

Monthly Report on
Agriculture and Rural Finance¹



July 2023

Research Department
(Internal Economic Wing)
Bangladesh Bank

¹Prepared 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, Rubana Hassan, Additional Director, Research Department, Bangladesh Bank, e-mail: rubana.hassan@bb.org.bd and Md. Shamim Mondal, Joint Director, Research Department, Bangladesh Bank, e-mail: shamim.mondal@bb.org.bd .

Monthly Report on Agriculture and Rural Finance: July 2023

Preparation Team

Chief Editor

Md. Julhas Uddin
Executive Director (Research)

Editor

Mst. Nurnaher Begum
Director (Research)

Team Members

Rubana Hassan, Additional Director
Md. Shamim Mondal, Joint Director
Mohammad Ullah, Assistant Director
Ratna Khatun, Assistant Director

Highlights

- Agricultural credit disbursement target fixed at TK 35000.00 crores for FY24 was 13.60 percent higher than TK 30811.00 crores targeted in FY23. Against this target, in July 2023, disbursement of agriculture credit stood at TK 1991.27 crores which was 5.69 percent of the total disbursement target and it was 19.61 percent higher than the total credit disbursement of TK 1664.77 crores for the same month of the preceding year. Total recovery of agricultural credit recorded at TK 2710.32 crores in July 2023, which was 32.48 percent higher than TK 2045.80 crores recovery for the same month of the preceding year.
- Outstanding balance (including interest) of agricultural credit registered at TK 52361.91 crores at the end of July 2023, which was 3.16 percent higher than TK 50757.43 crores at the end of July 2022. Overdue of agricultural credit stood at TK 8627.61 crores at the end of July 2023, which was 15.03 percent higher than TK 7500.15 crores at the end of July 2022. Overdue of agricultural credit as percentage of outstanding balance was 16.48 at the end of July 2023 which was 14.78 at the end of July 2022.
- In July 2023, Grameen Bank and ten large NGOs disbursed TK 13841.71 crores as microcredit and recovered TK 15948.15 crores. Total outstanding balance of microcredit of these organizations stood at TK 111527.88 crores at the end of July 2023. Overdue of microcredit stood at TK 3908.25 crores, around 3.50 percent of outstanding balance at the end of July 2023.

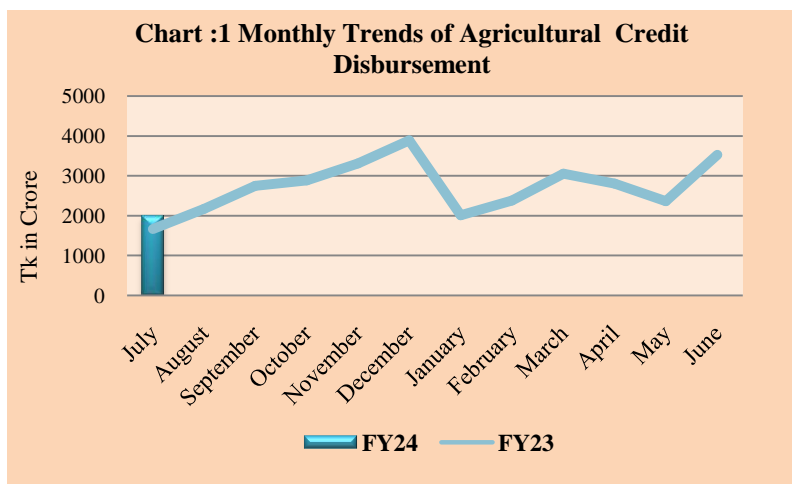
Disbursement, Recovery and Outstanding Balance of Agricultural Credit

Disbursement target

Disbursement target of agricultural credit by all scheduled banks fixed at TK 35000.00 crores for FY24 was 13.60 percent higher than the target of TK 30811.00 crores for FY23. The disbursement targets of all State-Owned Commercial Banks (SOCBs) and State-Owned Specialized Banks (SOSBs) together set at TK 12030.00 crores and Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) all together set at TK 22970.00 crores. These disbursement targets were 34.37 percent and 65.63 percent of the total agricultural credit disbursement target for FY24 respectively.

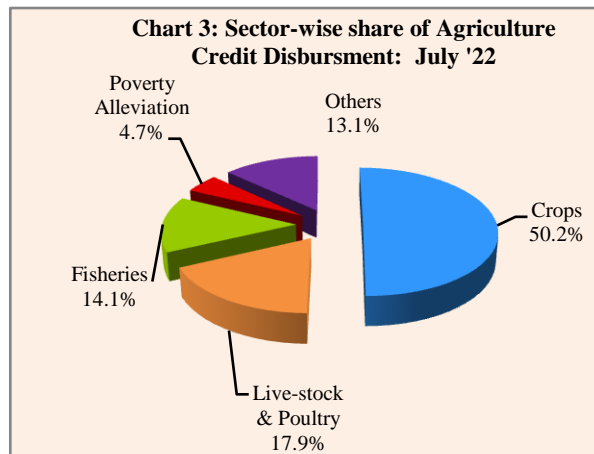
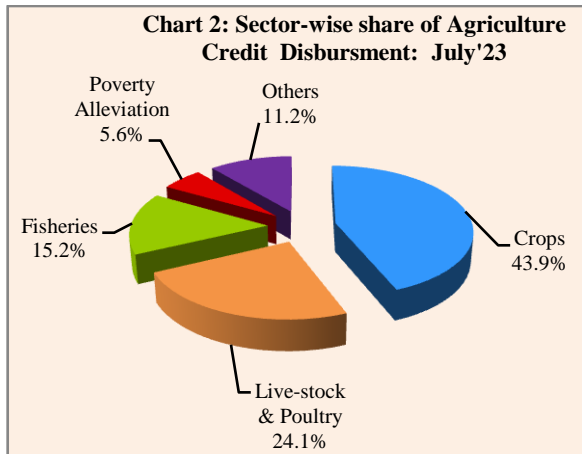
Disbursement

In July 2023, the actual disbursement of agricultural credit by all banks stood at TK 1991.27 crores, which was 43.62 percent lower than TK 3532.09 crores of the previous month. On the other hand, it was 19.61 percent higher than the disbursement of TK 1664.77 crores of the same month of the preceding year. The disbursement was 5.69 percent of the disbursement target for FY24 (Chart-1 and Annexure-1).



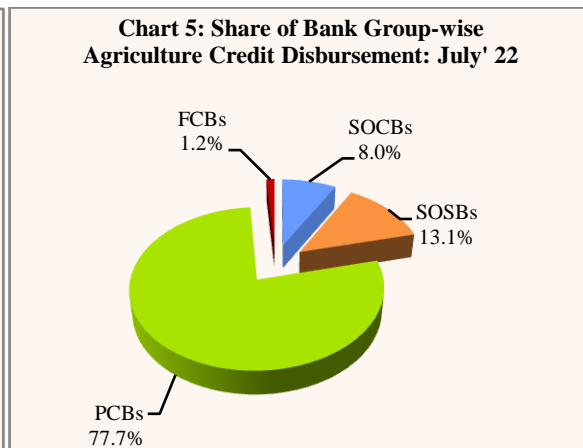
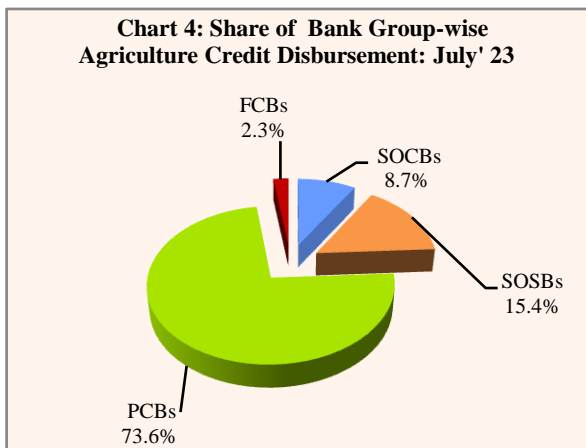
Source: Agricultural Credit Department, Bangladesh Bank.

Chart-2 and Chart-3 show the sector wise shares of agricultural credit disbursement. In July 2023, the share of crop sub-sector was 43.9 percent of the total agriculture credit disbursement followed by live-stock & poultry (24.1%), fisheries (15.2%), poverty alleviation (5.6%) and others (11.2%). On the other hand, the share of crop sub-sector was 50.2 percent, followed by live-stock & poultry (17.9%), fisheries (14.1%), poverty alleviation (4.7%) and others (13.1%) in July 2022.



Source: Agricultural Credit Department, Bangladesh Bank.

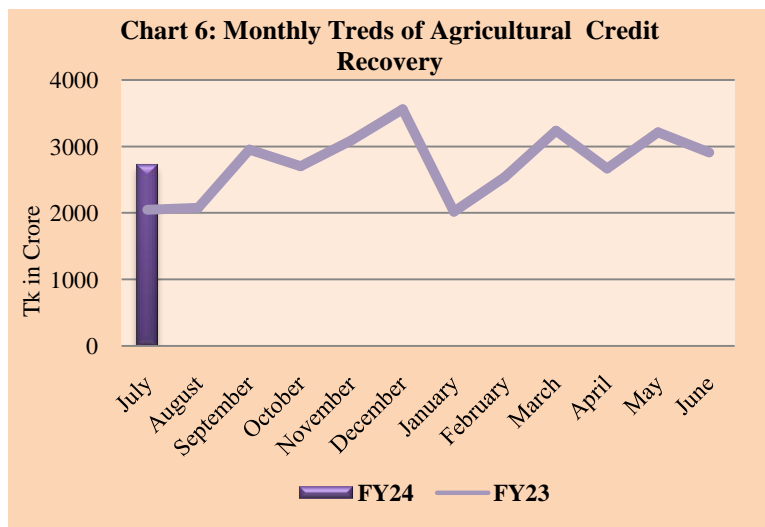
The share of agriculture credit disbursement by bank group-wise are shown in Chart-4 and Chart-5. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 73.6 percent followed by SOSBs (15.4%), SOCBs (8.7%) and FCBs (2.3%) in July 2023, whereas PCBs' share of agriculture credit disbursement was 77.7 percent, followed by SOSBs (13.1%), SOCBs (8.0%) and FCBs (1.2%) in July 2022.



Source: Agricultural Credit Department, Bangladesh Bank.

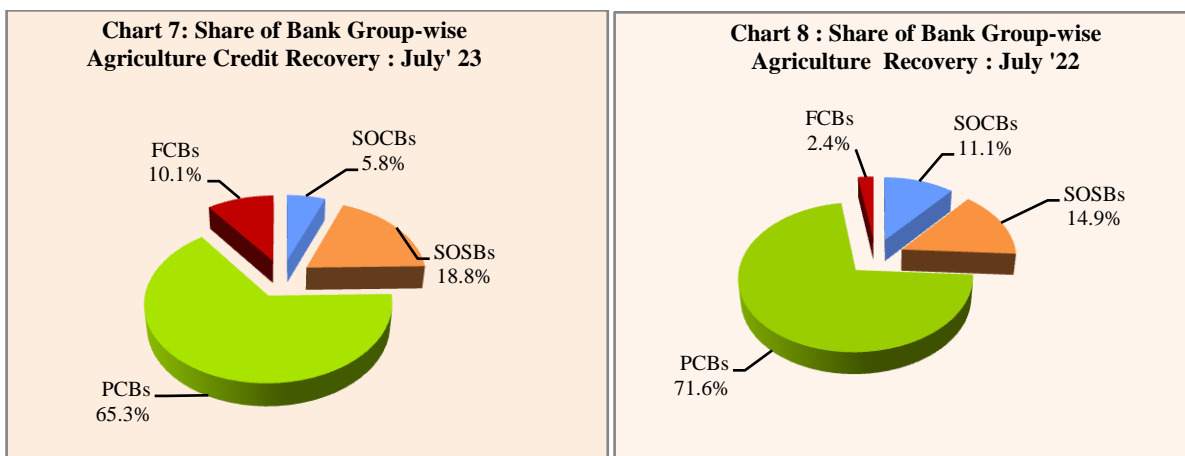
Recovery

In July 2023, recovery of agricultural credit by all banks amounted at TK 2710.32 crores. It was 6.84 percent lower than TK 2909.36 crores recovery of the previous month. However, it was 32.48 percent higher than TK 2045.80 crores recovery of the same month of the preceding year (Chart-6 and Annexure-1).



Source: Agricultural Credit Department, Bangladesh Bank.

The shares of agricultural credit recovery by bank group-wise are shown in Chart-7 and Chart-8. The share of recovery of PCBs was 65.3 percent followed by SOSBs (18.8%), SOCBs (5.8%) and FCBs (10.1%) in July 2023, while the share of PCBs' recovery was 71.6 percent, followed by SOSBs (14.9%), SOCBs (11.1%) and FCBs (2.4%) in July 2022.



Source: Agricultural Credit Department, Bangladesh Bank.

Outstanding Balance and Overdue

At the end of July 2023, outstanding balance of agricultural credit stood at TK 52361.91 crores, which was 3.16 percent higher than TK 50757.43 crores at the end of July 2022.

Overdue of agricultural credit stood at TK 8627.61 crores at the end of July 2023, which was 15.03 percent higher than TK 7500.15 crores at the end of July 2022. Overdue of agricultural credit, as percentage of outstanding balance was 16.48 percent at the end of July 2023 which was 14.78 percent at the end of July 2022.

Monthly position of agricultural credit performance for FY24 and FY23 are shown in Annexure-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) and 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 didn't submit any application for the short-term refinance loan from Bangladesh Bank (BB) and didn't repay any amount to BB in July 2023. RAKUB also didn't repay any amount to BB in July 2023 but applied for TK 1000 cores refinance loan in July 2023 which is now under process. Total outstanding balance of refinance for both the BKB and RAKUB stood at TK 1930.54 crores at the end of July 2023 which was TK 3157.16 crores at the end of July 2022.

Bangladesh Rural Development Board (BRDB)

The disbursement target of Bangladesh Rural Development Board (BRDB) was fixed at TK 1423.08 crores for FY24. In July 2023, it disbursed TK 145.48 crores and recovered TK 106.13 crores whereas 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 was set at TK 26.00 crores for FY24. However, BSBL did not disburse any amount but it recovered Tk 0.17 crores in July 2023. Similarly, 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 60.47 crores to its 285 partner organizations (POs) and recovered TK 421.63 crores in July 2023. During the same month of 2022, total disbursement and recovery amount of PKSF were TK 58.88 crores and TK 310.60 crores respectively. At the end of July 2023, it's outstanding and overdue balance stood at TK 10045.48 crores and TK 191.52 crores respectively.

Microcredit Operations by Grameen Bank and ten other Large NGOs²

In July 2023, Grameen Bank and ten large NGOs disbursed TK 13841.71 crores to productive and income generating activities in the rural areas under their microcredit program, which was TK 10860.57 crores in the same month of the preceding year. Under this program, about 33.79 million members availed of the loan facility through total 12983 branches of Grameen Bank and large ten NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 76.02 percent of the total microcredit among the listed top 11 Microfinance Institutions (MFIs) in July 2023. Moreover, in July 2023, total recovery of the microcredit by these 11 MFIs stood at TK 15948.15 crores, which was TK 12404.44 crores in the same month of the preceding year. At the end of July 2023, outstanding balance of these MFIs stood at TK 111527.88 crores, which was 17.71 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 3908.25 crores at the end of July 2023, which was 10.09 percent lower than the overdue at the end of July 2022. At the end of July 2023, the overdue as percentage of outstanding stood at 3.50.

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

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

- According to the ACD Circular No. 07: 17 November 2022 BB declared a refinance scheme of Taka 5000.00 crore for agriculture sector to ensure food security of the country. Additional information is available at 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 given at 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 5000.00 crore for agriculture sector to ensure food security (including beef fattening). Further information is available in the link: **<https://intranet.bb.org.bd/openpdf.php>**
- According to the ACD Circular No 01: 22 June 2023 BB has instructed to recruit NGOs/ MFI’s experienced people on temporary basis for the post of “Agri Credit Supervisor (Contractual)” in addition of existing manpower in the banks in order to disbursement, recovery and verification of the proper uses of agricultural credits. Further information is available in the link: **<https://intranet.bb.org.bd/openpdf.php>**

Annexure-1

Monthly Position of Agricultural Credit Performance by the Scheduled Banks

(In Crore Taka)

Month	Disbursement		Recovery		Outstanding (at the end of Month)		Overdue (at the end of Month)	
	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23
July	1991.27	1664.77	2710.32	2045.80	52361.91	50757.43	8627.61	7500.15
August		2172.53		2077.33		50235.40		7945.27
September		2747.07		2953.24		50246.25		7803.71
October		2884.97		2703.95		50468.00		7693.51
November		3308.34		3090.79		50206.69		7387.28
December		3892.42		3558.65		50997.35		7212.15
January		2014.22		2016.74		51225.71		7301.45
February		2382.19		2539.03		51234.84		7119.82
March		3056.02		3234.52		51277.37		7066.54
April		2807.06		2668.16		51659.19		6949.30
May		2368.21		3212.52		51063.85		6668.79
June		3532.09		2909.36		52704.45		6541.39
Total	1991.27	32829.89		33010.09				

Source: Agricultural Credit Department, Bangladesh Bank.