

# Agriculture and Microfinance (AM)

## For AIBB

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## **Syllabus-2024**

### **Module-A: Agriculture Finance**

Nature, Approaches and Need for Agricultural Finance, Institutional and Non-Institutional Sources, Types of Agri-finance-Crop and Non-Crop, Agro-Based Project Financing - Procedures and Collaterals in Agri-finance Problems of Agri-finance- Role of Commercial Bank and Bangladesh Bank in Agri-finance - Monitoring and Recovery of Agricultural Credit - Public Demand Recovery Act - Sector and Sub-Sector of Agricultural Finance - Methods of Agricultural Credits Disbursements - Use of IT in Agricultural Credits - Role of Banks in Agriculture Sector Financing - Regulatory Policies for Agricultural and Farm Sector Financing.

### **Module-B: Micro Credit and Micro Finance: Evolution, Legal Framework and Products**

Historical Development of Micro Credit, Micro Credit and Micro Finance, Micro Credit and Poverty Alleviation. Government Policy and Legal Framework Regarding Micro Finance in Bangladesh, Micro Credit Regulatory Authority (MRA) in Bangladesh, Requirements of Collateral Security, Collateral Substitutes, Saving-Compulsory Deposit System, Insurance, Payment Services, Social Intermediation, Enterprise Development Services.

### **Module-C: Micro Financial Institutions (MFIs)**

Micro Financial Institutions and their Objectives, Target Market and Impact Analysis, Formal, Semi- Formal and Informal Financial Institutions, Institutional Growth and Transformation, Linkages Among Different Types of MFIs and between Banks and MFIs. Social Services of the MFIs.

### **Module-D: Working Capital, Special and Priority Sector Financing**

Working Capital Assessment for Fishery, Poultry, Dairy, etc. Finance in High Value Crops, Tissue Culture, Oil Palm Cultivation, Nursery, Salt Cultivation, Cereal Cultivation, Silk Cultivation, Roof- top Gardening, Mushroom Cultivation, Betel Leaf Cultivation, etc. Value Chain Developing Commodity Markets.

### **Module-E: Role of Specialized Banks (SBs) and MFIs in Rural Finance and Pover Alleviation in Bangladesh**

Role of BKB, RAKUB, Grameen Bank, BRAC, ASA, PRASHIKA, BRDB and PKSF as the Micro/Rural Financial Institutions in poverty alleviation

### **Module F: Performance Assessment of SBs and MFIs**

Repayment Rates, Financial Viability, Profitability, Leverage and Capital Adequacy, Borrowers Viability and Poverty Alleviation.

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## Module-A: Agriculture Finance

### Q-01. What is agricultural Finance/credit? [BPE-96th]

Agricultural finance refers to the provision of financial services to support farmers and agribusinesses. It involves lending money, providing credit, and offering financial products tailored to the unique needs of the agriculture sector. In a country like Bangladesh, where agriculture is a vital part of the economy, agricultural finance plays a crucial role in helping farmers acquire resources like seeds, fertilizers, and machinery. This financial support enables them to invest in their farms, improve productivity, and navigate challenges such as seasonal fluctuations. Institutions like banks and microfinance organizations often facilitate agricultural credit, aiming to boost rural development, alleviate poverty, and ensure food security by empowering farmers with the necessary financial tools.

### Q-02. What agricultural industry and other business industries are different from each other and how they might affect the demand for agricultural credit?

Agricultural and other business industries differ in their operations and characteristics. The agricultural sector relies on nature-dependent activities like farming and livestock, which are susceptible to weather conditions. In contrast, non-agricultural businesses, such as manufacturing or services, are often less influenced by nature.

These differences impact the demand for agricultural credit. Farmers may require credit to purchase seeds and fertilizers, affected by seasonal changes. Non-agricultural businesses might need credit for equipment or expansion, with demand less influenced by weather patterns. Economic shifts, like in the non-agricultural sector, can affect overall credit availability. In Bangladesh, where agriculture is significant, understanding these distinctions helps policymakers tailor credit programs to meet the unique needs of farmers, ensuring stable rural economies and sustained agricultural growth.

### Q-03. How agricultural credit may contribute to the economic development of Bangladesh? BPE 96, Or, Discuss the need for agricultural finance.

Or, Discuss why Bangladesh Bank has given so much importance on the disbursement of agricultural loan. BPE-98<sup>th</sup>

Or, Describe the importance of agricultural credit for agricultural development of Bangladesh. BPE-97<sup>th</sup>.

1. **Increased Productivity:** Agricultural credit allows farmers to invest in high-quality seeds, fertilizers, and modern equipment, leading to improved yields and enhanced productivity.
2. **Food Security:** By supporting farmers with credit, Bangladesh ensures a steady and increased supply of agricultural products, contributing to national food security.
3. **Poverty Reduction:** Access to credit empowers farmers economically, helping them break the cycle of poverty by generating income through agricultural activities.
4. **Stimulated Local Economies:** The surplus produce from increased productivity creates economic opportunities in rural areas, as it generates income and stimulates local markets.
5. **Innovation and Technology Adoption:** Agricultural credit facilitates the adoption of new technologies, fostering innovation in farming practices and contributing to the modernization of the agricultural sector.
6. **Overall Economic Growth:** Given the significance of agriculture in Bangladesh's economy, a thriving agricultural sector positively impacts the nation's overall economic development, providing a stable foundation for sustained growth.

**Q-04. Describe the main features of Bangladesh agriculture) BPE-96**

1. **Predominantly Subsistence Farming:** Agriculture in Bangladesh is largely characterized by small-scale, subsistence farming where farmers grow crops for personal consumption rather than large-scale commercial purposes.
2. **Rice Dominance:** Rice cultivation is the backbone of Bangladeshi agriculture, with paddy fields covering a significant portion of arable land. Various rice varieties are grown to meet the staple food needs of the population.
3. **Seasonal Farming:** The agricultural calendar is defined by distinct seasons, such as the aman (monsoon), boro (dry winter), and aus (summer). Farmers plan their crops and activities around these seasons.
4. **Vulnerability to Climate Change:** Bangladesh's agriculture is vulnerable to climate change, facing challenges like floods, cyclones, and salinity intrusion. Adaptive measures and resilient farming practices are essential.
5. **High Dependency on Labor:** Agriculture is labor-intensive, with a significant portion of the population engaged in farming. Traditional methods coexist with modern techniques.
6. **Diversified Crops:** Besides rice, farmers cultivate a variety of crops, including jute, sugarcane, pulses, and fruits, contributing to a diverse agricultural landscape.

**Q-05. Discuss the roles of agriculture in the economic development of Bangladesh.) Dec-17**

1. **Major Contributor to GDP:** Agriculture is a key player in Bangladesh's economy, contributing significantly to the Gross Domestic Product (GDP) and providing livelihoods for a large portion of the population.
2. **Employment Generation:** The sector is a major source of employment, especially in rural areas. It sustains the livelihoods of millions of farmers and supports ancillary activities, fostering economic stability.
3. **Food Security:** With a primary focus on rice cultivation, agriculture ensures food security for the nation by producing a substantial portion of the staple diet.
4. **Export Revenue:** Agricultural products, including jute, contribute to export earnings, enhancing the country's economic position on the global stage.
5. **Rural Development:** Agricultural activities stimulate rural development, creating economic opportunities, infrastructure, and improving overall living standards in rural communities.
6. **Market Linkages:** Agriculture establishes critical linkages with other sectors, such as agribusiness and agro-industries, further boosting economic growth and diversification.

**Q-06. How Agricultural sector was affected by Covid-19? Describe. BPE-96**

1. **Labor Shortages:** COVID-19 restrictions led to a shortage of agricultural labor as migrant workers returned to their hometowns, impacting planting and harvesting.
2. **Supply Chain Disruptions:** Disruptions in transportation and markets affected the supply chain, causing delays in getting produce to consumers and reducing farmers' income.
3. **Access to Inputs:** Farmers faced challenges in accessing agricultural inputs like seeds, fertilizers, and pesticides due to lockdowns and disrupted supply chains.
4. **Market Price Volatility:** Fluctuations in market demand and prices affected farmers' income, with some experiencing financial losses due to reduced selling prices for their produce.
5. **Export Challenges:** Export-oriented crops like vegetables and fruits faced challenges in reaching international markets, impacting foreign exchange earnings.
6. **Government Interventions:** The government implemented relief measures and agricultural stimulus packages to support farmers during the pandemic, aiming to mitigate the economic impact on the agricultural sector.

**Q-07. What is the nature of Agri-finance in our country?**

1. **Purpose:** Provides financial support to farmers and agribusinesses.
2. **Types of Loans:** Includes crop loans, equipment financing, and storage facilities funding.
3. **Sources:** Comes from banks, microfinance institutions, and government programs.
4. **Interest Rates:** Generally lower compared to other sectors to encourage agricultural development.
5. **Impact:** Helps increase agricultural productivity and income for farmers.
6. **Challenges:** Limited access in rural areas and high loan repayment risks due to weather uncertainties.

**Q-08. What types of problems faced in Agri-finance? How to minimize those problems explain.****Problems in Agri-finance include:**

1. **Limited Access:** Farmers often struggle to get loans due to strict requirements.
2. **High Interest Rates:** Loans can have high interest, making them costly.
3. **Lack of Awareness:** Farmers might not know about available financial services.

**To minimize these problems:**

1. **Easier Access:** Make loan processes simpler and more flexible.
2. **Lower Interest Rates:** Offer loans with affordable interest rates.
3. **Education:** Educate farmers about financial options and how to use them effectively.
4. **Government Support:** Increase government programs and subsidies to aid farmers.

**Q-09. What are some of the future scenarios that could grossly affect the agricultural sector of Bangladesh by year 2041? What could be some of the financing approaches to address such scenarios?**

By 2041, Bangladesh's agriculture may face challenges like climate change leading to rising sea levels and extreme weather. This could cause floods, droughts, and saltwater intrusion, harming crops. Also, rapid urbanization might reduce farming land. To address these, financing approaches could include:

1. **Climate-Resilient Farming:** Investing in techniques and crops that withstand harsh conditions.
2. **Technology Adoption:** Funding for modern farming technologies to increase efficiency.
3. **Insurance Schemes:** Offering insurance to protect farmers against natural disasters.
4. **Sustainable Practices Funding:** Supporting eco-friendly farming to preserve the environment.
5. **Education and Training:** Financing programs to educate farmers about advanced agricultural practices.

These approaches will help adapt to and mitigate future agricultural challenges in Bangladesh.

**Q-10. What are the emerging challenges in agriculture for Bangladesh? How banks can respond to those challenges?**

Emerging challenges in Bangladesh's agriculture include climate change impacts like floods and droughts, soil fertility decline, and water scarcity. There's also the issue of outdated farming techniques and a lack of access to finance for small farmers.

Banks can respond to these challenges by:

1. **Providing Loans for Modern Equipment:** Helping farmers buy advanced tools to increase productivity.
2. **Offering Microfinance:** Small loans can support small-scale farmers to improve their farming methods.
3. **Investing in Climate-Resilient Agriculture:** Supporting farming practices that withstand extreme weather.
4. **Funding for Sustainable Farming:** Encouraging eco-friendly farming through financial incentives.
5. **Educational Programs:** Providing knowledge on modern agriculture techniques and financial management.

These steps can help farmers overcome modern challenges and enhance agricultural productivity in Bangladesh.

**Q-11. Discuss about the role of Commercial Banks and Bangladesh Bank in to develop Agri finance in Bangladesh.**

In Bangladesh, commercial banks and the Bangladesh Bank play crucial roles in developing agricultural finance.

Commercial banks provide necessary funds to farmers through various loan programs. These loans help farmers buy seeds, equipment, and other essentials, boosting their productivity. Banks also offer microfinance options for small-scale farmers who need smaller loan amounts.

Bangladesh Bank, the central bank, sets policies and guidelines for agricultural lending. It ensures that commercial banks allocate a certain portion of their loans to agriculture. Additionally, it introduces special programs and refinancing schemes to support farmers, especially in times of crisis or natural disasters.

Together, these institutions ensure that the agricultural sector receives adequate financial support, which is vital for the growth and sustainability of agriculture in Bangladesh.

**Q-12. How climate change is affecting and may affect the agriculture sector of Bangladesh? What is climate-smart agriculture? Why this is important for Bangladesh?**

**Climate Change Impact on Bangladesh's Agriculture:**

1. **Increased Floods & Cyclones:** Damages crops, affects yield.
2. **Rising Sea Levels:** Reduces arable land, increases soil salinity.
3. **Future Impacts:** More extreme weather, soil fertility loss.

**Climate-Smart Agriculture (CSA):**

1. **Increased Productivity:** Using advanced methods for better yield.
2. **Adaptation to Climate Change:** Resilient crops, improved farming practices.
3. **Reduced Emissions:** Environmentally friendly techniques.

**Importance of CSA for Bangladesh:**

1. **Ensuring Food Security:** Adapts farming to climate change.
2. **Economic Sustainability:** Supports farmers' livelihoods.
3. **Environmental Protection:** Helps in global climate change efforts.

**Q-13. How use of modern agricultural equipment helps to cope with the challenges of climate change? BPE-97<sup>th</sup>.**

The use of modern agricultural equipment plays a crucial role in addressing the challenges of climate change by enhancing farming efficiency and resilience. Here's how:

1. **Precision Farming Tools:** Equipment like GPS-guided tractors and drones optimize planting, watering, and fertilizing, reducing waste and ensuring resources are used efficiently, which is vital in conditions of water scarcity and changing rainfall patterns.
2. **Water-Efficient Irrigation Systems:** Technologies such as drip and sprinkler irrigation systems deliver water directly to the plant roots, minimizing evaporation and runoff, crucial for conserving water in drought-prone areas.
3. **Resilient Crop Cultivation:** Machinery that supports the planting of resilient crop varieties can help adapt to changing climates, ensuring food security.
4. **Reduced Carbon Footprint:** Energy-efficient machines lower greenhouse gas emissions, contributing to mitigation efforts against climate change.

By leveraging these technologies, farmers can maintain and even increase productivity in the face of climate variability, safeguarding food security and livelihoods.

**Q-14. Who needs agricultural credit in Bangladesh? Why policy makers emphasize so much on agricultural finance in Bangladesh? Write the importance of agricultural credit in Bangladesh from i) policy makers' perspectives and ii) users' perspectives?**

**Who Needs Agricultural Credit in Bangladesh:**

1. **Small and Marginal Farmers:** They need funds for seeds, fertilizers, and equipment.
2. **Medium and Large-Scale Farmers:** For modernizing and expanding their farming operations.
3. **Agricultural Entrepreneurs:** Startups in farming, processing, and related sectors.

**Importance from Policy Makers' Perspective:**

1. **Economic Growth:** Agriculture is vital for Bangladesh's economy; investing in it boosts overall growth.
2. **Food Security:** Ensuring enough food production to feed the population.
3. **Employment:** Agriculture employs a significant portion of the workforce.
4. **Rural Development:** Strengthening rural economies and reducing poverty.

**Importance from Users' Perspective:**

1. **Access to Resources:** Enables buying necessary inputs for farming.
2. **Risk Management:** Helps in coping with uncertainties like bad weather or crop failures.
3. **Income Improvement:** Increases productivity and profit potential.
4. **Technological Advancement:** Facilitates the adoption of modern farming techniques.

Agricultural credit is crucial in Bangladesh for both economic development and for supporting the livelihoods of those in the agricultural sector.

**Q-15. What are the main sources of agricultural finance in rural Bangladesh? Describe with limitations. BPE-97<sup>th</sup>.**

In rural Bangladesh, the main sources of agricultural finance include:

1. **Government Banks:** Such as Bangladesh Krishi Bank, provide loans with lower interest rates. **Limitation:** Limited reach and often bureaucratic delays.
2. **Microfinance Institutions (MFIs):** Like Grameen Bank, offer small loans to farmers. **Limitation:** Higher interest rates compared to traditional banks.
3. **Non-Governmental Organizations (NGOs):** Offer financial services alongside social programs. **Limitation:** May not cater to all types of agricultural needs.
4. **Cooperatives:** Pool resources to offer loans to their members. **Limitation:** Limited capital and reliance on member contributions.
5. **Informal Lenders:** Including moneylenders and traders, provide quick access to funds. **Limitation:** Extremely high interest rates and the risk of indebtedness.

Each source has its role in supporting agriculture in Bangladesh, but limitations such as access, cost, and scale of finance present challenges for farmers seeking to invest in improving or expanding their agricultural activities.

**Q-16. What steps and incentives would play effective role for recovering agricultural credit? BPE-97<sup>th</sup>.**

To effectively recover agricultural credit in Bangladesh, several steps and incentives could be pivotal:

1. **Flexible Repayment Schemes:** Aligning repayment schedules with the agricultural cycle would ease the burden on farmers, improving repayment rates.
2. **Interest Rate Subsidies:** Lowering interest rates for timely repayments can incentivize farmers to clear their debts promptly.
3. **Crop Insurance:** Offering insurance against crop failure or natural disasters would secure farmers' ability to repay loans even in adverse conditions.



4. **Capacity Building Programs:** Educating farmers on financial management, sustainable farming practices, and market strategies can enhance their profitability and creditworthiness.
5. **Digital Payment Solutions:** Simplifying the repayment process through mobile banking or digital platforms can increase convenience and reduce default rates.
6. **Loan Restructuring Options:** Providing options to restructure existing loans during hardships can help farmers manage their debts more effectively.

Implementing these measures can foster a supportive environment for agricultural credit recovery, ensuring the sustainability of farming practices and financial stability for rural communities in Bangladesh.

**Q-17. Do you think that timely credit disbursement would be helpful for agricultural credit recovery? BPE-97<sup>th</sup>.**

Yes, timely credit disbursement plays a critical role in the recovery and sustainability of agricultural credit in Bangladesh. When farmers receive loans at the right moment, they can invest in necessary inputs like seeds, fertilizers, and irrigation at the start of the cropping season. This timely investment leads to better crop yields, higher income, and, consequently, an enhanced ability to repay loans, creating a positive cycle of credit utilization and repayment.

Moreover, timely disbursement allows farmers to leverage seasonal opportunities, avoid high-cost emergency loans from informal lenders, and reduce the risk of crop failure due to delayed inputs. It fosters trust between farmers and financial institutions, encouraging regular repayment and re-borrowing. Therefore, ensuring loans are provided when farmers need them most is essential for the health of the agricultural sector and the effectiveness of credit recovery efforts.

**Q-18. "Awareness and training of bank officials is important for disbursement and recovery of agricultural credit "Justify the statement. BPE-97<sup>th</sup>.**

Awareness and training of bank officials are pivotal for the effective disbursement and recovery of agricultural credit, serving as the cornerstone for a robust agricultural finance ecosystem. Well-informed officials understand the unique needs and challenges of the agricultural sector, enabling them to tailor financial products and services that align with the seasonal and cyclical nature of farming activities. By possessing a deep insight into agricultural practices, risks, and market dynamics, these officials can make informed decisions on creditworthiness and appropriate loan conditions, reducing the risk of defaults.

Furthermore, trained bank personnel can offer valuable guidance to farmers, helping them optimize the use of funds, adopt sustainable agricultural practices, and enhance their financial management skills. This not only improves loan repayment rates but also fosters a culture of trust and partnership between the banking sector and the agricultural community, ultimately contributing to the sector's overall growth and resilience.

**Q-19. What are the institutional and no institutional sources of agricultural credit in Bangladesh? What are the advantages and disadvantages of institutional sources of agricultural credit?**

**Institutional Sources of Agricultural Credit in Bangladesh:**

1. **Commercial Banks:** Government and private banks providing loans.
2. **Microfinance Institutions:** Such as Grameen Bank, offering small-scale loans.
3. **Cooperatives:** Member-based organizations providing credit to farmers.
4. **Bangladesh Bank:** The central bank that also offers special agricultural loan programs.

**Non-Institutional Sources:**

1. **Money Lenders:** Individuals offering loans, often at high interest rates.
2. **Traders and Middlemen:** Providing credit, usually tied to selling products to them.
3. **Friends and Family:** Personal loans without formalities.

**Advantages of Institutional Sources:**

1. **Lower Interest Rates:** Generally, more affordable than non-institutional sources.
2. **Reliability:** Regulated and more secure.
3. **Large Loan Amounts:** Ability to offer bigger loans for substantial investments.
4. **Additional Services:** Like financial advice and support.

**Disadvantages of Institutional Sources:**

1. **Strict Eligibility Criteria:** Harder for some farmers to qualify.
2. **Complex Procedures:** Application and approval process can be time-consuming.
3. **Collateral Requirement:** Often need to provide security against the loan.

Institutional sources are more regulated and beneficial in the long term, but their accessibility and procedures can be challenging for some farmers in Bangladesh.

**Q-20. Why farmers often choose agricultural credit from informal sources despite high interest rates?**

Farmers in Bangladesh often choose agricultural credit from informal sources like money lenders, even though the interest rates are high, due to several reasons:

1. **Easy Accessibility:** Informal sources are readily available, especially in rural areas where banks might not be present.
2. **Less Paperwork:** They require minimal documentation, making the process faster and simpler.
3. **No Collateral Needed:** Unlike banks, informal lenders usually don't ask for collateral, which is helpful for small-scale or poor farmers who don't have assets.
4. **Flexibility in Repayment:** Informal lenders often offer more flexible repayment terms, adjusting to the farmer's situation.
5. **Immediate Cash:** They provide quick cash, which is crucial during emergencies or urgent needs.

Although these advantages make informal sources appealing, the high interest rates can lead to long-term financial difficulties for the farmers.

**Q-21. What are the advantages and disadvantages of non-institutional sources of agricultural credit?****Advantages of Non-Institutional Sources of Agricultural Credit:**

1. **Quick Access:** They provide loans quickly, without delays.
2. **Simple Process:** Less paperwork and formalities.
3. **No Collateral Required:** Helpful for those without assets.
4. **Flexibility:** Adaptable repayment terms based on the farmer's situation.
5. **Availability:** Easily accessible, even in remote areas.

**Disadvantages of Non-Institutional Sources:**

1. **High Interest Rates:** Can lead to debt traps.
2. **Lack of Regulation:** Risk of exploitation and unfair practices.
3. **Short-Term Relief, Long-Term Burden:** Immediate help but can cause financial problems later.
4. **No Additional Services:** Unlike banks, they don't offer guidance or support services.
5. **Unpredictable Terms:** Terms can change, adding uncertainty.

While non-institutional sources offer easy and quick access to funds, they come with risks like high costs and potential financial instability for the farmers.

**Q-22. What are the types of agricultural credit based on tenures? What are the types of agricultural credit based on purposes?**

Or, What do you mean by short term and mid-term agricultural credit? Give example. BPE-98<sup>th</sup>.

**Types of Agricultural Credit Based on Tenures:**

1. **Short-Term Credit:** For immediate needs like buying seeds or fertilizers. Usually repaid within a year.  
Example: A farmer borrows money to buy seeds and fertilizers for the upcoming planting season, with plans to repay the loan after the harvest.
2. **Medium-Term Credit:** For buying equipment or small-scale land improvements. Repayment period ranges from 1 to 5 years.  
Example: A farmer takes out a loan to purchase a new tractor, planning to repay it over the next three years from the income generated by improved farm productivity.
3. **Long-Term Credit:** For significant investments like buying land or constructing storage facilities. Repayment can extend beyond 5 years.  
Example: A farmer secures a long-term loan to buy additional farmland, with a repayment plan extending over ten years, expecting increased production and income over time.

**Types of Agricultural Credit Based on Purposes:**

1. **Production Credit:** For day-to-day farming expenses like seeds, fertilizers, and labor.
2. **Investment Credit:** For buying assets like machinery, land, or developing infrastructure.
3. **Marketing Credit:** To support costs related to storing and selling produce.
4. **Consumption Credit:** For personal needs of the farmer's family, especially during off-seasons.

These categories help in understanding the different financial needs of farmers and tailor credit services accordingly.

**Q-23. What is agro-based project financing? Is the amount disbursed for agro-based projects treated as agricultural finance by Bangladesh bank?**

Agro-based project financing refers to providing financial support for projects related to agriculture. This includes funding for setting up or expanding agricultural businesses, like farms, processing plants, or other enterprises that deal with agricultural products.

In Bangladesh, the amount disbursed for these agro-based projects is indeed treated as agricultural finance by the Bangladesh Bank. This classification is important because it aligns with the bank's objectives to support and grow the agricultural sector, which is a key part of the country's economy.

By considering these funds as agricultural finance, Bangladesh Bank ensures that adequate resources are allocated to the agricultural sector, promoting its development and helping to improve the livelihoods of those involved in agriculture, from small farmers to larger agribusinesses.

**Q-24. How Bangladesh Bank supports agro-based project financing through refinance?**

Bangladesh Bank supports agro-based project financing through a process called refinance. Here's how it works in simple terms:

1. **Providing Funds to Banks:** Bangladesh Bank gives money to commercial banks at a lower interest rate.
2. **Banks Lend to Farmers/Agribusinesses:** These banks then lend this money to farmers or agro-based businesses for their projects.
3. **Affordable Loans:** Because Bangladesh Bank offers funds at lower rates, banks can provide loans to farmers at more affordable rates.
4. **Encouraging Agricultural Projects:** This makes it easier for people in agriculture to finance projects like starting a farm, buying equipment, or setting up processing units.
5. **Repayment and Recycling:** Once these loans are repaid, the money goes back to Bangladesh Bank, which can then be used again to finance more projects.

Through this refinancing process, Bangladesh Bank effectively boosts the agricultural sector by making financial resources more accessible and affordable.

**Q-25. Why is agro-based project financing important for agricultural development?**

Agro-based project financing is crucial for agricultural development for several reasons:

1. **Enables Investment:** Provides farmers and agribusinesses with the necessary funds to invest in new technologies, equipment, and infrastructures like irrigation systems or storage facilities.
2. **Boosts Productivity:** With better tools and technologies, farmers can increase crop yields and improve quality.
3. **Encourages Diversification:** Helps farmers to diversify into different types of crops or farming methods, which can reduce risk and increase income sources.
4. **Supports Value Addition:** Enables investment in processing facilities, which can increase the value of agricultural products.
5. **Enhances Sustainability:** Financing can also support eco-friendly and sustainable farming practices.
6. **Creates Employment Opportunities:** Agro-based projects can create new jobs in rural areas, aiding in economic development.

Thus, agro-based project financing is a key driver in modernizing agriculture, enhancing productivity, and fostering overall economic growth in rural areas.

**Q-26. What are the procedures of agricultural financing? How banks determine good borrower?**

The procedures of agricultural financing typically involve several steps:

1. **Application Submission:** Farmers or agribusiness owners submit a loan application to a bank, detailing their project or needs.
2. **Document Verification:** Banks check documents like land records, identity proofs, and project plans.
3. **Assessment of the Proposal:** Banks evaluate the feasibility and profitability of the proposed agricultural project.
4. **Credit History Check:** Banks review the borrower's credit history to assess their past loan repayments.
5. **Collateral Evaluation:** If needed, banks assess the collateral (like land or equipment) that secures the loan.
6. **Loan Approval and Disbursement:** If everything is satisfactory, the bank approves the loan and disburses the funds.

To determine a good borrower, banks consider:

1. **Repayment Capacity:** Ability to repay the loan based on income and expenses.
2. **Credit History:** Past record of loan repayments.
3. **Project Viability:** Potential success and profitability of the agricultural project.
4. **Collateral:** Value and security of the collateral offered.

A good borrower is typically someone with a strong repayment capacity, a positive credit history, a viable project plan, and adequate collateral.

**Q-27. Why collaterals are discouraged in financing small farm holdings in Bangladesh.**

Collaterals are discouraged in financing small farm holdings in Bangladesh for several reasons:

1. **Lack of Assets:** Small farmers often don't have enough valuable assets to offer as collateral. This makes it hard for them to secure loans if collateral is a requirement.
2. **Risk of Losing Land:** Using land as collateral is risky for small farmers. If they can't repay the loan, they might lose their primary means of livelihood.
3. **Inclusivity:** Requiring collateral can exclude many small farmers from accessing credit, as they may not have the necessary assets.

4. **Promoting Equity:** Avoiding collateral requirements helps in making financial services more accessible to all farmers, regardless of their wealth or asset ownership.
5. **Encouraging Small-Scale Farming:** By not requiring collateral, banks encourage more people to engage in small-scale farming, which is crucial for rural development and food security in Bangladesh.

Thus, by discouraging collaterals, financial institutions aim to make loans more accessible to small farmers, supporting broader economic and social goals.

**Q-28. How Bangladesh Bank plays an important role in agricultural finance while it cannot disburse a penny directly to the farmers?**

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**Q-29. What is the importance of banks in agricultural finance in Bangladesh?**

Banks play a crucial role in agricultural finance in Bangladesh, and their importance can be outlined as follows:

1. **Providing Essential Funds:** Banks offer loans to farmers for buying seeds, fertilizers, equipment, and other farming needs.
2. **Supporting Modernization:** They help in financing new technologies and methods that improve farming efficiency and productivity.
3. **Risk Management:** Loans from banks can help farmers manage risks, like crop failure or market fluctuations.
4. **Economic Stability:** By supporting agriculture, banks contribute to the overall economic stability and growth of Bangladesh.
5. **Encouraging Development:** Bank loans can encourage farmers to diversify crops, try new farming techniques, and invest in value-added agricultural activities.
6. **Accessibility and Inclusion:** Banks provide financial services across various regions, making finance accessible even to remote or small-scale farmers.

In summary, banks are vital in empowering the agricultural sector by providing financial support, encouraging innovation, and ensuring the economic well-being of farmers in Bangladesh.

**Q-30. What is the importance of monitoring and recovery in agricultural finance? What is the objective of agricultural credit monitoring by Bangladesh Bank?**

**Or, Mention the importance of recovering agricultural credit. BPE-97<sup>th</sup>.**

**Importance of Monitoring and Recovery in Agricultural Finance:**

1. **Ensures Proper Use of Funds:** Monitoring makes sure that loans are used for the intended agricultural purposes.

2. **Risk Management:** Helps in identifying and managing potential risks, like non-repayment of loans.
3. **Improves Loan Performance:** Regular monitoring leads to better repayment rates and financial health of lending institutions.
4. **Encourages Responsible Lending:** Ensures that banks lend responsibly and farmers borrow within their means.

### **Objective of Agricultural Credit Monitoring by Bangladesh Bank:**

The main objective is to ensure that the agricultural loans provided by banks are effectively supporting the agricultural sector. This involves:

1. **Ensuring Compliance:** Making sure banks follow the policies and guidelines set for agricultural loans.
2. **Assessing Impact:** Evaluating how these loans contribute to agricultural productivity and farmers' welfare.
3. **Promoting Sustainable Practices:** Encouraging banks to support environmentally sustainable and profitable farming practices.

Overall, monitoring by Bangladesh Bank aims to enhance the efficiency and effectiveness of agricultural finance in supporting the country's agriculture and economy.

### **Q-31. How Bangladesh Bank monitors agricultural finance by the banking sector?**

Bangladesh Bank monitors agricultural finance by the banking sector through several steps:

1. **Setting Guidelines:** It establishes rules and regulations for how banks should lend to the agricultural sector.
2. **Loan Allocation Monitoring:** The bank checks whether commercial banks are allocating the required portion of their loans to agriculture.
3. **Reviewing Reports:** Banks submit regular reports on their agricultural lending, which Bangladesh Bank reviews for compliance and effectiveness.
4. **On-Site Inspections:** Occasionally, Bangladesh Bank conducts field visits to verify how loans are being used and whether they are benefiting the intended recipients.
5. **Ensuring Accessibility:** It ensures that loans are accessible to all types of farmers, including small and marginal ones.
6. **Evaluating Impact:** Bangladesh Bank assesses how these loans are impacting agricultural productivity and farmers' livelihoods.

Through these methods, Bangladesh Bank ensures that agricultural finance is being managed properly and effectively supports the agricultural sector.

### **Q-32. What are the sector and subsectors of agricultural finance under agricultural credit policy and program?? Discuss the necessity of such sectors and sub-sectors credit. BPE-98th.**

Agricultural finance covers various sectors and subsectors, focusing on different aspects of agriculture:

#### **Main Sectors:**

1. **Crop Production:** Financing for growing crops, including grains, vegetables, fruits, and other plants.
2. **Livestock:** Funding for raising animals like cows, goats, chickens for milk, meat, eggs, and other products.
3. **Fisheries:** Support for fish farming and related activities.
4. **Forestry:** Financing for managing forests, including timber and non-timber products.

#### **Subsectors:**

1. **Farm Equipment:** Loans for tractors, harvesters, and other machinery.
2. **Seed and Fertilizer:** Financing for buying seeds, fertilizers, pesticides, and other inputs.

3. **Irrigation:** Funding for developing and maintaining irrigation systems.
4. **Storage and Processing:** Loans for constructing storage facilities and processing units.
5. **Marketing and Distribution:** Financing for transporting and selling agricultural products.

These sectors and subsectors encompass the wide range of activities and needs in the agricultural sector, ensuring comprehensive financial support.

The necessity of sectors and subsectors credit in agricultural finance includes:

- **Enhanced Productivity:** Provides essential funds for crop production, livestock, fisheries, and forestry, boosting output.
- **Modernization:** Enables purchase of farm equipment, enhancing efficiency and reducing labor.
- **Sustainability:** Supports irrigation development, ensuring water availability and effective land use.
- **Value Addition:** Funds storage and processing units, reducing post-harvest losses and increasing product value.
- **Market Access:** Facilitates marketing and distribution, helping farmers reach broader markets and improve income.

These targeted financial supports stabilize food supply, improve rural livelihoods, and promote overall economic growth by addressing the diverse needs of the agricultural sector.

**Q-33. What is the difference between procedures and methods of agricultural credit disbursement? Discuss the methods of agricultural financing.**

The difference between procedures and methods of agricultural credit disbursement lies in their focus and scope:

**Procedures:** This refers to the steps or processes involved in providing the loan to the borrower. It includes application submission, document verification, loan approval, and fund disbursement.

**Methods:** These are the various ways or approaches through which agricultural financing is provided. Some common methods are:

1. **Direct Lending:** Banks directly lend to farmers or agribusinesses.
2. **Group Lending:** Loans are given to a group of farmers, who collectively guarantee repayment.
3. **Contract Farming:** Financing is provided under an agreement where the farmer sells the produce to a specific buyer, often at a predetermined price.
4. **Microfinance:** Small loans are offered to small-scale farmers and rural entrepreneurs.
5. **Government Subsidized Loans:** Loans provided at lower interest rates, often with government support.

Each method has its unique approach to support different needs and conditions in the agricultural sector.

**Q-34. Discuss the importance of use of IT in agricultural finance. Discuss some advancements in IT adoption by banks in Bangladesh. Why customer confidentiality is important in the age of IT?**

The use of IT in agricultural finance is important for several reasons:

1. **Efficiency:** IT systems speed up loan processing, making finance more accessible to farmers.
2. **Reach:** Digital platforms help banks reach remote or small-scale farmers.
3. **Transparency:** IT enables better tracking and monitoring of loans, ensuring proper use.

Advancements in IT adoption by banks in Bangladesh include:

1. **Online Banking Services:** For easy loan applications and transactions.
2. **Mobile Banking:** Allowing farmers to manage finances via smartphones.
3. **Data Analytics:** Used by banks to assess credit risk and tailor loan products.

Customer confidentiality is crucial in the age of IT because:

1. **Data Protection:** Personal and financial data need protection from unauthorized access.
2. **Trust Building:** Keeping customer information confidential builds trust in banking services.
3. **Preventing Fraud:** Ensures data isn't misused for fraudulent activities.

Overall, IT enhances agricultural finance by improving service delivery, but it also requires strong measures to protect customer confidentiality.

**Q-35. What are the benefits of IT for banks as well as customers? How IT can impact service quality in Banks? What are the scopes of IT in agricultural finance?**

**Benefits of IT for Banks and Customers:**

1. **Efficiency:** IT speeds up banking processes, making transactions faster for customers.
2. **Accessibility:** Customers can access banking services remotely, anytime.
3. **Reduced Costs:** Automated processes lower operational costs for banks, potentially leading to lower fees for customers.
4. **Enhanced Security:** Improved data security protects customer information.

**Impact of IT on Service Quality in Banks:**

1. **Better Customer Service:** Quick, accurate responses to customer queries.
2. **Personalized Services:** Data analytics allow banks to offer tailored products.
3. **Reliability:** Automated systems reduce errors in transactions.

**Scopes of IT in Agricultural Finance:**

1. **Mobile Banking:** Farmers can access loans and other services via mobile devices.
2. **Online Platforms:** For easy loan applications and information access.
3. **Data Management:** Better tracking of loan distribution and repayments.
4. **Remote Monitoring:** Banks can remotely monitor the progress of funded projects.

IT significantly improves service quality in banks and opens up new possibilities in agricultural finance, making it more accessible and efficient for farmers.

**Q-36. What is the role of banks in agricultural sector financing in Bangladesh. Discuss the performance of SBS, SCBS, PCBs and FCBs in agricultural finance in Bangladesh.**

**Role of Banks in Agricultural Sector Financing in Bangladesh:**

Banks in Bangladesh play a crucial role in supporting the agricultural sector by providing financial resources. They offer loans for buying seeds, equipment, and other farming needs. Banks also help in the adoption of new technologies and sustainable farming practices.

**Performance of Different Bank Types in Agricultural Finance:**

1. **State-Owned Banks (SBS):** Generally have a significant role in agricultural financing, often focusing on policy-driven lending.
2. **Specialized Commercial Banks (SCBS):** Like Bangladesh Krishi Bank, these banks specifically target agricultural financing and usually have extensive outreach in rural areas.
3. **Private Commercial Banks (PCBs):** They also contribute to agricultural financing but with more focus on commercial viability.
4. **Foreign Commercial Banks (FCBs):** Their involvement in agricultural finance is usually limited, focusing more on urban and corporate banking.

Each type of bank has a unique role, with state-owned and specialized banks playing a more prominent part in directly supporting agriculture in Bangladesh.

**Q-37. Discuss the important Regulatory Policies for Agricultural and Farm Sector Financing in Bangladesh.**

In Bangladesh, several important regulatory policies guide agricultural and farm sector financing:



1. **Loan Quota System:** Bangladesh Bank mandates a certain percentage of total loans from commercial banks to be allocated for agriculture.
2. **Refinance Schemes:** Bangladesh Bank offers refinancing to other banks for agricultural loans, encouraging them to lend more to this sector.
3. **Interest Rate Cap:** The central bank sets a maximum interest rate for agricultural loans to keep them affordable for farmers.
4. **Loan Rescheduling and Waiver Policies:** For farmers facing difficulties, there are provisions for rescheduling loan repayments or even waiving off loans under specific circumstances.
5. **Collateral Relaxation:** Policies often relax collateral requirements for small and marginal farmers.
6. **Specialized Loan Programs:** Introduction of targeted loan programs for specific agricultural activities or innovations.

These policies aim to ensure adequate, affordable, and accessible financial support for the agricultural sector, which is a vital part of Bangladesh's economy.

**Q-38. Discuss the policy support provided by Agriculture Credit Department (ACD) of Bangladesh Bank to overcome the Covid-19 situation. BPE-96**

During the Covid-19 situation, the Agriculture Credit Department (ACD) of Bangladesh Bank provided several policy supports to help the agricultural sector:

1. **Loan Rescheduling:** They allowed farmers to reschedule their loan payments without penalty, giving them more time to pay back.
2. **Reduced Interest Rates:** Interest rates on agricultural loans were lowered to ease the financial burden on farmers.
3. **Stimulus Packages:** Introduced special financial packages to ensure continuous flow of credit to the agriculture sector.
4. **Extended Loan Tenures:** Loan repayment periods were extended, reducing the pressure on farmers to repay quickly.
5. **Relaxed Lending Criteria:** Made it easier for farmers and agribusinesses to qualify for loans.
6. **Increased Funding:** Provided additional funds specifically for agricultural financing during the pandemic.

These measures were aimed at supporting farmers and the agricultural sector through the financial challenges brought by the Covid-19 pandemic.

**Q-39. Discuss special policy support by Bangladesh Bank for CMSMEs (Cottage, Micro, Small and Medium Enterprise) during Covid-19 period. BPE-96<sup>th</sup>.**

During the COVID-19 period, Bangladesh Bank implemented special policy support to assist Cottage, Micro, Small, and Medium Enterprises (CMSMEs) in navigating the economic challenges. Recognizing the vital role of CMSMEs in the economy and their vulnerability to the pandemic's impacts, the central bank introduced several measures:

1. **Refinancing Schemes:** A significant refinancing scheme was introduced to provide CMSMEs with low-cost loans, ensuring they have the necessary liquidity to sustain operations.
2. **Loan Moratoriums:** Temporary suspension of loan repayments was offered to help businesses cope with cash flow disruptions.
3. **Interest Rate Caps:** Interest rates for new loans to CMSMEs were capped to lower the cost of borrowing.
4. **Credit Guarantee Scheme:** To encourage banks to lend to CMSMEs, a credit guarantee scheme was established, reducing the risk for lenders.

These initiatives aimed to cushion the economic blow, maintain employment, and stabilize the CMSME sector, crucial for the country's economic recovery.

**Q-40. What are the main initiatives taken by Bangladesh Bank for women enterprise development under the policy support program. BPE-96<sup>th</sup>.**

Bangladesh Bank has been proactive in promoting women enterprise development through a series of targeted initiatives under its policy support program, focusing on enhancing access to finance and encouraging entrepreneurship among women. Key initiatives include:

1. **Dedicated Refinancing Scheme:** Introduction of a refinancing scheme specifically designed for women entrepreneurs to provide them with affordable credit.
2. **Interest Subsidy:** Offering interest rate subsidies for loans taken by women entrepreneurs to reduce the cost of borrowing and encourage more women to access financial services.
3. **Collateral Requirements Relaxation:** Easing the collateral requirements for women entrepreneurs to facilitate easier access to credit.
4. **Capacity Building Programs:** Organizing training and development programs to enhance the business skills, financial literacy, and entrepreneurial capabilities of women.
5. **Special Credit Quotas:** Allocating special credit quotas within financial institutions to ensure a certain percentage of lending is directed towards women-owned businesses.

These initiatives aim to empower women entrepreneurs, enabling them to contribute more significantly to the economy and achieve financial independence.

**Q-41. Mention further steps to be taken for development of women entrepreneurs. BPE-96<sup>th</sup>.**

For the development of women entrepreneurs, further steps that could be beneficial include:

1. **Enhanced Access to Capital:** Establish dedicated financial products and funds for women-led businesses, ensuring easier access to capital with favorable terms.
2. **Capacity Building Programs:** Offer specialized training and mentorship programs focusing on business management, digital literacy, and market access to empower women entrepreneurs with the necessary skills and knowledge.
3. **Market Linkage Support:** Facilitate connections between women entrepreneurs and potential markets, both locally and internationally, through trade fairs, online platforms, and networking events.
4. **Policy Reforms:** Implement and enforce policies that encourage gender equality in entrepreneurship, including equal property rights, inheritance laws, and anti-discrimination measures.
5. **Childcare Support:** Provide or subsidize childcare services for women entrepreneurs, enabling them to balance business commitments with family responsibilities more effectively.

Adopting these measures can significantly contribute to the empowerment and success of women entrepreneurs, fostering a more inclusive and equitable economic environment

**Q-42. What do you mean by Global Warming? What might be the negative impact it may have on our agriculture production. system? Dec-19, BPE-98<sup>th</sup>.**

Global warming refers to the long-term increase in Earth's average surface temperature due to human activities, primarily the emission of greenhouse gases like carbon dioxide. This warming leads to significant changes in climate patterns.

The negative impacts of global warming on agriculture production can include:

1. **Extreme Weather:** More frequent and severe droughts, floods, and storms can damage crops and reduce yields.
2. **Shifts in Growing Seasons:** Changing temperatures can affect planting and harvesting times, disrupting traditional farming schedules.
3. **Water Scarcity:** Increased evaporation and altered rainfall patterns can lead to water shortages, affecting irrigation.
4. **Pest and Disease Proliferation:** Warmer temperatures can encourage the spread of pests and diseases that harm crops.

**5. Soil Degradation:** Changes in rainfall and temperature can affect soil health, reducing its fertility. These impacts can challenge agriculture, potentially leading to reduced food production and increased difficulties for farmers.

**Q-43. What are the problems faced by the small and marginal farmers to obtain institutional agricultural credit? What are the possible solutions to these problems? June-19**

**Problems Faced by Small and Marginal Farmers for Institutional Agricultural Credit:**

1. **Lack of Collateral:** Many don't have assets to secure loans.
2. **Complex Procedures:** Loan processes can be complicated and time-consuming.
3. **High Interest Rates:** Often unaffordable for small-scale farmers.
4. **Limited Access:** Some live in remote areas with limited banking services.
5. **Low Financial Literacy:** Lack of understanding of financial products and processes.

**Possible Solutions to These Problems:**

1. **Microfinance Options:** Small, collateral-free loans.
2. **Simplified Loan Procedures:** Making the application process easier and more farmer-friendly.
3. **Government Subsidies:** Reducing interest rates through subsidies.
4. **Mobile Banking Services:** Providing banking services in remote areas.
5. **Financial Education Programs:** Educating farmers about finance and banking.

Implementing these solutions can help small and marginal farmers access the credit they need more easily and effectively.

**Q-44. Define and distinguish between the concepts of institutional and non-institutional agricultural credit. Dec-19, BPE-98<sup>th</sup>.**

**Institutional Agricultural Credit:**

This type of credit comes from formal financial institutions like banks, cooperative societies, and government agencies. These sources are regulated by laws and have structured processes for lending. They offer various loan products with defined interest rates and repayment terms. Institutional credit is generally more secure and reliable, and often comes with lower interest rates.

**Non-Institutional Agricultural Credit:**

Non-institutional credit refers to loans from sources outside the formal banking system. This includes money lenders, traders, friends, and relatives. These sources are not regulated by financial laws, and their loan terms can vary widely. Non-institutional loans might be easier and quicker to obtain, especially for small-scale farmers, but they often come with higher interest rates and less formalized repayment terms. There's also a higher risk of unfair practices due to the lack of regulation.

**Institutional vs. Non-Institutional Agricultural Credit:**

Feature	Institutional Agricultural Credit	Non-Institutional Agricultural Credit
1.Source	Banks, cooperative societies, and government institutions	Moneylenders, traders, landlords, friends, and relatives
2.Regulation	Governed by formal regulations and policies	Informal and unregulated
3.Interest Rates	Generally lower, with caps set by authorities	Typically higher, with no regulation
4.Documentation	Requires formal documentation and paperwork	Minimal to no documentation required
5.Security/Collateral	Often requires collateral or security	May or may not require collateral; often based on personal trust

**Q-45. Describe the features and objectives of supervised credit. Dec-19<sup>th</sup>**

Supervised credit is a type of loan where the lender, usually a bank or financial institution, closely monitors how the loan is used. Here are its features and objectives:

**Features of Supervised Credit:**

1. **Close Monitoring:** The lender regularly checks how the borrower is using the money.
2. **Specific Purpose:** Loans are given for specific purposes, like buying seeds or equipment, and the borrower must use the money accordingly.
3. **Guidance and Support:** Lenders often provide advice and guidance to borrowers, helping them use the loan effectively.

**Objectives of Supervised Credit:**

1. **Ensuring Proper Use:** To make sure that the loan is used exactly for the intended purpose.
2. **Improving Loan Repayment:** By monitoring and supporting, lenders aim to increase the likelihood of the loan being repaid.
3. **Enhancing Project Success:** Supervision helps in the successful implementation of the project or business for which the loan was taken.
4. **Reducing Risk:** Close monitoring reduces the risk of loan misuse or failure

**Q-46. Mention the basic requirements of financing an agro-based project. BPE-97<sup>th</sup>.**

Financing an agro-based project in Bangladesh requires adherence to a set of basic requirements to ensure the viability and sustainability of the investment. These include:

1. **Feasibility Study:** A comprehensive feasibility study demonstrating the project's economic viability, including market analysis, technical feasibility, environmental impact, and financial projections.
2. **Business Plan:** A detailed business plan outlining the project's objectives, strategies, operational plans, and financial forecasts.
3. **Collateral Security:** Adequate collateral security or guarantee to cover the loan amount, as required by the financing institution.
4. **Compliance with Regulations:** Adherence to all relevant national and local regulations, including environmental laws and agricultural policies.
5. **Technical Expertise:** Evidence of the technical expertise and management capability necessary to successfully implement and operate the project.
6. **Financial Contribution:** A significant financial contribution from the entrepreneur to demonstrate commitment and reduce the risk for the lender.

Meeting these requirements ensures that agro-based projects are both financially sound and aligned with the sustainable development goals of Bangladesh, thereby increasing their eligibility for financing.

**Q-47. Why an agro-based project become sick? How banks can be helpful to save an agro-based sick project? BPE-97<sup>th</sup>.**

An agro-based project may become sick due to various reasons, including poor management, inadequate planning, lack of technical expertise, market fluctuations, natural disasters, and insufficient financial management. These factors can lead to operational inefficiencies, reduced productivity, and financial instability, jeopardizing the project's sustainability.

Banks can play a crucial role in reviving sick agro-based projects through several interventions:

1. **Restructuring Loans:** Modifying repayment terms to ease the financial burden on the project, providing breathing space to regain stability.
2. **Providing Additional Financing:** Offering additional loans or credit facilities for restructuring operations, acquiring modern technology, or expanding market reach.

3. **Technical Assistance:** Offering expertise in agricultural best practices, financial management, and market analysis to enhance operational efficiency and profitability.
4. **Facilitating Training Programs:** Arranging for training and development programs for project staff and management in modern agricultural techniques, business management, and sustainability practices.

By taking these steps, banks can help sick agro-based projects recover, ensuring their long-term viability and contribution to the economy.

**Q-48. What important factors are considered by a bank for financing in agro-based projects? How a financing bank can assist for rehabilitation of a sick project? June-19.**

When a bank considers financing agro-based projects, it looks at several important factors:

1. **Viability of the Project:** The bank assesses if the project is practical, profitable, and sustainable.
2. **Experience and Skill of the Borrower:** The borrower's knowledge and experience in agriculture or related activities are important.
3. **Market Potential:** How well the project's products or services might sell in the market.
4. **Environmental Impact:** The project's effects on the environment are considered, ensuring sustainability.
5. **Repayment Capacity:** The bank evaluates the borrower's ability to repay the loan.

For rehabilitating a sick project, a financing bank can assist by:

1. **Restructuring the Loan:** Adjusting the repayment schedule to make it more manageable.
2. **Providing Additional Funds:** If needed, for reviving the project.
3. **Technical and Managerial Advice:** Offering expertise to help improve the project's operations and management.
4. **Monitoring Progress:** Closely monitoring the project's recovery and providing ongoing support.

**Q-49. Discuss the formalities of sanctioning and disbursement of Agricultural credit by the nationalized Commercial Banks and private Commercial Banks. June-19**

When nationalized and private commercial banks in Bangladesh sanction and disburse agricultural credit, they follow these formalities:

1. **Loan Application:** Farmers submit an application with details of their farming project and personal information.
2. **Document Verification:** Banks check documents like land records, identity proofs, and business plans.
3. **Project Evaluation:** The bank assesses the project's feasibility, profitability, and sustainability.
4. **Creditworthiness Check:** The bank reviews the borrower's financial history and repayment capacity.
5. **Approval Process:** If the evaluation is positive, the loan is approved by the bank's concerned authority.
6. **Loan Agreement:** The borrower signs a loan agreement detailing the terms and conditions.
7. **Collateral Evaluation:** If required, collateral is assessed and documented.
8. **Disbursement:** Finally, the loan amount is disbursed, either in a lump sum or in phases, depending on the project's needs and the bank's policy.

These steps are designed to ensure that loans are given to viable agricultural projects and are likely to be repaid

**Q-50. What are the steps to be taken to make the disbursement process of Agri and Rural credit more transparent and accountable?) June-17**

To make the disbursement process of agricultural and rural credit more transparent and accountable, these steps can be taken:

1. **Clear Guidelines:** Establish and communicate clear guidelines on loan eligibility, application, and disbursement processes.
2. **Digitization:** Implement digital systems for application, processing, and tracking of loans, reducing paperwork and increasing efficiency.
3. **Regular Audits:** Conduct regular audits to ensure that all procedures are followed correctly.
4. **Training Staff:** Train bank staff on ethical practices and the importance of transparency.
5. **Customer Education:** Educate borrowers about the loan process, their rights, and responsibilities.
6. **Feedback Mechanism:** Establish a system where borrowers can report issues or give feedback.
7. **Transparent Communication:** Regularly update borrowers on the status of their loan applications and disbursement.
8. **Accountability Measures:** Put measures in place to hold staff accountable for any discrepancies or unethical behavior.

These steps will help in building trust in the financial system and ensure that agricultural and rural credit is managed fairly and efficiently.

### **Q-51. How we can remove the social and institutional barriers to provide credit facilities to woman entrepreneurs? June-17**

To remove social and institutional barriers for providing credit facilities to women entrepreneurs, these steps can be taken:

1. **Awareness Programs:** Conduct awareness campaigns to challenge stereotypes and promote women's entrepreneurship.
2. **Tailored Financial Products:** Design loan products specifically for women, considering their unique needs and challenges.
3. **Simplified Procedures:** Simplify loan application and approval processes to make them more accessible for women.
4. **Training and Support:** Offer training in financial literacy and business management specifically for women entrepreneurs.
5. **Flexible Collateral Requirements:** Adapt collateral requirements, recognizing that women may not have the same access to assets as men.
6. **Encouraging Women in Banking:** Hire and train more women in financial institutions to create a more inclusive environment.
7. **Networking Opportunities:** Facilitate networking and mentorship programs for women entrepreneurs.
8. **Policy Changes:** Advocate for changes in laws and policies that inadvertently make it harder for women to access credit.

These measures can help create a more supportive environment for women entrepreneurs to access the credit they need.

### **Q-52. What do you mean by Financial Inclusion? Discuss the policy measures taken by Bangladesh Bank to promote financial inclusion in the country. June-19**

Financial inclusion means ensuring that individuals and businesses have access to useful and affordable financial products and services that meet their needs, like transactions, payments, savings, credit, and insurance. It's about bringing people into the formal financial system, especially those who are traditionally excluded.

To promote financial inclusion in Bangladesh, Bangladesh Bank has taken several policy measures:

1. **Mobile Financial Services:** Encouraging mobile banking to reach people in remote areas.
2. **Agent Banking:** Setting up banking agents in underserved areas to provide basic banking services.

3. **Microfinance:** Supporting microfinance institutions that offer small loans to those without access to traditional banking.
4. **Inclusive Loan Products:** Introducing loan products tailored for small entrepreneurs and marginalized groups.
5. **Financial Literacy Programs:** Conducting programs to educate people about financial services and their rights.
6. **Women's Banking:** Special initiatives to increase women's access to financial services.

These policies aim to make financial services more accessible and affordable for all, especially the underserved populations in Bangladesh.

**Q-53. Describe the role of middleman in agricultural product price at consumer level. BPE-97<sup>th</sup>.**

In Bangladesh, middlemen play a significant role in determining the price of agricultural products at the consumer level. They act as intermediaries between farmers and consumers, handling the transportation, storage, and distribution of produce. While they provide essential services in the supply chain, their presence often leads to increased costs.

1. **Price Markup:** Middlemen add their markup to cover operational costs and profit, leading to higher prices for consumers.
2. **Limited Bargaining Power of Farmers:** Farmers often sell at lower prices due to lack of market access and immediate cash needs. Middlemen then sell at higher prices to retailers or consumers.
3. **Information Asymmetry:** Middlemen might exploit the lack of market information available to farmers, buying low from producers and selling high to consumers.
4. **Supply Chain Inefficiencies:** Multiple layers of middlemen can lead to inefficiencies and increased costs, further inflating consumer prices.

Overall, while middlemen are crucial for market function, their role can sometimes contribute to higher consumer prices and reduced earnings for farmers

**Q-54. How "Farmers' 10-taka Account" playing important role towards financial inclusion? BPE-97<sup>th</sup>.**

The "Farmers' 10-taka Account" in Bangladesh plays a pivotal role in advancing financial inclusion among the rural farming community. This initiative allows farmers to open bank accounts with just 10 Taka, significantly lowering the barrier to entry into the formal banking system. Key impacts include:

1. **Access to Banking Services:** Farmers gain access to basic banking services, savings schemes, and credit facilities, which were previously inaccessible due to high account opening fees.
2. **Encourages Savings:** It encourages a savings culture among farmers, contributing to their financial security and resilience.
3. **Gateway to Credit:** With an account, farmers are more likely to obtain formal credit at reasonable rates, reducing their reliance on informal, high-cost borrowing.
4. **Financial Literacy:** The program often comes with financial education, helping farmers to make informed decisions about savings, investments, and loans.
5. **Government Benefits:** It facilitates direct transfer of government subsidies and support, ensuring minimal leakage and efficient distribution.

Overall, the "Farmers' 10-taka Account" significantly contributes to the financial empowerment of the rural agrarian sector in Bangladesh.

**Q-55. What is the role of Agricultural finance to attain self-sufficiency in food production? How to promote export of agricultural products? June-17**

**Role of Agricultural Finance in Attaining Self-Sufficiency in Food Production:**

1. **Enables Investment:** Helps farmers buy seeds, fertilizers, and equipment, leading to higher crop yields.

2. **Supports Modernization:** Finance can be used for adopting new technologies, increasing efficiency and productivity.
3. **Risk Management:** Provides a safety net for farmers against crop failures or market fluctuations.
4. **Diversification:** Encourages farmers to grow a variety of crops, enhancing food security.

#### **Promoting Export of Agricultural Products:**

1. **Quality Improvement:** Investing in improving the quality of products to meet international standards.
2. **Market Research:** Understanding global market demands and trends.
3. **Infrastructure Development:** Building better storage, processing, and transportation facilities.
4. **Government Support:** Providing subsidies and incentives for export-oriented agriculture.
5. **Certifications and Standards:** Obtaining international certifications for organic or sustainable farming.

These strategies can help in achieving self-sufficiency in food production and boost the export of agricultural products, contributing to economic growth

#### **Q-56. What are the causes of poor recovery of rural credit provided by the specialized banks? June-19**

The poor recovery of rural credit provided by specialized banks can be due to several reasons:

1. **Natural Disasters:** Floods, droughts, and other weather-related issues can lead to crop failures, making it hard for farmers to repay loans.
2. **Low Market Prices:** If farmers don't get good prices for their produce, their income might be insufficient to cover loan repayments.
3. **High Interest Rates:** Sometimes, the interest rates might be too high for small-scale farmers.
4. **Inadequate Loan Size:** Loans might be too small to make a significant impact on the borrowers' productivity and income.
5. **Lack of Financial Literacy:** Farmers might not fully understand the terms and conditions of the loans.
6. **Poor Project Planning:** Loans used for poorly planned projects may not yield expected returns.
7. **Inefficient Monitoring:** Lack of proper monitoring by banks can lead to misuse of loan funds.

Addressing these issues is crucial for improving the recovery rates of rural credit in specialized banking.

#### **Q-57. What is Agent Banking? Discuss merits and demerits of disbursing agricultural loan through Agent Banking system. Dec-19, BPE-97<sup>th</sup>.**

Agent Banking is a system where banks use agents to provide banking services in areas where they don't have branches. These agents can be shops or individuals authorized to carry out banking transactions on behalf of the bank.

##### **Merits of Disbursing Agricultural Loan through Agent Banking:**

1. **Accessibility:** Makes it easier for farmers in remote areas to access loans.
2. **Convenience:** Farmers don't need to travel far to a bank branch.
3. **Faster Service:** Simplifies and speeds up the loan application process.
4. **Lower Costs:** Reduces transaction costs for both banks and borrowers.

##### **Demerits:**

1. **Limited Services:** Agents might not offer all the services available at a bank branch.
2. **Risk of Fraud:** There's a potential risk of fraud or mismanagement.
3. **Dependency on Agents:** Quality of service depends heavily on the agent's reliability and expertise.
4. **Training and Oversight:** Requires effective training and oversight of agents, which can be challenging.



Overall, while agent banking improves access to agricultural loans, it requires careful management and oversight to ensure reliability and security.

**Q-58. Why agent banking is becoming popular day by day in rural Bangladesh? BPE-97<sup>th</sup>.**

Agent banking is rapidly gaining popularity in rural Bangladesh due to its pivotal role in bridging the financial inclusion gap. This model extends banking services to remote areas where traditional bank branches are scarce or non-existent, through agents like local shopkeepers. Here's why it's thriving:

1. **Accessibility:** It brings banking services to the doorstep of rural populations, making financial transactions more accessible.
2. **Convenience:** With extended operating hours compared to traditional banks, it offers greater convenience for customers.
3. **Low Cost:** It reduces the need for travel to distant bank branches, saving time and money for rural dwellers.
4. **Financial Inclusion:** It plays a critical role in incorporating the unbanked population into the formal financial system, offering services like deposits, withdrawals, remittances, and loan payments.
5. **Empowerment:** By facilitating easier access to banking services, it empowers rural populations financially, contributing to their economic well-being and development.

The success of agent banking in rural Bangladesh exemplifies how innovative banking models can significantly impact financial inclusion and rural development.

**Q-59. What is Green Banking? What measures are taken to establish Green Banking in Bangladesh? Dec-19**

**Green Banking** refers to banking activities that consider environmental impacts and aim to reduce carbon footprints. It includes practices and strategies that promote environmentally friendly initiatives and sustainable development.

In Bangladesh, several measures have been taken to establish Green Banking:

1. **Green Finance Policies:** Bangladesh Bank has introduced policies for banks to finance environmentally friendly projects.
2. **Investment in Green Projects:** Encouraging banks to invest in renewable energy, waste management, and other eco-friendly projects.
3. **Online Banking Services:** Promoting digital banking to reduce paper use.
4. **Energy Efficiency:** Encouraging banks to use energy-efficient infrastructure and practices in their operations.
5. **Awareness Programs:** Conducting programs to increase awareness about environmental issues among banks and their customers.
6. **Green Refinancing:** Offering refinancing options for green projects at lower interest rates.

These steps aim to integrate environmental considerations into banking practices, contributing to the overall goal of sustainable development in Bangladesh.

**Q-60. What is contract farming? BPE-96, BPE-98<sup>th</sup>.**

Contract farming is an agreement between farmers and a company, where the farmers agree to produce a certain type of crop or livestock and then sell it to the company at a predetermined price. The company usually provides the farmer with seeds, fertilizers, technical advice, and sometimes even financial support. In return, the farmer ensures that the product meets the quality and quantity requirements set by the company. This arrangement helps farmers by reducing market risks and providing them with a guaranteed buyer, while companies get a steady supply of agricultural products. It's a way to connect farmers directly with the market.

**Q-61. Discuss the merits and demerits of contract farming. BPE-96, BPE-98<sup>th</sup>.**

**Merits of Contract Farming:**

1. **Stable Income:** Farmers have a guaranteed buyer and a fixed price for their products, providing income stability.
2. **Reduced Risk:** The company often bears some of the market risks, like price fluctuations.
3. **Access to Technology:** Farmers get access to modern technology and high-quality inputs provided by the company.
4. **Technical Guidance:** Companies often provide technical advice and training, improving farming practices.

#### **Demerits of Contract Farming:**

1. **Dependency:** Farmers might become dependent on the company for inputs and market.
2. **Less Control:** Farmers have less control over what to grow and how to grow it.
3. **Quality Standards:** Pressure to meet high quality standards set by the company can be challenging.
4. **Risk of Exploitation:** There's a risk of unfair practices by companies, like offering low prices.

Overall, while contract farming can provide stability and support to farmers, it also requires careful management to avoid dependency and ensure fair treatment.

#### **Q-62. How bank and agro based entrepreneurs get benefit from contract farming? BPE-96, BPE-98<sup>th</sup>.**

**Banks and agro-based entrepreneurs both benefit from contract farming in several ways:**

##### **For Banks:**

1. **Reduced Risk:** Contract farming agreements offer a more secure investment for banks, as the produce already has a guaranteed buyer.
2. **Regular Repayments:** With stable income from contracts, farmers are more likely to repay loans on time.
3. **Market Expansion:** Banks can expand their market by providing loans to more farmers involved in contract farming.

##### **For Agro-Based Entrepreneurs:**

1. **Steady Supply:** They get a consistent and reliable supply of agricultural products as per their requirements.
2. **Quality Control:** Entrepreneurs can specify quality standards in the contract, ensuring they get the desired product quality.
3. **Cost Efficiency:** Reduces the cost of searching for and negotiating with multiple individual farmers.

In summary, contract farming offers financial stability and market assurance to both banks and agro-based entrepreneurs, making it a mutually beneficial arrangement.

#### **Q-63. Illustrate the "Special credit programmed for share croppers"-Introduced by Bangladesh Bank. Do you agree with the interest rate as mentioned in this programmed? Discuss with reasons. Dec-17, BPE-98<sup>th</sup>.**

The "Special Credit Program for Sharecroppers" introduced by Bangladesh Bank aims to provide financial support to sharecroppers who traditionally have difficulty accessing formal credit due to lack of collateral. Under this program, sharecroppers can borrow money for agricultural purposes without having to provide land or other assets as security. The program usually involves a third-party guarantee and is designed to empower sharecroppers, enabling them to invest in better inputs and farming practices, thereby increasing their productivity and income.

Regarding the interest rate of this program, whether it's agreeable or not depends on several factors:

- **Affordability:** The interest rate should be low enough for sharecroppers to afford the repayments.
- **Sustainability:** It should cover the bank's costs, ensuring the program's sustainability.
- **Comparative Analysis:** The rate should be compared with other available agricultural credit options to assess its competitiveness.

Ultimately, the success of the program hinges on balancing affordability for sharecroppers while ensuring the program is financially viable for the bank.

**Q-64. What do you mean by crop calendar and credit norms? BPE-96**

A "crop calendar" is a schedule that farmers use to plan the activities involved in growing crops. It includes the timing for each step in the crop production process, like when to prepare the land, plant seeds, apply fertilizers, water, and harvest. The calendar is based on the specific needs of each type of crop and the local climate conditions. It helps farmers optimize their farming practices and improve crop yields.

"Credit norms" in agriculture refer to the guidelines or rules set by financial institutions for giving loans to farmers. These norms include the amount of loan, the interest rate, repayment schedule, and other conditions. They are usually based on factors like the type of crop, its production cost, expected yield, and market price. Credit norms help ensure that farmers get the right amount of money at the right time for their agricultural needs.

**Q-65. Describe how digitization helps a farmer to get better yields. Dec-19**

Digitization helps farmers get better yields in several ways:

1. **Access to Information:** Through digital platforms, farmers can easily access information about weather forecasts, pest control, best farming practices, and market prices.
2. **Precision Farming:** Digital tools like GPS and drones enable precision farming, where farmers can efficiently use resources like water and fertilizers, leading to higher yields.
3. **Disease and Pest Detection:** Smartphone apps can help identify crop diseases and pests early, allowing for timely intervention.
4. **Online Training and Support:** Farmers can receive online training and advice on crop management, improving their farming techniques.
5. **Market Connectivity:** Digitization connects farmers directly to markets, helping them get better prices for their produce.
6. **Record Keeping and Analysis:** Digital tools help in keeping better records of farming activities, enabling analysis and better decision-making for future crops.

Overall, digitization empowers farmers with knowledge, tools, and connections that lead to more efficient farming and better crop yields.

**Q-66. Define farm mechanization. BPE-97<sup>th</sup>. BPE-98<sup>th</sup>.**

Farm mechanization refers to the use of machinery and tools to conduct agricultural operations, replacing manual labor and traditional farming methods. This includes a wide range of equipment from simple tools like tractors and plows to more advanced technologies such as harvesters, seed drills, and irrigation systems. The goal of farm mechanization is to increase productivity, efficiency, and crop yields while reducing the time and labor required for farming tasks. It allows farmers to cultivate larger areas more effectively, manage crops with greater precision, and significantly cut down on the physical labor associated with traditional farming. By adopting mechanized farming techniques, farmers can achieve higher production rates, improved product quality, and better overall farm management.

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**Q-67. Due to farm mechanization our farmers are becoming surplus and jobless. Do you agree with this? Show reasons. June-19**

The impact of farm mechanization on farmers becoming surplus and jobless is a complex issue. Here are some reasons to consider:

1. **Increased Efficiency:** Mechanization increases farming efficiency and productivity. It allows farmers to cultivate larger areas with less labor, leading to higher yields.
2. **Reduced Labor Demand:** With machines doing work that was previously done manually, there is indeed a reduction in the demand for traditional farm labor.

3. **Job Displacement:** Some farm workers may become jobless in the short term as machines replace manual labor.
4. **New Opportunities:** However, mechanization can also create new job opportunities in areas like machine operation, maintenance, and agricultural technology.
5. **Skill Development:** It encourages the development of new skills among the rural workforce.
6. **Economic Growth:** Overall, mechanization can contribute to economic growth, which can create diverse job opportunities beyond traditional farming.

So, while mechanization can lead to some job displacement, it also brings efficiency and new job prospects, especially for those willing to adapt and acquire new skills.

**Q-68. Is there any possibility of exporting farmers to middle-east countries? What will be the impact? June-19**

Exporting farmers to Middle-East countries, in the context of them working there in agricultural roles, is a possibility. Several Middle-Eastern countries do hire workers from abroad for various sectors, including agriculture. However, this concept involves several considerations:

1. **Employment Opportunities:** It could provide employment opportunities for farmers seeking work.
2. **Skill Utilization:** Farmers can use their agricultural skills in a new environment, potentially learning advanced farming techniques.
3. **Remittances:** Money sent back home by these farmers can help boost the economy of their home country.
4. **Cultural and Legal Challenges:** Farmers need to adapt to different cultures and understand local laws and working conditions.
5. **Social Impact:** Long-term separation from families and potential social challenges are significant considerations for the farmers.

Overall, while there are opportunities and economic benefits, there are also significant personal and social impacts to consider for such an arrangement.

**Q-69. Define 'landless' and 'marginal' farmers. How can we finance these groups in a way suitable for them as well as for the financial agencies? June-19**

'Landless' farmers are those who do not own any agricultural land. They might work on others' farms or rely on different livelihood activities. 'Marginal' farmers, on the other hand, own very small pieces of land, typically less than one acre. Their land holdings are too small to provide for a substantial income.

Financing these groups in a suitable way involves:

1. **Microfinance:** Providing small loans that match their limited financial needs and repayment capacity.
2. **Group Lending:** Offering loans to a group, where members collectively guarantee each other's loans.
3. **Flexible Repayment Plans:** Structuring repayments according to their income patterns, like allowing repayments after harvests.
4. **Training and Support:** Providing education on financial management and efficient farming techniques.
5. **Government Subsidies and Grants:** Offering subsidized loans or grants targeted at these groups.

These methods can help make finance accessible and manageable for landless and marginal farmers, while also ensuring safety and viability for the financial agencies.

**Q-70. Explain the importance of grain storage credit and marketing credit. BPE-98<sup>th</sup>.****Grain Storage Credit:**

**Reduces Post-Harvest Losses:** Helps in storing grains properly, minimizing waste.

**Maintains Quality:** Ensures grain quality is preserved over time.

**Income Stabilization:** Allows farmers to sell produce when prices are favorable.

**Marketing Credit:**

**Enhanced Market Access:** Provides funds for transportation and distribution.

**Better Prices:** Helps farmers reach broader markets and reduce intermediaries.

**Efficient Selling:** Facilitates packaging and other marketing activities, improving income potential.

Together, these credits empower farmers to manage produce efficiently, stabilize their income, and contribute to food security and economic growth.

**Q-71. What are the different types of agricultural credit required by farmers based on tenure?**

Farmers typically need three types of agricultural credit based on tenure:

1. **Short Term Agricultural Credit:** Loans with a tenure of less than one year, typically needed for 6 months to a year. These loans are used for procuring inputs like seeds, fertilizer, pesticides, and for paying rent and government taxes. They also cover working capital expenses for livestock, poultry, and fish farms.
2. **Medium Term Loan:** Loans with tenures over one year and up to three years. These are used for purchasing agricultural machinery such as tractors and irrigation equipment.
3. **Long Term Loan:** Loans with a tenure of over three years, needed for commercial agricultural projects, land-filling, and desalinization of land.

**Q-72. What are the main problems faced by farmers/demand side in obtaining agricultural finance from formal sector banks?**

Farmers face several challenges in obtaining agricultural finance from formal sector banks:

1. **Long Institutional Procedure:** Complex and lengthy processes hinder access to credit.
2. **Urban Bias:** Banks prioritize urban areas for credit operations, leaving rural areas underserved.
3. **Limited Banking Operations in Rural Areas:** With only 47% of branches in rural areas, many farmers lack access to banking services.
4. **Higher Non-Interest Costs:** Additional costs such as transportation and multiple bank visits increase the overall cost of obtaining loans.
5. **Inability to Provide Collateral:** Farmers often cannot meet the collateral requirements set by formal sector banks.
6. **Lack of Timely Loan Assistance:** Delays in loan disbursement can ruin crops, as timely financial support is crucial for farming activities.

**Q-73. What are the main problems faced by banks/supply side in providing agricultural finance?**

Banks face several challenges in providing agricultural finance:

1. **High Cost Business:** Agricultural credit often has interest rate ceilings and requires more supervision, increasing costs without economies of scale benefits.
2. **Lack of Risk Reduction Mechanism:** Agriculture is vulnerable to climate and natural risks. The absence of a robust agricultural insurance system makes banks hesitant to finance this sector.
3. **Lack of Incentive:** Poor performance in public sector banks like BKB and RAKUB is due to weak governance, lack of performance incentives, and past loan waivers creating a culture of non-repayment.

- 4. Poor Institutional Capability:** Specialized banks are financially weak, and much of the government funding is used for operational expenses rather than reaching small and marginal farmers. There is also a lack of adequate staff, limiting agricultural finance to rich and influential farmers.

**Q-74. What steps can banks take to expedite the recovery of agricultural and rural credit?**

To expedite the recovery of agricultural and rural credit, banks can implement several measures:

- 1. Incentives for Officials:** Award certificates or incentives to officials for effective loan recovery.
- 2. Interest Rate Rebate:** Offer interest rate rebates to borrowers who repay loans on time.
- 3. Settle Certificate Cases:** Take effective steps to resolve long-pending Certificate Cases, providing incentives for lump-sum repayment of outstanding loans.
- 4. Loan Rescheduling:** Work with Bangladesh Bank to reschedule classified loans.
- 5. Recovery Cell:** Establish a dedicated 'Recovery Cell' in branches with high levels of classified or overdue loans.
- 6. Recovery Camps:** Organize 'Agricultural Credit Recovery Camps' at farmer gatherings with prior publicity.
- 7. Information Technology:** Encourage the use of IT to streamline the loan recovery process.

**Q-75. What are the various methods banks can use for agricultural credit delivery according to the Agricultural and Rural Credit Policy of Bangladesh Bank?**

Banks can utilize several methods for agricultural credit delivery:

- 1. Direct Credit Delivery:** Through branch networks, providing adequate agricultural credit directly to farmers.
- 2. Agri-Credit Delivery through MFI Linkage:** Partnering with Micro Finance Institutions (MFIs) to meet agricultural credit targets, ensuring proper monitoring and compliance.
- 3. Agri-Credit Delivery through Agent Banking:** Deploying agents in remote areas to offer banking services, including small loans and deposits.
- 4. Agri-Credit Delivery through Contract Farming:** Financing farmers under contracts with agro-based industries, ensuring fair prices and marketing support.
- 5. Open Credit Delivery through Credit Camps:** Organizing credit camps to facilitate easy access to agricultural credit for farmers.

These methods aim to enhance financial inclusion and support agricultural development.

**Q-76. What are the qualifications and requirements for entrepreneurs involved in contract farming to obtain agricultural loans?**

To qualify for agricultural loans in contract farming, entrepreneurs must:

- 1.** Be a company registered under the registrar of joint stock companies and firms.
- 2.** Have experience in the preservation, marketing, and processing of agricultural commodities.
- 3.** Have experience working with farmers at the field level.

Additionally, a copy of the contract between the farmers and the entrepreneur must be submitted to the Agricultural Credit & Financial Inclusion Department. Banks must obtain prior permission from Bangladesh Bank for each loan sanctioned. The interest rate for loans to farmers must comply with the interest ceiling set by Bangladesh Bank and be calculated on a reducing balance method. Entrepreneurs must maintain and provide account statements of the farmers on demand.

**Q-77. Does a foreign bank disburse agricultural credit in Bangladesh.**

Yes, foreign banks in Bangladesh do disburse agricultural credit. Although they joined the agricultural credit program later than domestic banks, foreign banks now participate due to the mandatory agricultural credit disbursement policy by Bangladesh Bank. For instance, in FY 2020, foreign banks disbursed Tk. 7.42 billion in agricultural credit, exceeding their target by around 9%. This participation helps meet the agricultural credit requirements in rural areas where these banks often work through partnerships with Micro Finance Institutions (MFIs) to ensure the funds reach the grassroots level.

**Q-78. Difference between Subsistence farming and commercial farming.**

<b>Particulars</b>	<b>Subsistence Farming</b>	<b>Commercial Farming</b>
<b>Purpose</b>	Primarily for the farmer's own consumption.	Mainly for sale in the market to earn profit.
<b>Scale of Operation</b>	Small-scale with limited resources and technology.	Large-scale with significant investment in technology and resources.
<b>Market Orientation</b>	Not market-oriented; surplus, if any, sold locally.	Highly market-oriented with production based on market demands.
<b>Labor</b>	Mainly family labor with minimal hired help.	Uses hired labor and advanced machinery.
<b>Use of Technology</b>	Limited use of technology, relying on traditional methods.	Extensive use of modern technology and farming techniques.

**Q-79. Write difference between Food security and food self-sufficiency. BPE-98<sup>th</sup>.**

<b>Aspect</b>	<b>Fixed Capital</b>	<b>Working Capital</b>
<b>Definition</b>	Investment in long-term assets	Investment in short-term assets
<b>Type of Asset Acquired</b>	Non-current assets	Current assets
<b>Tenure of Investment</b>	Usually long-term	Less than one year
<b>Liquidity</b>	Not liquid, hard to convert into cash	Highly liquid, easier to convert into cash
<b>Objective Served</b>	Serves strategic objectives	Serves operational objectives

# MetaMentor Center

## Short Notes:

### **Q-01. What is the basis of legal authority of Bangladesh Bank to determine mandatory agricultural credit target for banks? Can Bangladesh Bank impose interest rate cap for agricultural finance?**

The legal authority of Bangladesh Bank to determine mandatory agricultural credit targets for banks comes from its role as the central bank of Bangladesh. As the regulator of all banking activities in the country, Bangladesh Bank has the power to set policies and guidelines for commercial banks. This includes setting targets for agricultural credit to ensure that a certain portion of bank lending supports the agricultural sector, which is crucial for the country's economy and development.

Regarding imposing an interest rate cap for agricultural finance, yes, Bangladesh Bank can do this. As part of its regulatory and policy-making roles, the central bank has the authority to dictate the maximum interest rate that banks can charge on loans, including those for agriculture. This is often done to make loans more affordable for farmers, promoting agricultural development and financial inclusion.

### **Q-02. Public Demand Recovery Act. June-19**

The Public Demand Recovery Act is a legal framework used in some countries, including Bangladesh, to recover public money owed by individuals or organizations. It's typically used for collecting government taxes, dues, or other financial obligations that haven't been paid. Under this act, the government has the authority to take various actions to recover the owed amounts. This might include imposing fines, seizing property, or other legal measures. The purpose of the act is to ensure that public funds, which are important for the country's development and welfare, are collected efficiently and effectively from those who owe them.

### **Q-03. Customer confidentiality in the advent of IT in Banks disbursing agricultural credit.**

In the era of information technology (IT) in banks, especially those disbursing agricultural credit, customer confidentiality is crucial. This means keeping a customer's personal and financial information private and secure. With the use of IT, banks store and manage large amounts of data digitally. It's important that this data is protected from unauthorized access, theft, or misuse. Maintaining confidentiality builds trust between the bank and its customers. It's also essential for complying with legal regulations. Banks must use secure systems, encryption, and strict access controls to safeguard customer information in the digital realm.

### **Q-04. Climate smart agriculture**

Climate Smart Agriculture (CSA) is an approach that helps farmers adapt to climate change while making farming more productive and sustainable. It has three main objectives:

1. **Increase Agricultural Productivity:** This means growing more food efficiently to meet the rising demand. CSA encourages practices like planting high-yield crops, using better farming techniques, and improving livestock management.
2. **Adaptation to Climate Change:** CSA helps farmers become more resilient to the effects of climate change. For example, by using drought-resistant crops, practicing water conservation, and altering planting schedules according to weather patterns.
3. **Reduce Greenhouse Gas Emissions:** Farming can contribute to climate change through emissions like methane and nitrous oxide. CSA promotes methods that lower these emissions, such as better handling of animal waste and using renewable energy sources.

### **Q-05. What are the three major sectors of agriculture?**

The three major sectors of agriculture are:



1. **Crop Production:** This is about growing plants for food, fiber, and other uses. Farmers plant seeds, care for the growing plants, and harvest the crops. Examples include grains like wheat and rice, fruits, vegetables, and cotton.
2. **Livestock Rearing:** In this sector, farmers raise animals for food, clothing, or labor. This includes breeding, feeding, and taking care of animals like cows, pigs, chickens, and sheep. Products from this sector include meat, milk, eggs, and wool.
3. **Forestry:** This involves managing forests for the production of wood and other tree products. Forestry practices include planting trees, caring for them as they grow, and cutting them down (logging) for timber, which is used for building, making paper, and other purposes.

Each of these sectors plays a vital role in agriculture, contributing to food supply, economic growth, and resource management.

#### **Q-06. What is commercial farming?**

Commercial farming is a type of agriculture where the main goal is to grow crops and raise livestock for sale and profit. In commercial farming, farms are usually large and use modern technology, machinery, and high-yield crop varieties to produce a lot of food. This type of farming focuses on growing crops that are in high demand, like wheat, rice, corn, and soybeans, or raising large numbers of animals like cows, pigs, and chickens. Commercial farms often use scientific methods and advanced technologies to increase production and reduce costs. The food produced on these farms is usually sold in local markets or exported to other countries. Commercial farming is different from subsistence farming, where farmers grow food mainly for their own family's needs.

#### **Q-07. What is subsistence level farming?**

Subsistence farming is a type of agriculture where farmers grow food mainly to feed themselves and their families, not for sale or profit. In this kind of farming, the farm size is usually small, and farmers use simple tools instead of modern machinery. They grow a variety of crops and may also have a few animals, like chickens or goats, to meet their family's needs for food, like grains, vegetables, eggs, and milk. Subsistence farming is common in many parts of the world, especially in rural areas where people rely on their own labor and resources. The focus here is not on making money but on producing enough food to survive. This type of farming is often practiced in places with limited access to technology, markets, and other resources.

#### **Q-08. What is disguised unemployment?**

Disguised unemployment happens when more people are working in a job than are actually needed. It's like having extra workers who don't increase how much work gets done. For example, in a small family farm, it might look like everyone is busy, but really, the farm could run just as well with fewer people. In this case, some family members are disguisedly unemployed: they have work to do, but their work isn't really increasing the farm's output. This kind of unemployment is common in agriculture, especially in places where jobs are scarce and many people depend on the same small business or farm. They appear to be employed, but their employment doesn't contribute effectively to production.

#### **Q-09. Pre-financing and Refinancing. BPE-96<sup>th</sup>.**

Pre-financing and refinancing are two different financial terms:

1. **Pre-financing:** This is when money is given in advance for a project or activity before it starts or before the costs are incurred. For example, a company might get pre-financing to buy materials for a big project before they start making it. It's like getting a head start with funds to make sure everything needed is ready.
2. **Refinancing:** This means replacing an existing loan with a new one, usually with better terms, like a lower interest rate. People often refinance their mortgages to take advantage of lower rates, which

can reduce their monthly payments or change the loan's length. It's like redoing a loan to get a better deal.

**Q-10. What is marginal propensity to consume?**

Marginal Propensity to Consume (MPC) is a term in economics that describes how likely people are to spend extra money they get. For example, if you receive an additional \$100 and decide to spend \$80 of it on buying things, then your MPC is 0.8. This means for every extra dollar you get, you spend 80 cents and save 20 cents. MPC can vary between 0 and 1. A higher MPC means people are spending more of their extra income, while a lower MPC means they are saving more. Understanding MPC helps in predicting how changes in income will affect spending habits, which is important for economic planning and policy making.

**Q-11. What is marginal Propensity to save?**

Marginal Propensity to Save (MPS) is a term in economics that describes how much of each extra dollar of income people decide to save rather than spend. For example, if you get an extra \$100 and you save \$20 of it, then your MPS is 0.2. This means you save 20 cents out of every extra dollar you earn. The MPS can range from 0 to 1. A higher MPS means people are saving more of their additional income, while a lower MPS means they are spending more. Understanding MPS is important for economists and policymakers because it helps them understand how changes in income affect saving behavior, which in turn influences the overall economy.

**Q-12. What is dual economy in respect to agriculture?**

A dual economy in agriculture refers to a situation where there are two very different types of farming happening in the same country. On one side, there's commercial farming: large-scale operations that use modern technology and practices to produce a lot of food for sale. These farms are usually well-funded and focused on profit.

On the other side, there's subsistence farming: small-scale, traditional farming where families grow just enough food for themselves. These farmers often use simple tools and methods, and they might not have access to new technologies or markets.

This "dual" setup can lead to big differences in income and lifestyle between commercial and subsistence farmers. It's a common situation in many developing countries, where agriculture is a major part of the economy and life.

**Q-13. What is modernization in agriculture?**

Modernization in agriculture means using new technologies and methods to make farming more efficient and productive. This includes things like:

1. **Advanced Machinery:** Using tractors, harvesters, and other machines to do farm work faster and more efficiently than manual labor.
2. **Improved Crop Varieties:** Planting seeds that have been scientifically developed to grow faster, resist diseases, and produce more food.
3. **Better Irrigation Techniques:** Using methods like drip irrigation to water crops more effectively and save water.
4. **Use of Fertilizers and Pesticides:** Applying chemicals to help plants grow better and protect them from pests and diseases.
5. **Farm Management Practices:** Using computer programs and data analysis to make better decisions about planting, harvesting, and managing farms.

Modernizing agriculture helps in producing more food, which is important for feeding a growing world population. It also helps farmers earn more and can lead to more sustainable farming practices.

**Q-14. Give an example of informal source of financing where interest rate is lowest?**

An example of an informal source of financing with a low interest rate is borrowing money from family or friends. This type of loan is considered informal because it's not through a bank or formal financial institution. Often, family members or friends may lend money with little or no interest charged, especially if it's to help out in a difficult situation or to support a personal project or business idea. The terms of the loan, like how long you have to pay it back and what interest, if any, you need to pay, are usually more flexible and decided between you and the person lending you the money. This kind of borrowing can be helpful, but it's important to be clear about the terms to avoid any misunderstandings later.

#### **Q-15. Is agro-based project financing same as agricultural financing?**

Agro-based project financing and agricultural financing are similar but not exactly the same.

Agricultural financing is specifically for farming activities. It includes loans and funds for things like buying seeds, fertilizers, machinery, or livestock, and sometimes for other costs like irrigation or storage facilities. This type of financing is focused on the direct activities of growing crops or raising animals.

Agro-based project financing, on the other hand, can include a broader range of projects related to agriculture. This might include setting up food processing units, packaging plants, or even marketing and distribution networks for agricultural products. It's not just about growing the crops, but also about the steps that come after, like turning them into finished products or getting them to customers.

Both are important for the agriculture sector, but agro-based project financing covers a wider scope beyond just farming.

#### **Q-16. What are five Cs in credit?**

The Five Cs of Credit are criteria that lenders use to evaluate a borrower's creditworthiness. These are:

1. **Character:** This refers to the borrower's reputation and track record for repaying debts. Lenders look at credit history, employment history, and references to judge this.
2. **Capacity:** This is about the borrower's ability to repay the loan. Lenders assess income, expenses, and other debts to see if the borrower can comfortably make loan payments.
3. **Capital:** This considers the borrower's financial assets or net worth – the value of what they own minus what they owe. More capital means a better chance of loan approval.
4. **Collateral:** This is something of value that the borrower offers to the lender as a security for the loan, like a house or car. If the borrower can't repay, the lender can take the collateral.
5. **Conditions:** This looks at the purpose of the loan and the broader economic environment. For example, a loan for a home might be seen as less risky than one for a speculative investment.

#### **Q-17. What is interest rate ceiling?**

An interest rate ceiling is the maximum interest rate that can be charged on a loan. It's like a limit set to prevent lenders from charging too high of an interest rate. This ceiling is often set by laws or regulations to protect borrowers from very expensive loans. For example, if there's a ceiling of 10%, no lender can charge more than 10% interest on any loan. This is particularly important in preventing situations where people might be charged extremely high rates, sometimes seen in payday loans or credit cards. The idea is to make borrowing fairer and more affordable, especially for those who might not have access to regular bank loans and are at risk of falling into a debt trap due to high interest rates. ◆

#### **Q-18. How Bangladesh Bank set Annual Agricultural credit policy and program? Describe the way of achieving agricultural credit disbursement target set by Bangladesh Bank through commercial Banks and MFIs. BPE-97<sup>th</sup>.**

Bangladesh Bank sets its Annual Agricultural Credit Policy and Program by assessing the agricultural sector's financial needs, aiming to boost productivity, ensure food security, and promote sustainable farming practices. The process involves:

1. **Setting Targets:** Based on economic indicators, previous performance, and agricultural sector demands, Bangladesh Bank establishes a credit disbursement target for the fiscal year.
2. **Involvement of Financial Institutions:** Commercial banks and Microfinance Institutions (MFIs) are assigned specific portions of the overall target. They are encouraged to lend to farmers, agribusinesses, and rural entrepreneurs.
3. **Monitoring and Support:** Bangladesh Bank monitors the progress and provides guidance, support, and sometimes refinancing facilities to ensure targets are met.
4. **Incentives:** Incentives are offered for surpassing targets and penalties for underperformance to motivate institutions.

Through this structured approach, Bangladesh Bank aims to achieve widespread financial inclusion in the agricultural sector, ensuring that farmers and agribusinesses have the necessary capital to grow and thrive.

#### **Q-19. What is the minimum agricultural credit target for banks in Bangladesh?**

The agricultural credit target set by Bangladesh Bank for the financial year 2022-23 was Tk 30,911 crore. This figure represents an 8.88% increase from the previous financial year's target of Tk 28,391 crore. The target is a crucial part of the country's economic policy, reflecting the government's focus on boosting the agricultural sector, which is a significant contributor to Bangladesh's GDP. The increase in the credit target is aimed at enhancing the productivity and sustainability of the agriculture sector, which is pivotal for the nation's food security and rural employment. For the financial year 2023-24, the target was further increased to Tk 35,000 crore, indicating a continued emphasis on supporting and expanding agricultural activities.

#### **Q-20: Foreign Bank Disbursement of Agricultural Credit in Bangladesh**

Foreign banks are actively involved in the disbursement of agricultural credit in Bangladesh. In the financial year 2021-22, both private and foreign commercial banks contributed to the distribution of agricultural and rural credit. This involvement is part of a broader strategy to mobilize plenty of credit for rural people, particularly in the agricultural sector. The participation of foreign banks in agricultural credit disbursement demonstrates the inclusive approach of Bangladesh's financial system, aiming to provide diverse sources of credit to empower farmers and rural entrepreneurs.

#### **Q-21: ACP in Agricultural Finance.**

The specific term "ACP" in the context of agricultural finance in Bangladesh was not identified in the available resources. ACP could potentially stand for a particular program or policy related to agricultural credit or a concept within the agricultural finance domain. Without additional context or clarification, it is challenging to provide a precise definition or explanation for ACP in relation to agricultural finance in Bangladesh.

#### **Q-22: Full Form of MFI.**

[MFI stands for "Microfinance Institution." These institutions are crucial in many countries, particularly in developing economies like Bangladesh. MFIs provide essential financial services, such as loans, to individuals and small businesses who do not have access to traditional banking services. These services are vital for low-income individuals, enabling them to engage in economic activities, start or expand small businesses, and improve their livelihoods. The role of MFIs is particularly significant in rural areas, where access to conventional banking might be limited, and the need for small-scale financial assistance is high.]

#### **Q-23: MFI Linkage in Agriculture.**

[[ MFI linkage in agriculture refers to the integration and collaboration between microfinance institutions and the agricultural sector. This linkage is characterized by MFIs providing financial services, including loans, to small-scale farmers and agricultural businesses. The aim is to support the agricultural sector by offering

financial solutions that address the unique challenges faced by farmers and rural entrepreneurs. This can include providing credit for buying seeds, equipment, or livestock, offering insurance products, or even financial training and advice. The MFI linkage plays a pivotal role in enhancing agricultural productivity and sustainability, particularly in developing countries where agriculture is a major economic driver.

**Q-24: Bangladesh Bank's Role in Providing Agricultural Credit.**

Bangladesh Bank (BB), the central bank of the country, plays a significant role in providing agricultural credit to farmers. The Agricultural Credit Department of Bangladesh Bank is responsible for formulating and implementing agricultural credit policies. These policies aim to ensure the timely, adequate, and transparent flow of credit to rural areas for agricultural activities and rural employment programs. The department also offers refinance facilities to various banks and institutions, supporting their efforts to extend microcredit services to rural people. This includes providing loans to specialized banks like Grameen Bank, Ansar VDP Unnayan Bank, and Karmasangsthan Bank against government guarantees. Bangladesh Bank's involvement underscores the government's commitment to supporting the agricultural sector, a vital component of the country's economy

**Q-25: Definition of HYV.**

HYV stands for "High-Yielding Variety." This term refers to crop varieties that have been specifically developed to produce higher yields compared to traditional varieties. HYVs are a product of agricultural research and development, often involving genetic modification or selective breeding. These varieties are designed to be more efficient in terms of their use of water, nutrients, and sunlight, resulting in greater productivity per unit of land. HYVs have played a significant role in agricultural modernization and have been pivotal in efforts to increase food production, especially in countries facing growing food demand and challenges such as land scarcity and climate change

**Q-26: High-Value Crops (HVC)**

High-Value Crops (HVC) are agricultural products that command higher market value compared to conventional crops. This higher value is often due to their limited cultivation or because they are suitable for specific purposes or markets. HVCs possess unique characteristics and properties that make them desirable. These crops can include a wide variety of products, such as exotic fruits, organic vegetables, medicinal plants, and specialty grains. The focus on HVCs is often part of agricultural diversification strategies, aiming to increase farmers' income and meet specific consumer demands

**Q-27: Full Forms of BKB and RAKUB**

- Bangladesh Krishi Bank (BKB) is a fully government-owned bank in Bangladesh, established in 1973. Its primary purpose is to provide services to farmers and the agricultural industry.
- Rajshahi Krishi Unnayan Bank (RAKUB) is a state-owned specialized bank in Bangladesh with a regional approach, primarily serving the Rajshahi and Rangpur administrative divisions. RAKUB focuses on intensive care to agriculture in its service areas, supporting the livelihood of a significant population in these regions

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**Q-28: FAO: Food and Agriculture Organization.**

The Food and Agriculture Organization (FAO) of the United Nations is a specialized agency leading international efforts to defeat hunger and improve nutrition and food security. Established on October 16, 1945, its primary mission is to raise levels of nutrition and standards of living, secure improvements in the efficiency of the production and distribution of all food and agricultural products, and contribute towards expanding the world's economy to ensure humanity's freedom from hunger. FAO plays a critical role in achieving food security and sustainable agricultural practices globally

**Q-29: IFAD: International Fund for Agricultural Development.**

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The International Fund for Agricultural Development (IFAD) is an international financial institution and a specialized agency of the United Nations. IFAD focuses on addressing poverty and hunger in rural areas of developing countries. It works to empower poor rural women and men to achieve higher incomes and improved food security. IFAD is unique among international financial institutions because it exclusively targets rural areas in developing countries, where poverty and hunger are most prevalent

**Q-30: Crop Insurance.**

Crop insurance is a critical tool for managing risk in agriculture. It helps farmers mitigate the financial risks associated with crop failure due to various factors like extreme weather conditions, pests, and diseases. The primary goal of crop insurance is to provide financial security to farmers, enabling them to recover from losses and continue their farming operations. In Bangladesh, studies have shown that while farmers recognize the benefits of crop insurance, its uptake remains relatively low. This calls for increased efforts to raise awareness about the importance and benefits of crop insurance among the farming community. The government and financial institutions play a key role in promoting and facilitating access to crop insurance for farmers

**Q-31: High Value Crops: Bangladesh Perspective (BPE-96th).**

In Bangladesh, the focus on high-value crops is part of a larger strategy to transform agriculture by diversifying crop production and boosting output. The government has initiated region-based projects to promote the cultivation of new and high-value crops and to bring fallow, char, and haor lands under cultivation. One such project is the “Enhancing Crop Intensity in Greater Mymensingh Region Project,” undertaken by the Department of Agricultural Extension (DAE). This initiative aims to promote the cultivation of high-value crops in 60 upazilas across six districts, demonstrating the government's commitment to agricultural diversification and the promotion of crops that can yield higher economic returns for farmers

**Q-32: Share cropping.**

Sharecropping is a system of farming where families rent small plots of land from a landowner and in return, give a portion of their crop to the landowner at the end of the year. This system was historically practiced by formerly enslaved people in the rural South of the United States. It developed as a way for landowners, who lacked cash to pay wages, to continue having their land farmed, often by former slaves. Under this system, the sharecroppers did not own the land but provided labor in exchange for a share of the harvest

**Q-33: Landless Farmer According to ACP.**

In the context of Bangladesh, a landless farmer, as per the Agriculture Census Project (ACP) and Bangladesh Bureau of Statistics, is defined as a member of a farming family that does not own land. According to the Agriculture Census 2019, a significant number of farmer families, about 40 lakh out of 1.65 crore, are considered landless. These families are often involved in cultivating others' land, either on lease as tenant farmers or as sharecroppers. A farm household is considered a land owner if it owns and cultivates at least 0.5 acres of arable land

**Q-34: Crop Diversification.**

Crop diversification in agriculture involves adding new crops or cropping systems to a farm. The aim is to increase returns from value-added crops and create complementary marketing opportunities. This strategy can include a mixed crop-livestock system, which can enhance the living and income standards of farmers. Crop diversification is often adopted to reduce the risk associated with farming single or few crops, as it

spreads the risk across multiple types of produce. It also contributes to better utilization of resources and can lead to sustainable agricultural practices

**Q-35: Crop Rotation.**

Crop rotation is a farming practice that involves planting different crops sequentially on the same plot of land. This technique is used to improve soil health, optimize nutrients in the soil, and combat pest and weed problems. Crop rotation often includes a legume sod crop in the regular sequence, which helps in fixing nitrogen in the soil, benefiting subsequent crops. Early agricultural experiments highlighted the value of crop rotations for maintaining soil fertility and ensuring sustainable agricultural productivity

**Q-36: Land.**

In agriculture, land refers to the area devoted to agriculture, including the systematic and controlled use of other forms of life, particularly for rearing livestock and the production of crops, to produce food for humans. Agricultural land is generally synonymous with farmland or cropland, as well as pasture or rangeland. It is defined as the land area that is arable, under permanent crops, or under permanent pastures. This includes land under temporary crops such as cereals, temporary meadows for mowing or for pasture, land under market or kitchen gardens, and land temporarily fallow

**Q-37: Seasonal Unemployment**

Seasonal unemployment occurs when people are unemployed at certain times of the year when the demand for labor is lower. This type of unemployment is common in industries that are dependent on specific seasons, such as agriculture or tourism. For instance, in a ski resort, unemployment is likely higher in summer when there is no snow. Employees and employers agree that the workforce will be hired only for a part of the year and remain unemployed for the rest. This reflects the seasonal nature of certain jobs where work is not constant throughout the year

**Q-38: Difference Between Uncertainty and Risk.**

Risk and uncertainty are different concepts in decision-making. Risk refers to situations where all potential outcomes and their probabilities are known. For example, when investing in stocks, the risk can be quantified based on historical data. In contrast, uncertainty refers to situations where the outcomes and/or their likelihoods are unknown. Uncertainty is prevalent in scenarios like new business ventures or innovative technologies, where there are no historical precedents to predict outcomes. Understanding the difference is crucial for effective decision-making, particularly in finance and economics

**Q-39: Uncertainty in Agriculture.**

In agriculture, uncertainty arises from factors that are difficult to predict or control, such as weather, diseases, pests, and market fluctuations. These uncertainties can significantly impact the quantity and quality of agricultural produce. For instance, unexpected weather conditions like droughts or floods can drastically affect crop yields. Managing this uncertainty is a key aspect of agricultural risk management, involving strategies to mitigate the financial effects of unpredictable agricultural factors

**Q-40: Micro Credit Regulating Authority (MRA) December 2017.**

The Microcredit Regulatory Authority (MRA) is the central body in Bangladesh responsible for monitoring and supervising microfinance operations of non-governmental organizations. Established under the Microcredit Regulatory Authority Act of 2006, MRA ensures that microfinance institutions (MFIs) operate within a regulatory framework. This authority was created to bring structure and oversight to the microcredit sector, which had been functioning without centralized supervision. According to the Act, MFIs are required

to obtain a license from MRA to operate microcredit programs in Bangladesh. By September 2008, among 4,236 microcredit institutions that applied for a license, 335 were licensed, and others were advised to meet certain criteria for obtaining the license

**Q-41. What are the main features of agricultural and rural credit policy for the fiscal 2023-24 as announced by Bangladesh Bank. BPE-98<sup>th</sup>.**

The main features of the Agricultural and Rural Credit Policy for the fiscal year 2023-24, as announced by Bangladesh Bank, include:

1. **Mandatory Credit Target:** Banks must declare at least 2.5% of their total loan portfolio as agricultural credit. For private and foreign banks, this target is up to 2.1%.
2. **Sector Allocation:** 60% of agricultural credit should go to crop cultivation, with 10% allocated to fisheries and livestock sectors.
3. **Simplified Borrower Identification:** Farmers can be identified with minimum paperwork using National ID cards and agricultural input assistance cards.
4. **Loan Processing:** Banks are required to process loan applications within 10 days. No loan processing fee is allowed.
5. **Interest Rate Cap:** The interest rate for agricultural loans is capped at 8%.
6. **Lead Bank System:** Each union has a designated bank branch for easier disbursement of agricultural credit



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