

**Monthly Report On
Agricultural and Rural Financing¹**



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**Research Department
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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 FY22 (up to May'22) total agriculture credit disbursement stood at TK 25966.73 crores, which was 91.46 percent of the total disbursement target for FY22.

Actual Disbursement and Recovery

In May 2022, actual agricultural credit disbursement by all banks stood at TK 2210.01 crores, which was 38.33 percent higher than TK 1597.65 crores for the same month of the preceding year. Recovery of agricultural credit stood at TK 2033.76 crores in May 2022, which was 1.66 percent higher than TK 2000.54 crores for the same month of the preceding year.

During FY22 (up to May'22), total agricultural credit disbursement stood at TK 25966.73 crores, which was 18.19 percent higher than TK 21970.39 crores in the same period of previous year. Total recovery of agricultural credit stood at TK 24061.26 crores during FY22 (up to May'22), which was 2.66 percent higher than TK 23437.08 crores recovery for the same month of the preceding year.

Outstanding Balance and Overdue

Outstanding balance (including interest) of agricultural credit stood at TK 49551.28 crores at the end of May 2022, which was 9.54 percent higher than TK 45237.50 crores at the end of May 2021. Overdue of agricultural credit stood at TK 6052.04 crores at the end of May 2022, which was 1.48 percent lower than TK 6142.82 crores at the end of May 2021. Overdue of agricultural credit as percentage of outstanding stood at 12.21 percent at the end of May 2022 which was 13.58 percent at the end of May 2021.

Microcredit

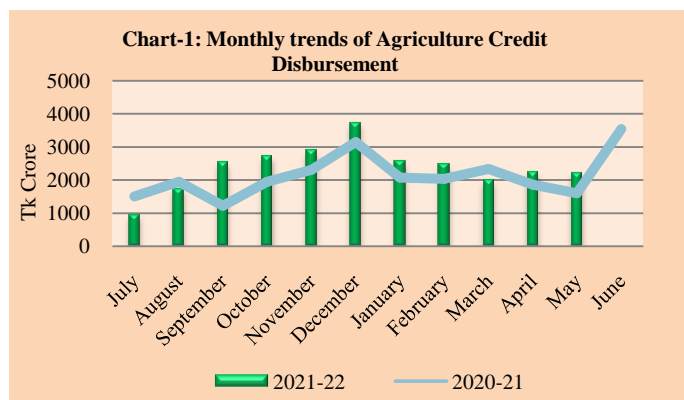
In May 2022, Grameen Bank and other nine large NGOs disbursed TK 10665.43 crores as microcredit and recovered TK 11264.02 crores. Total outstanding balance of microcredit of these organizations stood at TK 86169.09 crores. Overdue of microcredit stood at TK 4705.65 crores around 5.5 percent of outstanding at the end of May 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. These disbursement targets were 38.90 percent and 61.10 percent of the total agricultural credit disbursement target respectively.

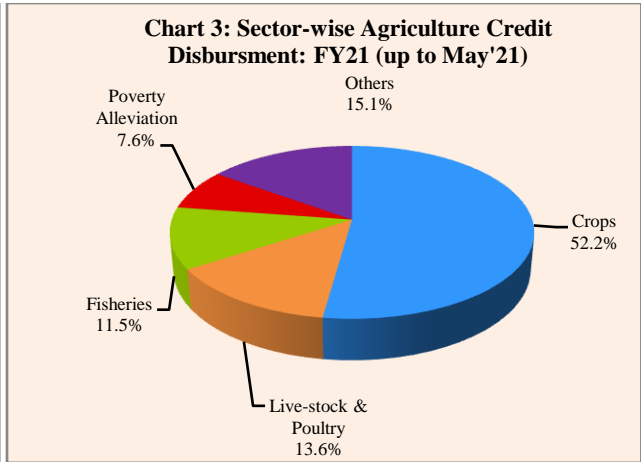
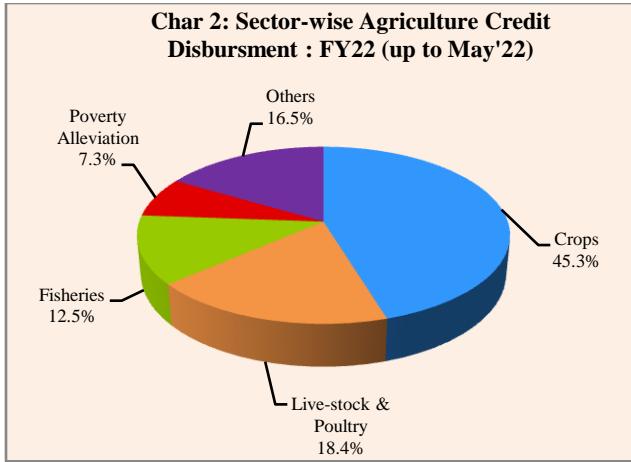
In May 2022, the actual disbursement of agricultural credit stood at TK 2210.01 crores, which was 1.89 percent lower than TK 2252.52 crores compared to the previous month. On the other hand, it was 38.33 percent higher than TK 1597.65 crores compared to the same month of the preceding year (Chart-1).

During FY22 (up to May'22), the actual disbursement of agricultural credit stood at TK 25966.73 crores, which was 18.19 percent higher than TK 21970.39 crores compared to the same period of the preceding year. The achievement was 91.46 percent of the total disbursement target for FY22.



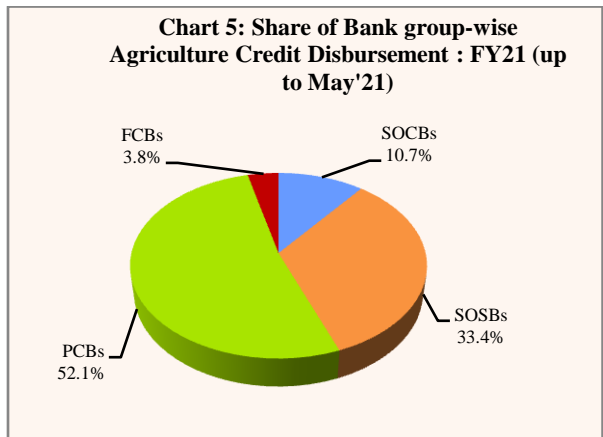
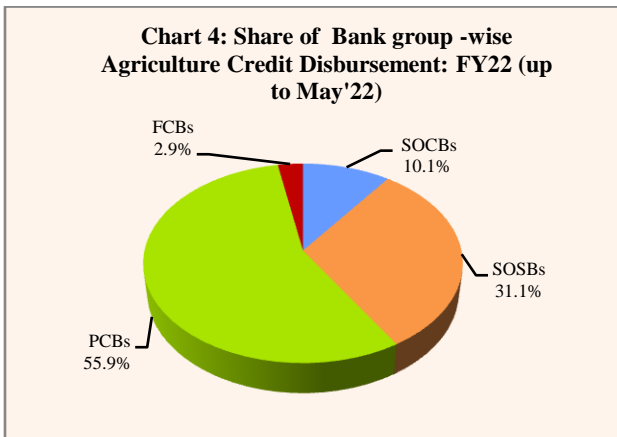
Source: Agricultural Credit Department, Bangladesh Bank.

Chart-2 and Chart-3 show the sector wise agricultural credit disbursement. From the chart it is observed that during FY22 (up to May'22), 45.3 percent of the total agriculture credit was distributed to the crop sub-sector followed by live-stock & poultry (18.4%), fisheries (12.5%), poverty alleviation (7.3%) and others (16.5%). On the other hand, the share of crop sub-sector was 52.2 percent, followed by live-stock & poultry (13.6%), fisheries (11.5%), poverty alleviation (7.6%) and others (15.1%), during the same period of previous year.



Source: Agricultural Credit Department, Bangladesh Bank.

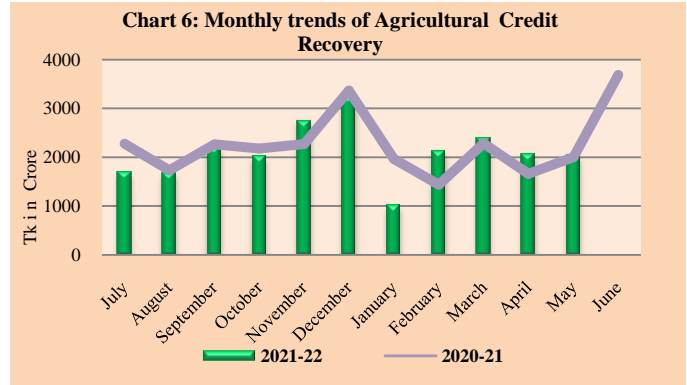
Among the cluster of banks, PCBs' share of agriculture credit disbursement was 55.9 percent followed by SOSBs (31.1%), SOCBs (10.1%) and FCBs (2.9%) during FY22 (up to May'22) whereas PCBs disbursed 52.1 percent, followed by SOSBs (33.4%), SOCBs (10.7%) and FCBs (3.8%) during the same period of the last year. Chart-4 and Chart-5 show the bank group-wise agriculture credit disbursement.



Source: Agricultural Credit Department, Bangladesh Bank.

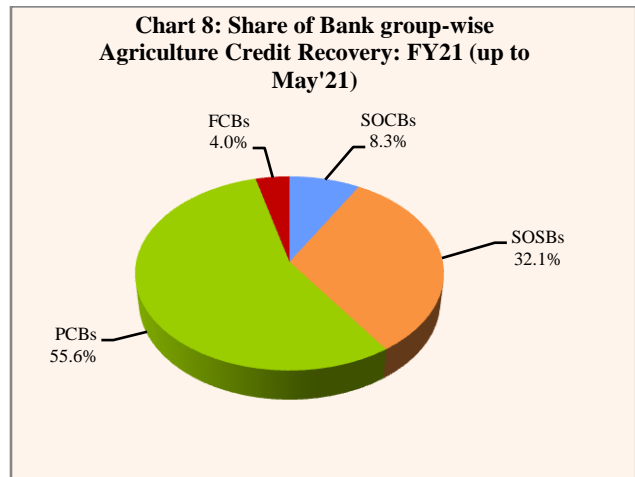
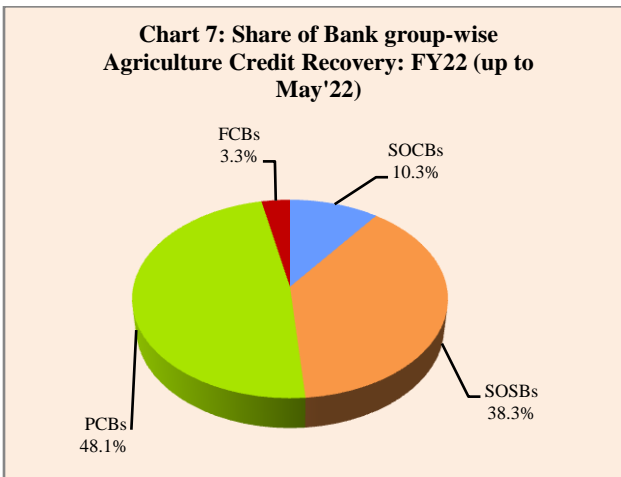
Recovery

In May 2022, the recovery of agricultural credit stood at TK 2033.76 crores, which was 0.85 percent lower than TK 2051.26 crores compared to the previous month. On the other hand it was 1.66 percent higher than TK 2000.54 crores compared to the same month of the preceding year (Chart-6). During FY22 (up to May'22), the recovery stood at TK 24061.26 crores, which was 2.66 percent higher than TK 23437.08 crores compared to the same period of the last year.



Source: Agricultural Credit Department, Bangladesh Bank.

Among the type of banks, share of recovery of PCBs' was 48.1 percent followed by SOSBs (38.3%), SOCBs (10.3%) and FCBs (3.2%) during FY22 (up to May'22), whereas share of PCBs recovery was 55.6 percent, followed by SOSBs (32.1%), SOCBs (8.3%) and FCBs (4.0%), during FY21 (up to May'21). Chart-7 and chart-8 show the bank group-wise agricultural credit recovery.



Source: Agricultural Credit Department, Bangladesh Bank.

Outstanding Balance

At the end of May 2022, total outstanding balance of agricultural credit stood at TK 49551.28 crores, which was 9.54 percent higher than TK 45237.50 crores at the end of May 2021.

Overdue

Overdue of agricultural credit stood at TK 6052.04 crores at the end of May 2022, which was 1.48 percent lower than TK 6142.82 crores at the end of May 2021. Overdue of agricultural credit as percentage of outstanding stood at 12.21 percent at the end of May 2022 compared to 13.58 percent at the end of May 2021.

Monthly position of disbursement, recovery and outstanding of agricultural credit 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. 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 2757.85 crores at the end of May 2022 which was TK 5036.84 crores in May 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. In May 2022, it disbursed TK 69.76 crores and recovered TK 64.36 crores. It may be mentioned that the disbursement and recovery amount of BRDB in May 2021 were TK 50.31 crores and TK 105.91 crores respectively. During FY22 (up to May'22) BRDB disbursed TK 998.15 crores and recovered TK 924.05 crores, which were TK 941.21 and TK 933.65 crores respectively in 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 FY22. In May 2022 BSBL didn't disburse any amount but recovered TK 0.24 crore . It may be mentioned that the disbursement and recovery amount of BSBL in May 2021 were TK 0.25 crore and TK 0.36 crore respectively. During FY22 (up to May'22), BSBL didn't disburse any amount but it recovered Tk. 3.11 crores, which were TK 0.75 crores and TK 3.81 crores respectively during the same period of the last year.

Palli Karma Shahayak Foundation

Palli Karma Shahayak Foundation (PKSF) extended loan facility amounting to TK 207.66 crores to its 278 POs (Partner Organizations) and recovered TK 269.76 crores in May 2022. Total outstanding balance and overdue stood at TK 8190.56 crores and TK 218.20 crores respectively at the end of May 2022.

Microcredit Operations by Grameen Bank & Large 9 NGOs²

In May 2022, Grameen Bank and large 9 NGOs disbursed TK 10665.43 crores in productive and income generating activities in the rural areas under their microcredit program, which was 118.00 percent higher than that of the same month of the preceding year. Under this program, about 29.87 million members availed loan facility through 11232 branches. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 83.79 percent of the total microcredit among the top 10 Micro Finance Institutions (MFIs) in May 2022. However, in May 2022, total recovery of the microcredit by these 10 MFIs stood at TK 11264.02 crores, which was 39.12 percent higher than that of the same month of the preceding year. At the end of May 2022, total outstanding of these 10 MFIs stood at TK 86169.09 crores, which was 20.52 percent higher than that of the same month of the preceding year. Overdue of microcredit of these MFIs stood at TK 4705.65 crores at the end of May 2022, which was 16.72 percent lower than that of the same month of the preceding year. At the end of May 2022, the overdue as percentage of outstanding stood at only 5.46 percent.

² 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 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>**

- 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) **<https://intranet.bb.org.bd/openpdf.php>**

Annexure

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	2252.52	1661.65	2051.26	45600.85	49263.90
May	1597.65	2210.01	2000.54	2033.76	45237.50	49551.28
June	3540.96		3686.82		45939.80	
Total	25511.35	25966.73	27123.90	24061.26		

Source: Agriculture Credit Department, Bangladesh Bank.