



PRIORITY SECTOR LENDING

Quarterly Report: Q1-2020

Royal Monetary Authority of Bhutan

-- October, 2020



CONTENT

PSL – Review of Implementation

PSL Data-at-a-Glance

Milestones

PSL – Review of Implementation

The Priority Sector Lending (PSL) initiative was launched on 13 December, 2017 for implementation with effect from 1 January, 2018. This report provides updates for the first quarter of 2020 as well as a review of the past two years' experience in implementing the PSL.

All the 20 Dzongkhags (Districts) and 7 financial institutions were involved in reviewing PSL proposals in 2018 and 2019. The Dzongkhags collectively received 1,576 PSL applications, out of which 1,291 projects were approved by the Dzongkhag. The capital, Thimphu, received the highest number of applications (293 projects). The majority of the projects (78%) were agriculture-related projects with the highest concentration in primary production. In terms of gender composition, 873 applicants were male and 690 were female, while remaining 13 applicants constituted groups and cooperatives. Projects were clustered around similar ideas while proponents were all individuals with only a handful of groups.

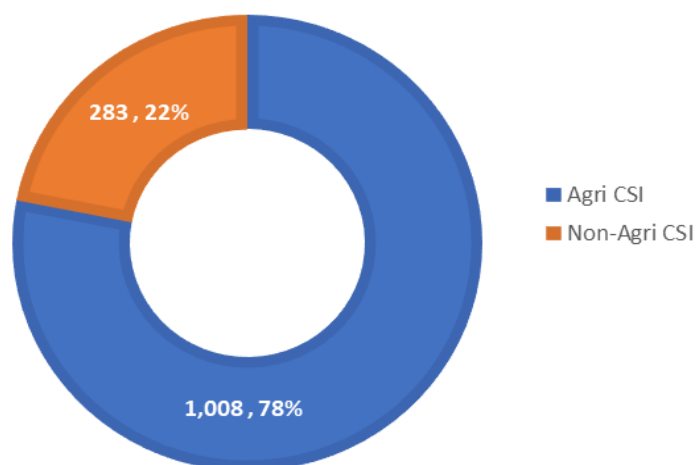
The financial institutions collectively approved 478 proposals, of which 70% constituted Agri-CSI projects. Thimphu Dzongkhag received the highest PSL loans with 130 beneficiaries, followed by Samtse and Sarpang Dzongkhag with 54 and 44 beneficiaries respectively. More than half the projects rejected by the financial institutions were on account of poor credit history of the clients. The financial institutions collectively sanctioned Nu. 465.11 million as of 1st Quarter 2020.

As of March 31, 2020, the Royal Insurance Corporation of Bhutan Ltd. (RICBL) has underwritten 593 insurance policies (Life & General insurance) for the PSL projects funded by various financial institutions including the National CSI Development Bank Ltd. In terms of insurance claim settlements, RICBL has collectively paid a total of Nu. 2.90 Million as of 1st Quarter, 2020.

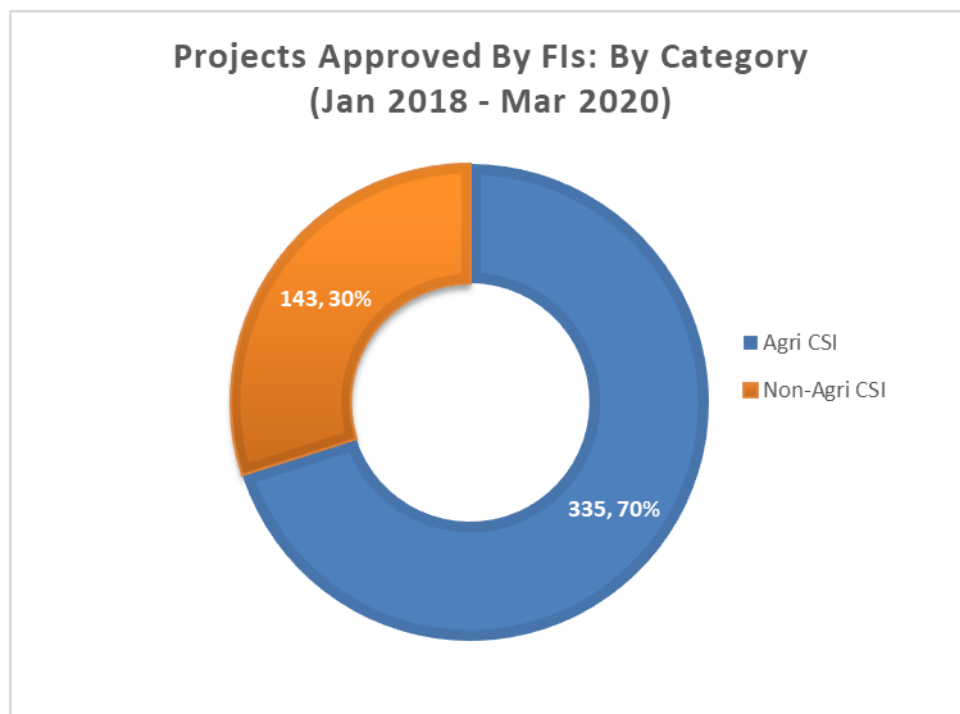
PSL DATA

PSL Applications Processed by Dzongkhag								
	Q1 2020				STATUS AS OF JAN 2018 - MAR 2020			
Dzongkhag	Received	Approved	Under Review	Rejected	Received	Approved	Under Review	Rejected
Bumthang	-	-	-	-	115	87	15	13
Chukha	-	-	-	-	45	42	1	2
Dagana	-	-	-	-	165	107	52	6
Gasa	-	-	-	-	13	12	-	1
Haa	-	-	-	-	44	38	6	-
Lhuentse	-	-	-	-	6	5	-	1
Mongar	-	-	-	-	28	24	1	3
Paro	-	-	-	-	105	69	29	7
Pemagatshel	-	-	-	-	91	88	-	3
Punakha	-	-	-	-	17	15	-	2
Samdrupjongkhar	2	2	-	-	38	33	1	4
Samtse	-	-	-	-	152	144	2	6
Sarpang	11	8	1	2	163	144	6	13
Tashigang	-	-	-	-	52	42	10	-
Tashiyangtse	-	-	-	-	5	5	-	-
Thimphu	-	-	-	-	293	239	51	3
Trongsa	-	-	-	-	18	13	-	5
Tsirang	-	-	-	-	133	105	10	18
Wangduephodrang	-	-	-	-	28	21	7	-
Zhemgang	1	1	-	-	65	58	-	7
Total	14	11	1	2	1,576	1,291	191	94

**Projects Approved By Dzongkhag: By Category
(Jan 2018 - Mar 2020)**



PSL Applications: Status with Financial Institutions					
January 2018 - March 2020					
SL No.	Dzongkhag	PSL Projects Processed by Dzongkhag		Projects financed by Financial Institutions	
		Total Received	Total Approved	Total No. of Loan A/cs	Loan Sanctioned (Nu. in millions)
1	Bumthang	115	87	18	21.13
2	Chhukha	45	42	24	32.42
3	Dagana	165	107	24	8.42
4	Gasa	13	12	6	2.28
5	Haa	44	38	14	7.16
6	Lhuentse	6	5	1	0.34
7	Mongar	28	24	5	5.12
8	Paro	105	69	28	20.68
9	Pemagatshel	91	88	4	6.28
10	Punakha	17	15	12	11.08
11	Samdrup Jongkhar	38	33	8	17.87
12	Samtse	152	144	54	20.34
13	Sarpang	163	144	44	21.16
14	Trashigang	52	42	42	28.01
15	Trashi Yangtse	5	5	1	0.50
16	Thimphu	293	239	130	202.14
17	Trongsa	18	13	6	8.54
18	Tsirang	133	105	23	14.93
19	Wangduephodrang	28	21	19	27.34
20	Zhemgang	65	58	15	9.39
Total		1,576	1,291	478	465.11



Dzongkhag-wise PSL Projects financed by Financial Institutions as of March, 2020

Financial Institutions:	BOBL		BNBL		BDBL		DPNBL		TBANK		BIL		RICBL		Total No. of Loan A/cs	Total Amount Sanctioned (Nu.)
	A/cs	Sanctioned	A/cs	Sanctioned	A/cs	Sanctioned	A/cs	Sanctioned	A/cs	Sanctioned	A/cs	Sanctioned	A/cs	Sanctioned		
Bumthang	7	1.28	9	10.14		-		0.00		-		-	2	9.70	18	21.13
Chhukha	14	16.77	7	14.30	1	0.50	1	0.50	1	0.35		-		-	24	32.42
Dagana	19	6.42	2	0.71	3	1.29		0.00		-		-		-	24	8.42
Gasa		0.00	6	2.28		-		0.00		-		-		-	6	2.28
Haa	6	3.17	7	3.62	1	0.37		0.00		-		-		-	14	7.16
Lhuntse	1	0.34		0.00		-		0.00		-		-		-	1	0.34
Mongar	2	0.69	3	4.43		-		0.00		-		-		-	5	5.12
Paro	11	6.67	11	11.85		-	5	1.84	1	0.32		-		-	28	20.68
Pemagatshel	3	0.52	1	5.76		-		0.00		-		-		-	4	6.28
Punakha	4	1.44	8	9.64		-		0.00		-		-		-	12	11.08
Samdrup Jongkhar	8	17.87		0.00		-		0.00		-		-		-	8	17.87
Samtse	17	5.49	16	7.86	5	2.25	13	3.79	3	0.95		-		-	54	20.34
Sarpang	14	4.49	7	4.97	22	11.40	1	0.30		-		-		-	44	21.16
Thimphu	50	50.70	49	96.91	10	4.90	9	17.38	6	19.54	1	0.33	5	12.39	130	202.14
Trashi Yangtse	1	0.50		0.00		-		0.00		-		-		-	1	0.50
Trashigang	17	15.27	21	8.24	1	0.50		0.00	2	1.00		-	1	3.00	42	28.01
Trongsa	4	5.24		0.00		-	1	0.30	1	3.00		-		-	6	8.54
Tsirang	14	10.29	9	4.64		-		0.00		-		-		-	23	14.93
Wangduephodrang	5	1.23	10	17.17	2	1.20	2	7.74		-		-		-	19	27.34
Zhemgang	10	3.70	5	5.68		-		0.00		-		-		-	15	9.39
Total	207	152.10	171	208.18	45	22.41	32	31.85	14	25.15	1	0.33	8	25.09	478	465.11

Sex and Age Disaggregated Data for PSL Loan Beneficiaries

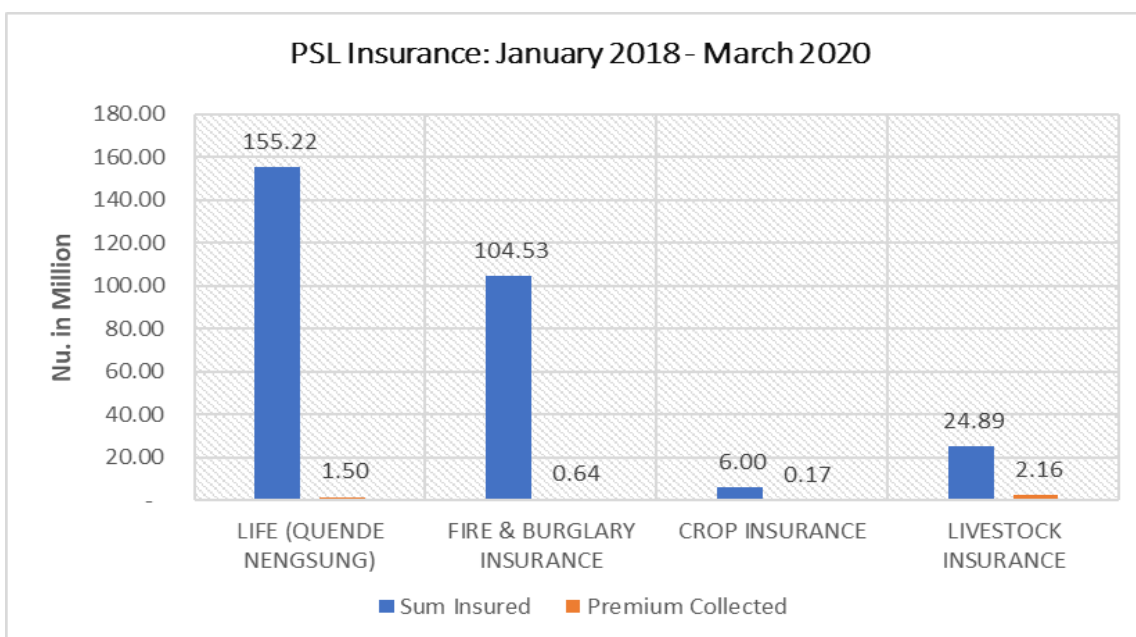
Sex	No. of Loan A/cs	Sanctioned Amount (Nu.)
Female	197	136.98
Male	275	300.14
Other	6	27.99
Total	478	465.11

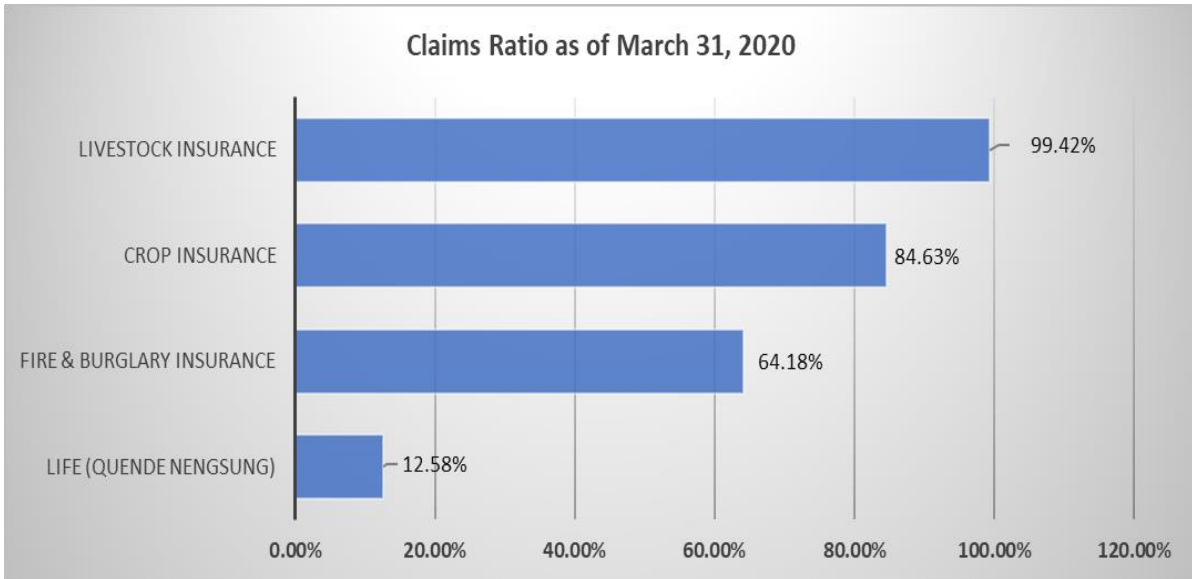
Age Range	No. of Loan A/cs	Sanctioned Amount (Nu.)
20-29	115	86.72
30-39	184	202.71
40-49	114	110.03
50-59	49	49.68
60-69	13	7.10
70-79	2	0.37
NA	1	8.50
Total	478	465.11

**All amount in million Ngultrum*

PSL Insurance Data as of March 31, 2020

PSL Insurance Data: January 2018 - March 2020							
SL	Insurance Scheme	No. of Policy	Sum Insured (Nu. In Mil.)	Premiums Collected (Nu. In Mil.) (A)	No. of Claims	Claims Paid (Nu. In Mill.) (B)	Claims Ratio (B/A)%
1	LIFE (QUENDE NENG SUNG)	281	155.22	1.50	1	0.19	12.58%
2	FIRE & BURGLARY INSURANCE	122	104.53	0.64	2	0.41	64.18%
3	CROP INSURANCE	41	6.00	0.17	3	0.15	84.63%
4	LIVESTOCK INSURANCE	149	24.89	2.16	31	2.15	99.42%
Total		593	290.63	4.48	37	2.90	64.65%





PSL Insurance Data by Financer

Financial Institution	No. of Insurance Policy	Amount in Million Ngultrum		
		Sum Insured	Premium Paid	Claims Paid
BDBL	61	44.00	0.77	-
BNBL	221	129.35	1.77	1.70
BOBL	258	76.40	1.61	1.12
DPNBL	13	4.25	0.08	0.08
RICBL	8	26.59	0.11	-
T-BANK	8	5.34	0.06	-
NCSIDBL	24	4.71	0.07	-
Total	593	290.63	4.48	2.90

MILESTONES

1 JAN 2018

- Government Order C2/823 empowering Dzongkhag PSL Committees issued
- PSL Guidelines came into effect

JAN. 2018

- Dzongdag Conference on PSL for all twenty Dzongkhags conducted (19 January in Gelephu; 22 January in Samdrupjongkhar; 26 January in Paro)

MAR. 2018

- 8 March: First PSL loan sanctioned (Nu.500,000 sanctioned by BNBL to a 26 year-old farmer from Wangduephodrang for commercial potato cultivation)
- 13 March: Coordination meeting with donors and development partners to discuss support in capacity building and access to market and technology

MAY 2018

- PSL Workshop for Dzongkhag Focals

NOV. 2018

- 03 November: PSL monitoring tours for all 20 Dzongkhags kick-started with Chhukha Dzongkhag
- 05 November: PSL System launched by DCSI, MoEA

FEB. 2019

- PSL bilateral meetings conducted with the Financial Institutions.

AUG. 2019

- PSL capacity building workshop on “Promoting Small and Medium-sized Enterprises” (1st Cohort) was organized for 6 Dzongkhags’ PSL committee members and PSL focals of Financial Institutions.

OCT.2019

- PSL capacity building workshop on “Promoting Small and Medium-sized Enterprises” (2nd Cohort) was organized for 7 Dzongkhags’ PSL committee members and PSL officers of Financial Institutions.

DEC.2019

- With the field visits to Trashi Yangtse, Lhuentse and Pema Gatshel Dzongkhags undertaken, the RMA PSL team successfully completed visiting all the 20 Dzongkhags. The field visits were initiated to monitor PSL projects.

This report has been compiled by the Royal Monetary Authority of Bhutan based on the data provided by the financial institutions and the Dzongkhag PSL focal officers.

This report has been consolidated as of 1st Quarter 2020.

Some data has been revised based on the data submitted by the Dzongkhags and the Financial Institutions.

Any revisions to the data published in this report will be reflected in the next report.

The RMA would like to thank all our partners for your support.

This report is available on the RMA's website www.rma.org.bt