

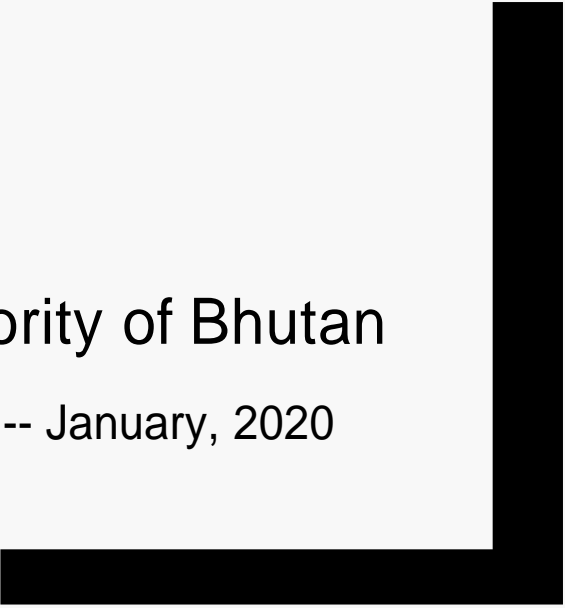


PRIORITY SECTOR LENDING

Quarterly Report: Q3-2019

Royal Monetary Authority of Bhutan

-- January, 2020



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PSL – Review of Implementation

Overview

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 third quarter of 2019 as well as a review of the past one year's experience in implementing the PSL (some past data have been revised).

All the 20 Dzongkhags (Districts) and 7 financial institutions were involved in reviewing PSL proposals in 2018 and 2019. The Dzongkhags collectively received 1,558 PSL applications, out of which 1,275 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, 865 applicants were male and 680 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 received 1064 projects as of 3rd Quarter 2019, out of which 480 projects were financed. 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. 448.77 million as of 3rd Quarter 2019.

As of September 30, 2019, the Royal Insurance Corporation of Bhutan Ltd. (RICBL) has underwritten 504 insurance policies (Life & Non-Life insurance) for the PSL projects funded by various financial institutions. In terms of insurance claim settlements, RICBL has paid a total of Nu. 1.92 Million as of 3rd Quarter, 2019.

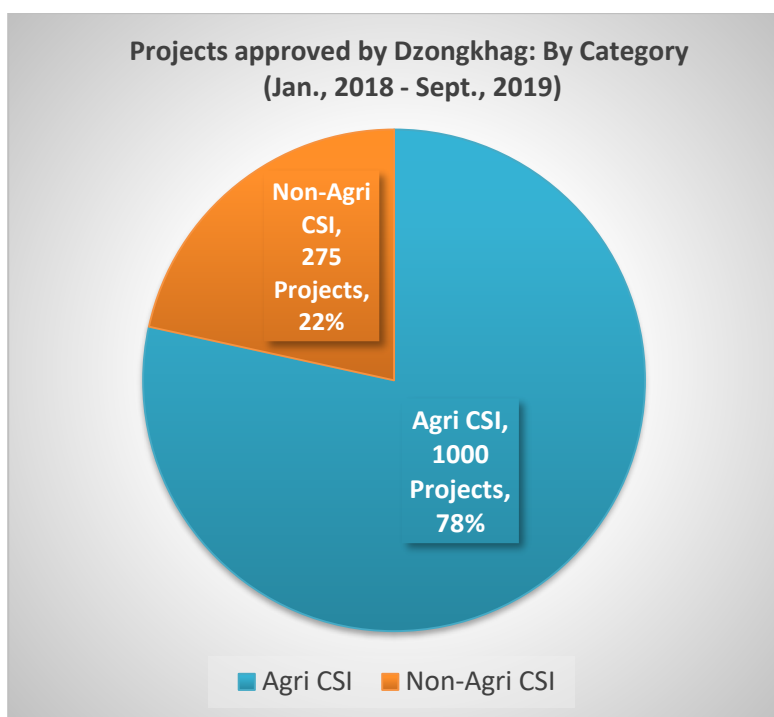
PSL DATA-AT-A-GLANCE

Summary of PSL Applications Processed: January 2018 - September 2019

SL No.	Dzongkhag	No. of Projects Received by Dzongkhag	No. of Projects Approved by Dzongkhag	No. of Projects Received by FIs	No. of Projects Approved by FIs	Loan Sanctioned (Nu. in millions)
1	Bumthang	116	87	50	21	21.47
2	Chukha	45	42	50	26	42.33
3	Dagana	165	107	69	28	10.22
4	Gasa	13	12	10	6	5.98
5	Haa	44	38	54	19	8.58
6	Lhuentse	6	5	6	1	0.34
7	Mongar	28	24	17	5	5.12
8	Paro	105	69	59	26	21.11
9	Pemagatshel	91	88	65	5	11.07
10	Punakha	17	15	19	13	11.95
11	Samdrupjongkhar	34	29	20	6	14.29
12	Samtse	152	144	97	53	20.92
13	Sarpang	152	136	68	45	24.79
14	Tashigang	52	42	60	41	24.78
15	Tashiyangtse	4	4	5	1	0.50
16	Thimphu	293	239	212	121	168.61
17	Trongsa	18	13	10	7	8.73
18	Tsirang	133	105	95	21	14.13
19	Wangduephodrang	28	21	34	18	23.92
20	Zhemgang	62	55	64	17	9.92
	Total	1,558	1,275	1,064	480	448.77

PSL Applications Processed by Dzongkhag

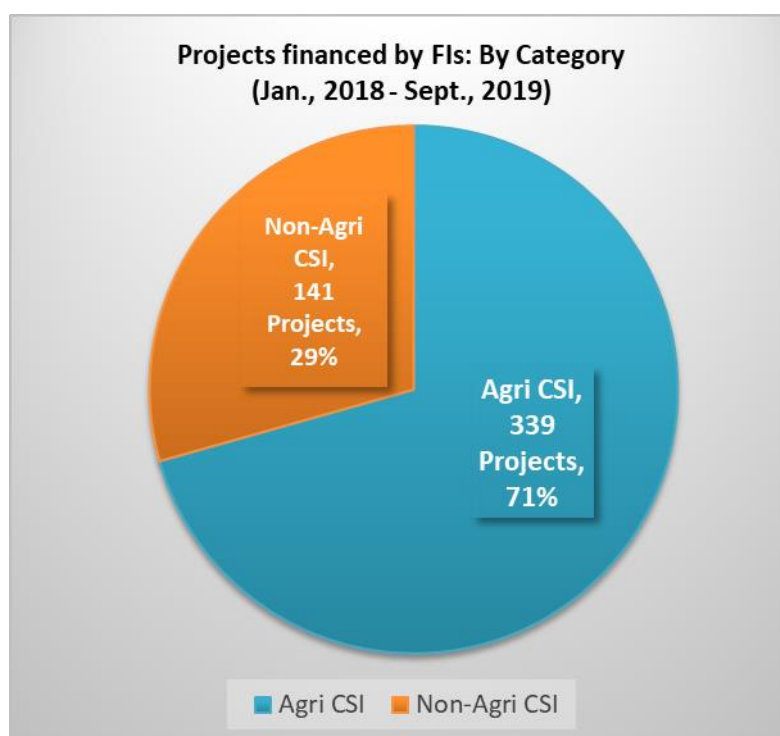
Dzongkhag	Q3 2019				STATUS AS OF JAN 2018 - SEP 2019			
	Received	Approved	Under Review	Rejected	Received	Approved	Under Review	Rejected
Bumthang	-	-	-	-	116	87	15	14
Chukha	-	-	-	-	45	42	1	2
Dagana	-	-	-	-	165	107	52	6
Gasa	-	-	-	-	13	12	-	1
Haa	1	1	-	-	44	38	6	-
Lhuentse	2	1	-	1	6	5	-	1
Mongar	3	3	-	-	28	24	1	3
Paro	5	5	-	-	105	69	29	7
Pemagatshel	-	-	-	-	91	88	-	3
Punakha	-	-	-	-	17	15	-	2
Samdrupjongkhar	8	8	-	-	34	29	1	4
Samtse	14	14	-	-	152	144	2	6
Sarpang	8	7	1	-	152	136	5	11
Tashigang	-	-	-	-	52	42	10	-
Tashiyangtse	-	-	-	-	4	4	-	-
Thimphu	16	16	-	-	293	239	51	3
Trongsa	-	-	-	-	18	13	-	5
Tsirang	-	-	-	-	133	105	10	18
Wangduephodrang	4	4	-	-	28	21	7	-
Zhemgang	2	2	-	-	62	55	-	7
Total	63	61	1	1	1,558	1,275	190	93



PSL Applications: Status with Financial Institutions

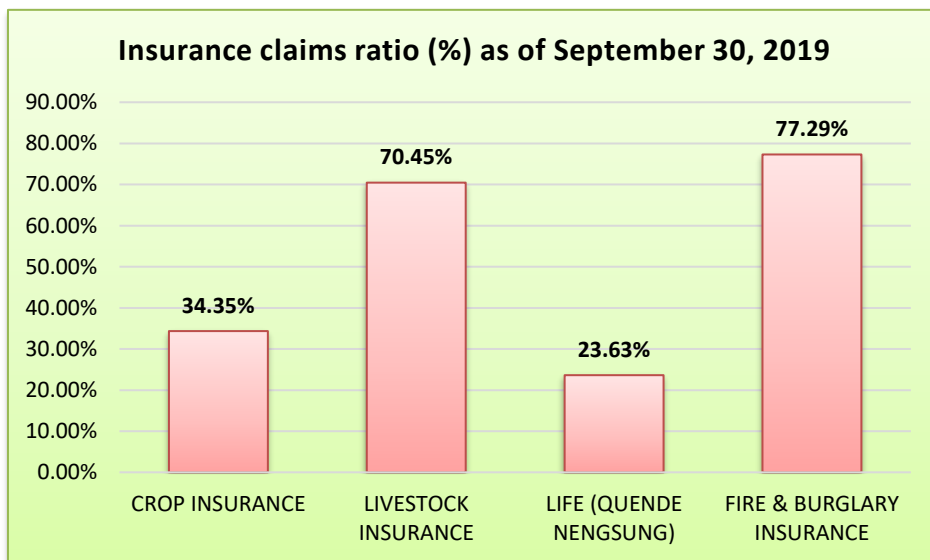
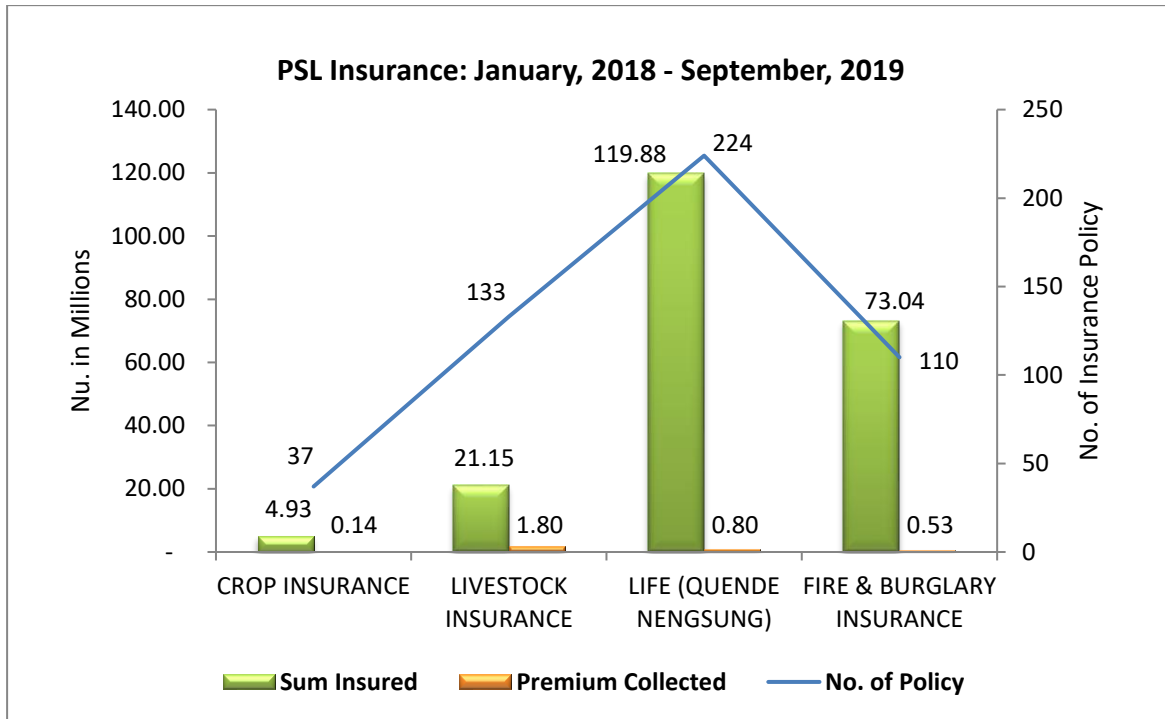
January 2018 - September 2019

SL No.	Dzongkhag	PSL Projects Processed by Dzongkhag		Status with Financial Institutions					
		Total Received	Total Approved	Received by FIs	Of which: Loan Approved	Of which: Under Review	Of which: Withdrawn by Client	Of which: Rejected	Loan Sanctioned (Nu. in millions)
1	Bumthang	116	87	50	21	-	3	26	21.47
2	Chukha	45	42	50	26	2	2	20	42.33
3	Dagana	165	107	69	28	1	-	40	10.22
4	Gasa	13	12	10	6	1	1	2	5.98
5	Haa	44	38	54	19	1	2	32	8.58
6	Lhuentse	6	5	6	1	-	-	5	0.34
7	Mongar	28	24	17	5	-	-	12	5.12
8	Paro	105	69	59	26	1	1	31	21.11
9	Pemagatshel	91	88	65	5	-	-	60	11.07
10	Punakha	17	15	19	13	-	-	6	11.95
11	Samdrupjongkhar	34	29	20	6	2	-	12	14.29
12	Samtse	152	144	97	53	2	2	40	20.92
13	Sarpang	152	136	68	45	1	2	20	24.79
14	Tashigang	52	42	60	41	1	1	17	24.78
15	Tashiyangtse	4	4	5	1	1	-	3	0.50
16	Thimphu	293	239	212	121	8	9	74	168.61
17	Trongsa	18	13	10	7	-	1	2	8.73
18	Tsirang	133	105	95	21	1	10	63	14.13
19	Wangduephodrang	28	21	34	18	1	-	15	23.92
20	Zhemgang	62	55	64	17	-	1	46	9.92
	Total	1,558	1,275	1,064	480	23	35	526	448.77



Dzongkhag-wise PSL Projects Financed by Financial Institutions as of September, 2019

Financial Institution(s)	Dzongkhag	Loans Sanctioned	
		No. of A/cs	Amount (Nu. In Millions)
BOBL	Bumthang	7	1.28
	Chukha	14	16.80
	Dagana	18	6.25
	Gasa	-	-
	Haa	5	2.74
	Lhuentse	1	0.34
	Mongar	2	0.69
	Paro	11	6.67
	Pemagatshel	3	0.52
	Punakha	5	1.69
	Samdrupjongkhar	6	14.29
	Samtse	17	5.59
	Sarpang	14	4.49
	Tashigang	17	12.04
	Tashiyangtse	1	0.50
	Thimphu	52	44.76
	Trongsa	6	5.73
	Tsirang	15	10.47
	Wangduephodrang	4	0.92
Zhemgang	12	4.26	
Total		210	140.04
BNBL	Bumthang	13	11.86
	Chukha	9	24.03
	Dagana	7	2.68
	Gasa	6	5.98
	Haa	13	5.47
	Lhuentse	-	-
	Mongar	3	4.43
	Paro	10	12.46
	Pemagatshel	2	10.55
	Punakha	8	10.27
	Samdrupjongkhar	-	-
	Samtse	17	8.01
	Sarpang	9	8.90
	Tashigang	19	7.74
	Tashiyangtse	-	-
	Thimphu	42	76.31
	Trongsa	-	-
	Tsirang	6	3.66
	Wangduephodrang	10	13.86
Zhemgang	5	5.66	
Total		179	211.86
BDBL	Chukha	1	0.50
	Dagana	3	1.29
	Haa	1	0.37
	Samtse	5	2.25
	Sarpang	22	11.40
	Tashigang	1	0.50
	Thimphu	11	4.90
	Wangduephodrang	2	1.40
Total		46	22.61
DPNBL	Chukha	1	0.50
	Paro	4	1.49
	Samtse	6	2.18
	Thimphu	5	9.47
	Wangduephodrang	2	7.74
Total		18	21.38
TBANK	Chukha	1	0.50
	Paro	1	0.50
	Samtse	7	2.39
	Tashigang	3	1.50
	Thimphu	6	20.96
	Trongsa	1	3.00
Total		19	28.85
BIL	Thimphu	1	0.33
Total		1	0.33
RICBL	Bumthang	1	8.33
	Tashigang	1	3.00
	Thimphu	6	12.39
Total		7	23.72
Grand Total		480	448.79



PSL Insurance Data: January, 2018 - September, 2019

SI	Insurance Product	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	CROP INSURANCE	37	4.93	0.14	2	0.05	34.35%
2	LIVESTOCK INSURANCE	133	21.15	1.80	16	1.27	70.45%
3	LIFE (QUENDE NENG SUNG) INSURANCE	224	119.88	0.80	1	0.19	23.63%
4	FIRE/BURGLARY/MOTOR INSURANCE	110	73.04	0.53	1	0.41	77.29%
TOTAL		504	219.00	3.28	20	1.92	58.54%

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 3rd Quarter 2019.
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