

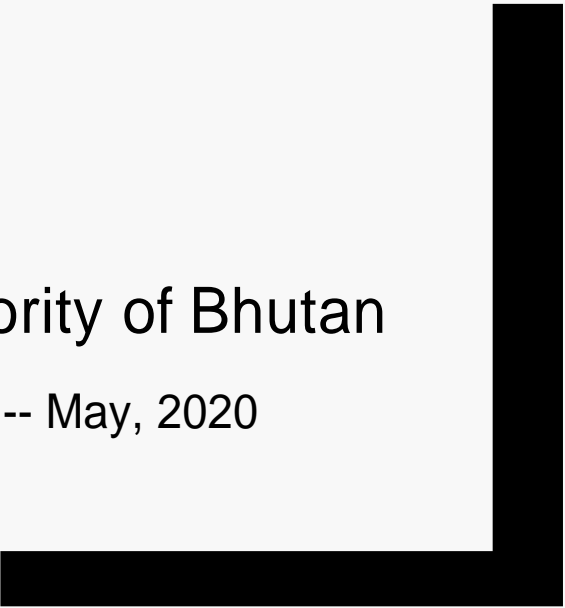


# PRIORITY SECTOR LENDING

Quarterly Report: Q4-2019

Royal Monetary Authority of Bhutan

-- May, 2020



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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 2019 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 1,561 PSL applications, out of which 1,278 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, 866 applicants were male and 682 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 1078 projects as of 4<sup>th</sup> Quarter 2019, out of which 494 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. 474.82 million as of 4<sup>th</sup> Quarter 2019.

As of December 31, 2019, the Royal Insurance Corporation of Bhutan Ltd. (RICBL) has underwritten 549 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. 2.35 Million as of 4<sup>th</sup> Quarter, 2019.

## PSL DATA-AT-A-GLANCE

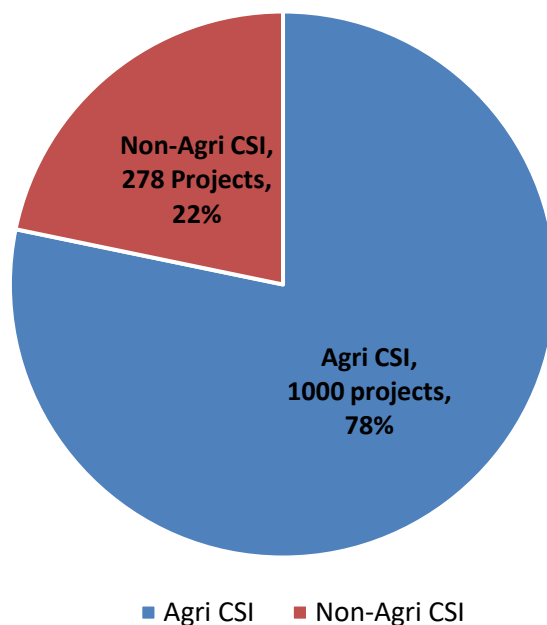
Summary of PSL Applications Processed: January 2018 - December 2019

SL No.	Dzongkhag	No. of Projects Received by Dzongkhag	No. of Projects Approved by Dzongkhag	No. of Projects Received by Fls	No. of Projects Approved by Fls	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	20	9.01
6	Lhuentse	6	5	6	1	0.34
7	Mongar	28	24	17	5	5.12
8	Paro	105	69	60	27	21.61
9	Pemagatshel	91	88	66	5	11.07
10	Punakha	17	15	22	13	11.95
11	Samdrupjongkhar	36	31	21	8	17.87
12	Samtse	152	144	99	56	21.60
13	Sarpang	152	136	69	46	25.29
14	Tashigang	52	42	60	41	24.78
15	Tashiyangtse	5	5	5	1	0.50
16	Thimphu	293	239	214	125	188.36
17	Trongsa	18	13	12	8	9.03
18	Tsirang	133	105	95	21	14.13
19	Wangduephodrang	28	21	34	19	24.23
20	Zhemgang	62	55	65	17	9.92
	<b>Total</b>	<b>1,561</b>	<b>1,278</b>	<b>1,078</b>	<b>494</b>	<b>474.82</b>

PSL Applications Processed by Dzongkhag

Dzongkhag	Q4 2019				STATUS AS OF JAN 2018 - DEC 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	-	-	-	-	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	-	-	36	31	1	4
Samtse	-	-	-	-	152	144	2	6
Sarpang	-	-	-	-	152	136	5	11
Tashigang	-	-	-	-	52	42	10	-
Tashiyangtse	1	1	-	-	5	5	-	-
Thimphu	-	-	-	-	293	239	51	3
Trongsa	-	-	-	-	18	13	-	5
Tsirang	-	-	-	-	133	105	10	18
Wangduephodrang	-	-	-	-	28	21	7	-
Zhemgang	-	-	-	-	62	55	-	7
<b>Total</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>1,561</b>	<b>1,278</b>	<b>190</b>	<b>93</b>

Project Approved by Dzongkhag: By Category  
(Jan 2018 - Dec 2019)

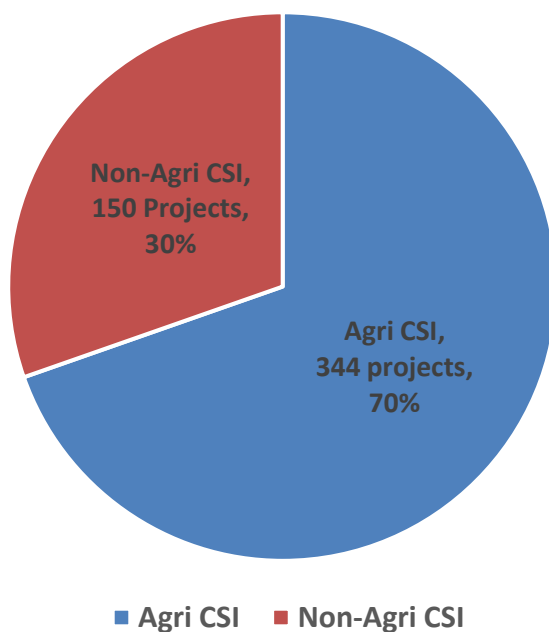


PSL Applications: Status with Financial Institutions

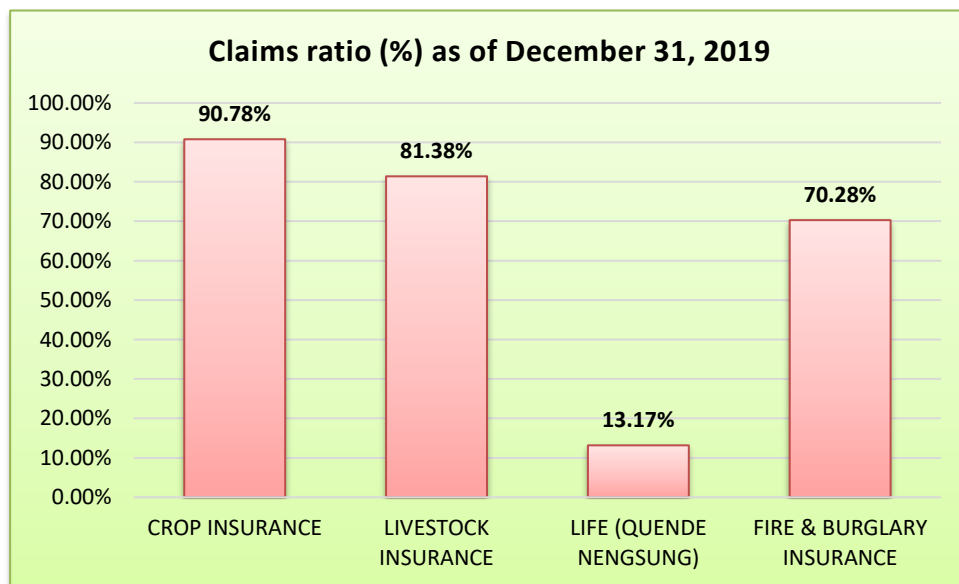
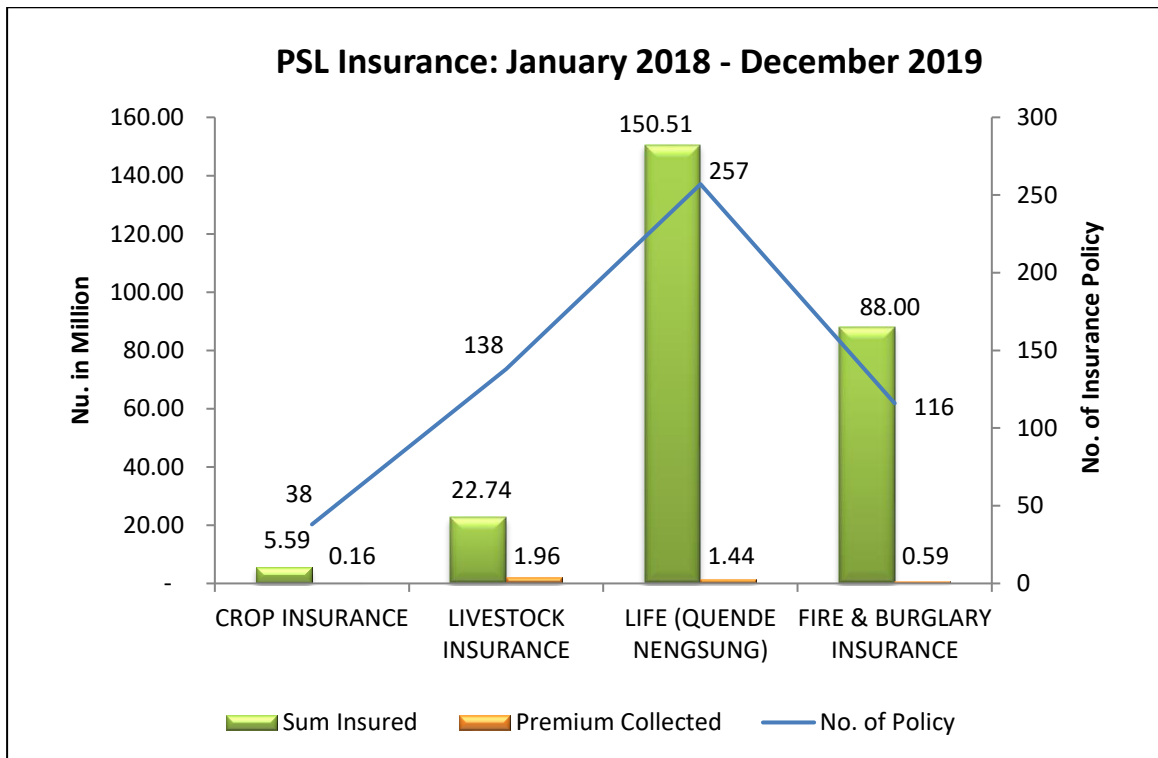
January 2018 - December 2019

SL No.	Dzongkhag	PSL Projects Processed by Dzongkhag		Status with Financial Institutions					
		Total Received	Total Approved	Received by Fls	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	22	42.33
3	Dagana	165	107	69	28	-	-	41	10.22
4	Gasa	13	12	10	6	-	1	3	5.98
5	Haa	44	38	54	20	-	2	32	9.01
6	Lhuentse	6	5	6	1	-	-	5	0.34
7	Mongar	28	24	17	5	-	-	12	5.12
8	Paro	105	69	60	27	-	1	32	21.61
9	Pemagatshel	91	88	66	5	-	-	61	11.07
10	Punakha	17	15	22	13	-	-	9	11.95
11	Samdrupjongkhar	36	31	21	8	-	-	13	17.87
12	Samtse	152	144	99	56	-	2	41	21.60
13	Sarpang	152	136	69	46	-	2	21	25.29
14	Tashigang	52	42	60	41	-	1	18	24.78
15	Tashiyangtse	5	5	5	1	-	-	4	0.50
16	Thimphu	293	239	214	125	1	9	79	188.36
17	Trongsa	18	13	12	8	-	1	3	9.03
18	Tsirang	133	105	95	21	-	10	64	14.13
19	Wangduephodrang	28	21	34	19	-	-	15	24.23
20	Zhemgang	62	55	65	17	-	1	47	9.92
	<b>Total</b>	<b>1,561</b>	<b>1,278</b>	<b>1,078</b>	<b>494</b>	<b>1</b>	<b>35</b>	<b>548</b>	<b>474.82</b>

Projects Approved by Fls: By Category  
(Jan 2018 - Dec 2019)



Dzongkhag-wise PSL Projects Financed by Financial Institutions as of December, 2019				
Financial Institution	Banks	Dzongkhag	Loans Sanctioned	
			No. of A/cs	Amount (Nu. In Millions)
BOBL	BOBL - Sanctioned	Bumthang	7	1.28
	BOBL - Sanctioned	Chukha	14	16.80
	BOBL - Sanctioned	Dagana	18	6.25
	BOBL - Sanctioned	Gasa	-	-
	BOBL - Sanctioned	Haa	6	3.17
	BOBL - Sanctioned	Lhuentse	1	0.34
	BOBL - Sanctioned	Mongar	2	0.69
	BOBL - Sanctioned	Paro	11	6.67
	BOBL - Sanctioned	Pemagatshel	3	0.52
	BOBL - Sanctioned	Punakha	5	1.69
	BOBL - Sanctioned	Samdrupjongkhar	8	17.87
	BOBL - Sanctioned	Samtse	18	5.89
	BOBL - Sanctioned	Sarpang	14	4.49
	BOBL - Sanctioned	Tashigang	17	12.04
	BOBL - Sanctioned	Tashiyangtse	1	0.50
	BOBL - Sanctioned	Thimphu	53	49.56
	BOBL - Sanctioned	Trongsa	6	5.73
	BOBL - Sanctioned	Tsirang	15	10.47
	BOBL - Sanctioned	Wangduephodrang	5	1.23
	BOBL - Sanctioned	Zhemgang	12	4.26
<b>Total</b>			<b>216</b>	<b>149.46</b>
BNBL	BNBL - Sanctioned	Bumthang	13	11.86
	BNBL - Sanctioned	Chukha	9	24.03
	BNBL - Sanctioned	Dagana	7	2.68
	BNBL - Sanctioned	Gasa	6	5.98
	BNBL - Sanctioned	Haa	13	5.47
	BNBL - Sanctioned	Lhuentse	-	-
	BNBL - Sanctioned	Mongar	3	4.43
	BNBL - Sanctioned	Paro	10	12.46
	BNBL - Sanctioned	Pemagatshel	2	10.55
	BNBL - Sanctioned	Punakha	8	10.27
	BNBL - Sanctioned	Samdrupjongkhar	-	-
	BNBL - Sanctioned	Samtse	17	8.01
	BNBL - Sanctioned	Sarpang	9	8.90
	BNBL - Sanctioned	Tashigang	19	7.74
	BNBL - Sanctioned	Tashiyangtse	-	-
	BNBL - Sanctioned	Thimphu	43	81.49
	BNBL - Sanctioned	Trongsa	-	-
	BNBL - Sanctioned	Tsirang	6	3.66
BNBL - Sanctioned	Wangduephodrang	10	13.86	
BNBL - Sanctioned	Zhemgang	5	5.66	
<b>Total</b>			<b>180</b>	<b>217.05</b>
BDBL	BDBL - Sanctioned	Chukha	1	0.50
	BDBL - Sanctioned	Dagana	3	1.29
	BDBL - Sanctioned	Haa	1	0.37
	BDBL - Sanctioned	Samtse	5	2.25
	BDBL - Sanctioned	Sarpang	23	11.90
	BDBL - Sanctioned	Tashigang	1	0.50
	BDBL - Sanctioned	Thimphu	11	4.90
	BDBL - Sanctioned	Wangduephodrang	2	1.40
<b>Total</b>			<b>47</b>	<b>23.11</b>
DPNBL	DPNBL - Sanctioned	Chukha	1	0.50
	DPNBL - Sanctioned	Paro	5	1.99
	DPNBL - Sanctioned	Samtse	8	2.56
	DPNBL - Sanctioned	Thimphu	6	12.97
	DPNBL - Sanctioned	Trongsa	1	0.30
	DPNBL - Sanctioned	Wangduephodrang	2	7.74
<b>Total</b>			<b>23</b>	<b>26.06</b>
TBANK	TBank - Sanctioned	Chukha	1	0.50
	TBank - Sanctioned	Paro	1	0.50
	TBank - Sanctioned	Samtse	7	2.39
	TBank - Sanctioned	Tashigang	3	1.50
	TBank - Sanctioned	Thimphu	7	27.22
	TBank - Sanctioned	Trongsa	1	3.00
<b>Total</b>			<b>20</b>	<b>35.11</b>
BIL	BIL - Sanctioned	Thimphu	1	0.33
<b>Total</b>			<b>1</b>	<b>0.33</b>
RICBL	RICBL - Sanctioned	Bumthang	1	8.33
	RICBL - Sanctioned	Tashigang	1	3.00
	RICBL - Sanctioned	Thimphu	5	12.39
<b>Total</b>			<b>7</b>	<b>23.72</b>
<b>Grand Total</b>			<b>494</b>	<b>474.83</b>



**PSL Insurance Data: January 2018 - December 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	38	5.59	0.16	3	0.15	90.78%
2	LIVESTOCK INSURANCE	138	22.74	1.96	22	1.60	81.38%
3	LIFE (QUENDE NENG SUNG)	257	150.51	1.44	1	0.19	13.17%
4	FIRE & BURGLARY INSURANCE	116	88.00	0.59	2	0.41	70.28%
<b>TOTAL</b>		<b>549</b>	<b>266.84</b>	<b>4.15</b>	<b>28</b>	<b>2.35</b>	<b>56.57%</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.

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 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](http://www.rma.org.bt)