

Monthly Report on
Agriculture and Rural Finance¹



June 2023

Research Department
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Bangladesh Bank

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Monthly Report on Agriculture and Rural Finance: June 2023

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Highlights

- Agricultural credit disbursement target fixed at TK 30811.00 crores for FY23 was 8.52 percent higher than TK 28391.00 crores targeted in FY22. Against this target, during FY23, disbursement of agriculture credit stood at TK 32829.89 crores which was 106.55 percent of the total disbursement target. In June 2023, actual credit disbursement stood at TK 3532.09 crores which was 23.18 percent higher than that of the same month of the preceding year. However, the disbursement of agricultural credit during FY23 was also 13.86 percent higher than the disbursement of the previous fiscal year. Total recovery of agricultural credit recorded at TK 33010.09 crores during FY23, which was 20.20 percent higher than FY22.
- Outstanding balance (including interest) of agricultural credit registered at TK 52704.45 crores at the end of June 2023, which was 5.83 percent higher than TK 49802.28 crores at the end of June 2022. Overdue of agricultural credit stood at TK 6541.39 crores at the end of June 2023, which was 9.95 percent higher than TK 5949.45 crores at the end of June 2022. Overdue of agricultural credit as percentage of outstanding balance was 12.41 at the end of June 2023 which was 11.95 at the end of June 2022.
- In June 2023, Grameen Bank and ten large NGOs disbursed TK 16861.67 crores as microcredit and recovered TK 16455.13 crores. Total outstanding balance of microcredit of these organizations stood at TK 112862.76 crores at the end of June 2023. Overdue of microcredit stood at TK 3805.68 crores, around 3.37 percent of outstanding balance at the end of June 2023.

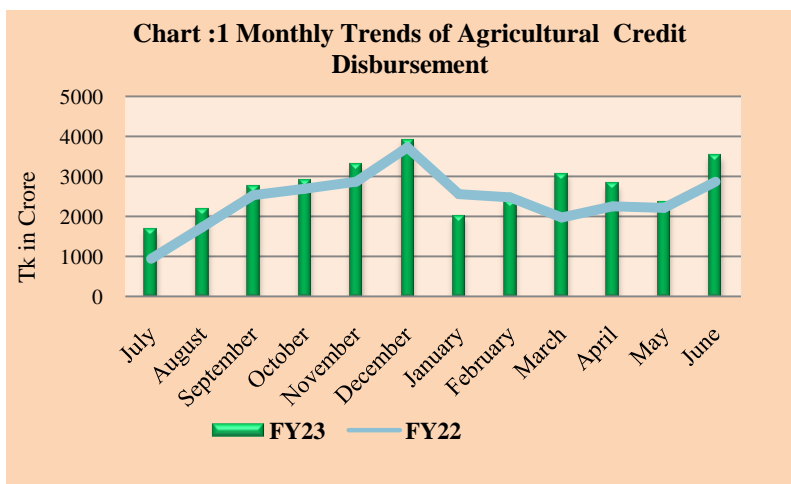
Disbursement, Recovery and Outstanding Balance of Agricultural Credit

Disbursement target

Disbursement target of agricultural credit by all scheduled banks fixed at TK 30811.00 crores for FY23 was 8.52 percent higher than the target of TK 28391.00 crores for FY22 and 6.86 percent higher than the actual disbursement in FY22. The disbursement targets of all State-Owned Commercial Banks (SOCBs) and State-Owned Specialized Banks (SOSBs) together set at TK 11658.00 crores and Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) all together set at TK 19153.00 crores. These disbursement targets were 37.84 percent and 62.16 percent of the total agricultural credit disbursement target for FY23 respectively.

Disbursement

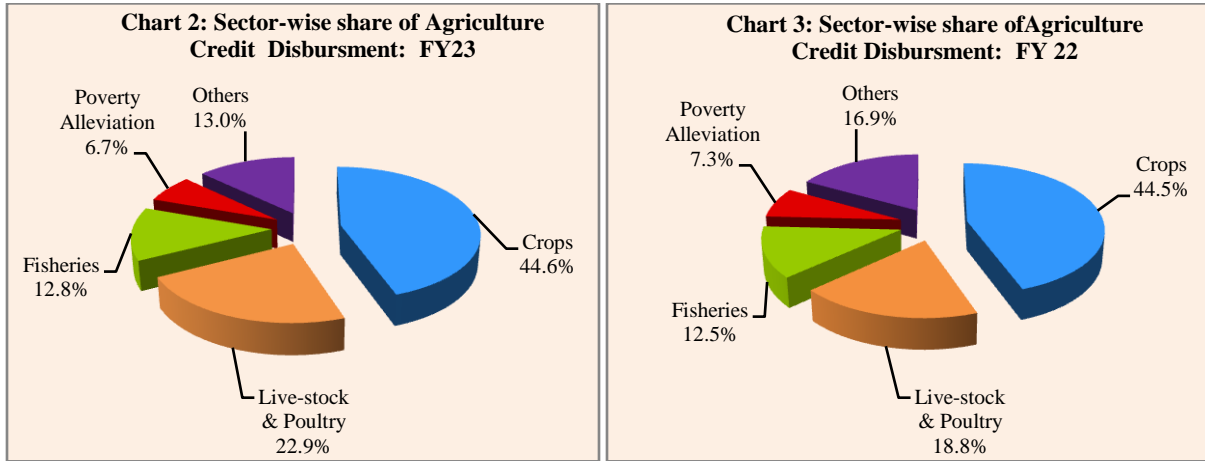
In June 2023, the actual disbursement of agricultural credit stood at TK 3532.09 crores, which was 49.15 percent higher than TK 2368.21 crores of the previous month. On the other hand, it was 23.18 percent higher than the disbursement of TK 2867.48 crores of the same month of the preceding year. During FY23, all banks disbursed TK 32829.89 crores of agriculture credit which was 106.55 percent of the total disbursement target for FY23 (Chart-1 and Annexure-1).



Source: Agricultural Credit Department, Bangladesh Bank.

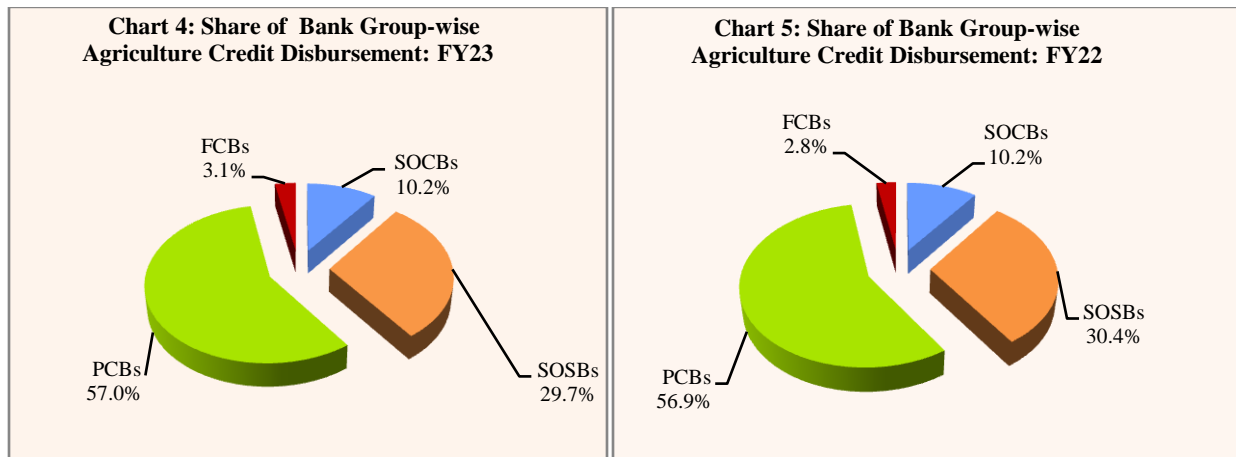
Chart-2 and Chart-3 show the sector wise shares of agricultural credit disbursement. During FY23, the share of crop sub-sector was 44.6 percent of the total agriculture credit disbursement followed by live-stock & poultry (22.9%), fisheries (12.8%), poverty alleviation (6.7%) and others (13.0%). On the other hand, the share of crop sub-sector was 44.5 percent, followed by

live-stock & poultry (18.8%), fisheries (12.5%), poverty alleviation (7.3%) and others (16.9%) during FY 22.



Source: Agricultural Credit Department, Bangladesh Bank.

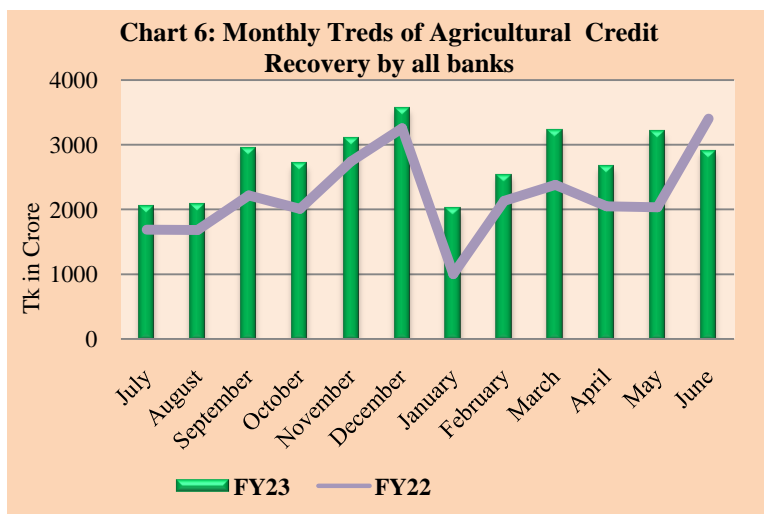
Chart-4 and Chart-5 show the shares of agriculture credit disbursement by types of banks. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 57.0 percent followed by SOSBs (29.7%), SOCBs (10.2%) and FCBs (3.1%) during FY23 whereas PCBs' share of agriculture credit disbursement was 56.9 percent, followed by SOSBs (30.4%), SOCBs (10.2%) and FCBs (2.8%) during FY22.



Source: Agricultural Credit Department, Bangladesh Bank.

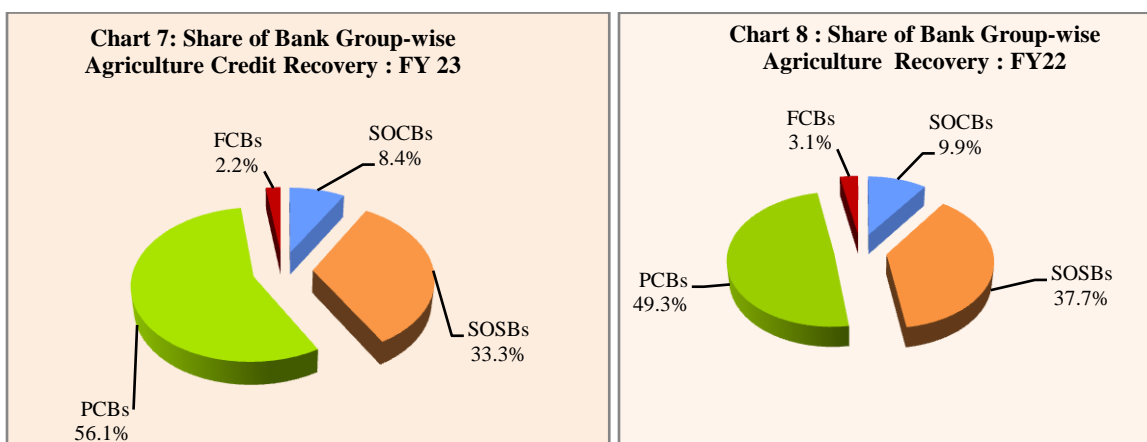
Recovery

In June 2023, recovery of agricultural credit by all banks amounted at TK 2909.36 crores. It was 9.44 percent lower than TK 3212.52 crores recovery of the previous month. Moreover, it was 14.48 percent lower than TK 3402.15 crores of the same month of the preceding year (Chart-6 and Annexure-1).



Source: Agricultural Credit Department, Bangladesh Bank.

Among the type of banks, the share of recovery of PCBs was 56.1 percent followed by SOSBs (33.3%), SOCBs (8.4%) and FCBs (2.2%) during FY23, while the share of PCBs' recovery was 49.3 percent, followed by SOSBs (37.7%), SOCBs (9.9%) and FCBs (3.1%) during FY22. Chart-7 and Chart-8 show the shares of agricultural credit recovery by types of banks.



Source: Agricultural Credit Department, Bangladesh Bank.

Outstanding Balance and Overdue

At the end of June 2023, outstanding balance of agricultural credit stood at TK 52704.45 crores, which was 5.83 percent higher than TK 49802.28 crores at the end of June 2022.

Overdue of agricultural credit stood at TK 6541.39 crores at the end of June 2023, which was 9.95 percent higher than TK 5949.45 crores at the end of June 2022. Overdue of agricultural credit, as percentage of outstanding balance was 12.41 at the end of June 2023 which was 11.95 at the end of June 2022.

Monthly position of disbursement, recovery and outstanding of agricultural credit for FY23 and FY22 are shown at 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 and RAKUB didn't submit any application for the short-term refinance loan from Bangladesh Bank in FY23. In June 2023 BKB and RAKUB have repaid TK 82.32 crores and TK 24.93 crores respectively and their total repayments amounted to TK 164.64 crores and 1087.92 crores respectively in FY 23. Total outstanding balance of refinance for both the BKB and RAKUB stood at TK 1930.54 crores at the end of June 2023 which was TK 3153.71 crores at the end of June 2022.

Bangladesh Rural Development Board (BRDB)

The disbursement target of Bangladesh Rural Development Board (BRDB) was fixed at TK 1332.50 crores for FY23. In June 2023, it disbursed TK 158.46 crores and recovered TK 147.47 crores. In June 2022, the disbursement and recovery amounts were TK 121.02 crores and TK 116.87 crores respectively. During FY23, BRDB disbursed TK 1536.16 crores and recovered TK 1282.90 crores, which were TK 1119.17 crores and TK 1040.92 crores respectively during FY22.

Bangladesh Shomobay Bank Limited (BSBL)

The disbursement target of BSBL, a non-scheduled bank was set at TK 25.00 crores for FY23. However, BSBL didn't disburse any amount but it recovered Tk 0.72 crores in June 2023 which was Tk 0.57 crores in June 2022. During FY23, the amount of disbursement by BSBL stood at TK 0.25 crores while its recovery amount stood at TK 3.88 crores. During FY22, BSBL had no disbursement amount while its recovery amount was TK 3.68 crores.

Palli Karma Shahayak Foundation

Palli Karma Shahayak Foundation (PKSF) disbursed TK 1379.37 crores to its 285 partner organizations (POs) and recovered TK 751.83 crores in June 2023. During FY23, total disbursement and recovery amount of PKSF were TK 6719.72 crores and TK 4987.14 crores respectively. At the end of June 2023, it's outstanding and overdue balance stood at TK 10406.68 crores and TK 201.11 crores respectively.

Microcredit Operations by Grameen Bank and ten other Large NGOs²

In June 2023, Grameen Bank and ten large NGOs disbursed TK 16861.67 crores to productive and income generating activities in the rural areas under their microcredit program, which was TK 15325.05 crores in the same month of the preceding year. Under this program, about 33.76 million members availed of the loan facility through total 12964 branches of Grameen Bank and large ten NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 75.37 percent of the total microcredit among the listed top 11 Microfinance Institutions (MFIs) in June 2023. Moreover, in June 2023, total recovery of the microcredit by these 11 MFIs stood at TK 16455.13 crores, which was TK 14918.90 crores in the same month of the preceding year. At the end of June 2023, outstanding balance of these MFIs stood at TK 112862.76 crores, which was 18.03 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 3805.68 crores at the end of FY23, which was 12.44 percent lower than the overdue at the end of FY22. At the end of June 2023, the overdue as percentage of outstanding stood at 3.37.

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. 04: 28 July 2022, BB published Agricultural and Rural Credit Policy and Program for FY23 which is available at 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 at 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 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 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 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	2807.06	2252.52	2668.16	2051.26	51659.19	49263.90	6949.30	6274.65
May	2368.21	2210.01	3212.52	2033.76	51063.85	49551.28	6668.79	6052.04
June	3532.09	2867.48	2909.36	3402.15	52704.45	49802.28	6541.39	5949.45
Total	32829.89	28834.21	33010.09	27463.41				

Source: Agricultural Credit Department, Bangladesh Bank.