

Monthly Report on
Agriculture and Rural Finance¹



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1. Highlights of Agriculture and Rural Finance

- Agricultural credit disbursement target for all scheduled banks has been set at BDT 38,000.00 crore for FY25 which was 8.57 percent higher than that of FY24 and 2.28 percent higher than actual disbursement of BDT 37,153.9 crore in FY24.
- Agricultural credit disbursement of all scheduled banks was BDT 3,870.91 crore during July-August of FY25, which was 27.08 percent lower than disbursement of BDT 5,308.26 crore during July-August of FY24.
- Total recovery of agricultural credit of all scheduled banks recorded at BDT 5,445.46 crore during July-August of FY25, which was 3.71 percent higher than the recovery of BDT 5,250.58 crore during the same period in FY24.
- Outstanding balance (including interest) of agricultural credit of all scheduled banks was BDT 55,822.75 crore at the end of August of FY25, which was 4.87 percent higher than outstanding of BDT 53,230.38 crore at the end of August of FY24.
- Overdue of agricultural credit of all scheduled banks was BDT 11,844.20 crore at the end of August of FY25, which was 34.53 percent higher than overdue of BDT 8,804.06 crore at the end of August of FY24.
- In August of FY25, Grameen Bank and ten large NGOs disbursed BDT 11,682.07 crore as microcredit which was 25.62 percent lower as compared to August of FY24 and recovered BDT 14,497.30 crore which was 10.32 percent lower as compared to August of FY24. Outstanding balance of microcredit of these organizations stood at BDT 112,312.34 crore at the end of August in FY25. Overdue of microcredit of these organizations stood at BDT 6,696.42 crore (5.96 percent of outstanding balance) at the end of August of FY25.

2. Agricultural Credit

2.1 Disbursement

The agricultural credit disbursement target has been set at BDT 38,000.00 crore for all scheduled banks in FY25, marking an 8.57 percent increase compared to the disbursement target of BDT 35,000.00 crore for the previous fiscal year. The target of agricultural credit disbursement comprises of BDT 3,315.00 crore for state-owned commercial banks (SOCBs), BDT 9,300.00 crore for state-owned specialized banks (SOSBs), BDT 24,121.00 crore for private commercial banks (PCBs), and BDT 1,264.00 crore for foreign commercial banks (FCBs) for FY25.

During July-August of FY25, all scheduled banks disbursed BDT 3,870.91 crore as agricultural credit which was 27.08 percent lower than the disbursement of BDT 5,308.26 crore during the same period in FY24. This significant downturn can be attributed to less disbursement of FCBs (92.04 percent), PCBs (23.19 percent), SOCBs (19.43 percent) and SOSBs (15.92 percent) during July-August of FY25 as compared to July-August in FY24.

Table 1: Agricultural Credit by Scheduled Banks

(BDT in Crore)

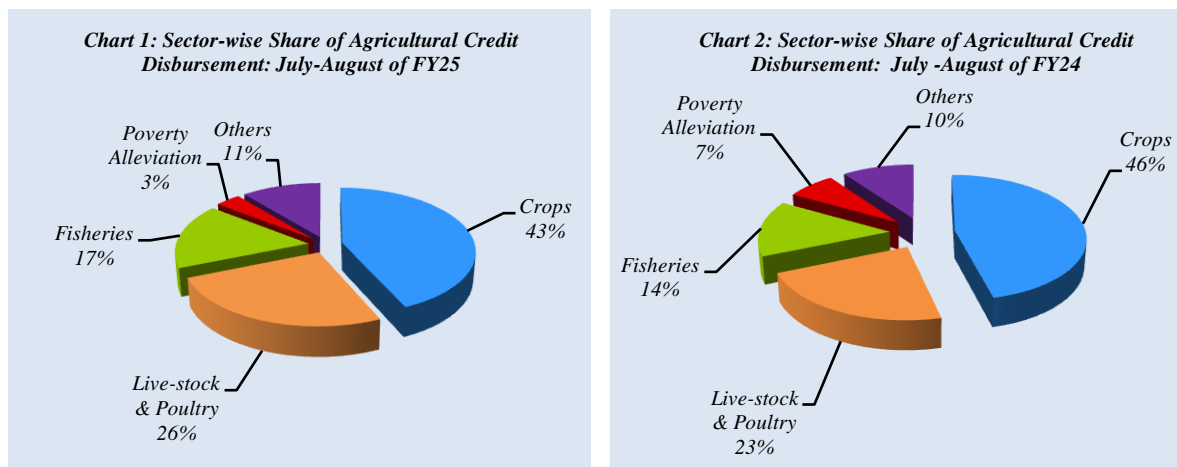
| Month | Disbursement | | Recovery | |
|--------------|----------------|----------------|----------------|----------------|
| | FY24 | FY23 | FY24 | FY23 |
| July-June | 37153.9 | 32829.89 | 35571.62 | 33010.09 |
| | FY25 | FY24 | FY25 | FY24 |
| July | 1790.71 | 1991.27 | 2553.79 | 2710.32 |
| August | 2080.20 | 3316.99 | 2891.67 | 2540.26 |
| Total | 3870.91 | 5308.26 | 5445.46 | 5250.58 |

Source: Agricultural Credit Department, Bangladesh Bank.

2.2 Sector-wise disbursement

During July-August of FY25, the sector-wise allocation of agricultural credit disbursement by all scheduled banks is depicted in Chart-1. During July-August 2024, the crops sub-sector held the largest share accounting for 43.0 percent of the total share which was 46.0 percent during July-August 2023. Livestock and poultry sector increased its share from 23.0 percent during July-August of FY24 to 26.0 percent

during July-August of FY25. The fisheries sector also saw an increase, rising from 14.0 percent during July-August of FY24 to 17.0 percent during July-August of FY25. On the other hand, the share of poverty alleviation decreased from 7.0 percent during July-August 2023 to 3.0 percent during July-August of FY25, while the disbursement in others category increased from 10.0 percent during July-August of FY24 to 11.00 percent during July-August of FY25. These changes indicate a growing focus on livestock & poultry, and fisheries, with a corresponding reduction in the emphasis on crops and poverty alleviation sectors.



Source: Agricultural Credit Department, Bangladesh Bank.

2.3 Recovery

During July-August 2024, the recovery of agricultural credit by all scheduled banks was BDT 5,445.46 crore, reflecting a 3.71 percent increase compared to BDT 5,250.58 crore during July-August 2023. This increase was driven mainly by a significant rise of 17.46 percent in recovery from Private Commercial Banks (PCBs). It is noted that State-Owned Commercial Banks (SOCBs), State-Owned Specialized Banks (SOSBs) and Foreign Commercial Banks (FCBs) marked decrease in recovery during July-August 2024 as compared to the same period of 2023 (Table 1).

2.4 Outstanding and Overdue

The outstanding balance (including interest) of agricultural credit for all scheduled banks stood at BDT 55,822.75 crore at the end of August of 2024, which was 4.87 percent higher than outstanding of BDT 53,230.38 crore at the end of August 2023. Additionally, the overdue amount of agricultural credit by the end of August 2024

reached at BDT 11,844.20 crore experiencing a significant 34.53 percent rise compared to the end of August 2023, due to higher overdue positions in SOCBs, SOSBs, and PCBs. Notably, the overdue position for FCBs remained zero in both August 2024 and August 2023. In August of FY25, the overdue amount as a percentage of the outstanding agricultural credit balance was 21.22 percent, up from 16.54 percent recorded in August of FY24. This increase indicates a growing proportion of agricultural credit that has not been repaid on time, reflecting potential challenges in the sector's credit recovery efforts.

2.5 Bangladesh Rural Development Board (BRDB)

The disbursement target for the Bangladesh Rural Development Board (BRDB) in FY25 has been set at BDT 1,523.18 crore. However, during July-August of FY25, disbursement and recovery by BRDB were BDT 163.02 crore and BDT 177.52 crore respectively, reflecting 38.91 percent and 30.45 percent decrease as compared to July-August of FY24. In August of FY25, disbursement and recovery by BRDB were BDT 58.63 crore and BDT 67.14 crore respectively, reflecting 51.70 percent and 54.97 percent decrease as compared to August of FY24 (Table 2).

Table 2: Agricultural Credit by BRDB and BSBL

(BDT in Crore)

| | Target of FY25 | August'24 | | August'23 | |
|--------------------|-------------------|-----------------|-----------------|------------------|------------------|
| | | Disbursement | Recovery | Disbursement | Recovery |
| BRDB | 1523.18 | 58.63 | 67.14 | 121.39 | 149.11 |
| BSBL | 25.00 | 0.00 | 0.05 | 0.25 | 0.09 |
| Total (Percent) | 1548.18 (3.91) | 58.63 (2.74) | 67.19 (2.27) | 121.64 (3.54) | 149.20 (5.55) |

Source: Agricultural Credit Department, Bangladesh Bank.

Note: figure in the parenthesis shows % share of total agriculture credit arrangement of BRDB and BSBL in total amount of all group of Banks, BRDB and BSBL.

2.6 Bangladesh Samabaya Bank Limited (BSBL)

BSBL, a non-scheduled bank, has a disbursement target of BDT 25.00 crore for FY25. During July-August of FY25, BSBL refrained from disbursing funds and exercised caution due to high overdue amount. However, BSBL recovered BDT 0.13 crore during July-August of FY25 which was 50.00 percent lower as compared to the recovery of BDT 0.26 crore during July-August of FY24 (Table-2).

3. Refinance Facility

Facility from Bangladesh Bank under Government Guarantee

To promote agricultural development and ensure food security, Bangladesh Bank (BB) provides consistent support to Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (RAKUB) through a BDT 5000 crore short-term agricultural refinance facility backed by government guarantee. According to the circular of Agricultural Credit Department (ACD), BB on 17 November 2022, participating banks receive a refinance facility under this scheme at an interest rate of 0.50 percent from BB, while farmers benefit from a maximum rate of 4.00 percent (simple interest).

During July-August of FY25, BKB and RAKUB did not apply for any short-term agricultural refinance facility. However, RAKUB paid BDT 3.44 crore to BB as interest payment of the short-term refinance credit in August 2024. The outstanding balance of refinance credit for BKB and RAKUB was BDT 2,720.36 crore as of August 2024, compared to BDT 1,930.54 crore during as of August 2023.

4. Rural Finance

4.1 Palli Karma-Sahayak Foundation

During July-August of FY25 total disbursement of Palli Karma-Sahayak Foundation (PKSF) was BDT 465.32 crore which was 15.48 percent lower as compared to the disbursement amount of BDT 550.53 crore during July-August of FY24. The recovery amount was BDT 915.33 crore during July-August of FY25 which was 8.78 percent higher as compare to the recovery of BDT 841.50 crore during the same period of FY24. In August of FY25, Palli Karma-Sahayak Foundation (PKSF) disbursed BDT 433.32 crore to 285 partner organizations (POs) and recovered BDT 475.77 crore. These figures represent 11.58 percent decrease in disbursement and 13.31 percent increase in recovery compared to August of FY24 (Table-3). At the end of August 2024, the outstanding balance of PKSF's loan program amounted to BDT 11,370.65 crore, with an overdue balance of BDT 169.95 crore. The outstanding balance increased by 12.41 percent in August 2024 compared to August 2023. Meanwhile, the

overdue balance decreased by 17.93 percent in August 2024, compared to the same month of FY24.

Table 3: Rural Credit by PKSF

(BDT in Crore)

| Month | Disbursement | | Recovery | |
|--------------|---------------|---------------|---------------|---------------|
| | FY24 | FY23 | FY24 | FY23 |
| July-June | 7553.11 | 6719.72 | 6139.10 | 4988.21 |
| | FY25 | FY24 | FY25 | FY24 |
| July | 32.00 | 60.47 | 439.56 | 421.63 |
| August | 433.32 | 490.06 | 475.77 | 419.87 |
| Total | 465.32 | 550.53 | 915.33 | 841.50 |

Source: Palli Karma-Sahayak Foundation (PKSF).

4.2 Microcredit Operations by Grameen Bank and Ten Large NGOs²

In August 2024, Grameen Bank and ten prominent NGOs disbursed BDT 11,682.07 crore for microfinance programs aimed at fostering productive rural activities, marking a decrease of 25.62 percent compared to August 2023. Approximately 34.43 million members accessed this loan facility through a total of 13,402 branches operated by the top 11 Microfinance Institutions (MFIs). Notably, Grameen Bank, BRAC, and ASA collectively accounted for 72.98 percent of the total microcredit disbursed in August 2024.

The recovery efforts of these MFIs in August of FY25 amounted to BDT 14,497.30 crore, reflecting 10.32 percent decrease from August of FY24. As on August of FY25, the outstanding balance of these MFIs stood at BDT 112,312.34 crore, marking a 3.61 percent rise compared to August of FY24. Additionally, the overdue amount for MFIs remained at BDT 6,696.42 crore as on August of FY25, representing a 62.57 percent growth as compared to the overdue amount of August of FY24 (Table-4). This significant rise in overdue balances is primarily due to decreased loan recovery, which can be attributed to borrowers' erratic behavior of unwillingness to pay because of crop damage in some regions caused by natural calamities like floods and cyclones, borrowers' financial difficulties due to the rising cost of living for increased price level, and inefficiencies at the branch level.

²Grameen Bank, BRAC, ASA, Proshika, BURO Bangladesh, TMSS, RDRS Bangladesh, CARITAS Bangladesh, Jagorani Chakra Foundation (JCF), Society for Social Service (SSS), Shakti Foundation.

Table 4: Microcredit Operation by NGOs in August 2024

(BDT in Crore)

| NGOs | Disbursement | Recovery | Outstanding | Overdue |
|-------------------------------------|-----------------|-----------------|------------------|----------------|
| Grameen Bank | 1571.57 | 1666.59 | 16460.56 | 421.90 |
| BRAC | 3826.24 | 6114.90 | 38036.93 | 1834.22 |
| ASA | 3128.23 | 3470.32 | 29046.68 | 2684.93 |
| Proshika | 171.00 | 193.79 | 1647.28 | 103.98 |
| BURO Bangladesh | 983.00 | 1067.00 | 9449.00 | 411.00 |
| TMSS | 727.52 | 687.99 | 5878.29 | 454.31 |
| RDRS Bangladesh | 177.98 | 173.04 | 1456.73 | 172.31 |
| CARITAS Bangladesh | 56.12 | 61.48 | 516.62 | 84.29 |
| Jagorani Chakra Foundation(JCF) | 392.41 | 392.15 | 4285.81 | 215.39 |
| Society for Social Service (SSS) | 506.65 | 469.35 | 3758.80 | 243.20 |
| Shakti Foundation | 141.35 | 200.69 | 1775.64 | 70.89 |
| Total | 11682.07 | 14497.30 | 112312.34 | 6696.42 |

Source: Grameen Bank and respective NGOs.

5. Recent Measures by BB for Agriculture and Rural Finance:

- Through ACD Circular No. 01 issued on 29 August 2024, Agricultural and Rural Credit Policy and Program for FY25 was published (circular link: [aug292024acd01.pdf \(bb.org.bd\)](#)).
- According to BRPD Circular No. 10 issued on 08 May 2024, Six-Month Moving Average Rate of Treasury Bill (SMART) was abolished and superseded the BRPD Circular no.09 dated 19 June 2023 to move towards a completely market based interest rate system (circular link: [may082024brpd10.pdf \(bb.org.bd\)](#)).
- As per ACD Circular No. 03 issued on 21 November 2023, facilitating most of the actual/marginal farmers under BDT 5000.00 crore refinance scheme, ceiling of new loan/investment in favor of single customer from livestock sector shall be BDT 20 lakh (circular link: [nov212023acd103.pdf \(bb.org.bd\)](#)).
- According to ACD Circular No 01 issued on 22 June 2023, banks were directed to recruit experienced people from NGOs/MFIs on temporary contractual basis for the post of 'Agri Credit Supervisor (Contractual)' following manpower requirement need for ensuring proper uses of agricultural credit (circular link: [jun222023acd01.pdf \(bb.org.bd\)](#)).
- According to ACD Circular No 02 issued on 21 March 2023, beef fattening sector was included into the refinance scheme of BDT 5000.00 crore (circular link: [mar212023acd102.pdf \(bb.org.bd\)](#)).
- Following ACD Circular No: 01 of January 2023, agricultural credit on priority basis shall be disbursed to new farmers, and to more than one member of the same family based on rational consideration (circular link: [jan012023acd101.pdf \(bb.org.bd\)](#)).
- As per ACD Circular No. 08 of 19 December 2022, fund titled 'Bangladesh Bank Agricultural Development Common Fund (BBADCF)' had been formed with the unattainable portion of banks annual agriculture and rural credit disbursement target (circular link: [dec192022acd08.pdf \(bb.org.bd\)](#)).
- According to ACD Circular No. 07 of 17 November 2022, BB formed a refinance scheme of BDT 5000.00 crore for agriculture sector to ensure food security of the country (circular link: [nov172022acd07.pdf \(bb.org.bd\)](#)).

Annexure- 1:

Monthly Position of Agricultural Credit Performance by Scheduled Banks

(BDT in Crore)

| 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 | 2045.8 | 52361.91 | 50757.43 | 8627.61 | 7500.15 |
| August | 3316.99 | 2172.53 | 2540.26 | 2077.33 | 53230.38 | 50235.40 | 8804.06 | 7945.27 |
| September | 3516.38 | 2747.07 | 2763.73 | 2953.24 | 54164.17 | 50246.25 | 8666.13 | 7803.71 |
| October | 3135.87 | 2884.97 | 2934.14 | 2703.95 | 54862.50 | 50468.00 | 8521.57 | 7693.51 |
| November | 3319.61 | 3308.34 | 3470.00 | 3090.79 | 54590.56 | 50206.69 | 8339.30 | 7387.28 |
| December | 3046.05 | 3892.42 | 3361.09 | 3558.65 | 55395.32 | 50997.35 | 8084.15 | 7212.15 |
| January | 2827.68 | 2014.22 | 2531.05 | 2016.74 | 55634.92 | 51225.71 | 9031.63 | 7301.45 |
| February | 2536.90 | 2382.19 | 2351.12 | 2539.03 | 55860.89 | 51234.84 | 9334.39 | 7119.82 |
| March | 2976.88 | 3056.02 | 2749.03 | 3234.52 | 56565.61 | 51277.37 | 10175.78 | 7066.54 |
| April | 3436.54 | 2807.06 | 3538.44 | 2668.16 | 56487.15 | 51659.19 | 9994.89 | 6949.30 |
| May | 3191.92 | 2368.21 | 3426.43 | 3212.52 | 56331.17 | 51063.85 | 9937.85 | 6668.79 |
| June | 3857.81 | 3532.09 | 3196.01 | 2909.36 | 58119.59 | 52704.45 | 9368.20 | 6541.39 |
| Total | 37153.9 | 32829.89 | 35571.62 | 33010.09 | | | | |
| | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 |
| July | 1790.71 | 1991.27 | 2553.79 | 2710.32 | 56894.54 | 52361.91 | 12131.73 | 8627.61 |
| August | 2080.20 | 3316.99 | 2891.67 | 2540.26 | 55822.75 | 53230.38 | 11844.20 | 8804.06 |
| Total | 3870.91 | 5308.26 | 5445.46 | 5250.58 | | | | |

Source: Agricultural Credit Department, Bangladesh Bank.