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Ministry of LGRD and Cooperatives

Section A

Roll No 101

26th Policy, Planning and Management Course (PPMC)

Topic: Improving Loan Service to Farmers through Developing a need-based Guideline

Small Farmers Development Foundation (SFDF) was formed under the Rural Development and Cooperatives Division of the Ministry of Local Government, Rural Development and Cooperatives, the provisions of Section 28 of the Company Act, 1994, by obtaining registration from the Directorate of Joint Stock Companies and Firms.



Since February 2007 with the revolving loan fund recommended by the 'Task Force' formed by the Rural Development and Cooperatives Division on the eve of the foundation's formation to manage the Foundation's activities. Currently, the Foundation's activities are carried out in village level covering 200 Upazilas of 36 Districts and 8 Divisions of Bangladesh.

The main objective of this organization is to improve the socio-economic conditions and reduce poverty by organizing landless, marginal farmers and small farmers living in the rural areas of Bangladesh under informal sectors and providing collateral-free loans for agricultural production, self-employment and income-generating activities.

To achieve those objectives (1) major and minor food crop production, fish farming, cattle rearing, cattle fattening, poultry farming, dairy farming, goat farming, vegetable farming, betel nut farming, nursery, forestry/fruit gardening, floriculture, spice crop farming, oil and oilseed crops, jute farming are the main sectors where SFDF can finance.

(2) Making chanachur, chocolate, pickles, production of jaggery, semai, rose water, salt cultivation, making furniture, shopping bags, paper bags, wooden utensils, weaving industry, cottage industry, making of candles, pottery, cartons and packaging, making of baskets and chalani, brooms, making of cradles, production of organic fertilizer etc.

(3) Leather business, wood business, cotton business, yarn business, jute/patti/mat/carpet business, leather bag business, embroidery business and so on SFDF can finance also.

Problem Statement: The Microfinance guidelines of the Small Farmers Development Foundation (SFDF) control small entrepreneurship loans reserved for three categories of people involved in (1) Production of agricultural produce, (2) Processing of agricultural products and (3) Selling of agricultural produce.

Organization's memory and experience show that the first category of people do not get enough loans timely while the other two categories get a significance portion of it.

Causes of the Problems: (1) Loan-distributing officials prefer the borrowers who are near to their office, and they are not Small Farmers producing agricultural products. (2) Loan-distributing officials prefer farmers who are engaged in business because they possess the capacity of repayment rather than the agricultural product-producing farmers.

SFDF is run according to the decisions of the Governing Body (GB). The secretary of RDCD is the ex officio Chairperson and Managing Director (MD) of SFDF is the member secretary of this GB.

For the sake of the Institution and the mass people it is very urgent to reform the current flawed guidelines 2022. For this purposes stakeholder analysis is needed first. Our employees, Rural Development and Cooperatives Division and the Ministry of Finance are our main stakeholder. After stakeholder Consultation it will be possible to take any urgent decision in the GB Meeting for the benefit of the organization. Then resolution of the draft revised policy will be sending to RDCD. From RDCD it will be sent to the Ministry of Finance for vetting. After vetting it will again come back to RDCD and finally it will be published as notification and implemented in the field level. Side by side it will be widely publicized among the beneficiaries through mass media and social media

SWOT Analysis:

SFDF is an autonomous organization. Its position is very strong among all the 10 organizations under the Rural Development and Cooperatives Division.

While there are 1,014 audit objections in RDCD's other 9 Departments involving about 4852.46 crore taka, but SFDF's this number is only 6 with involving 23.18 crore taka only. Its officers and employees receive their regular salaries from its own income.

One of the weaknesses of this organization is that the policies are not updated and complete.

Since inception, this organization is currently working in only 200 Upazilas across Bangladesh, there is an opportunity to work in all Upazilas in the future.

There is another similar organization called Palli Daridra Bimochan Foundation (PDBF) under the Rural Development and Cooperatives Division that is working all over Bangladesh. So this organization is the main competitor of SFDF.

Tentative Time Required

- ➔ Stakeholder Meeting 15 days
- ➔ Arranging GB Meeting and Final Decisions 15 days
- ➔ Approval from RDCD 15 days
- ➔ Approval from Finance Division (Vetting) 30 days
- ➔ Returned to SFDF and Publish Revised Guidelines 15 days
- ➔ Publicity of this Revised Guidelines through Mass media immensely-30 days

Total: 120 days

