

**Monthly Report On
Agricultural and Rural Financing¹**



March 2022

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

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Executive Summary

Disbursement Target

The annual 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 July 2021-March 2022 total agriculture credit disbursement stood at TK 21504.20 crores, which was 75.74 percent of the total disbursement target for FY22.

Actual Disbursement and Recovery

In March 2022, actual agricultural credit disbursement by all banks stood at TK 1973.95 crores, which was 15.37 percent lower than TK 2332.49 crores for the same month of the preceding year. Recovery of agricultural credit stood at TK 2378.56 crores in March 2022, which was 4.21 percent higher than TK 2282.53 crores for the same month of the preceding year.

During July 2021-March 2022, total agricultural credit disbursement stood at TK 21504.20 crores, which was 16.16 percent higher than TK 18513.31 crores in July 2020-March 2021. Total recovery of agricultural credit stood at TK 19976.24 crores during July 2021-March 2022, which was 1.02 percent higher than TK 19774.89 crores recovery in July 2020-March 2021.

Outstanding Balance and Overdue

Outstanding balance (including interest) of agricultural credit stood at TK 48891.14 crores at the end of March 2022, which was 7.81 percent higher than TK 45348.47 crores at the end of March 2021. Overdue of agricultural credit stood at TK 6474.20 crores at the end of March 2022, which was 2.99 percent higher than TK 6286.45 crores at the end of March 2021. Overdue of agricultural credit as percentage of outstanding stood lower at 13.24 percent at the end of March 2022 compared to 13.86 percent at the end of March 2021.

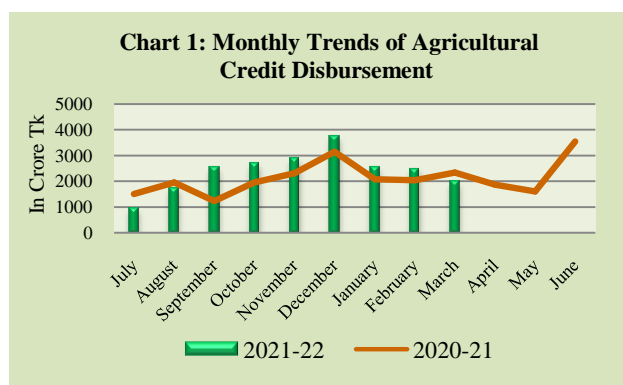
Microcredit

In March 2022, Grameen Bank and other nine large NGOs disbursed TK 13506.64 crores as microcredit and recovered TK 11710.37 crores. The total outstanding balance of microcredit of these organizations stood at TK 84324.92 crores, of which the overdue of microcredit stood at TK 4901.81 crores at the end of March 2022.

Target and Disbursement of Agricultural Credit

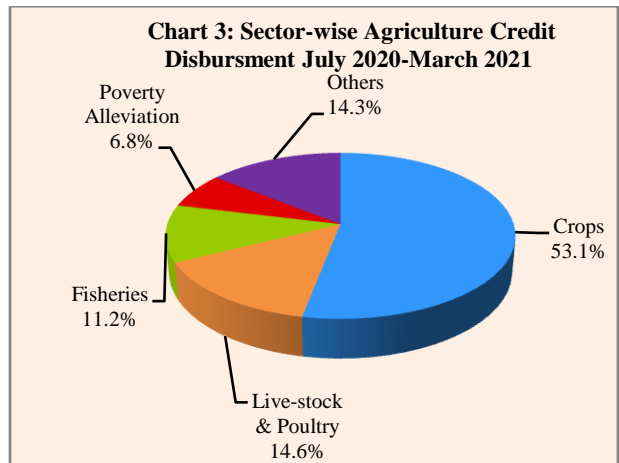
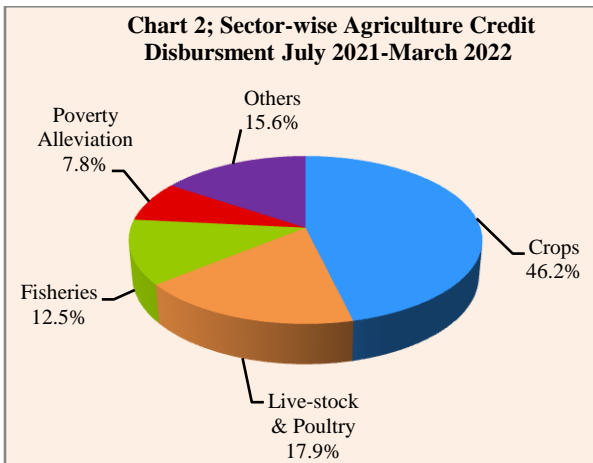
The disbursement target of agricultural credit by all scheduled banks was fixed at TK 28391.00 crores for FY22, which was 7.98 percent higher than TK 26292.00 crores targeted for FY21 and 11.29 percent higher than actual disbursement TK 25511.25 crores of FY21. The disbursement targets of all State-Owned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

In March 2022, the actual disbursement of agricultural credit stood at TK 1973.95 crores, which was 20.23 percent lower than TK 2474.65 crores compared to the previous month and 15.37 percent lower than TK 2332.49 crores compared to the same month of the preceding year (Chart-1). During July 2021-March 2022, the actual disbursement of agricultural credit stood at TK 21504.20 crores, which was 16.16 percent higher than TK 18513.31 crores compared to the same period of the preceding year. The achievement was 75.74 percent of the total disbursement target for FY22 (Annexure Table-2).



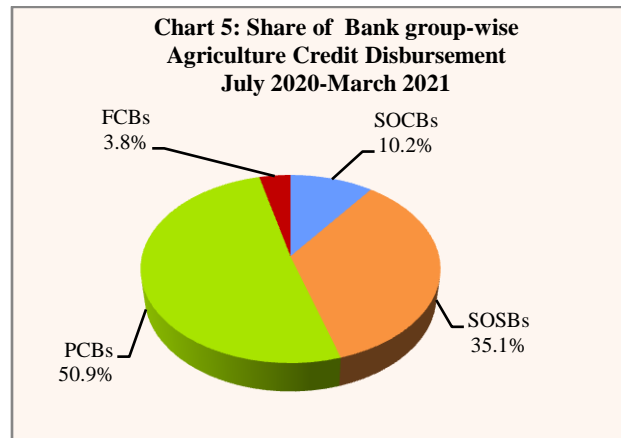
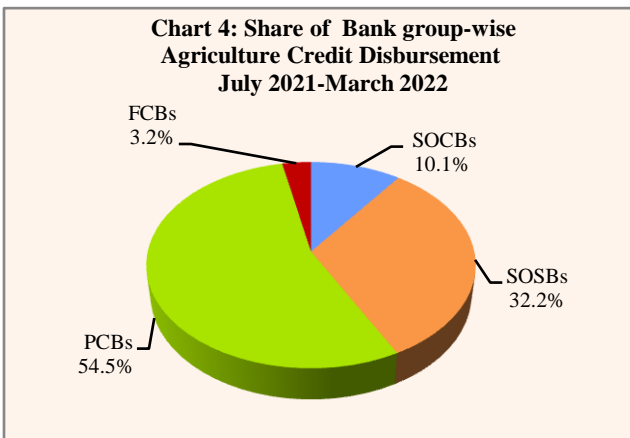
Source: Agricultural Credit Department, Bangladesh Bank.

Chart-2 and Chart-3 show the sector wise agricultural credit disbursement. From the chart it is observed that During July 2021-March 2022, 46.2 percent of the total agriculture credit was distributed to the crop sub-sector followed by live-stock & poultry (17.9%), fisheries (12.5%), poverty alleviation (7.8%) and others (15.6%). On the other hand, the share of crop sub-sector was 53 percent, followed by live-stock & poultry (14.6%), fisheries (11.2%), poverty alleviation (6.8%) and others (14.3%), during July 2020-March 2021.



Source: Agricultural Credit Department, Bangladesh Bank.

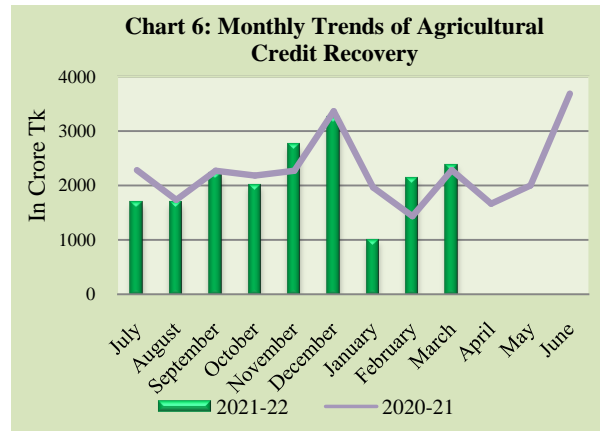
Among the cluster of banks, PCBs' share of agriculture credit disbursement was 54.5 percent followed by SOSBs (32.2%), SOCBs (10.1%) and FCBs (3.2%) during July 2021-March 2022, whereas PCBs disbursed 50.9 percent, followed by SOSBs (35.1%), SOCBs (10.2%) and FCBs (3.8%) during July 2020-March 2021. Chart-4 and Chart-5 show the bank group-wise agriculture credit disbursement respectively during July 2021-March 2022 and July 2020-March 2021 (Annexure Table-2)



Source: Agricultural Credit Department, Bangladesh Bank.

Recovery

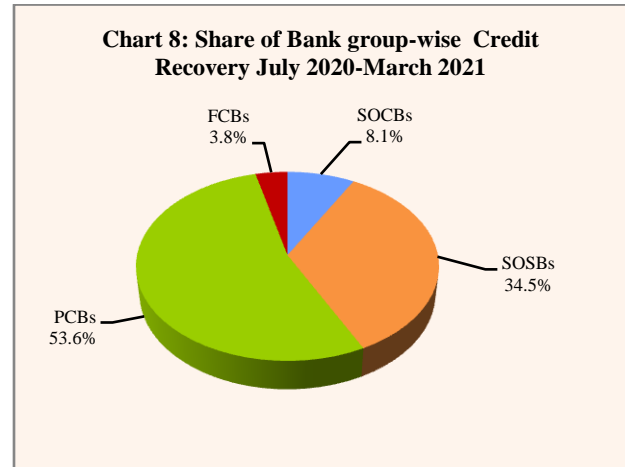
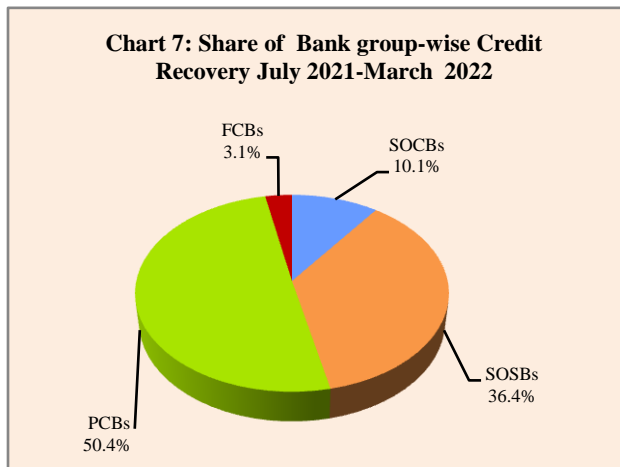
In March 2022, the recovery of agricultural credit stood at TK 2378.56 crores, which was 11.51 percent higher than TK 2133.05 crores compared to the previous month and 4.21 percent higher than TK 2282.53 crores compared to the same month of the preceding year (Chart-6).



During July 2021-March 2022, the recovery stood at TK 19976.24 crores, which was 1.02 percent higher than TK 19774.89 crores compared to the same period of the last year.

Source: Agricultural Credit Department, Bangladesh Bank.

Among the type of banks, share of recovery PCBs' was 50.4 percent followed by SOSBs (36.4%), SOCBs (10.1%) and FCBs (3.1%) during July 2021-March 2022, whereas share of PCBs recovery was 53.6 percent, followed by SOSBs (34.5%), SOCBs (8.1%) and FCBs (3.8%), during July 2020-March 2021. Chart-7 and chart-8 show the bank group-wise agricultural credit recovery for July 2021-March 2022 and July 2020-March 2021 respectively.



Source: Agricultural Credit Department, Bangladesh Bank.

Outstanding Balance

At the end of March 2022, total outstanding balance of agricultural credit stood at TK 48891.14 crores, which was 7.81 percent higher than TK 45348.47 crores at the end of March 2021(Annexure Table-2).

Overdue

Overdue of agricultural credit stood at TK 6474.20 crores at the end of March 2022, which was 2.99 percent higher than TK 6286.45 crores at the end of March 2021. Overdue of agricultural credit as percentage of outstanding stood higher at 13.24 percent at the end of March 2022 compared to 13.86 percent at the end of March 2021 (Annexure Table-2).

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. Besides, Bangladesh Bank sanctioned TK 500 crores as refinance to RAKUB in FY21, which is extended till 2 February 2022 and in February 2022 RUKUB repaid the interest amount of TK 19.44 crores. Total outstanding amount of refinance stood at TK 2754.47 crores at the end of March 2022 which was TK 5019.90 crores in March 2021.

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

Bangladesh Rural Development Board (BRDB)

The disbursement target of Bangladesh Rural Development Board (BRDB) has been fixed at Tk. 1062.50 crores for FY22. In March 2022, it disbursed Tk 102.12 crores and recovered Tk 78.81 crores. In March 2021, it disbursed Tk 95.96 crores and recovered Tk 78.41 crores. During July 2021-March 2022, BRDB disbursed Tk. 835.95 crores and recovered Tk 784.37 crores, which were Tk. 824.73 and Tk. 782.84 crores respectively in the same period of the preceding year (Annexure Table-3).

Bangladesh Shomobay Bank Limited (BSBL)

The disbursement target of BSBL a non-scheduled bank has been set at Tk. 25.00 crores for FY22. Both in March 2022 and 2021 BSBL didn't disburse any amount but recovered Tk. 0.61 crore and Tk. 12.03 crore respectively. During July 2021-March 2022, BSBL didn't disburse any amount

but it recovered Tk. 2.70 crores, which were Tk. 0.50 crores and Tk 15.18 crores respectively during July 2020-March 2021(Annexure Table -3).

Palli Karma Shahayak Foundation

Palli Karma Shahayak Foundation (PKSF) extended loan facility amounting to Tk. 300.09 crores to its 278 POs (Partner Organizations) and recovered Tk. 477.44 crores in March 2022. Total outstanding balance and overdue stood at Tk. 8091.00 crores and Tk. 234.16 crores respectively at the end of March 2022.

Microcredit Operations by Grameen Bank & Large Nine NGOs²

In March 2022, Grameen Bank and large nine NGOs disbursed Tk. 13506.64 crores in productive and income generating activities in the rural areas under their microcredit program, which was 18.88 percent higher than that of the same month of the preceding year. Under this program, about 29.59 million members availed loan facility through 11176 branches. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 85.46 percent of the total microcredit among the top 10 Micro Finance Institutions (MFIs) in March 2022. However, in March 2022, total recovery of the microcredit by these 10 MFIs stood at Tk. 11710.37 crores, which was 9.09 percent higher than that of the same month of the preceding year. At the end of March 2022, total outstanding of these 10 MFIs stood at Tk. 84324.92 crores, which was 10.92 percent higher than that of the same month of the preceding year. Overdue of microcredit of these MFIs stood at Tk. 4901.81 crores at the end of March 2022, which was 26.98 percent higher than that of the same month of the preceding year. At the end of March 2022, the overdue as percentage of outstanding stood at only 5.81 percent. (Annexure Table-4).

² BRAC, ASA, Proshika, TMSS, RDRS Bangladesh, CARITAS Bangladesh, Jagoroni Chakra Foundation, Society for Social Services [SSS], Shakti Foundation for Disadvantaged Women.

Recent Measures Taken by Bangladesh Bank to Facilitate Rural Financing

- According to the ACD Circular Letter No. 01: 29 July 2021, Bangladesh Bank published Agricultural and Rural Credit Policy and Program for the fiscal year 2021-22. More details 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. More details information is available in the link:

<https://www.bb.org.bd/mediaroom/circulars/acd/sep142021acd02.pdf>

- According to the ACD Circular Letter No. 03: 26 October 2021, Bangladesh Bank published Agriculture & Rural Credit Policy and Programme of FY 2021-22 regarding inclusion of new fruits/crops. More details information is available in the link:

<https://www.bb.org.bd/mediaroom/circulars/acd/oct262021acd03.pdf>

- 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 due to Covid 19 pandemic and other reasons. More details information is available in the link: **<https://www.bb.org.bd/mediaroom/circulars/acd/jan032022acd01.pdf>**

Table-1: Monthly Agricultural Credit Performance by the Scheduled Banks

(In crore Taka)

Month	Disbursement		Recovery		Outstanding (at the end of Month)	
	FY21	FY22	FY21	FY22	FY21	FY22
July	1508.73	942.11	2278.90	1687.71	44835.57	45195.81
August	1947.45	1732.67	1732.74	1681.71	45045.82	45260.89
September	1228.13	2535.72	2265.99	2216.69	44041.91	44041.91
October	1945.54	2694.62	2179.63	2011.22	43913.45	46353.79
November	2306.04	2868.43	2269.08	2741.69	43971.93	46523.25
December	3142.09	3723.49	3364.73	3254.78	44089.09	47659.51
January	2070.74	2558.56	1965.17	1870.83	44321.71	48355.34
February	2032.01	2474.65	1436.12	2133.05	45053.28	48834.80
March	2332.49	1973.95	2282.43	2378.56	45348.47	48891.14
April	1859.43		1661.65		45600.85	
May	1597.65		2000.54		45237.50	
June	3540.96		3686.82		45939.80	
Total	25511.35	21504.2	27123.90	19730.73		

Source: Agriculture Credit Department, Bangladesh Bank.