

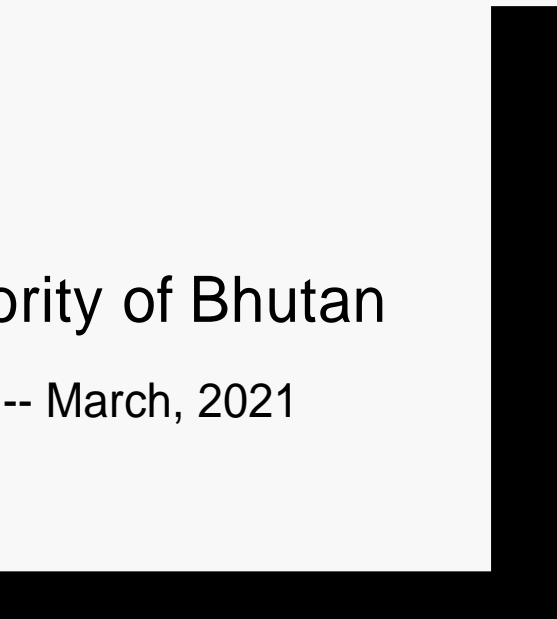


# PRIORITY SECTOR LENDING

Quarterly Report: Q4-2020

Royal Monetary Authority of Bhutan

-- March, 2021



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## 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 fourth quarter of 2020 as well as a review of the past three years' experience in implementing the PSL.

All the 20 Dzongkhags (Districts) and 7 financial institutions were involved in reviewing PSL proposals. The Dzongkhags collectively received 1,577 PSL applications, out of which 1,292 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, 874 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 533 proposals, of which 67% constituted Agri-CSI projects. Thimphu Dzongkhag received the highest PSL loans with 152 beneficiaries, followed by Samtse and Sarpang Dzongkhag with 57 and 49 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. 479.70 million as of 4<sup>th</sup> Quarter 2020.

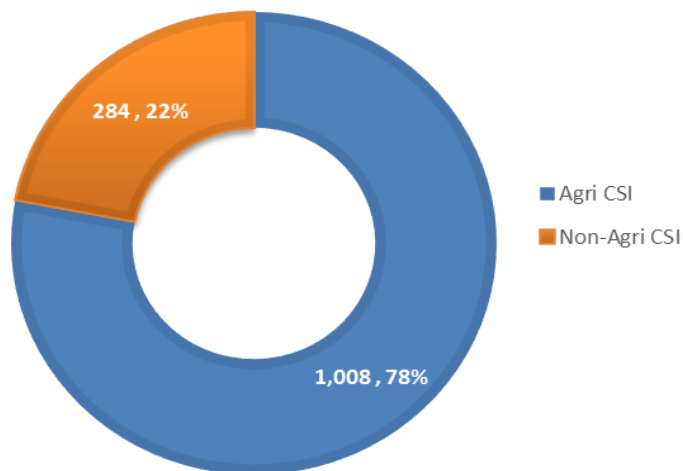
As of December 31, 2020, the insurance companies (RICBL and BIL) have underwritten 2877 insurance policies (Life & General insurance) for the PSL projects funded by various financial institutions including the National CSI Development Bank Ltd. In terms of insurance claim settlements, the Insurance companies have collectively paid a total of Nu. 3.72 Million as of 4<sup>th</sup> Quarter, 2020.

# PSL DATA

## PSL Applications Processed by Dzongkhag

Dzongkhag	Q4 2020				STATUS AS OF JAN 2018 - DEC 2020			
	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	-	-	-	-	92	89	-	3
Punakha	-	-	-	-	17	15	-	2
Samdrupjongkhar	-	-	-	-	38	33	1	4
Samtse	-	-	-	-	152	144	2	6
Sarpang	-	-	-	-	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	-	-	-	-	65	58	-	7
<b>Total</b>	-	-	-	-	<b>1,577</b>	<b>1,292</b>	<b>191</b>	<b>94</b>

PROJECTS APPROVED BY DZONGKHAG: BY CATEGORY  
(JAN 2018 - DEC 2020)

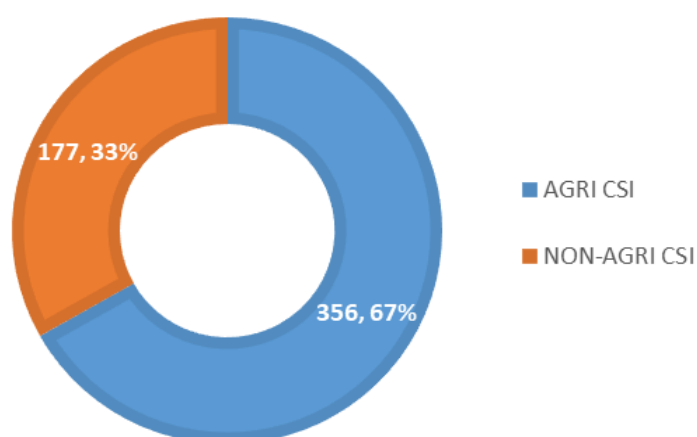


**PSL Applications: Status with Financial Institutions**

**January 2018 - December 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)	Loan Outstanding (Nu. in millions)
1	Bumthang	115	87	19	22.02	20.90
2	Chhukha	45	42	28	33.61	30.02
3	Dagana	165	107	24	8.42	6.86
4	Gasa	13	12	6	2.28	1.59
5	Haa	44	38	14	7.16	6.58
6	Lhuntse	6	5	1	0.34	0.30
7	Mongar	28	24	5	5.00	3.30
8	Paro	105	69	31	22.52	18.78
9	Pemagatshel	92	89	5	6.30	6.34
10	Punakha	17	15	17	12.07	10.94
11	Samdrup Jongkhar	38	33	8	17.87	17.78
12	Samtse	152	144	57	20.72	16.32
13	Sarpang	163	144	49	24.71	20.84
14	Thimphu	293	239	152	206.66	184.10
15	Trashigang	5	5	1	0.50	0.28
16	Trongsa	18	13	6	8.54	4.43
17	Tsirang	133	105	25	15.44	13.87
18	Wangduephodrang	28	21	22	27.36	25.85
19	Zhemgang	65	58	17	9.41	8.65
	<b>Grand Total</b>	<b>1577</b>	<b>1292</b>	<b>533</b>	<b>479.70</b>	<b>422.80</b>

**PROJECTS APPROVED BY FIS: BY CATEGORY  
(JAN 2018 - DEC 2020)**



Dzongkhag-wise PSL Projects financed by Financial Institutions as of December 31, 2020

*\*Sanctioned Amount in Million Ngultrum (Nu.)*

Financial Institutions	BoBL		BNBL		BDBL		DPNBL		TBANK		BIL		RICBL		Total No. of Loan A/Cs	Total Loans Sanctioned
	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	10	11.04		-		-		-		-	2	9.70	19	22.02
Chhukha	14	16.77	11	15.49	1	0.50	1	0.50	1	0.35		-		-	28	33.61
Dagana	19	6.42	2	0.71	3	1.29		-		-		-		-	24	8.42
Gasa		-	6	2.28		-		-		-		-		-	6	2.28
Haa	6	3.17	7	3.62	1	0.37		-		-		-		-	14	7.16
Lhuntse	1	0.34		-		-		-		-		-		-	1	0.34
Mongar	2	0.69	3	4.31		-		-		-		-		-	5	5.00
Paro	11	6.67	14	13.69		-	5	1.84	1	0.32		-		-	31	22.52
Pemagatshel	3	0.52	2	5.78		-		-		-		-		-	5	6.30
Punakha	4	1.44	12	10.13	1	0.50		-		-		-		-	17	12.07
Samdrup Jongkhar	8	17.87		-		-		-		-		-		-	8	17.87
Samtse	17	5.49	19	7.87	5	2.25	13	4.16	3	0.95		-		-	57	20.72
Sarpang	14	4.49	12	8.51	22	11.40	1	0.30		-		-		-	49	24.71
Thimphu	51	51.06	69	100.67	11	5.30	9	17.38	6	19.54	1	0.33	5	12.39	152	206.66
Trashigang	1	0.50		-		-		-		-		-		-	1	0.50
Trashigang	17	15.27	25	9.01	1	0.50		-	2	1.00		-	1	3.00	46	28.78
Trongsa	4	5.24		-		-	1	0.30	1	3.00		-		-	6	8.54
Tsirang	14	10.29	11	5.14		-		-		-		-		-	25	15.44
Wangduephodrang	5	1.23	13	17.19	2	1.20	2	7.74		-		-		-	22	27.36
Zhemgang	10	3.70	7	5.70		-		-		-		-		-	17	9.41
<b>Grand Total</b>	<b>208</b>	<b>152.46</b>	<b>223</b>	<b>221.14</b>	<b>47</b>	<b>23.31</b>	<b>32</b>	<b>32.22</b>	<b>14</b>	<b>25.15</b>	<b>1</b>	<b>0.33</b>	<b>8</b>	<b>25.09</b>	<b>533</b>	<b>479.70</b>

## Sex and Age Disaggregated Data of PSL Loan Beneficiaries

*\*All amount in million Ngultrum*

Sex	No. of Loan A/cs	Sanctioned Amount (Nu.)
Female	212	141.13
Male	304	280.36
Other	17	58.22
<b>Total</b>	<b>533</b>	<b>479.70</b>

**Note:** 'Other' include those beneficiaries that are not individuals (i.e., Group, Cooperatives, Company, etc.)

*\*All amount in million Ngultrum*

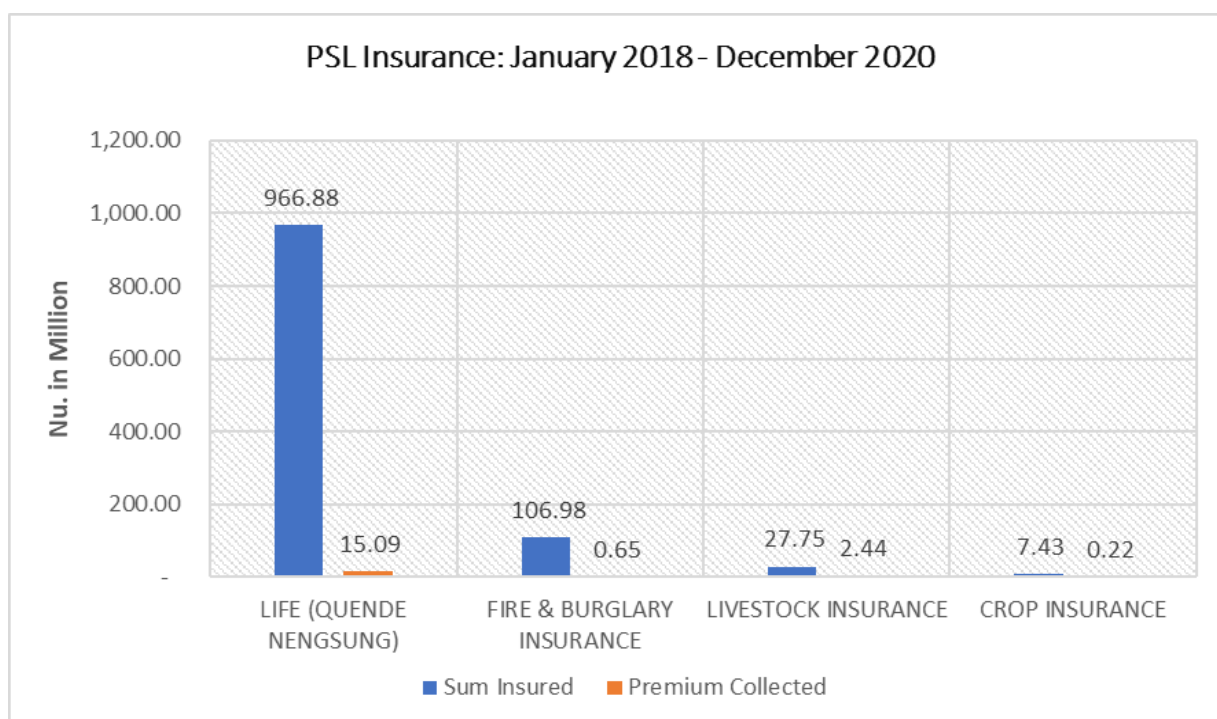
Age Range	No. of Loan A/cs	Sanctioned Amount (Nu.)
20-29	116	86.50
30-39	190	187.34
40-49	135	105.34
50-59	49	31.14
60-69	20	8.85
70-79	2	0.37
NA	21	60.16
<b>Total</b>	<b>533</b>	<b>479.70</b>

**Note:** 'NA' includes those beneficiaries that are not individuals and also few individuals whose age information is missing.

## PSL Insurance Data as of December 31, 2020

**PSL Insurance Data: January 2018 - December 2020**

SL	Insurance Scheme	No. of Policy	Sum Insured (Nu. In Mill.)	Premiums Collected (Nu. In Mill.) (A)	No. of Claims	Claims Paid (Nu. In Mill.) (B)	Claims Ratio (B/A)%
1	LIFE (QUENDE NENGUNG)	2511	966.88	15.09	1	0.19	1.25%
2	FIRE & BURGLARY INSURANCE	130	106.98	0.65	2	0.41	63.10%
3	LIVESTOCK INSURANCE	185	27.75	2.44	43	2.84	116.55%
4	CROP INSURANCE	51	7.43	0.22	4	0.28	128.00%
	<b>Total</b>	<b>2877</b>	<b>1,109.04</b>	<b>18.40</b>	<b>50</b>	<b>3.72</b>	<b>20.23%</b>







**PSL Insurance Data by Financial Service Provider**

Financial Service Provider	No. of Insurance Policy	Amount in Million Ngultrum (Nu.)		
		Sum Insured (Nu.)	Premium Collected (Nu.)	Claims Paid (Nu.)
BDBL	61	44.00	0.77	-
BNBL	236	132.35	1.89	2.12
BOBL	293	80.09	1.81	1.52
DPNBL	17	4.50	0.10	0.08
RICBL	8	26.59	0.11	-
T-BANK	9	5.40	0.07	-
NCSIDBL	2253	816.11	13.65	-
<b>Total</b>	<b>2877</b>	<b>1,109.04</b>	<b>18.40</b>	<b>3.72</b>

## 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” (1<sup>st</sup> 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” (2<sup>nd</sup> 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.

NOV.2020

- Workshop was organized from 12<sup>th</sup> to 14<sup>th</sup> November, 2020 at Paro to discuss the revision of PSL Guidelines and Manuals with the PSL Focals of the financial institutions.

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 4<sup>th</sup> 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](http://www.rma.org.bt)