

Monthly Report on Agricultural and Rural Financing¹



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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-February 2022 total agriculture credit disbursement stood at TK 19530.25 crores, which was 68.79 percent of the total disbursement target for FY22.

Actual Disbursement

In February 2022 actual agricultural credit disbursement by all banks stood at TK 2474.65 crores, which was 21.78 percent higher than TK 2032.10 crores for the same month of the preceding year. Recovery of agricultural credit stood at TK 2133.05 crores in February 2022, which was 48.53 percent higher than TK 1436.12 crores for the same month of the preceding year.

During July 2021-February 2022 total agricultural credit disbursement stood at TK 19530.25 crores, which was 20.70 percent higher than TK 16180.82 crores in July 2021-February 2022. Total recovery of agricultural credit stood at TK 17597.68 crores during July 2021-February 2022, which was 0.60 percent higher than TK 17492.36 crores recovery in July 2021-February 2022.

Outstanding Balance and Overdue

Outstanding balance (including interest) of agricultural credit stood at TK 48834.80 crores at the end of February 2022, which was 8.39 percent higher than TK 45053.28 crores at the end of February 2021. Overdue of agricultural credit stood at TK 6815.91 crores at the end of February 2022, which was 5.51 percent higher than TK 6460.12 crores at the end of February 2021. Overdue of agricultural credit as percentage of outstanding stood at 13.96 percent at the end of February 2022 compared to 14.34 percent at the end of February 2021.

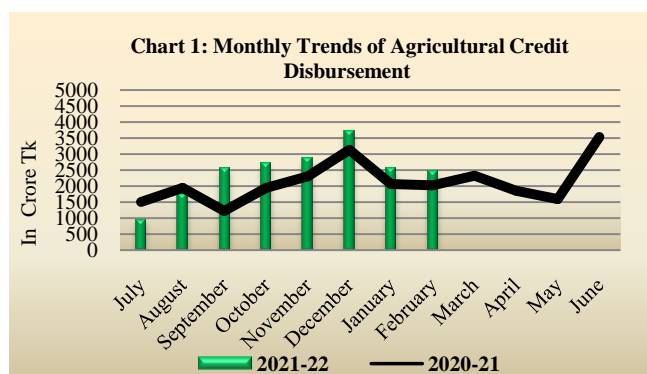
Microcredit

In February 2022, Grameen Bank and other nine large NGOs disbursed TK 12162.94 crores as microcredit and recovered TK 10808.79 crores. The total outstanding balance of microcredit of these organizations stood at TK 81768.06 crores, of which the overdue of microcredit stood at TK 4950.33 crores at the end of February 2022.

Target and Disbursement of Agricultural credit

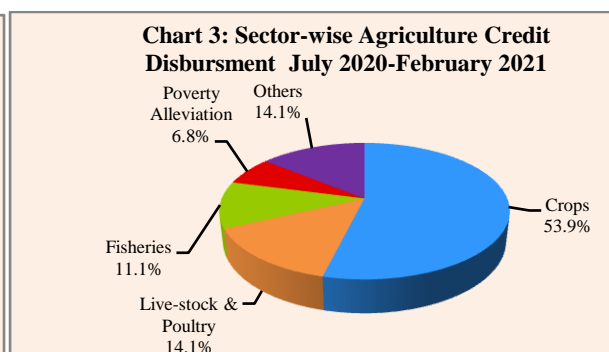
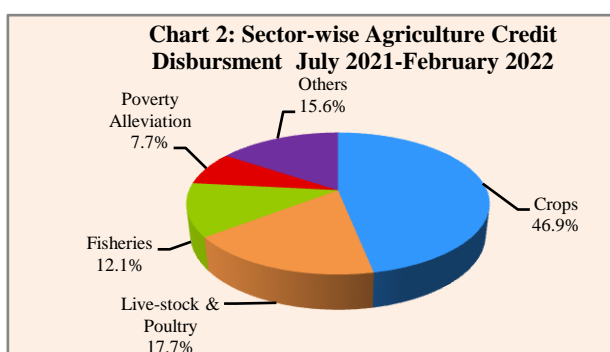
The disbursement target of agricultural credit by all scheduled banks was fixed at TK 28391.00 crores for FY22, which was 7.98 percent higher than TK 26292.00 crores targeted for FY21 and 11.29 percent higher than actual disbursement Tk 25511.35 crores of FY21. The disbursement targets of all State-Owned 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, which had 38.90 percent and 61.10 percent shares respectively in the total agricultural credit disbursement target.

In February 2022, the actual disbursement of agricultural credit stood at TK 2474.65 crores, which was 3.28 percent lower than TK 2558.56 crores compared to the previous month. On the other hand, the disbursement in February 2022 was 21.78 percent higher than TK 2032.10 crores compared to the same month of the preceding year (Chart 1). During July 2021-February 2022, the actual disbursement of agricultural credit stood at TK 19530.25 crores, which was 20.70 percent higher than TK 16180.82 crores compared to the same period of the preceding year. The achievement was 68.79 percent of the total disbursement target for FY22.



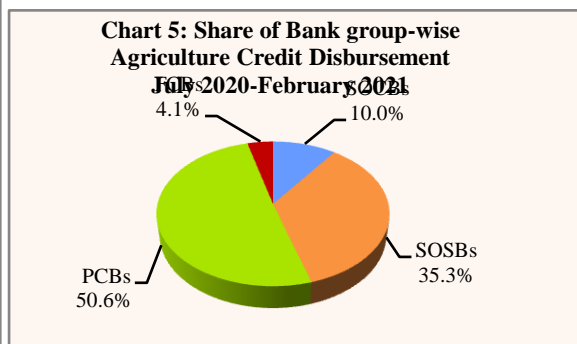
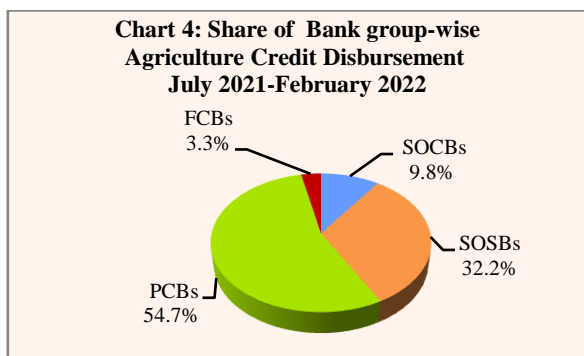
Source: Agricultural Credit Department, Bangladesh Bank.

Chart 2 and 3 show the sector wise agricultural credit disbursement. From the chart it is observed that during July 2021-February 2022, 46.90 percent of the total agriculture credit was distributed to the crop sub-sector followed by live-stock and poultry (17.7%), fisheries (12.1%), and poverty alleviation (7.7%), others (15.6%). On the other hand, the share of crops sub-sector was 53.9 percent followed by live-stock and poultry (14.1%), fisheries (11.1%) and poverty alleviation (6.8%), others (14.1%) during July 2020-February 2021(Annexure Table-2).



Source: Agricultural Credit Department, Bangladesh Bank.

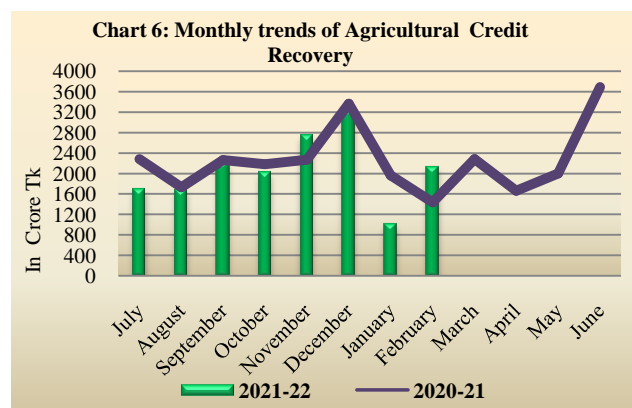
Among the cluster of banks, PCBs' share of agriculture credit disbursement was 54.7 percent followed by SOSBs (32.2%), SOCBs (9.8%), and FCBs (3.3%) during July 2021-February 2022, whereas PCBs disbursed 50.6 percent, followed by SOSBs (35.3%), SOCBs (10.0%), and FCBs (4.1%) during July 2020-February 2021. Chart 4 and Chart 5 show the bank-wise agriculture credit disbursement respectively during July 2021-February 2022 and July 2020-February 2021(Annexure Table -2).



Source: Agricultural Credit Department, Bangladesh Bank.

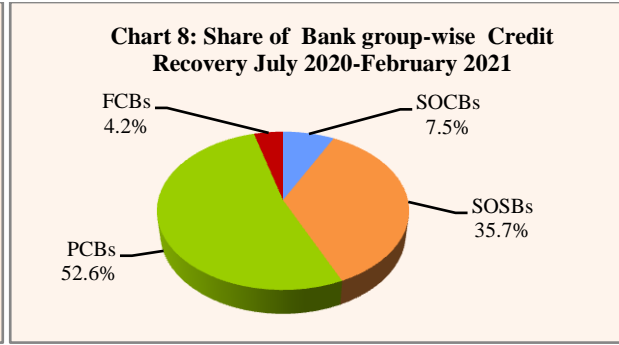
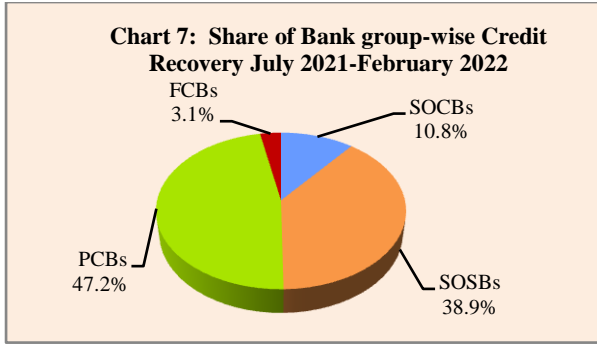
Recovery

In February 2022 the recovery of agricultural credit stood at TK 2133.05 crores, which was 14.02 percent higher than TK 1870.83 crores compared to the previous month and 48.53 percent higher than that of TK 1436.12 crores compared to the same month of the preceding year (Chart 6). During July 2021-February 2022, the recovery stood at TK 17597.68 crores, which was 0.60 percent higher than TK 17492.36 crores compared to the same period of the last year.



Source: Agricultural Credit Department, Bangladesh Bank.

Among the type of banks, PCBs' share in the total recovery was 47.2 percent, followed by SOSBs (38.9%), SOCBs (10.8%) and FCBs (3.1%) during July 2021-February 2022, whereas PCBs recovered 52.6 percent, followed by SOSBs (35.7%), SOCBs (7.5%) and FCBs (4.2%), during July 2020-February 2021. Chart 7 and 8 show the bank-wise agriculture credit recovery during July 2021-February 2022 and July 2020-February 2021 respectively.



Source: Agricultural Credit Department, Bangladesh Bank.

Outstanding Balance

At the end of February 2022, total outstanding balance of agricultural credit stood at TK 48834.80 crores, which was 8.39 percent higher than TK 45053.28 crores at the end of February 2021.

Overdue

Overdue of agricultural credit stood at TK 6815.91 crores at the end of February 2022, which was 5.51 percent higher than TK 6460.12 crores at the end of February 2021. Overdue of agricultural credit as percentage of outstanding stood at 13.96 percent at the end of February 2022 compared to 14.34 percent at the end of February 2021.

Refinance

Bangladesh Bank extended the repayment schedule of the refinance facility to BKB for a total of TK 2000 crores till 30 June 2022, of which TK 1000 crores was sanctioned in FY19 and TK 1000 crores in FY20. Besides, Bangladesh Bank sanctioned TK 500 crores as refinance to RAKUB in FY21, and in February 2022 RUKUB repaid the interest amount of TK 19.44 crores. Total outstanding amount of refinance stood at TK 2752.74 crores at the end of February 2022, which was TK 5050.28 crores in February 2021.

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

Microcredit Operations by Grameen Bank & Large Nine NGOs²

In February 2022, Grameen Bank and large nine NGOs disbursed TK 12162.94 crores in productive and income generating activities in the rural areas under their microcredit program, which was 15.49 percent higher than that of the same month of the preceding year. Under this program, about 29.37 million members availed loan facility through 11155 branches. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 84.19 percent of the total microcredit among the top 10 Micro Finance Institutions (MFIs) in February 2022. However, in February 2022, total recovery of the microcredit by these 10 MFIs stood at TK 10808.79 crores, which was 5.41 percent higher than that of the same month of the preceding year. At the end of February 2022, total outstanding of these 10 MFIs stood at TK 81768.06 crores, which was 9.48 percent higher than that of the same month of the preceding year. Overdue of microcredit of these MFIs stood at TK 4950.33 crores at the end of February 2022, which was 37.0 percent higher than that of the same month of the preceding year. At the end of February 2022, the overdue as percentage of outstanding stood at only 6.05 percent (Annexure Table-4).

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 February 2022, it disbursed TK 115.51 crores and recovered TK 99.44 crores. In February 2021, it disbursed TK 103.81 crores and recovered TK 92.62 crores. During July 2021-February 2022, BRDB disbursed TK 733.83 crores and recovered TK 705.56 crores, which were TK 728.77 and TK 704.43 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. BSBL didn't disburse any amount but recovered TK 0.34 crore in February 2022. In February 2021 it disbursed TK 0.25 and recovered TK 0.25 crore respectively. During July 2021-February 2022, BSBL didn't disburse any amount but it recovered Tk. 2.09 crores, which were TK 0.50 crores and TK 3.15 crores respectively during July 2020-February 2021 (Annexure Table-3).

Palli Karma Shahayak Foundation

Palli Karma Shahayak Foundation (PKSF) extended loan facility amounting to TK 413.73 crores to its 278 POs (Partner Organizations) and recovered TK 182.33 crores in February 2022. Total outstanding balance and overdue stood at Tk. 8268.35 crores and TK 232.0 crores respectively at the end of February 2022.

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		2282.43		45348.47	
April	1859.43		1661.65		45600.85	
May	1597.65		2000.54		45237.50	
June	3540.96		3686.82		45939.80	
Total	25511.35	19530.25	27123.90	17597.68		

Source: Agriculture Credit Department, Bangladesh Bank.