

# Monthly Report On Agricultural and Rural Financing<sup>1</sup>



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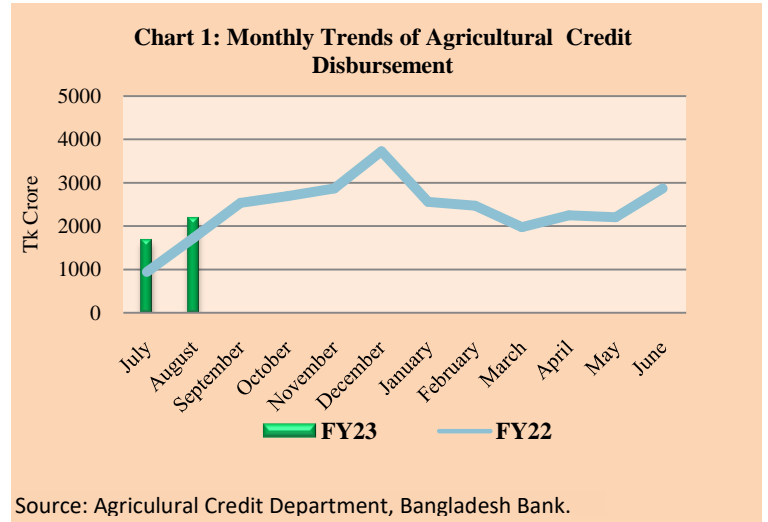
## Highlights

- The agricultural credit disbursement target has been fixed at TK 30911.00 crores for FY23, which is 8.88 percent higher than TK 28391.00 crores targeted in FY22. During July-August 2022, TK 3837.30 crores of agriculture credit was disbursed which was 12.41 percent of the total disbursement target of FY23. In August 2022, actual agriculture credit disbursement stood at 2172.53 crores which was 25.39 percent higher than the disbursement of TK 1732.67 crores for the same month of the preceding year. Total recovery position of agricultural credit recorded at TK 4123.13 crores during July-August 2022, which was 22.37 percent higher than TK 3369.42 crores recovery for the same period of the preceding year.
- Outstanding balance (including interest) of agricultural credit stood at TK 50235.40 crores at the end of August 2022, which was 10.99 percent higher than the outstanding balance of TK 45260.89 crores at the end of August 2021. Overdue of agricultural credit stood at TK 7945.27 crores at the end of August 2022, which was 8.62 percent higher than the overdue of TK 7314.46 crores at the end of August 2021. Overdue of agricultural credit as percentage of outstanding was 15.82 percent at the end of August 2022 which was 16.16 percent at the end of August 2021.
- In August 2022, Grameen Bank and nine large NGOs disbursed TK 13148.94 crores as microcredit and recovered TK 12998.83 crores. Total outstanding balance of microcredit of these organizations stood at TK 85342.59 crores at the end of August 2022. Overdue of microcredit stood at TK 4230.95 crores, around 4.96 percent of outstanding at the end of August 2022.

## Disbursement, Recovery and Outstanding Balance of Agricultural Credit

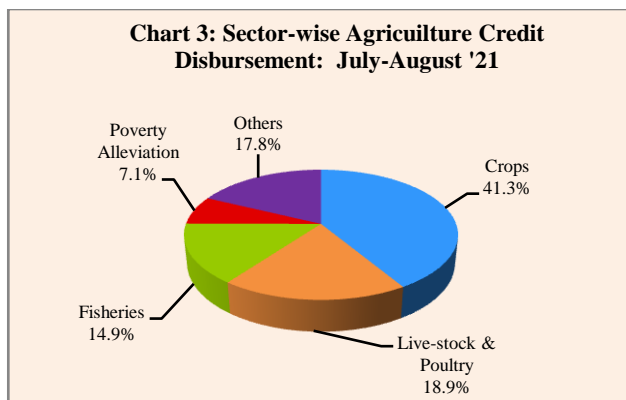
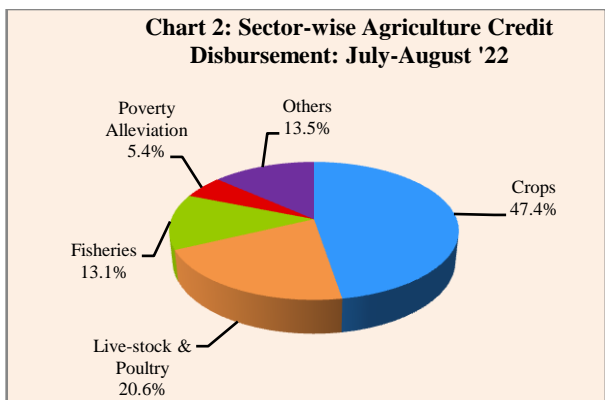
The disbursement target of agricultural credit by all scheduled banks has been fixed at TK 30911.00 crores for FY23, which is 8.88 percent higher than the target of TK 28391.00 crores for FY22 and 7.20 percent higher than actual disbursement in FY22. The disbursement targets of all State-Owned Commercial Banks (SOCBs) and State-Owned Specialized Banks (SOSBs) together set at TK 11758.00 crores and Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) together have been fixed at TK 19153.00 crores. These disbursement targets are 38.04 percent and 61.96 percent of the total agricultural credit disbursement target respectively.

In August 2022, the actual disbursement of agricultural credit stood at TK 2172.53, which was 30.50 percent higher than the disbursement of TK 1664.77 crores compared to the previous month. In the same manner, it was 25.39 percent higher than the disbursement of TK 1732.67 crores of the same month of the preceding year (Chart-1).



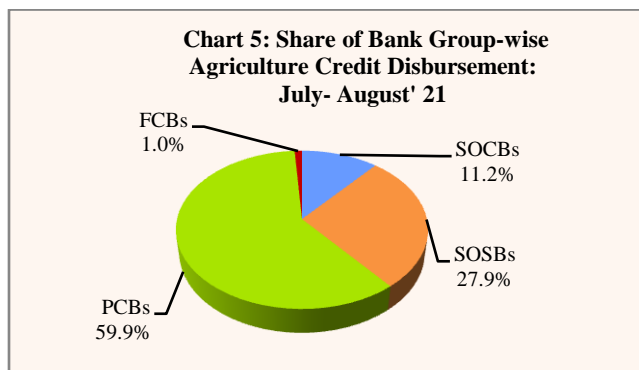
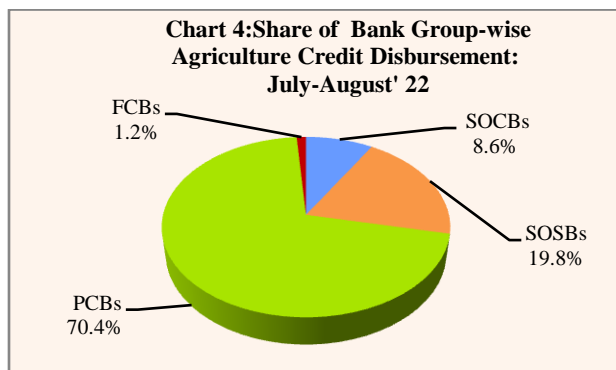
During July-August 2022, TK 3837.30 crores of agriculture credit was disbursed which was 12.41 percent of the total disbursement target of FY23.

Chart-2 and Chart-3 show the sector wise agricultural credit disbursement. During July-August 2022, the share of crop sub-sector was 47.4 percent of the total agriculture credit disbursement followed by live-stock & poultry (20.6%), fisheries (13.1%), poverty alleviation (5.4%) and others (13.5%). On the other hand, the share of crop sub-sector was 41.3 percent, followed by live-stock & poultry (18.9%), fisheries (14.9%), poverty alleviation (7.1%) and others (17.8%) during July-August 21.



Source: Agricultural Credit Department, Bangladesh Bank.

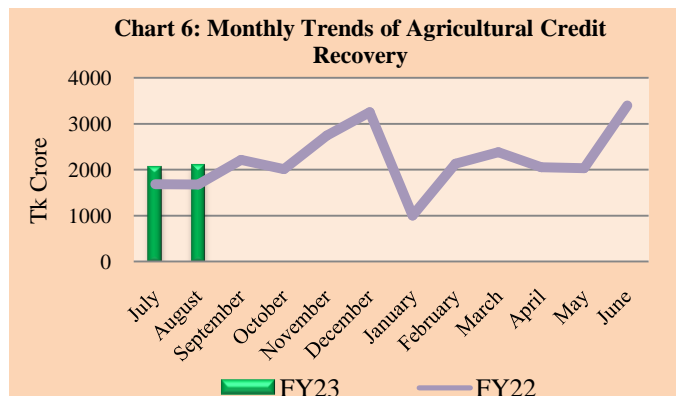
Chart-4 and Chart-5 show the bank group-wise share of agriculture credit disbursement. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 70.4 percent followed by SOSBs (19.8%), SOCBs (8.6%) and FCBs (1.2%) during July-August 2022 whereas PCBs share of agriculture credit disbursement was 59.9 percent, followed by SOSBs (27.9%), SOCBs (11.2%) and FCBs (1.0%) during July-August 2021.



Source: Agricultural Credit Department, Bangladesh Bank.

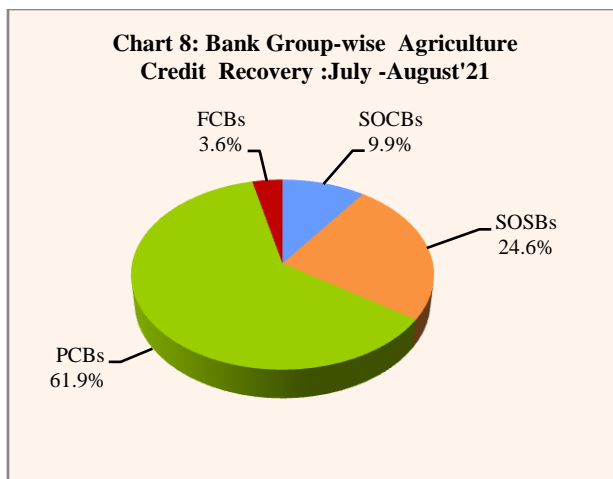
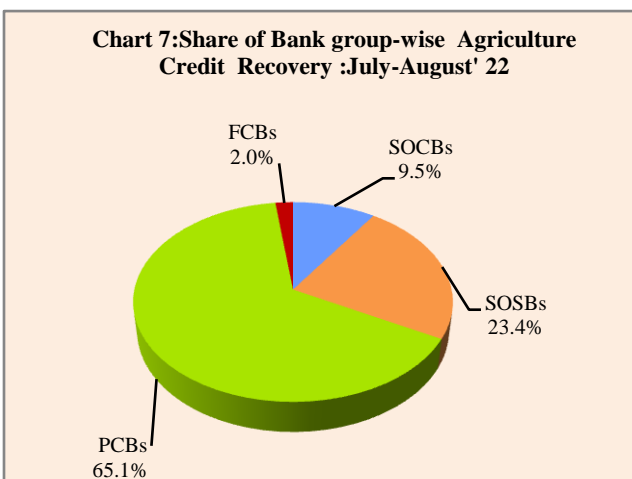
## Recovery

In August 2022, the recovery of agricultural credit stood at TK 2077.33 crores, which was 1.54 percent higher than the recovery of TK 2045.80 crores compared to the previous month. Moreover, it was 23.52 percent higher than the recovery of TK 1681.71 crores compared to the same month of the preceding year (Chart-6).



Source: Agricultural Credit Department, Bangladesh Bank.

Among the type of banks, share of recovery of PCBs' was 65.1 percent followed by SOSBs (23.4%), SOCBs (9.5%) and FCBs (2.0%) during July-August 2022, whereas share of PCBs recovery was 61.9 percent, followed by SOSBs (24.6%), SOCBs (9.9%) and FCBs (3.6%), during July-August 2021. Chart-7 and chart-8 show the bank group-wise agricultural credit recovery.



Source: Agricultural Credit Department, Bangladesh Bank.

### Outstanding Balance and Overdue

At the end of August 2022, outstanding balance of agricultural credit reached at TK 50235.40 crores, which was 10.99 percent higher than the outstanding balance of TK 45260.89 crores at the end of August 2021.

Overdue of agricultural credit stood at TK 7945.27 crores at the end of August 2022, which was 8.62 percent higher than the overdue of TK 7314.46 crores at the end of August 2021. Overdue of agricultural credit as percentage of outstanding balance stood at 15.82 percent at the end of August 2022 which was 16.16 percent at the end of August 2021.

Monthly position of disbursement, recovery and outstanding of agricultural credit for FY23 and FY22 are shown in Annexure (Table-1).

## **Refinance**

BKB and RAKUB didn't submit any application for the refinance loan from Bangladesh Bank up to August 2022. Total outstanding amount of refinance was stood at TK 3160.60 crores at the end of August 2022 which was TK 3375.85 crores in August 2021. BKB and RAKUB didn't repay any refinance amount in August 2022.

## **Bangladesh Rural Development Board (BRDB)**

The disbursement target of Bangladesh Rural Development Board (BRDB) has been fixed at TK 1332.50 crores for FY23. In August 2022, it disbursed Tk 74.79 crores and recovered Tk 84.70 crores. In August 2021, it disbursed Tk 42.08 crores and recovered Tk 28.73 crores. During July-August 2022, BRDB disbursed Tk. 156.96 crores and recovered Tk 159.02 crores, which were Tk. 98.75 and Tk. 112.37 crores respectively in the same period of the preceding year.

## **Bangladesh Shomobay Bank Limited (BSBL)**

The disbursement target of BSBL a non-scheduled bank has been set at TK 25.00 crores for FY23. Both in August 2022 and August 2021, it didn't disburse any amount but it recovered Tk 0.72 crores and 0.07 crores respectively. In addition, during July-August 2022, BSBL didn't disburse any amount but it recovered Tk 1.08 crores.

## **Palli Karma Shahayak Foundation**

Palli Karma Shahayak Foundation (PKSF) disbursed TK 643.00 crores to its 279 POs (Partner Organizations) and recovered TK 371.35 crores in August 2022. Outstanding balance and overdue stood at TK 8694.03 crores and TK 223.74 crores respectively at the end of August 2022.

## **Microcredit Operations by Grameen Bank and Large nine NGOs<sup>2</sup>**

In August 2022, Grameen Bank and large nine NGOs disbursed TK 13148.94 crores in productive and income generating activities in the rural areas under their microcredit program, which was TK 8574.87 crores in the same month of the preceding year. Under this program, about 30.52 million members availed loan facility through 11348 branches of Grameen Bank and nine NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 81.80 percent of the total microcredit among the top 10 Micro Finance Institutions (MFIs) in August 2022. However, in August 2022, total recovery of the microcredit by these 10 MFIs stood at TK 12998.83 crores, which was TK 9625.63

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<sup>2</sup>Grameen, BRAC, ASA, Proshika, TMSS, RDRS Bangladesh, CARITAS Bangladesh, Jagoroni Chakra Foundation, Society for Social Services [SSS], Shakti Foundation.

crores in the same month of the preceding year. At the end of August 2022, outstanding balance of these 10 MFIs stood at TK 85342.59 crores, which was 23.28 percent higher than the outstanding balance at the end of same month of the preceding year. Overdue of microcredit of these MFIs stood at TK 4230.95 crores at the end of August 2022, which was 13.82 percent lower than the overdue at the end of the same month of the preceding year. At the end of August 2022, the overdue as percentage of outstanding stood at 4.96 percent.

### **Recent Measures Taken by Bangladesh Bank to Facilitate Rural Financing**

- According to the ACD Circular No. 02: 27 June 2022, Bangladesh Bank announced disbursement of minimum 40% unused outstanding amount of TK 3,000 crore as refinance scheme previously issued through ACD circular 14 September 2021 to the flood affected farmers. Information is available in the link: <https://intranet.bb.org.bd/openpdf.php>
- According to the ACD Circular No. 01: 27 June 2022, Bangladesh Bank announced refinance scheme on Milk Production at 5 percent concessional loan. Information is available in the link: <https://intranet.bb.org.bd/openpdf.php>
- According to the ACD Circular No. 01: 03 January 2022, Bangladesh Bank announced refinance scheme of Taka 500 crore to create employment and to eliminate poverty for the people who have returned home from their respective jobs due to Covid 19 pandemic and other reasons. Information is available in the link: <https://www.bb.org.bd/mediaroom/circulars/acd/jan032022acd01.pdf>
- According to the ACD Circular No. 02: 22 May 2022, Bangladesh Bank has given emphasize on disbursement of agricultural credit at 4% concessional interest rate for cultivating import substitute crops (pulses, oilseeds, spices and maize). Information is available in the link <https://intranet.bb.org.bd/openpdf.php>
- <https://www.bb.org.bd/mediaroom/circulars/acd/oct262021acd03.pdf>
- According to the ACD Circular No. 04: 28 July 2022, Bangladesh Bank published Agricultural and Rural Credit Policy and Program for FY23. Information is available in the link : <https://intranet.bb.org.bd/openpdf.php>
- According to the ACD Circular No. 05: 25 August 2022 Bangladesh Bank announced a refinance scheme of Taka 1000.00 crore for increasing production of wheat and maize. Information is available in the link : <https://intranet.bb.org.bd/openpdf.php>

## Annexure

**Table-1: Monthly Position of Agricultural Credit by the Scheduled Banks**

(In Crore Taka)

Month	Disbursement		Recovery		Outstanding (at the end of Month)		Overdue (at the end of Month)	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
July	1664.77	942.11	2045.8	1687.71	50757.4	45195.8	7500.15	7033.46
August	2172.53	1732.67	2077.33	1681.71	50235.4	45260.9	7945.27	7314.46
September		2535.72		2216.69		44041.9		
October		2694.62		2011.22		46353.8		
November		2868.43		2741.69		46523.3		
December		3723.49		3254.78		47659.5		
January		2558.56		1870.83		48355.3		
February		2474.65		2133.05		48834.8		
March		1973.95		2378.56		48891.1		
April		2252.52		2051.26		49263.9		
May		2210.01		2033.76		49551.3		
June		2867.48		3402.15		49802.3		
<b>Total</b>	<b>3837.3</b>	<b>28834.2</b>	<b>4123.13</b>	<b>27463.4</b>				