

Monthly Report on
Agriculture and Rural Finance¹



December 2022

Research Department
(Internal Economic Wing)
Bangladesh Bank

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Monthly Report on Agriculture and Rural Finance: December 2022

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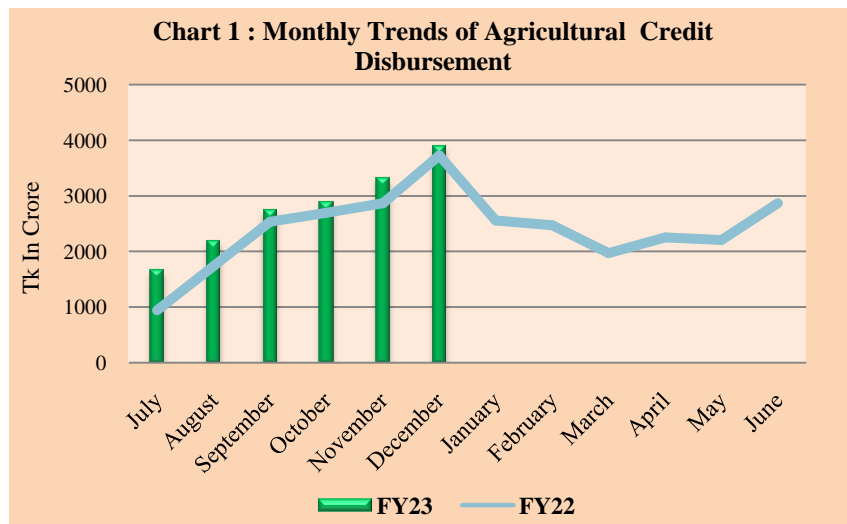
Highlights

- 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-December 2022, disbursement of agriculture credit stood at TK 16670.10 crores which was 53.93 percent of the total disbursement target of FY23. In December 2022, actual credit disbursement stood at 3892.42 crores which was 4.54 percent higher than the disbursement of the same month of the preceding year. Total recovery of agricultural credit recorded at TK 16429.76 crores during July-December 2022, which was 20.86 percent higher than the recovery for the same period of the preceding year.
- Outstanding balance (including interest) of agricultural credit registered at TK 50997.35 crores at the end of December 2022, which was 7.00 percent higher than the outstanding balance of TK 47659.51 crores at the end of December 2021. Overdue of agricultural credit stood at TK 7212.15 crores at the end of December 2022, which was 4.03 percent higher than the overdue of TK 6932.47 crores at the end of December 2021. Overdue of agricultural credit as percentage of outstanding was 14.14 at the end of December 2022 which was 14.55 at the end of December 2021.
- In December 2022, Grameen Bank and ten other large NGOs disbursed TK 17334.66 crores as microcredit and recovered TK 14872.64 crores. Total outstanding balance of microcredit of these organizations stood at TK 106284.00 crores at the end of December 2022. Overdue of microcredit stood at TK 3544.86 crores, around 3.34 percent of outstanding at the end of December 2022.

Disbursement, Recovery and Outstanding Balance of Agricultural Credit

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 of FY23 respectively.

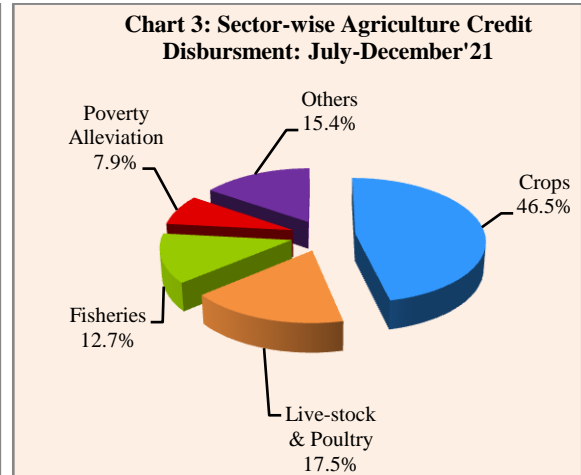
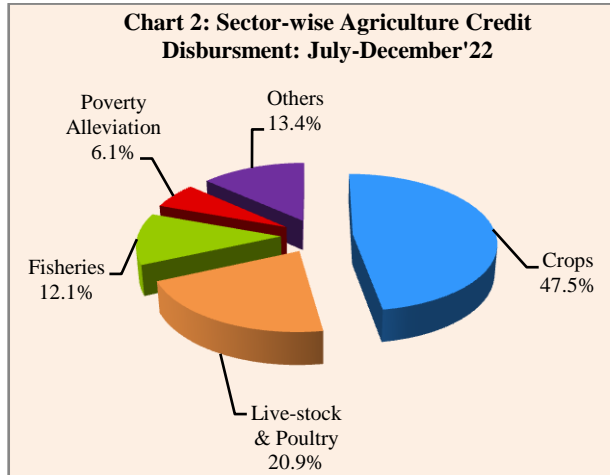
In December 2022, the actual disbursement of agricultural credit stood at TK 3892.42 crores, which was 17.65 percent higher than the disbursement of TK 3308.34 crores compared to the previous month and was 4.54 percent higher than the disbursement of TK 3723.49 crores of the same month of the preceding year. During the first half of FY23, TK 16670.10 crores of agriculture credit disbursed which was 53.93 percent of the total disbursement target of FY23 (Chart-1 and Table-1).



Source: Agricultural Credit Department, Bangladesh Bank.

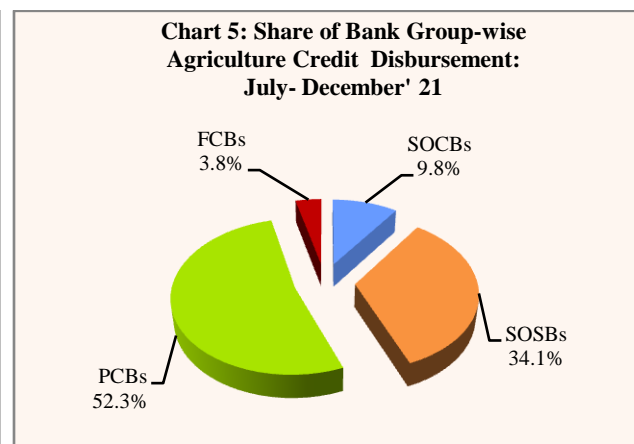
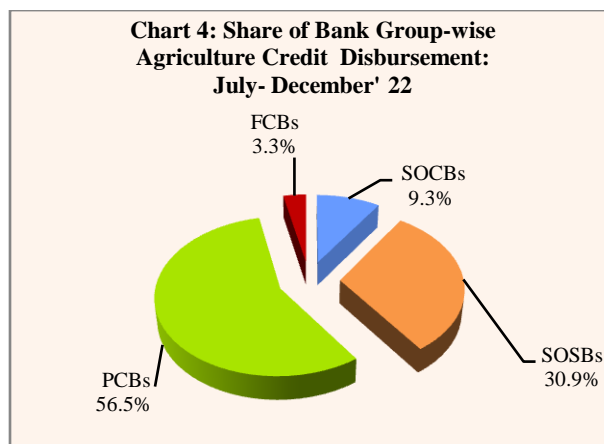
Chart-2 and Chart-3 show the sector wise agricultural credit disbursement. During July-December 2022, the share of crop sub-sector was 47.5 percent of the total agriculture credit disbursement followed by live-stock & poultry (20.9%), fisheries (12.1%), poverty alleviation (6.1%) and others (13.4%). On the other hand, the share of crop sub-sector was 46.5 percent,

followed by live-stock & poultry (17.5%), fisheries (12.7%), poverty alleviation (7.9%) and others (15.4%) during July-December 21.



Source: Agricultural Credit Department, Bangladesh Bank.

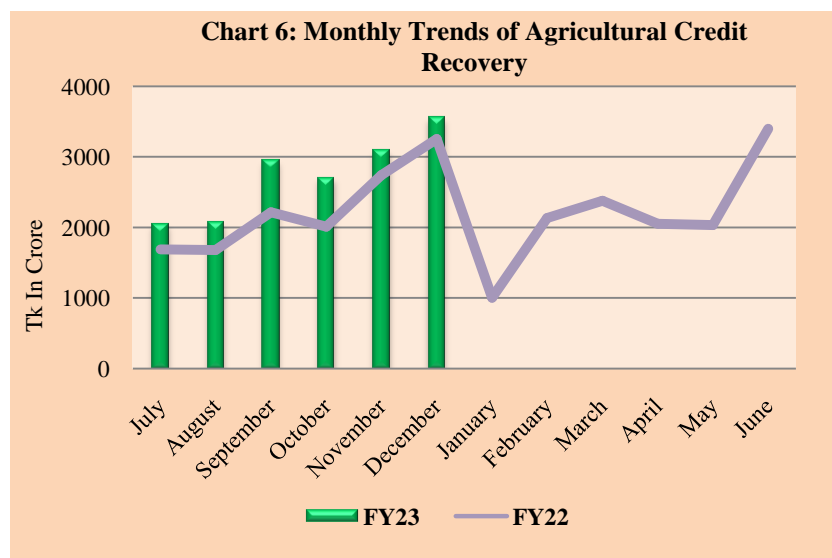
Chart-4 and Chart-5 show the bank group-wise share of agriculture credit disbursement. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 56.5 percent followed by SOSBs (30.9%), SOCBs (9.3%) and FCBs (3.3%) during July-December 2022 whereas PCBs' share of agriculture credit disbursement was 52.3 percent, followed by SOSBs (34.1%), SOCBs (9.8%) and FCBs (3.8%) during July-December 2021.



Source: Agricultural Credit Department, Bangladesh Bank.

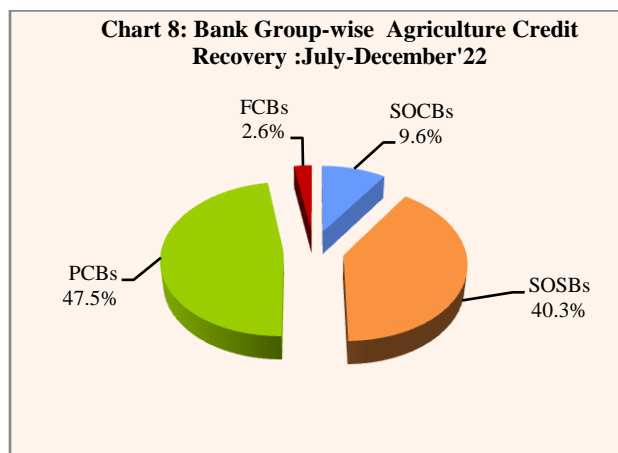
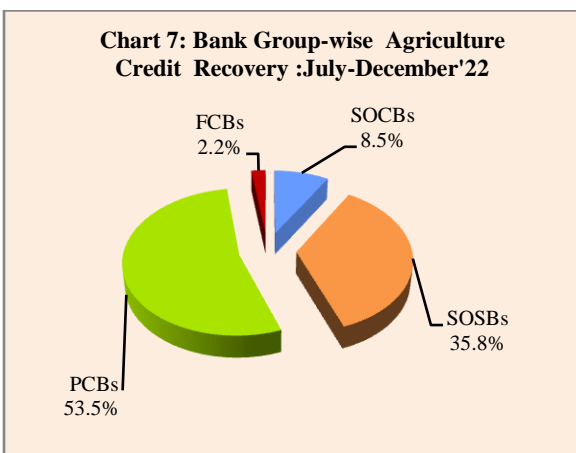
Recovery

In December 2022, recovery of agricultural credit amounted at TK 3558.65 crores. The recovery position was 15.14 percent higher than TK 3090.79 crores compared to the recovery of the previous month. Moreover, it was 9.34 percent higher than the recovery of TK 3254.78 crores compared to the same month of the preceding year (Chart-6 and Table-1).



Source: Agricultural Credit Department, Bangladesh Bank.

Among the type of banks, the share of recovery of PCBs was 53.5 percent followed by SOSBs (35.8%), SOCBs (8.5%) and FCBs (2.2%) during July-December 2022, while the share of PCBs' recovery was 47.5 percent, followed by SOSBs (40.3%), SOCBs (9.6%) and FCBs (2.6%), during July-December 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 December 2022, outstanding balance of agricultural credit reached at TK 50997.35 crores, which was 7.00 percent higher than the outstanding balance of TK 47659.51 crores at the end of December 2021.

Overdue of agricultural credit stood at TK 7212.15 crores at the end of December 2022, and it was 4.03 percent higher than the overdue of TK 6932.47 crores at the end of December 2021. Overdue of agricultural credit as percentage of outstanding balance was 14.14 percent at the end of December 2022 which was 14.55 percent at the end of December 2021.

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

Refinance Facility from Bangladesh Bank under Government Guarantee

With a view to enhance the country's agricultural development and food security, BB has been continuously supporting BKB and RAKUB by providing refinance facilities under government guarantee. The rate of interest of the participating financial institutions (PFI) level and the end borrower level is 4.0 percent and 8.0 percent respectively and loan tenure is maximum one year.

It may be noted that BKB and RAKUB didn't submit any application for the short-term refinance loan from Bangladesh Bank up to December of FY23. Total outstanding balance of refinance stood at TK 3066.90 crores at the end of December 2022 which was TK 2768.91 crores at the end of December 2021.

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 December 2022, it disbursed TK 135.27 crores and recovered TK 108.13 crores. In December 2021, the amount was TK 93.16 crores and TK 110.03 crores respectively. During July-December 2022, BRDB disbursed TK 710.22 crores and recovered TK 578.46 crores, which were TK 530.04 crores and TK 495.27 crores respectively during 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. In December 2022 and December 2021, it didn't disburse any amount but in the same period it recovered Tk 0.49 crores and Tk 0.55 crores respectively. In addition, during the first half of FY23 and FY22, BSBL didn't disburse any amount but it recovered Tk 2.05 crores and Tk 1.55 crores respectively.

Palli Karma Shahayak Foundation

Palli Karma Shahayak Foundation (PKSF) disbursed TK 832.11 crores to its 281 partner organizations (POs) and recovered TK 503.98 crores in December 2022. During July- December 22, total disbursement and recovery amount of PKSF were TK 3258.51 crores and TK 2311.45 crores respectively. At the end December 2022, it's outstanding balance and overdue stood at TK 9621.17 crores and TK 233.7 crores respectively.

Microcredit Operations by Grameen Bank and ten other Large NGOs²

In December 2022, Grameen Bank and ten other large NGOs disbursed TK 17334.66 crores in productive and income generating activities in the rural areas under their microcredit program, which was TK 14789.53 crores in the same month of the preceding year. Under this program, about 33.44 million members availed loan facility through 12789 branches of Grameen Bank and ten NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 79.57 percent of the total microcredit among the listed top 11 Microfinance Institutions (MFIs) in December 2022. However, in December 2022, total recovery of the microcredit by these 11 MFIs stood at TK 14872.64 crores, which was TK 13045.35 crores in the same month of the preceding year. At the end of December 2022, outstanding balance of these MFIs stood at TK 106284.00 crores, which was 24.78 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 3544.86 crores at the end of December 2022, which was 29.58 percent lower than the overdue at the end

²Grameen Bank, BRAC, ASA, Proshika, TMSS, RDRS Bangladesh, CARITAS Bangladesh, Jagoroni Chakra Foundation, SSS, Shakti Foundation, BURO Bangladesh.

of the same month of the preceding year. At the end of December 2022, the overdue as percentage of outstanding stood at 3.34 percent.

Recent Measures Taken by Bangladesh Bank to Facilitating Agriculture and Rural Finance:

- According to the ACD Circular No. 01: 03 January 2022, Bangladesh Bank announced refinance scheme of TK 500 crore for generating employment and eliminating poverty for the people returned home from their respective jobs due to Covid 19 pandemic and other reasons. Additional information is available in the link below:
<https://www.bb.org.bd/mediaroom/circulars/acd/jan032022acd01.pdf>
- According to the ACD Circular No. 02: 22 May 2022, Bangladesh Bank announced disbursement of agricultural credit at 4% concessional interest rate for cultivating import substitute crops (pulses, oilseeds, spices and maize). Further information is available in the link: <https://www.bb.org.bd/mediaroom/circulars/acd/may222022acd02.pdf>
- 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. More information is available in the link: <https://www.bb.org.bd/mediaroom/circulars/acd/jun272022acd102.pdf>
- According to the ACD Circular No. 01: 27 June 2022, Bangladesh Bank announced refinance scheme on milk production at 5 percent concessional loan. Details information is available in the link:
<https://www.bb.org.bd/mediaroom/circulars/acd/jun272022acd101.pdf>
- According to the ACD Circular No. 04: 28 July 2022, Bangladesh Bank published Agricultural and Rural Credit Policy & Program for FY23 which 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. Further information is available in the link : **<https://intranet.bb.org.bd/openpdf.php>**

- According to the ACD Circular No. 06: 18 September 2022 Bangladesh Bank declared a scheme for disbursing agriculture credit for salt cultivation at 4% concessional interest rate. For detail please see the link : **<https://intranet.bb.org.bd/openpdf.php>**
- According to the ACD Circular No. 07: 17 November 2022 Bangladesh Bank declared a refinance scheme of Taka 5000 Crore for agriculture sector to ensure food security of the country. Additional information is available in the link :
<https://intranet.bb.org.bd/openpdf.php>
- According to the ACD Circular No. 08: 19 December 2022 Bangladesh Bank has decided to formulate a fund named ‘Bangladesh Agricultural Development Common Fund (BBADCF) in order to invest the unachieved portion of the bank’s annual target of agriculture and rural credit disbursement for increasing agricultural production. Further information is available in the link:
<https://www.bb.org.bd/mediaroom/circulars/acd/dec192022acd08.pdf>

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	2747.07	2535.72	2953.24	2216.69	50246.25	45689.74	7803.71	7169.32
October	2884.97	2694.62	2703.95	2011.22	50468.00	46353.79	7693.51	7178.69
November	3308.34	2868.43	3090.79	2741.69	50206.69	46523.25	7387.28	6941.92
December	3892.42	3723.49	3558.65	3254.78	50997.35	47659.51	7212.15	6932.47
January		2558.56		1870.83		48355.34		
February		2474.65		2133.05		48834.80		
March		1973.95		2378.56		48891.14		
April		2252.52		2051.26		49263.90		
May		2210.01		2033.76		49551.28		
June		2867.48		3402.15		49802.28		
Total	16670.10	28834.21	16429.76	27463.41				

Source: Agricultural Credit Department, Bangladesh Bank.