

Small & Medium Enterprises Financing

This Program Small & Medium Enterprises Financing is being implemented in the Bank from 2005. The main objective is to promote and establish the Small and Medium Enterprises of Bangladesh as an efficient and profitable business concern with a view to ensure the economic development of the country by increasing local productions, generating income & employment.

Definition:

As per Bangladesh Bank's Circular No.ACSPD-08, Dated 26-05-08, the definition of SME are as follows:

- 1. Small Enterprise** means an entity that ideally not a public limited Company and that fulfils the following Criteria.

Service Concern : Total assets of cost excluding land and building is Tk.50,000 to Tk. 50,00,000 and/or does not employ more than 25 persons.

Trading Concern : Total assets of cost excluding land and building is Tk.50,000 to Tk. 50,00,000 and/or does not employ more than 25 persons.

Manufacturing Concern : Total assets of cost excluding land and building is Tk.50,000 to Tk.1,50,00,000 and/or does not employ more than 50 persons.

- 2. Medium Enterprise** means an entity that ideally not a public limited Company and that fulfils the following Criteria.

Service Concern : Total assets of cost excluding land and building is Tk.50,00,000 to Tk. 10,00,00,000 and/or does not employ more than 50 persons.

Trading Concern : Total assets of cost excluding land and building is Tk. 50,00,000 to Tk. 10,00,00,000 and/or does not employ more than 50 persons.

Manufacturing Concern : Total assets of cost excluding land and building is Tk.1,50,00,000 to Tk.20,00,00,000 and/or does not employ more than 150 persons.

Nature of Borrower :

Individual, Proprietorship, Partnership firms, private Limited Company.

Nature of Loan :

- a. Working Capital(CC pledge, CC Hypo, Packing Credit, Overdrafts etc.
- b. Fixed Assets.

Geographical Coverage:

The geographical areas that are covered by Agrani Bank Limited Branches at urban and rural areas.

Eligibility of Borrower:

Bangladeshi, Age 20-55 years, Adequate technical and managerial expertise to run the business, Minimum primary education, Who are not loan defaulters in any financial institution.

Security :

Security is needed as per rules of Agrani Bank Ltd.

Rate of Interest :

As per rate scheduled by the Bank time to time.

Loan period :

For Short Term Loan - 1 year.

For Long Term Loan : Maximum - 5 years.

Micro Credit Programmes of Agrani Bank Limited

1. Daridra Bimochon Karmasuchi (DABIK) :

In collaboration with the Ministry of Youth and Sports, this programme was undertaken in 1990. Since November, 1995, however, the programme is being implemented as the Bank's own programme. Landless rural poor owning land (including homestead) upto 0.50 acre can avail of credit facilities being a member of the 5-member group formed under this project. A wide range of activities are being financed under this program viz. mini poultry, beef-fattening, rural transport, handicrafts, small business, tailoring, fishery, nursery, vegetable production, food processing etc. Under the project credits are extended for a maximum amount of Tk.10,000/= without collateral and the interest rate is 10% per annum only.

2. Employment Generation Project for the Rural Poor(EGPRP)

The Employment Generation Project for the Rural Poor (EGPRP) came into operation upon signing of a Loan Agreement (IFAD Loan#378-BD) in 1995. The Project was designed to reinforce the efforts of the Government of Bangladesh (GOB) to meet its strategic objectives of increasing output and employment through nationwide development of small enterprises, to which it accords high priority. The project's goal is to create a productive micro-enterprise sub-sector providing profitable self-employment for rural people, supported by public and private sector structures and processes which lead to a favourable climate for increasing investment in, and improving management of, micro-enterprises. Under this project, loan may be delivered to entrepreneurs through its designated Branches. Eligible Micro Enterprises under the project are:

Agro-processing enterprises: related to paddy, flour, edible oil, cotton, fruits, vegetables etc.

Manufacturing enterprises: related to handicrafts, metal, wood, plastic, garments, food, chemical products etc.

Service Enterprises: related to restaurants, tailoring, laundering and any other type that contributes to rural employment generation.

Loan size of the project is Tk. 20,000 - Tk 5,00,000. No collateral security is required for loan up to Taka 75,000. The rate of interest of the loan is reasonably minimum.

3. Small Enterprises Development Project (SEDP, BGD-041):

This project was undertaken by the Bank in 1995 in association with NORAD to extend credit facilities in 40 Upazillas in greater Faridpur and Mymensingh Districts for establishment of micro enterprises. Under the project, 50% of the credit fund is being provided by NORAD and 50% by the Bank. The main objective is to improve socio economic conditions of the project areas through creating employment opportunities. A wide range of micro enterprises are being financed under this project such as rice mill, oil mill, food processing, flour mill, nursery, repairing workshop, hatchery, fishery, weaving, handicrafts etc. Maximum loan ceiling is Tk. 7,50,000. The rate of interest is minimum and the maximum loan repayment period is 7 years. Now, the Project is going to be a subsidiary company of the Agrani Bank Ltd.

4. Marginal and Small Farm Systems Crop Intensification Project (MSFSCIP) - IFAD Loan no.-194-BD.

This project was undertaken by the Bank in 1990 in association with Bangladesh Bank, Rangpur Dinajpur Rural Services (RDRS) GTZ, and IFAD. Credits provided by the Bank are re-financed by Bangladesh Bank. The project is being implemented in 9 Upazillas of Kurigram District. The primary objective of the project is to establish a sustainable linkage between the SHGs (Self Help Groups) and the Bank so that the rural poor become bankable. The Self Help Groups (SHGs) comprising of 15-20 beneficiaries. Under the project, credit facilities are being extended to Self Help Groups of Marginal and Small Farmers both for collective and individual activities in the form of Seasonal Agricultural Loan (SAL), Agricultural Investment Loan (AIL), Non-Agricultural Investment Loan (NAIL). Loans are collateral-free with a maximum ceiling of Tk.8,000 at individual level and Tk.80,500 at collective level and the rate of interest is only 12% per annum .

5. Special Micro- Credit Programme (SMCP):

Agrani Bank has undertaken the Special Micro-Credit Programme (SMCP) to finance in small farm and other income generating activities with a view to engaging unemployed youths, distressed women and landless rural poor through extending short and medium term credit . The main purpose of the programme is to increase income provide nutrition to the target group and to prevent unemployment. A wide range of activities are involved under this program viz. Mini dairy, beef fattening, poultry, handicraft , tailoring, fishery, nursery , grocery, small and cottage industries etc. Loan upto Tk.50,000 is collateral free. Disbursement of loan may be made to the borrowers on individual as well as group basis. The interest rate of the loan is 10% only.

6. Loan for Disable Person :

The Special Micro Credit Programme for Disable Person came into operation in the Bank in 2002 under the instruction of the Bangladesh Government. The main objective of the Programme is to make the disable person self reliant and bring them into the mainstream development activities of the country. The persons who are physically disable but mentally capable of operating the business can enjoy the loan facilities under this programme. An individual or jointly with the competent member of his family can get the loan. Under the project maximum loan ceiling for the first time is Tk.25,000 and for the second time Tk.50,000. The rate of interest is 10% only. No collateral is required for the loan and any branch of the Agrani Bank Ltd. may disburse the loan as per requirement.

7. Women's Credit Programme ,

The Women's Credit Programme was undertaken by the Agrani Bank Ltd in 1993 with a view to uplift the socio economic condition of the women by engaging them into the different financial activities of the country. A huge number of income generating activities such as Education (establishment of Kinder garten, tutorial homes), Tailoring, Printing and Dying, Ready made garments shop, laundry, Poultry, Mini dairy, Goat rearing, beef fattening, Nursery, Hotel/Resturant etc are involved in the project activities. Under the Programme, the branch manager can sanction the loan upto Tk.50,000. For loan upto Tk.1,00,000 no collateral is required. The rate of interest of the loan is minimum and it is 11% per annum only.

8. Special Commercial Loan Programme.

Special Commercial Loan Programme was undertaken by the Agrani Bank Ltd. in 1992 with a view to extend & develop the small business in the country. This is a short term loan and it is delivered as Cash Credit (C.C-Hypo). Maximum ceiling of the loan is 2,75,000/- and necessary collateral security is required for the loan. The rate of interest is minimum and it is 12.50%.

9. Micro Enterprises Credit Programme

This Programme came into force by the Bank in 1993 with a view to extend the small enterprises for the socio-economic development of the country. A wide range of micro enterprises such as Tailoring, Printing, Readymade garments, Small Pharmacy, Shop of electric goods, Small Poultry and other income generating activities are involved in the project activities. The maximum ceiling of the loan is Tk.1,00,000 and loan upto Tk.50,000 is collateral free. The maximum repayment period of the loan is 18 months and the rate of interest of the loan is reasonably minimum.

10. Financing NGOs for On-lending to rural poor:

Agrani Bank is pioneer in extending loans to NGOs for on-lending to groups of rural poor for various income generating activities. The NGOs which are in shortage of credit fund may avail of loan facilities at an acceptable interest rate from this Bank.

11. Productive Employment Project (PEP):

This project was undertaken by the Bank in 1988 in association with Bangladesh Rural Development Board (BRDB) with financial assistance from Norwegian Agency for Development (NORAD) and Swedish International Development Agency (SIDA). The main objective of the Project was to develop the socio-economic condition of the rural poor of 20 upazillas of Faridpur, Rajbari, Madaripur, Gopalganj and Shariatpur district. NORAD/SIDA provides 50% and Bank provides 50% of the credit fund. Maximum limit of credit under the project for individual was Tk.6000 for the first time and Tk. 12,000 for the 2nd time and onwards. Maximum limit of credit under the project for group was Tk. 1,00,000. No collateral was required to avail of loan under the project. All loans sanctioned under the project was maximum period of one year, for special cases loan period was 18 months. After completion of the Project the recovery activity of the outstanding loan is going on by the Bank and the BRDB.

12. Kurigram Poverty Alleviation Project (KPAP):

RD-5 project i.e Productive Employment Project (PEP) was implemented jointly by BRDB and Agrani Bank Limited with the financial assistance from SIDA and NORAD since 1988. The project was implemented in 25 Upazillas of Faridpur, Rajbari, Madaripur, Gopalganj, Shariatpur, and Kurigram district. SIDA withdrew financial support under the project from July/97. But considering the fact that Kurigram district as one of the poorest area of the country on request of the Government of Bangladesh NORAD agreed to provide financial assistance in Kurigram district as "Kurigram Poverty Alleviation Project (KPAP)" following the PEP Model from July/97. The project is covering 9 upazillas of the district. Agrani Bank Limited was covering 5 upazillas under the project where Agrani Bank Limited had branches.

The credit fund ratio under the project between NORAD and Bank was 50: 50. Maximum limit of credit under the project for individual was Tk.6000 for the first time and Tk. 12,000 for the 2nd time and onwards. Maximum limit of credit under the project for group was Tk. 1,00,000 . No collateral is required to avail of loan under the project. All loans sanctioned under the project was maximum period of one year, for special cases loan period was 18 months. Rate of interest under the project was 16% per annum of Bank's portion. After completion of the Project the recovery activity of the outstanding loan is going on by the Bank and the BRDB.

13. Micro Enterprises Loan Scheme

This loan Scheme was undertaken by the Bank in collaboration with BMET (Bureau of Manpower Employment and Training) in 1990. The main objective of the project was to create self employment by introducing training to the unemployed youth-both male and female. The sectors of financing were Technical workshops, Small productive units, any commercial business and Others. The maximum ceiling of the loan was Tk.50,000 and loan upto Tk.50,000 was collateral free. After completion of the Project the recovery activities of the outstanding loan are going on by the Bank.

14. Special Assistance Project For Cyclone Affected Rural Households (IFAD Loan No. 287-BA)

This loan Scheme was undertaken by the Bank in 1993. The main objective of the project is to rehabilitate the current productive potential of people affected by cyclone. The sector of financing were Crop loan, Agri-Mecheneries, Fisheries, Livestock's, Boat making/repairing, Nursery, off farming, Income generating activities etc. The maximum ceiling of the loan was Tk.1,00,000 . After completion of the Project the recovery activities of the outstanding loan are going on by the Bank.