

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



**July 2022**

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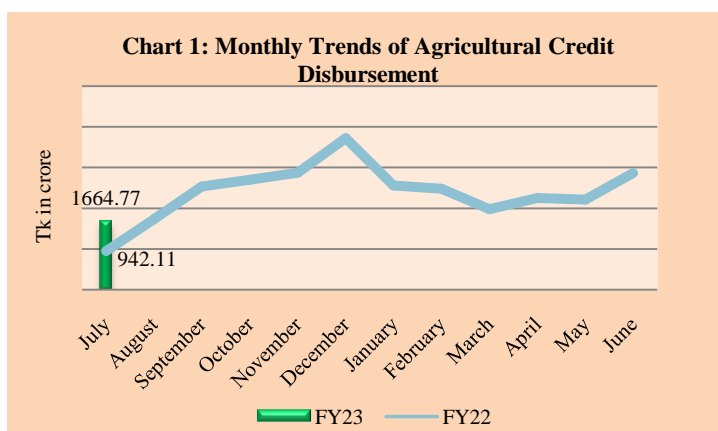
## Highlights

- 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. Accordingly, in July 2022 total agriculture credit disbursement stood at TK 1664.77 crores, which was only 5.39 percent of the total disbursement target but 76.71 percent higher than total credit disbursement of TK 942.11 crores for the same month of the preceding year. Total recovery position of agricultural credit was TK 2045.80 crores in July 2022, which was 21.22 percent higher than TK 1687.71 crores recovery for the same month of the preceding year.
- Outstanding balance (including interest) of agricultural credit stood at TK 50757.43 crores at the end of July 2022, which was 12.31 percent higher than TK 45195.81 crores at the end of July 2021. Overdue of agricultural credit stood at TK 7500.15 crores at the end of July 2022, which was 6.64 percent higher than TK 7033.46 crores at the end of July 2021. Overdue of agricultural credit as percentage of outstanding was 14.78 percent at the end of July 2022 which was 15.56 percent at the end of July 2021.
- In July 2022, Grameen Bank and nine large NGOs disbursed TK 10105.02 crores as microcredit and recovered TK 11544.22 crores. Total outstanding balance of microcredit of these organizations stood at TK 86339.75 crores at end July 2022. Overdue of microcredit stood at TK 4188.50 crores around 4.9 percent of outstanding at the end of July 2022.

## Disbursement, Recovery and Outstanding Balance of Agricultural Credit

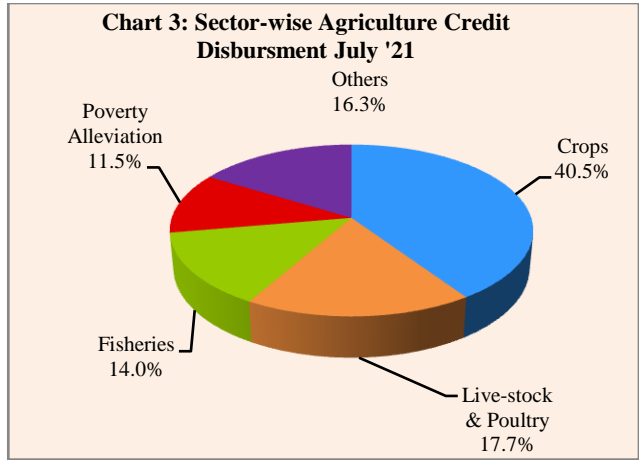
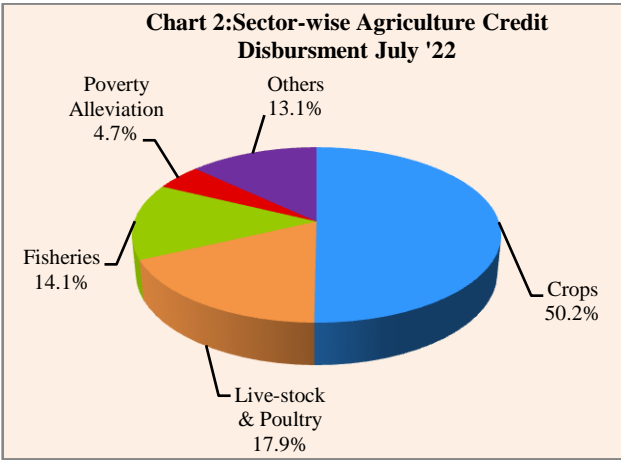
The disbursement target of agricultural credit by all scheduled banks was fixed at TK 30911.00 crores for FY23, which was 8.88 percent higher than the target of TK 28391.00 crores for FY22 and 7.20 percent higher than actual disbursement in FY22. The disbursement targets of all State-Owned Commercial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

In July 2022, the actual disbursement of agricultural credit stood at TK 1664.77 crores, which was 41.94 percent lower than the disbursement of TK 2867.48 crores compared to the previous month. On the other hand, it was 76.71 percent higher than the disbursement of TK 942.11 crores of the same month of the preceding year (Chart-1). The disbursement was 5.39 percent of the disbursement target for FY23.



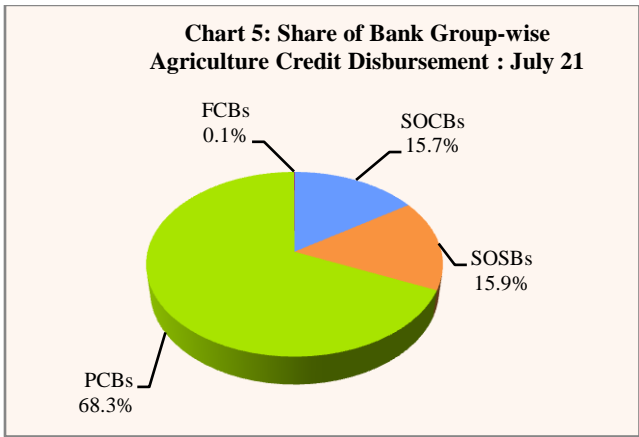
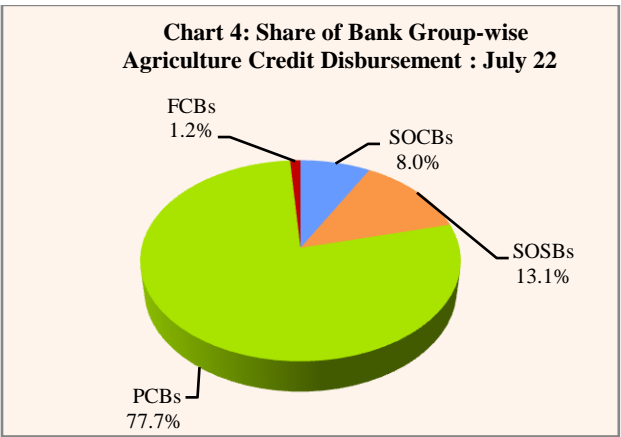
Source: Agricultural Credit Department, Bangladesh Bank.

Chart-2 and Chart-3 show the sector wise agricultural credit disbursement. In July 2022, the share of crop sub-sector was 50.2 percent of the total agriculture credit disbursement followed by live-stock & poultry (17.9%), fisheries (14.1%), poverty alleviation (4.7%) and others (13.1%). On the other hand, the share of crop sub-sector was 40.5 percent, followed by live-stock & poultry (17.7%), fisheries (14.0%), poverty alleviation (11.5%) and others (16.3%) in July 21.



Source: Agricultural Credit Department, Bangladesh Bank.

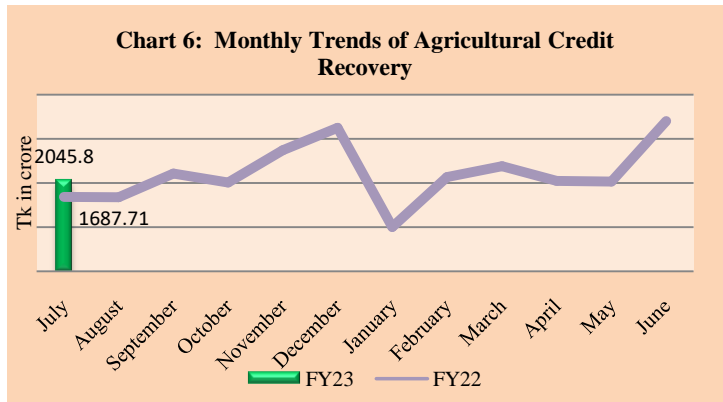
Chart-4 and Chart-5 show the bank group-wise share of agriculture credit disbursement. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 77.7 percent followed by SOSBs (13.1%), SOCBs (8.0%) and FCBs (1.2%) in July 2022 whereas PCBs share was 68.3 percent, followed by SOSBs (15.9%), SOCBs (15.7%) and FCBs (0.1%) in July 2021.



Source: Agricultural Credit Department, Bangladesh Bank.

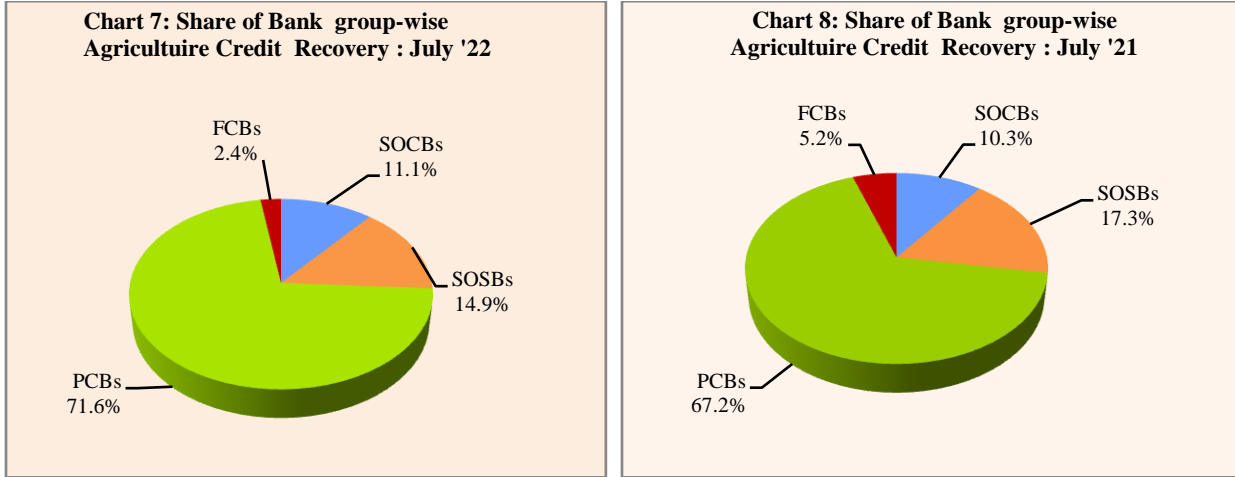
### Recovery

In July 2022, the recovery of agricultural credit stood at TK 2045.80 crores, which was 39.87 percent lower than the recovery of TK 3402.15 crores compared to the previous month. On the other hand, it was 21.22 percent higher than the recovery of TK 1687.71 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 71.6 percent followed by SOSBs (14.9%), SOCBs (11.1%) and FCBs (2.4%) in July 2022, whereas share of PCBs recovery was 67.2 percent, followed by SOSBs (17.3%), SOCBs (10.3%) and FCBs (5.2%), in July 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 July 2022, total outstanding balance of agricultural credit stood at TK 50757.43 crores, which was 12.31 percent higher than the outstanding balance of TK 45195.81 crores at the end of July 2021.

Overdue of agricultural credit stood at TK 7500.15 crores at the end of July 2022, which was 6.64 percent higher than the overdue of TK 7033.46 crores at the end of July 2021. Overdue of agricultural credit as percentage of outstanding stood at 14.78 percent at the end of July 2022 which was 15.56 percent at the end of July 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 in the first month of FY23. Total outstanding amount of refinance was stood at TK 3157.16 crores at the end of July 2022 which was TK 3871.99 crores in July 2021. BKB and RAKUB didn't repay any refinance amount in July 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. Accordingly, in July 2022, it disbursed TK 82.17 crores and recovered TK 74.32 crores.

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

The disbursement target of BSBL a non-scheduled bank has been set at TK 25.00 crores for FY23. Accordingly, in July 2022, BSBL didn't disburse any amount but it recovered TK 0.36 crores.

## **Palli Karma Shahayak Foundation**

Palli Karma Shahayak Foundation (PKSF) disbursed TK 58.88 crores to its 279 POs (Partner Organizations) and recovered TK 310.60 crores in July 2022. Total outstanding balance and overdue stood at TK 8422.39 crores and TK 236.75 crores respectively at the end of July 2022.

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

In July 2022, Grameen Bank and large nine NGOs disbursed TK 10105.02 crores in productive and income generating activities in the rural areas under their microcredit program, which was TK 865.75 crores in the same month of the preceding year. Under this program, about 30.31 million members availed loan facility through 11304 branches of Grameen Bank and nine NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 82.58 percent of the total microcredit among the top 10 Micro Finance Institutions (MFIs) in July 2022. However, in July 2022, total recovery of the microcredit by these 10 MFIs stood at TK 11544.22 crores, which was TK 3462.70 crores in the same month of the preceding year. At the end of July 2022, total outstanding of these 10 MFIs stood at TK 86339.75 crores, which was 23.91 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 4188.50 crores at the end of July 2022, which was 10.84 percent lower than the overdue at the end of the same month of the preceding year. At the end of July 2022, the overdue as percentage of outstanding stood at 4.9 percent.

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

## **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>
- According to the ACD Circular No. 01: 29 July 2021, Bangladesh Bank published Agricultural and Rural Credit Policy and Program for FY22. Information is available in the link: <https://www.bb.org.bd/en/index.php/mediaroom/circular/acd/jul292021acd01.pdf>
- According to the ACD Circular No. 03: 26 October 2021, Bangladesh Bank published Agriculture & Rural Credit Policy and Programme of FY22 regarding inclusion of new fruits/crops. Information is available in the link: <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>

## Annexure

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

(In crore Taka)

Month	Disbursement		Recovery		Outstanding (at the end of Month)	
	FY23	FY22	FY23	FY22	FY23	FY22
July	1664.77	942.11	2045.80	1687.71	50757.43	45195.81
August		1732.67		1681.71		45260.89
September		2535.72		2216.69		44041.91
October		2694.62		2011.22		46353.79
November		2868.43		2741.69		46523.25
December		3723.49		3254.78		47659.51
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
<b>Total</b>	<b>1664.77</b>	<b>28834.21</b>	<b>2045.80</b>	<b>27463.41</b>		

Source: Agriculture Credit Department, Bangladesh Bank.



