

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



**June 2022**

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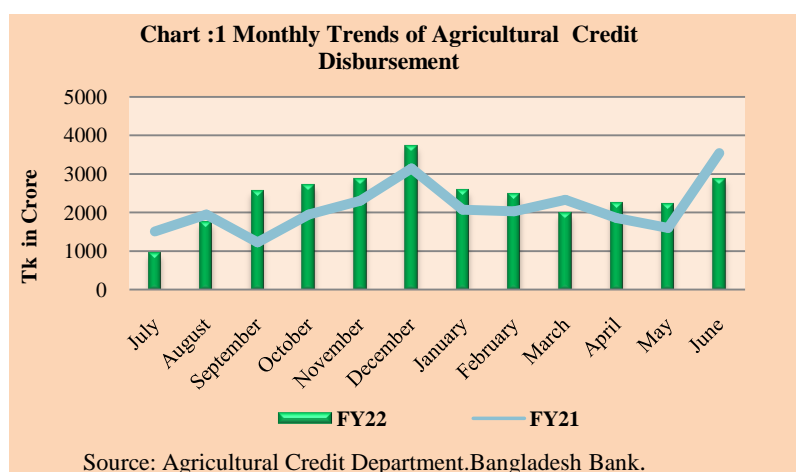
## Highlights

- The agricultural credit disbursement target was fixed at TK 28391.00 crores for FY22, which was 7.98 percent higher than TK 26292.00 crores targeted in FY21. During FY22, total agriculture credit disbursement stood at TK 28834.21 crores, which was 101.56 percent of the total disbursement target and 13.03 percent higher than total credit disbursement of TK 25511.35 crores during FY21. Total recovery position of agricultural credit was TK 27463.41 crores during FY22, which was 1.25 percent higher than TK 27123.90 crores recovery during previous year.
- Outstanding balance (including interest) of agricultural credit stood at TK 49802.28 crores at the end of June 2022, which was 8.41 percent higher than TK 45939.80 crores at the end of June 2021. Overdue of agricultural credit stood at TK 5949.45 crores at the end of June 2022, which was 1.43 percent higher than TK 5865.56 crores at the end of June 2021. Overdue of agricultural credit as percentage of outstanding was 11.95 percent at the end of June 2022 which was 12.77 percent at the end of June 2021.
- In June 2022, Grameen Bank and nine large NGOs disbursed TK 14086.64 crores as microcredit and recovered TK 13770.25 crores. Total outstanding balance of microcredit of these organizations stood at TK 87113.85 crores at end June 22. Overdue of microcredit stood at TK 4172.17 crores around 4.8 percent of outstanding at the end of June 2022.

## Target and Disbursement of Agricultural Credit

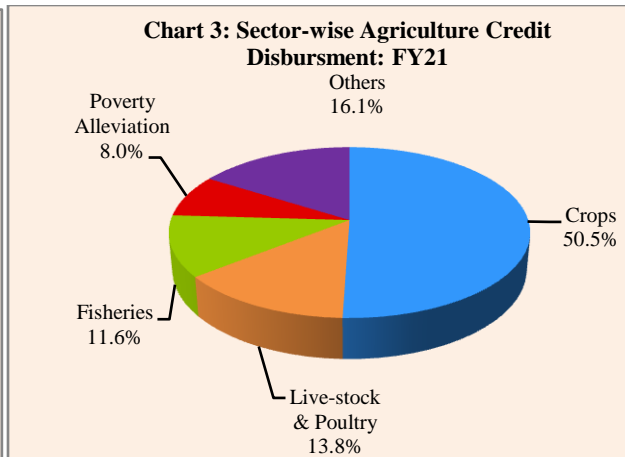
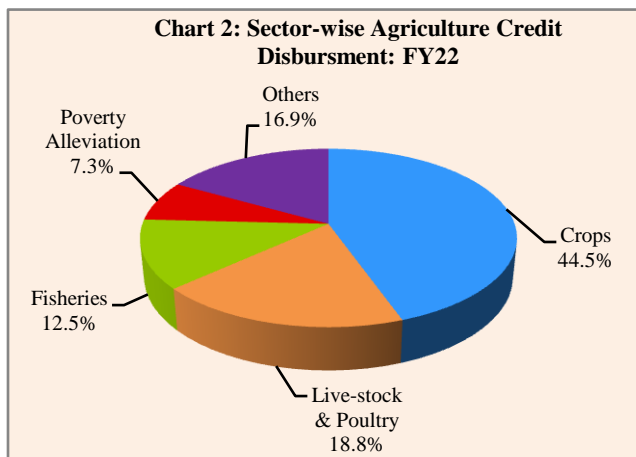
The disbursement target of agricultural credit by all scheduled banks was fixed at TK 28391.00 crores for FY22, which was 7.98 percent higher than the target of TK 26292.00 crores for FY21 and 11.29 percent higher than the disbursement of TK 25511.25 crores for the same period. The disbursement targets of all State-Owned Commercial Banks (SOCBs) and State-Owned Specialized Banks (SOSBs) together were set at TK 11045.00 crores and Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) together were fixed at TK 17346.00 crores. These disbursement targets were 38.90 percent and 61.10 percent of the total agricultural credit disbursement target respectively.

In June 2022, the actual disbursement of agricultural credit stood at TK 2867.48 crores, which was 29.75 percent higher than the disbursement of TK 2210.01 crores compared to the previous month. On the other hand, it was 19.02 percent lower than the disbursement of TK 3540.96 crores compared to the same month of the preceding year (Chart-1).



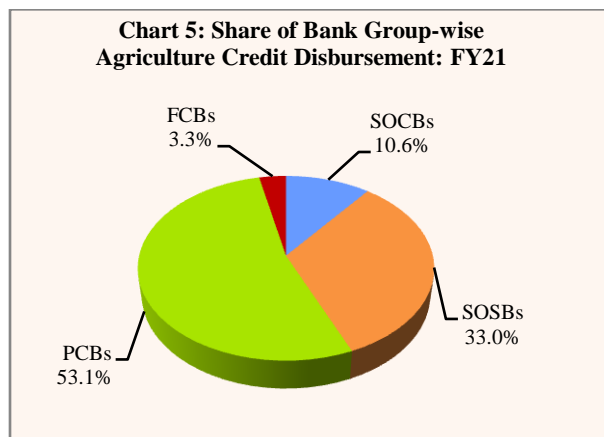
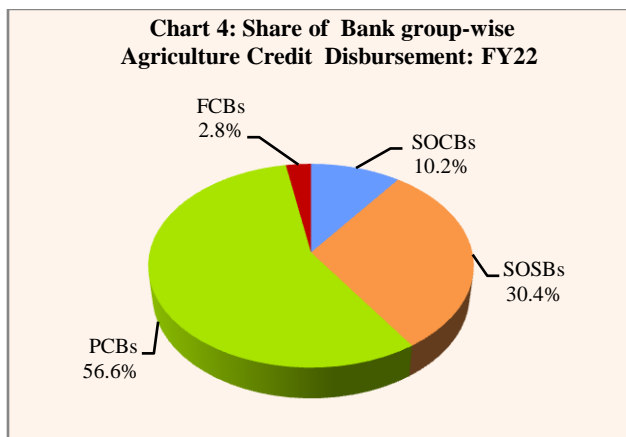
During FY22, the actual disbursement of agricultural credit stood at TK 28834.21 crores, which was 13.03 percent higher than the disbursement of TK 25511.35 crores compared to the FY21 and 101.56 percent of the total disbursement target for the period.

Chart-2 and Chart-3 show the sector wise agricultural credit disbursement. From the chart it is observed that during FY22, 44.5 percent of the total agriculture credit was distributed to the crop sub-sector followed by live-stock & poultry (18.8%), fisheries (12.5%), poverty alleviation (7.3%) and others (16.9%). On the other hand, the share of crop sub-sector was 50.5 percent, followed by live-stock & poultry (13.8%), fisheries (11.6%), poverty alleviation (8.0%) and others (16.1%), during FY21.



Source: Agricultural Credit Department, Bangladesh Bank.

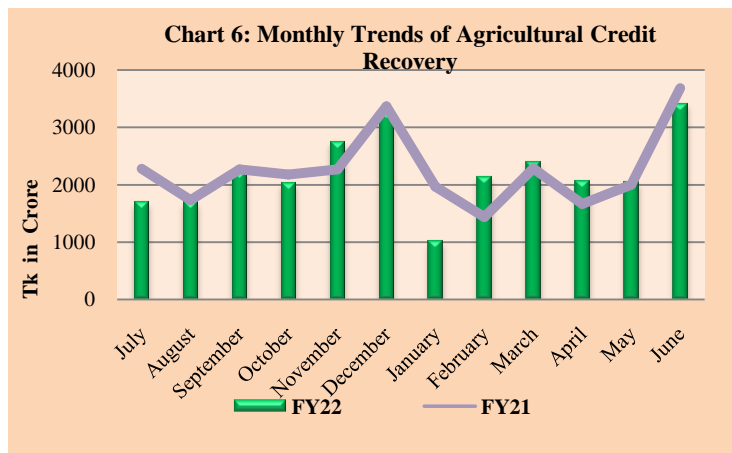
Chart-4 and Chart-5 show the bank group-wise share of agriculture credit disbursement. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 56.6 percent followed by SOSBs (30.4%), SOCBs (10.2%) and FCBs (2.8%) during FY22 whereas PCBs share was 53.1 percent, followed by SOSBs (33.0%), SOCBs (10.6%) and FCBs (3.3%) during FY21



Source: Agricultural Credit Department, Bangladesh Bank.

### Recovery

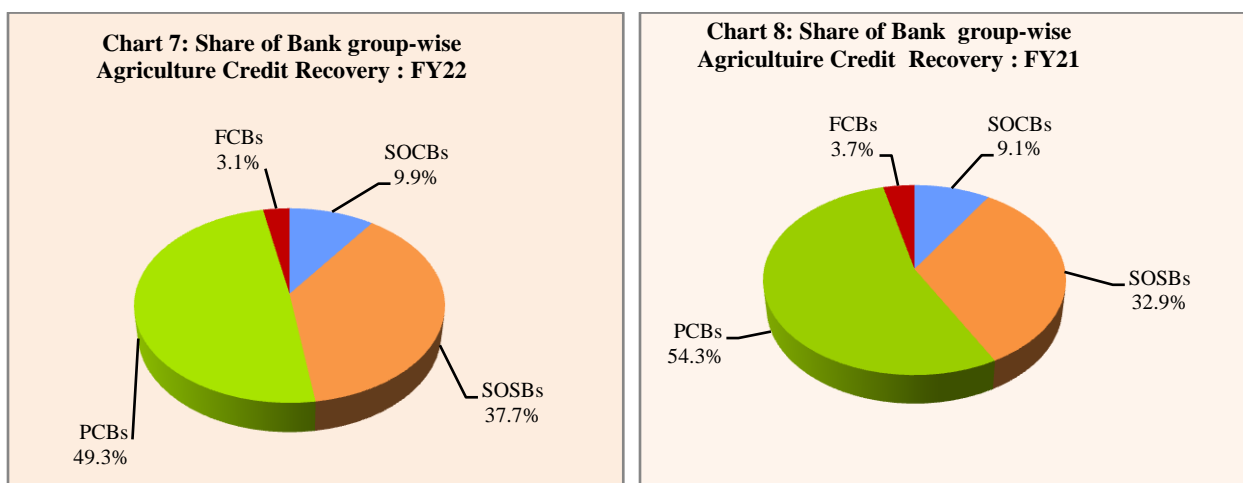
In June 2022, the recovery of agricultural credit stood at TK 3402.15 crores, which was 67.28 percent higher than the recovery of TK 2033.76 crores compared to the previous month. On the other hand it was 7.72 percent lower than the recovery of TK 3686.82 crores compared to the same month of the preceding year (Chart-6).



Source: Agricultural Credit Department, Bangladesh Bank.

During FY22, the recovery stood at TK 27463.41 crores, which was 1.25 percent higher than the recovery of TK 27123.90 crores compared to previous year.

Among the type of banks, share of recovery of PCBs' was 49.3 percent followed by SOSBs (37.7%), SOCBs (9.9%) and FCBs (3.1%) during FY22, whereas share of PCBs recovery was 54.3 percent, followed by SOSBs (32.9%), SOCBs (9.1%) and FCBs (3.7%), during FY21. 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 June 2022, total outstanding balance of agricultural credit stood at TK 49802.28 crores, which was 8.41 percent higher than the outstanding balance of TK 45939.80 crores at the end of June 2021.

Overdue of agricultural credit stood at TK 5949.45 crores at the end of June 2022, which was 1.43 percent higher than the overdue of TK 5865.56 crores at the end of June 2021. Overdue of agricultural credit as percentage of outstanding stood at 11.95 percent at the end of June 2022 which was 12.77 percent at the end of June 2021.

Monthly position of disbursement, recovery and outstanding of agricultural credit for FY21 and FY22 are shown in Annexure (Table-1).

## **Refinance**

Bangladesh Bank extended the repayment schedule of the refinance facility to BKB for a total of TK 2000 crores till June 30 2022, of which TK 1000 crores were sanctioned in FY19 and TK 1000 crores in FY20. In June 2022 BKB and RAKUB repaid TK 82.32 crores and 24.93 crores without interest rate respectively as 10<sup>th</sup> installment of blocked account. Total outstanding amount of refinance stood at TK 3153.71 crores at the end of June 2022 which was TK 3866.83 crores in June 2021.

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

The disbursement target of Bangladesh Rural Development Board (BRDB) has been fixed at TK 1062.50 crores for FY22. During FY22, BRDB disbursed TK 1119.17 crores and recovered TK 1040.92 crores, which were TK 1031.85 and TK 1013.59 crores respectively during FY21. In June 2022, it disbursed TK 121.02 crores and recovered TK 116.87 crores. It may be mentioned that the disbursement and recovery amount of BRDB in June 2021 were TK 90.64 crores and TK 79.94 crores respectively.

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

The disbursement target of BSBL a non-scheduled bank has been set at TK 25.00 crores for FY22. During FY22, BSBL didn't disburse any amount but it recovered Tk. 3.68 crores, which were TK 1.00 crores and TK 4.32 crores respectively during FY21. In June 2022 BSBL didn't disburse any amount but recovered TK 0.57 crore . It may be noted that the disbursement and recovery amount of BSBL in June 2021 were TK 0.25 crore and TK 0.51 crore respectively.

## **Palli Karma Shahayak Foundation**

Palli Karma Shahayak Foundation (PKSF) disbursed TK 1081.45 crores to its 279 POs (Partner Organizations) and recovered TK 595.92 crores in June 2022. Total outstanding balance and overdue stood at TK 8674.1 crores and TK 215.60 crores respectively at the end of June 2022

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

In June 2022, Grameen Bank and large nine NGOs disbursed TK 14086.64 crores in productive and income generating activities in the rural areas under their microcredit program, which was 57.15 percent higher than that of the same month of the preceding year. Under this program, about 29.27 million members availed loan facility through 11272 branches of Grameen Bank and nine NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 83.19 percent of the total microcredit among the top 10 Micro Finance Institutions (MFIs) in June 2022. However, in June 2022, total recovery of the microcredit by these 10 MFIs stood at TK 13770.25 crores, which was 41.70 percent higher than that of the same month of the preceding year. At the end of June 2022, total outstanding of these 10 MFIs stood at TK 87113.85 crores, which was 23.75 percent higher than the outstanding balance at the end of month of the preceding year. Overdue of microcredit of these MFIs stood at TK 4172.17 crores at the end of June 2022, which was 8.69 percent lower than the overdue at the end of the same month of the preceding year. At the end of June 2022, the overdue as percentage of outstanding stood at 4.79 percent .

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

- 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. 03: 5 June 2022 Bangladesh Bank announced disbursement of minimum 20% unused outstanding amount of TK 3,000 crore as refinance scheme issued in 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. 02: 27 June 2022 Bangladesh Bank announced disbursement of minimum 40% unused outstanding amount of TK 3,000 crore as refinance scheme issued in

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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.

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 and Artificial Insemination sector. Information is available in the link: <https://intranet.bb.org.bd/openpdf.php>
- According to the ACD Circular No. 03: 30 June 2022 Bangladesh Bank has extended the time limit of disbursement of refinance scheme of Taka 3000 crore for agriculture sector till 30 June 2022. More details information is available in the link: <https://intranet.bb.org.bd/openpdf.php>
- According to the ACD Circular Letter 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 Letter No. 02: 14 September 2021, Bangladesh Bank declared refinance scheme of Taka 3000 crores for agriculture sector to combat financial crisis due to Covid-19 pandemic. Information is available in the link: <https://www.bb.org.bd/mediaroom/circulars/acd/sep142021acd02.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>



## Annexure

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

(In crore Taka)

Month	Disbursement		Recovery		Outstanding (at the end of Month)	
	FY22	FY21	FY22	FY21	FY22	FY21
July	942.11	1508.73	1687.71	2278.90	45195.81	44835.57
August	1732.67	1947.45	1681.71	1732.74	45260.89	45045.82
September	2535.72	1228.13	2216.69	2265.99	44041.91	44041.91
October	2694.62	1945.54	2011.22	2179.63	46353.79	43913.45
November	2868.43	2306.04	2741.69	2269.08	46523.25	43971.93
December	3723.49	3142.09	3254.78	3364.73	47659.51	44089.09
January	2558.56	2070.74	1870.83	1965.17	48355.34	44321.71
February	2474.65	2032.01	2133.05	1436.12	48834.80	45053.28
March	1973.95	2332.49	2378.56	2282.43	48891.14	45348.47
April	2252.52	1859.43	2051.26	1661.65	49263.90	45600.85
May	2210.01	1597.65	2033.76	2000.54	49551.28	45237.50
June	2867.48	3540.96	3402.15	3686.82	49802.28	45939.80
<b>Total</b>	<b>28834.21</b>	<b>25511.35</b>	<b>27463.41</b>	<b>27123.90</b>		

Source: Agriculture Credit Department, Bangladesh Bank.

