigation/ fertilizer/ insecticides/ crop seeds/ storage/ fuel etc.) in your locality?  Yes/  No. If no, specify the reason: \_\_\_\_\_

14. In your opinion, what are the existing problems of agricultural and non-farm rural credit?

\_\_\_\_\_

\_\_\_\_\_

15. Please suggest some solutions to mitigate the above mentioned problems.

\_\_\_\_\_

\_\_\_\_\_



**Bangladesh Bank**  
Research Department

**"Impact Assessment of Bangladesh Bank's Re-finance Scheme for Financing Agricultural & Non-farm Rural Credit Borrowers through Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank"**

[Questionnaire for the surveyed branches of BKB/RAKUB]

Name of the bank: **BKB/RAKUB** Branch name: \_\_\_\_\_ Union: \_\_\_\_\_  
Upazilla: \_\_\_\_\_ District: \_\_\_\_\_ Survey date: \_\_\_\_\_  
Branch manager's name: \_\_\_\_\_  
Branch manager's mobile no.: \_\_\_\_\_ Fax no. of the branch: \_\_\_\_\_  
Survey team A B C Questionnaire code

**1. Information on manpower related to agricultural and non-farm rural credit:**

a) Responsible official for agricultural and non-farm rural credit disbursement:

Name of official	:	
Designation	:	Educational qualification:
Address	:	
Mobile no.	:	
Duration in the designated post	:	_____ years _____ months
Training on relevant field (if applicable)	:	
Experience in relevant field	:	_____ years _____ months

b) Total manpower of the branch: \_\_\_\_\_

c) No. of manpower in agricultural credit related works: \_\_\_\_\_

d) Do you have seasonal (No work, no pay) workers for agricultural credit related works?  Yes  No

If yes, total no. of seasonal manpower: \_\_\_\_\_

e) No. of manpower who have training on agricultural & non-farm rural credit: \_\_\_\_\_

**2. Information on agricultural and non-farm rural credit related activities:**

a) Do you have knowledge about Bangladesh Bank's agricultural and rural credit policy?  Yes  No

b) Do you preserve Bangladesh Bank's policies, circulars regarding agricultural credit?  Yes  No

c) Do you use 'Area Approach' method in case of providing agricultural credit?  Yes  No

d) If real small & marginal farmers and sharecroppers are getting single/group loan on easy terms?  Yes  No

e) Is the answer is yes for the above mentioned question, what in the method of loan disbursement?

Single  Group

f) Is there any priority in loan disbursement on the basis of sector, size, region or gender?  Yes  No

If yes, please specify (with sector, size, region or gender): \_\_\_\_\_

g) Total number of agricultural & non-farm rural credit borrowers of your branch:..... No. of female borrowers :.....

h) Contribution of agricultural & non-farm rural credit activities in business operations of your branch? \_\_\_\_\_% of total loans & advances; \_\_\_\_\_% of total profit.

i) Statistics on number of old & new borrowers and amount of agricultural loans from FY09 to FY13

FY	Number of borrowers			Amount of agricultural loan (in million Taka)		
	New	Old	Total	New	Old	Total
2012-13						
2011-12						
2010-11						
2009-10						
2008-09						

**3. a) Agricultural & non-agricultural credit performances FY09 to FY13**

FY	Agricultural credit					Non-agricultural credit disbursement	Total agri and non-agri credit disbursement	Deposit		
	Disbursement target of the surveyed branch	Actual disbursement <sup>#</sup>	Recovery	Outstanding	Classified			Current	Term	Total
2012-13										
2011-12										
2010-11										
2009-10										
2008-09										

**b) Sector-wise total agricultural & non-farm rural credit disbursement in FY 2012-13**

FY	Agricultural credit							Non-farm rural credit					Total
	Food grain	Cash crop	Agri-equipment <sup>*</sup>	Agri-machineries <sup>#</sup>	Livestock & poultry	Fisheries	Grain Storage & marketing	Poverty Alleviation & income generating activities	Bio-gas plant	Solar Panel	Others		
Total actual credit disbursement													
Total recovery													
Total outstanding													
Total amount of classified loan													

\* Irrigation/fertilizer/insecticides/seeds/fuel etc. # Power tiller/tractor etc.

**4. Information on agricultural & non-farm rural credit borrower:**

a) Main basis of selecting agricultural & non-farm rural credit borrower?

Farmers coming directly to the branch  Field level identification of actual farmers  publicity on agricultural credit through campaign in rural areas  Others (please specify): .....

b) If the maximum time limit (10 days) is being complied for the settlement of the applications of agricultural credit?  Yes  No

c) In general, what is the time difference between loan application and approval in your branch? \_\_\_ days

d) In general, what is the time difference between loan approval and disbursement in your branch? \_\_\_ days

e) Do you charge any loan processing fee?  Yes  No. If yes, amount:..... Taka

**5. Information on agricultural & non-farm rural credit monitoring:**

a) How the activities of agricultural & non-farm rural credit disbursement is being monitored?

b) What are the problems/obstacles regarding the monitoring of agricultural & non-farm rural credit?

1.
2.
3.

c) List of CSR activities carried out by your branch?

d) Do the inspection teams of Bangladesh Bank (BB) regularly scrutinize the agricultural credit related information/data of your branch?  Yes  No

If yes, has there been any kind of irregularities?  Yes  No. If yes, what are the steps taken to mitigate the reported irregularities?

Type of irregularity	Steps taken
1.	
2.	
3.	

e) When was the last BB's detailed inspection carried out in your branch? (specify the basis of financial year):\_\_\_\_\_

f) Do you have any suggestion(s) for the audit inspection teams of Bangladesh Bank (BB)?

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g) Do you have any publicity/campaign activities on agricultural & non-farm rural credit program?  Yes  No  
If yes, please select the types of publicity/campaign activities from the following table:

<input type="checkbox"/> Poster/banner	<input type="checkbox"/> Special publicity on agricultural credit program
<input type="checkbox"/> Leaflet distribution	<input type="checkbox"/> Personal communication
<input type="checkbox"/> Financing social/cultural activities	<input type="checkbox"/> Training of the farmers
<input type="checkbox"/> Others (please specify):.....	

h) Do you provide the facility of opening 10 Taka account?  Yes  No

If yes, total no. of 10 Taka account:....., Active in transactions: .....

i) Do you have any suggestion for the Annual Agricultural/Rural Credit Policy and Program of BB?

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