

**Monthly Report on**  
**Agriculture and Rural Finance<sup>1</sup>**



**March 2023**

**Research Department**  
**(Internal Economic Wing)**  
**Bangladesh Bank**

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<sup>1</sup>Prepared by Internal Economic Wing, Research Department, Bangladesh Bank. Comments and suggestions are welcome and may be sent to Mst. Nurnaher Begum, Director, Research Department, Bangladesh Bank, e-mail: [nur.begum@bb.org.bd](mailto:nur.begum@bb.org.bd), Md. Sanauallah Talukder, Additional Director, Research Department, Bangladesh Bank, e-mail: [sanauallah.talukder@bb.org.bd](mailto:sanauallah.talukder@bb.org.bd), Ms. Shampa Chakraborty, Joint Director, Research Department, Bangladesh Bank, e-mail: [shampa.chakraborty@bb.org.bd](mailto:shampa.chakraborty@bb.org.bd) and Ratna Khatun, Assistant Director, Research Department, Bangladesh Bank, e-mail: [ratna.khatun@bb.org.bd](mailto:ratna.khatun@bb.org.bd)

# Monthly Report on Agriculture and Rural Finance: March 2023

## Preparation Team

### Chief Editor

Md. Julhas Uddin  
Executive Director (Research)

### Editor

Mst. Nurnaher Begum  
Director (Research)

## Team Members

Md. Sanaullah Talukder, Additional Director  
Shampa Chakraborty, Joint Director  
Ratna Khatun, Assistant Director

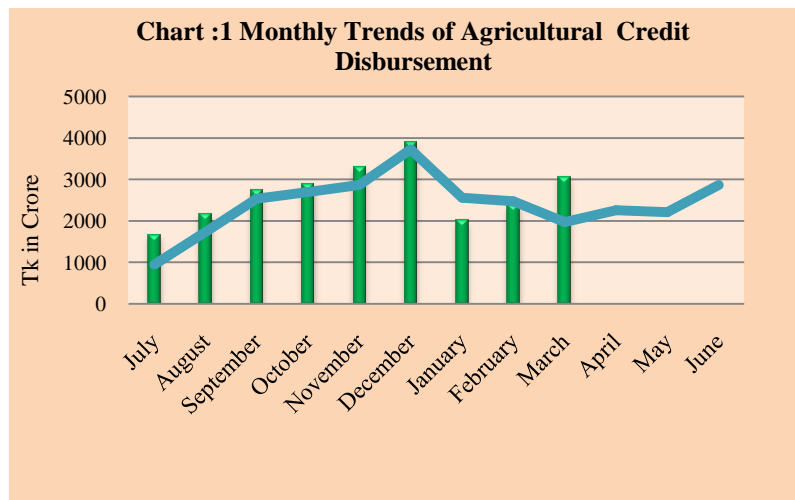
## Highlights

- 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-March 2023, disbursement of agriculture credit stood at TK 24122.53 crores which was 78.04 percent of the total disbursement target of FY23. In March 2023, actual credit disbursement stood at TK. 3056.02 crores which was 54.82 percent higher than the same month of the preceding year. However, the cumulative disbursement of agricultural credit during July-March, 2023 was 12.18 percent higher than the actual disbursement of TK. 21504.20 crores for same period of the last fiscal year. Total recovery of agricultural credit recorded at TK 24220.05 crores during July-March 2023, which was 21.24 percent higher than the same period of the preceding year.
- Outstanding balance (including interest) of agricultural credit registered at TK 51277.37 crores at the end of March 2023, which was 4.88 percent higher than TK 48891.14 crores at the end of March 2022. Overdue of agricultural credit stood at TK 7066.54 crores at the end of March 2023, which was 9.15 percent higher than TK 6474.20 crores at the end of March 2022. Overdue of agricultural credit as percentage of outstanding was 13.78 at the end of March 2023 which was 13.24 at the end of March 2022.
- In March 2023, Grameen Bank and ten large NGOs disbursed TK 16275.36 crores as microcredit and recovered TK 15493.07 crores. Total outstanding balance of microcredit of these organizations stood at TK 111603.30 crores at the end of March 2023. Overdue of microcredit stood at TK 3759.85 crores, around 3.37 percent of outstanding at the end of March 2023.

## 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 for FY23 respectively.

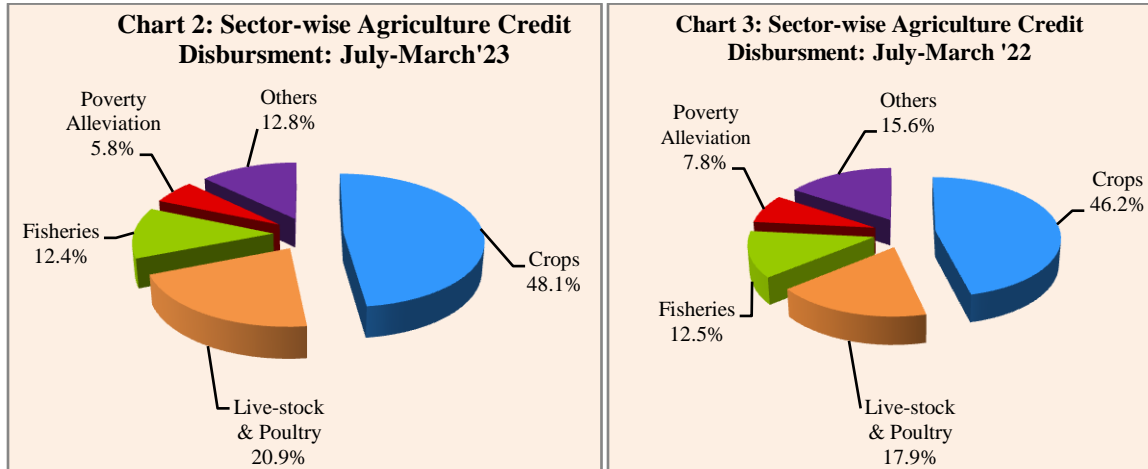
In March 2023, the actual disbursement of agricultural credit stood at TK 3056.02 crores, which was 28.29 percent higher than TK 2382.19 crores compared to the previous month. On the other hand it was 54.82 percent higher than the disbursement of TK 1973.95 crores of the same month of the preceding year. During the first nine month of FY23, TK 24122.53 crores of agriculture credit disbursed which was 78.04 percent of the total disbursement target for FY23 (Chart-1 and Table-1).



Source: Agricultural Credit Department, Bangladesh Bank.

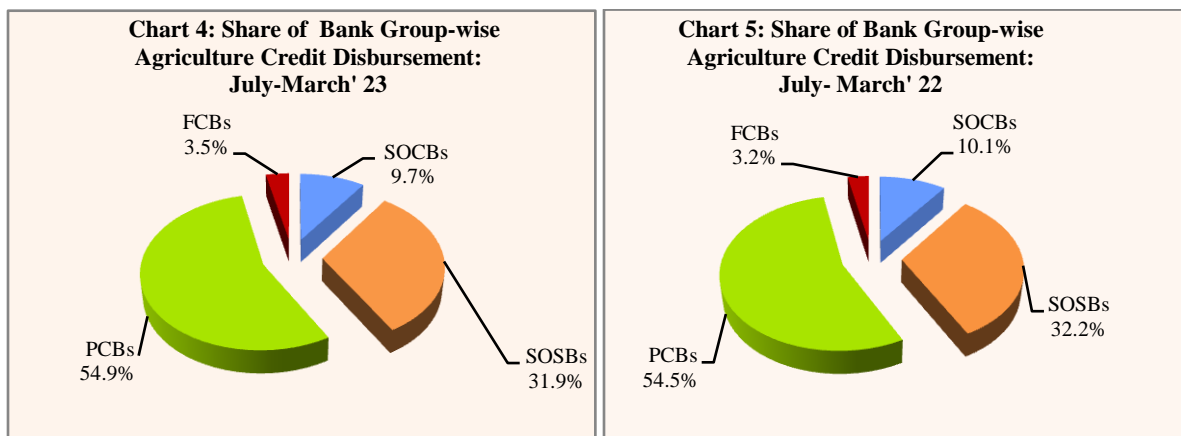
Chart-2 and Chart-3 show the sector wise agricultural credit disbursement. During July-March 2023, the share of crop sub-sector was 48.1 percent of the total agriculture credit disbursement followed by live-stock & poultry (20.9%), fisheries (12.4%), poverty alleviation (5.8%) and others (12.8%). On the other hand, the share of crop sub-sector was 46.2 percent, followed by

live-stock & poultry (17.9%), fisheries (12.5%), poverty alleviation (7.8%) and others (15.6%) during July- March 22.



Source: Agricultural Credit Department, Bangladesh Bank.

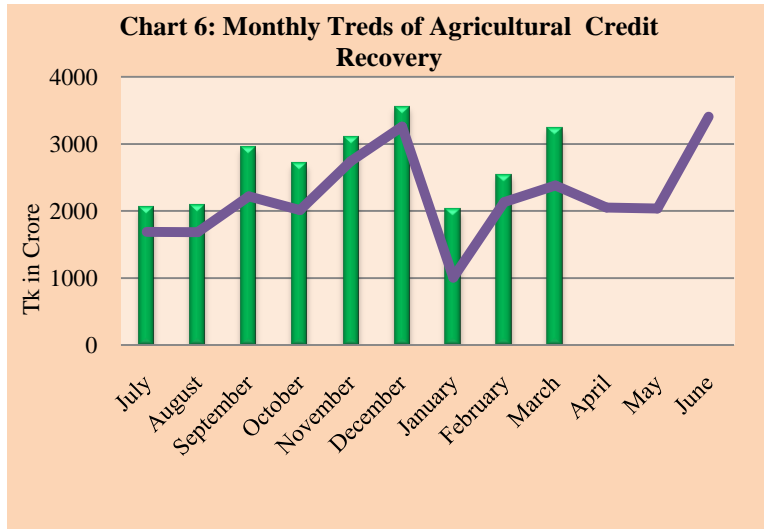
Chart-4 and Chart-5 show the share of agriculture credit disbursement by types of banks. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 54.9 percent followed by SOSBs (31.9%), SOCBs (9.7%) and FCBs (3.5%) during July-March 2023 whereas PCBs' share of agriculture credit disbursement was 54.5 percent, followed by SOSBs (32.2%), SOCBs (10.1%) and FCBs (3.2%) during July-March 2022.



Source: Agricultural Credit Department, Bangladesh Bank.

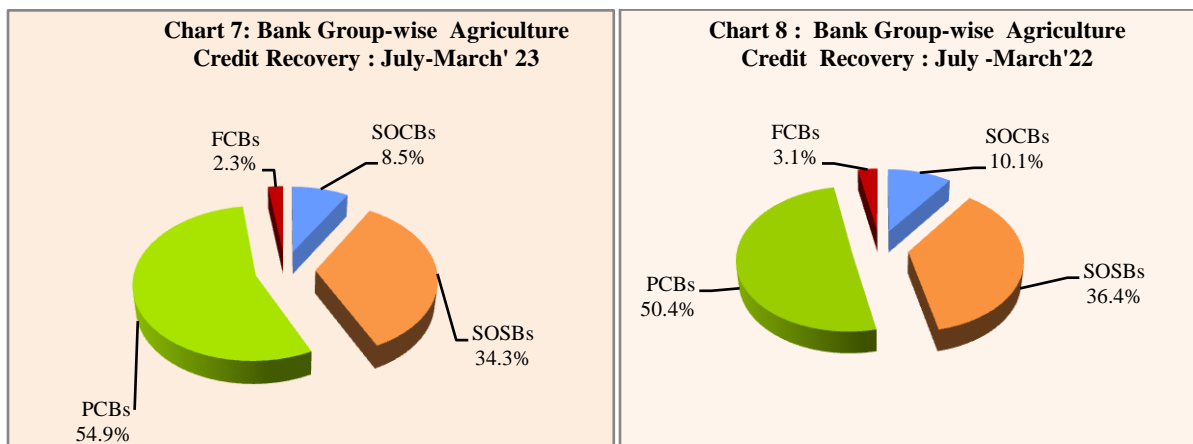
## Recovery

In March 2023, recovery of agricultural credit amounted at TK 3234.52 crores. It was 27.39 percent higher than TK 2539.03 crores recovery of the previous month. Moreover, the recovery was 35.99 percent higher than TK 2378.56 crores of 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 54.9 percent followed by SOSBs (34.3%), SOCBs (8.5%) and FCBs (2.3%) during July-March 2023, while the share of PCBs' recovery was 50.4 percent, followed by SOSBs (36.4%), SOCBs (10.1%) and FCBs (3.1%) during July-March 2022. Chart-7 and Chart-8 show the agricultural credit recovery by types of banks.



Source: Agricultural Credit Department, Bangladesh Bank.

## **Outstanding Balance and Overdue**

At the end of March 2023, outstanding balance of agricultural credit stood at TK 51277.37 crores, which was 4.88 percent higher than TK 48891.14 crores at the end of March 2022.

Overdue of agricultural credit stood at TK 7066.54 crores at the end of March 2023, which was 9.15 percent higher than TK 6474.20 crores at the end of March 2022. Overdue of agricultural credit, as percentage of outstanding balance was 13.78 percent at the end of March 2023 and 13.24 percent at the end of March 2022.

Monthly position of disbursement, recovery and outstanding of agricultural credit for FY23 and FY22 are shown in Annexure (Annexed 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 Bangladesh Krishi Bank (BKB) & Rajshahi Krishi Unnayan Bank (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 (BB) up to March of FY23. Total outstanding balance of refinance for both the BKB & RAKUB stood at TK 2554.46 crores at the end of March 2023 which was TK 2754.47 crores at the end of March 2022. BKB and RAKUB don't have any repayable amount of refinance loan in March 2023.

### **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 March 2023, it disbursed TK 132.50 crores and recovered TK 111.79 crores. In March 2022, the amount was TK 102.12 crores and TK 78.81 crores respectively. During July-March 2023, BRDB disbursed TK 1135.81 crores and recovered TK 929.73 crores, which were TK 835.95 crores and TK 784.37 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 March 2023 and March 2022, it didn't disburse any amount but it recovered Tk 0.23 crores and Tk 0.61 crores respectively. In addition, during the first nine month of FY23 and FY22, BSBL didn't disburse any amount but it recovered Tk 2.80 crores and Tk 2.70 crores respectively.

## **Palli Karma Shahayak Foundation**

Palli Karma Shahayak Foundation (PKSF) disbursed TK 377.17 crores to its 285 partner organizations (POs) and recovered TK 630.97 crores in March 2023. During July-March 23, total disbursement and recovery amount of PKSF were TK 4545.29 crores and TK 3545.95 crores respectively. At the end March 2023, it's outstanding and overdue balance stood at TK 9673.44 crores and TK 260.46 crores respectively.

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

In March 2023, Grameen Bank and ten large NGOs disbursed TK 16275.36 crores to productive and income generating activities in the rural areas under their microcredit program, which was TK 14727.73 crores in the same month of the preceding year. Under this program, about 33.80 million members availed loan facility through 12898 branches of Grameen Bank and large ten NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 78.70 percent of the total microcredit among the listed top 11 Microfinance Institutions (MFIs) in March 2023. However, in March 2023, total recovery of the microcredit by these 11 MFIs stood at TK. 15493.07 crores, which was TK 12627.31 crores in the same month of the preceding year. At the end of March 2023, outstanding balance of these MFIs stood at TK 111603.30 crores, which was 20.61 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 3759.85 crores at the end of March 2023, which was 25.00 percent lower than the overdue at the end of the same month of the

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



preceding year. At the end of March 2023, the overdue as percentage of outstanding stood at 3.37 percent.

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

- According to the ACD Circular No. 01: 03 January 2022, BB announced refinance scheme of TK 500 crore for generating employment and reducing 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, BB 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, BB 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 following link:  
**<https://www.bb.org.bd/mediaroom/circulars/acd/jun272022acd102.pdf>**
- According to the ACD Circular No. 01: 27 June 2022, BB announced refinance scheme on milk production at 5 percent concessional rate. 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, BB 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 BB 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 BB 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 BB 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 BB 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 following link:  
**<https://www.bb.org.bd/mediaroom/circulars/acd/dec192022acd08.pdf>**
- According to the ACD Circular No: 01 January 2023 BB has instructed that agricultural credit should be disburse to the new farmers on priority basis and more than one member in the same family based on rational consideration for making agriculture and rural credit activities more fruitful under the “Agricultural and Rural Credit Policy & Program for FY23”. For detail please see the link: **<https://intranet.bb.org.bd/openpdf.php>**.
- According to the ACD Circular No 02: 21 March 2023 BB declared a refinance scheme of TK 5000 crore for agriculture sector to ensure food security (including beef fattening). For detail please see 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	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	2014.22	2558.56	2016.74	1870.83	51225.71	48355.34	7301.45	7386.03
February	2382.19	2474.65	2539.03	2133.05	51234.84	48834.80	7119.82	6815.91
March	3056.02	1973.95	3234.52	2378.56	51277.37	48891.14	7066.54	6474.20
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>24122.53</b>	<b>28834.21</b>	<b>24220.05</b>	<b>27463.41</b>				

Source: Agricultural Credit Department, Bangladesh Bank.