

# BKB mulls Tk 100b special credit scheme from next year

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Bangladesh Krishi Bank (BKB) is planning to undertake next year a Tk 100 billion credit programme for the small and marginal farmers as well as small rural entrepreneurs.

If everything goes well, the long-term credit scheme is expected to start on March 17, 2020 marking the birth centenary of Bangabandhu Sheikh Mujibur Rahman, officials said.

They said the four-year programme, to be concluded on March 17 in 2024, aims to help the small and marginal farmers and small entrepreneurs to get access to credit at a much lower rate of interest and affordable terms and conditions.

Managing director (MD) of the state-run bank Md. Ali Hossain Prodhania has recently submitted a proposal to the finance ministry, seeking its support in this regard.

When contacted, he said the programme would contribute to alleviate poverty and reduce income inequality especially in the rural areas. Besides, the balance sheet of the bank will get bigger while reducing the operating cost of the largest state-run bank.

"We'll be able to properly utilise the total establishment of all the branches of the bank. The bank as well as the

To provide small farmers, rural entrepreneurs with low-cost long-term loan



country will be benefited, as a result," Mr. Prodhania told the FE.

The BKB has planned to mobilise necessary fund from the development partners like the World Bank, IFAD, ADB, DFID, JICA, KfW, NORAD and DANIDA, according to relevant documents obtained by the FE.

In the proposal, the MD pointed out that the bank's asset size is much smaller than it should have been considering the branch network as well as the age of the institution.

As a result, he added, the bank fails to achieve economies of scale and con-

tinues to become a losing concern.

The proposed program will help make BKB a financially viable institution as well as increase its capacity to meet the growing credit demand of the rural economy, he argued.

At present, BKB serves only 17 per cent of the farmers under its command area.

Mr. Prodhania also mentioned that the bank is unable to meet the growing demand of the rural economy at an affordable rate due to fund constraint.

Through the deposit collection, the bank cannot manage the fund for meeting the credit demand as most of

the branches are located in the rural (85 per cent) areas (union level) where the availability of deposit is very scarce, he added. There are 1,038 branches of the bank across the country.

As such, the proposed project will ensure availability of fund to provide much needed credit to small and marginal farmers as well as small entrepreneurs at an affordable rate, he said.

The proposed programme will also be helpful in creating employment opportunities in rural areas especially for the women since the participation of women in agriculture, cottage, micro, small and medium enterprises is higher than any other sectors of the economy, according to a BKB source.

The proposal has been sent to the Financial Institutions Division of the Ministry of Finance in accordance with the consent given by the bank's Board of Directors in its last meeting, he added.

The central bank has set for the banks an agriculture credit target of Tk 241.24 billion for the current fiscal year (FY 2019-20).

All the banks have achieved 108.33 per cent of their total annual agriculture loan disbursement target of Tk 218 billion in the FY 2018-19.

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