

**Monthly Report on**  
**Agriculture and Rural Finance<sup>1</sup>**



**January 2023**

**Research Department**  
**(Internal Economic Wing)**  
**Bangladesh Bank**

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# Monthly Report on Agriculture and Rural Finance: January 2023

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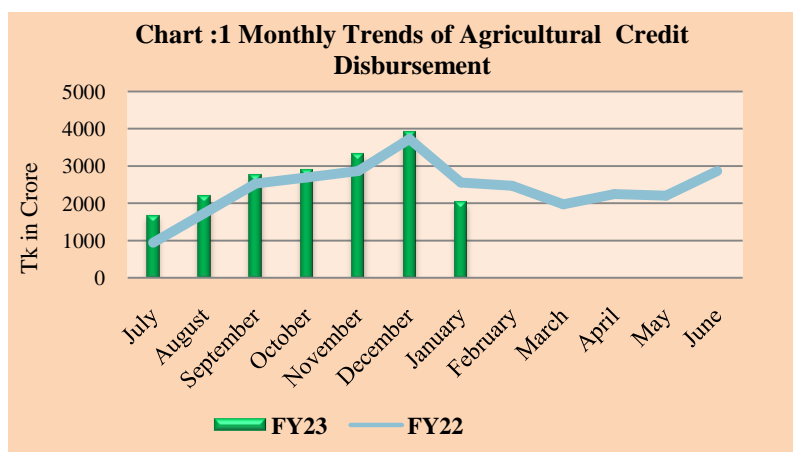
## Highlights

- Agricultural credit disbursement target has been fixed at TK 30911.00 crores for FY23, which is 8.88 percent higher than TK 28391.00 crores targeted in FY22. During July-January 2023, disbursement of agriculture credit stood at TK 18684.32 crores which was 60.45 percent of the total disbursement target of FY23. In January 2023, actual credit disbursement stood at TK. 2014.22 crores which was 21.28 percent lower than the disbursement of the same month of the preceding year. However, the cumulative disbursement of agricultural credit during July-January, 2023 remained 9.55 percent higher than the actual disbursement of TK. 17055.60 crores for same period of the last fiscal year. Total recovery of agricultural credit recorded at TK 18446.50 crores during July-January 2023, which was 19.28 percent higher than the recovery for the same period of the preceding year.
- Outstanding balance (including interest) of agricultural credit registered at TK 51225.71 crores at the end of January 2023, which was 5.94 percent higher than the outstanding balance of TK 48355.34 crores at the end of January 2022. Overdue of agricultural credit stood at TK 7301.45 crores at the end of January 2023, which was 1.15 percent lower than the overdue of TK 7386.03 crores at the end of January 2022. Overdue of agricultural credit as percentage of outstanding was 14.25 at the end of January 2023 which was 15.27 at the end of January 2022.
- In January 2023, Grameen Bank and ten other large NGOs disbursed TK 17273.76 crores as microcredit and recovered TK 15942.89 crores. Total outstanding balance of microcredit of these organizations stood at TK 108378.21 crores at the end of January 2023. Overdue of microcredit stood at TK 3605.80 crores, around 3.33 percent of outstanding at the end of January 2023.

## Disbursement, Recovery and Outstanding Balance of Agricultural Credit

Disbursement target of agricultural credit by all scheduled banks has been fixed at TK 30911.00 crores for FY23, which is 8.88 percent higher than the target of TK 28391.00 crores for FY22 and 7.20 percent higher than actual disbursement in FY22. The disbursement targets of all State-Owned Commercial Banks (SOCBs) and State-Owned Specialized Banks (SOSBs) together set at TK 11758.00 crores and Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) together have been fixed at TK 19153.00 crores. These disbursement targets are 38.04 percent and 61.96 percent of the total agricultural credit disbursement target of FY23 respectively.

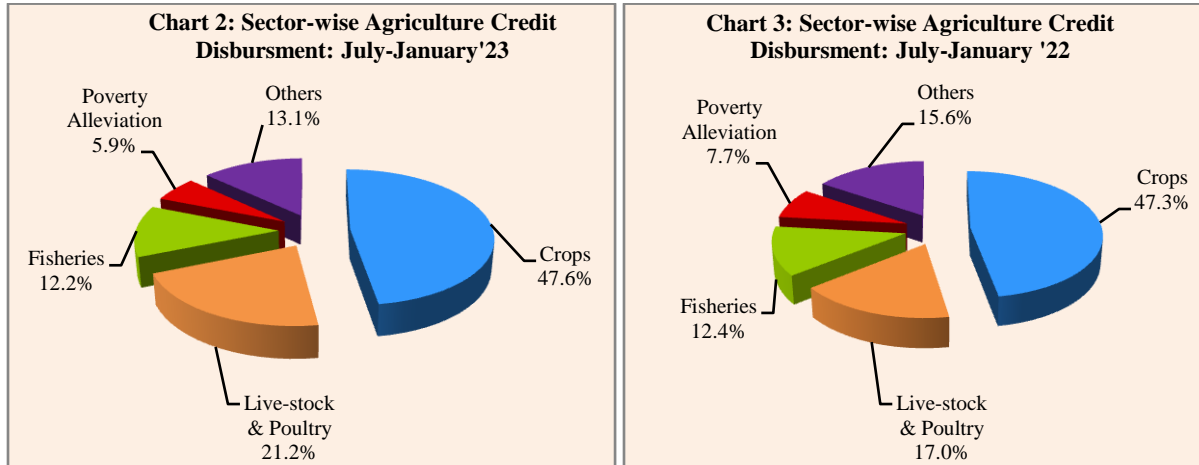
In January 2023, the actual disbursement of agricultural credit slightly came down to TK 2014.22 crores compared to TK 3892.42 crores of the previous month due to low credit demand for seasonal cropping pattern. However, the cumulative disbursement of agricultural credit stood at TK 18684.32 crores during July-January, 2023 which was not only higher than the average target but also 9.55 percent higher than the actual disbursement of TK. 17055.60 crores for same period of the last fiscal year (Chart-1 and Table-1).



Source: Agricultural Credit Department, Bangladesh Bank.

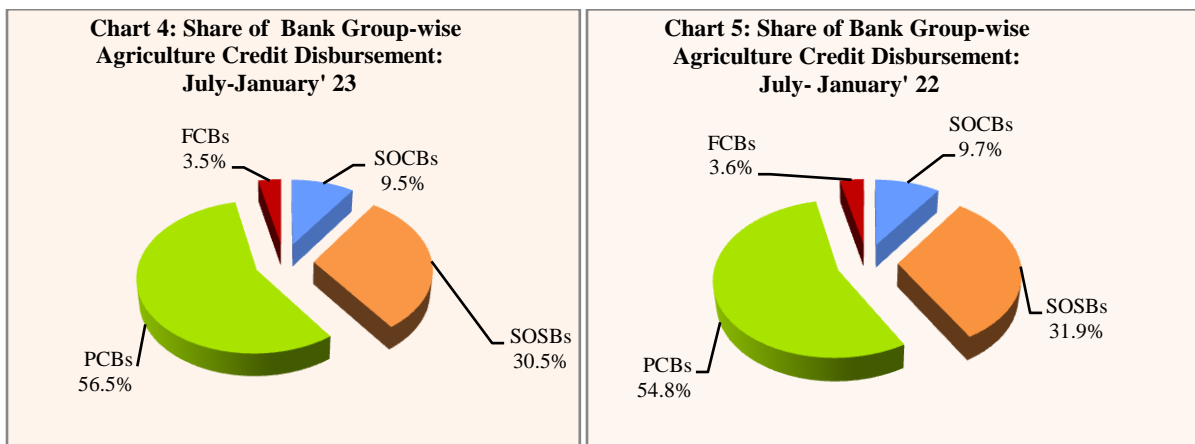
Chart-2 and Chart-3 show the sector wise agricultural credit disbursement. During July- January 2023, the share of crop sub-sector was 47.6 percent of the total agriculture credit disbursement followed by live-stock & poultry (21.2%), fisheries (12.2%), poverty alleviation (5.9%) and others (13.1%). On the other hand, the share of crop sub-sector was 47.3 percent, followed by

live-stock & poultry (17.0%), fisheries (12.4%), poverty alleviation (7.7%) and others (15.6%) during July- January 22.



Source: Agricultural Credit Department, Bangladesh Bank.

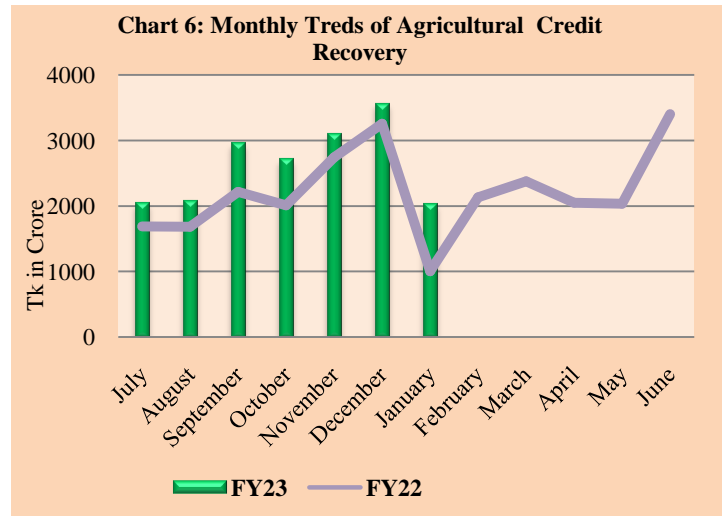
Chart-4 and Chart-5 show the bank group-wise share of agriculture credit disbursement. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 56.5 percent followed by SOSBs (30.5%), SOCBs (9.5%) and FCBs (3.5%) during July- January 2023 whereas PCBs' share of agriculture credit disbursement was 54.8 percent, followed by SOSBs (31.9%), SOCBs (9.7%) and FCBs (3.6%) during July- January 2022.



Source: Agricultural Credit Department, Bangladesh Bank.

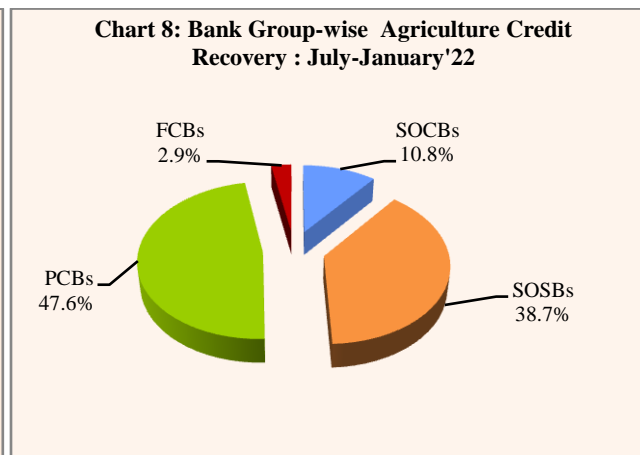
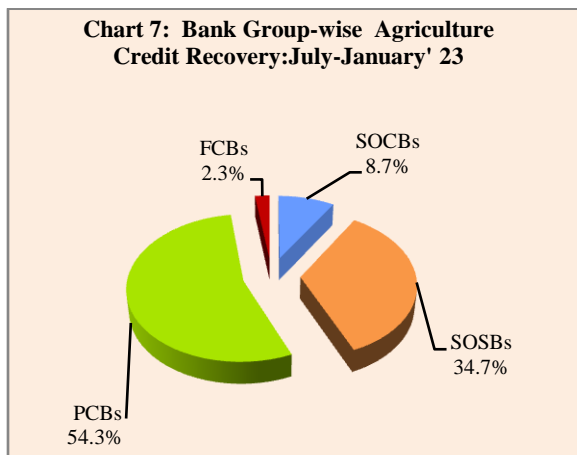
## Recovery

In January 2023, recovery of agricultural credit amounted at TK 2016.74 crores. The recovery position was 43.33 percent lower than TK 3558.65 crores compared to the recovery of the previous month. However, it was 7.80 percent higher than the recovery of TK 1870.83 crores compared to the same month of the preceding year (Chart-6 and Table-1).



Source: Agricultural Credit Department, Bangladesh Bank.

Among the type of banks, the share of recovery of PCBs was 54.3 percent followed by SOSBs (34.7%), SOCBs (8.7%) and FCBs (2.3%) during July- January 2023, while the share of PCBs' recovery was 47.6 percent, followed by SOSBs (38.7%), SOCBs (10.8%) and FCBs (2.9%), during July- January 2022. Chart-7 and chart-8 show the bank group-wise agricultural credit recovery.



Source: Agricultural Credit Department, Bangladesh Bank.

### **Outstanding Balance and Overdue**

At the end of January 2023, outstanding balance of agricultural credit reached at TK 51225.71 crores, which was 5.94 percent higher than the outstanding balance of TK 48355.34 crores at the end of January 2022.

Overdue of agricultural credit stood at TK 7301.45 crores at the end of January 2023, and it was 1.15 percent lower than the overdue of TK 7386.03 crores at the end of January 2022. Overdue of agricultural credit as percentage of outstanding balance was 14.25 percent at the end of January 2023 which was 15.27 percent at the end of January 2022.

Monthly position of disbursement, recovery and outstanding of agricultural credit for FY23 and FY22 are shown in Annexure (Annexed Table-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 BKB and 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 up to January of FY23. Total outstanding balance of refinance stood at TK 3070.34 crores at the end of January 2023 which was TK 2770.63 crores at the end of January 2022.

### **Bangladesh Rural Development Board (BRDB)**

The disbursement target of Bangladesh Rural Development Board (BRDB) has been fixed at TK 1332.50 crores for FY23. In January 2023, it disbursed TK 137.76 crores and recovered TK 122.75 crores. In January 2022, the amount was TK 88.28 crores and TK 110.85 crores respectively. During July-January 2023, BRDB disbursed TK 847.98 crores and recovered TK 701.21 crores, which were TK 618.32 crores and TK 606.12 crores respectively during 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 FY23. In January 2023 and January 2022, it didn't disburse any amount but it recovered Tk 0.34 crores and Tk 0.20 crores respectively. In addition, during the first seven month of FY23 and FY22, BSBL didn't disburse any amount but it recovered Tk 2.39 crores and Tk 1.75 crores respectively.

## **Palli Karma Shahayak Foundation**

Palli Karma Shahayak Foundation (PKSF) disbursed TK 645.62 crores to its 281 partner organizations (POs) and recovered TK 303.9 crores in January 2023. During July- January 23, total disbursement and recovery amount of PKSF were TK 3904.13 crores and TK 2615.35 crores respectively. At the end January 2023, it's outstanding balance and overdue stood at TK 9962.88 crores and TK 221.18 crores respectively.

## **Microcredit Operations by Grameen Bank and ten other Large NGOs<sup>2</sup>**

In January 2023, Grameen Bank and ten other large NGOs disbursed TK 17273.76 crores in productive and income generating activities in the rural areas under their microcredit program, which was TK 14007.35 crores in the same month of the preceding year. Under this program, about 33.61 million members availed loan facility through 12806 branches of Grameen Bank and large ten NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 77.26 percent of the total microcredit among the listed top 11 Microfinance Institutions (MFIs) in January 2023. However, in January 2023, total recovery of the microcredit by these 11 MFIs stood at TK15942.89 crores, which was TK 12111.25 crores in the same month of the preceding year. At the end of January 2023, outstanding balance of these MFIs stood at TK 108378.21 crores, which was 23.60 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 3605.80 crores at the end of January 2023, which was 28.93 percent lower than the overdue at the end of the same month

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



of the preceding year. At the end of January 2023, the overdue as percentage of outstanding stood at 3.33 percent.

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

- According to the ACD Circular No. 01: 03 January 2022, Bangladesh Bank announced refinance scheme of TK 500 crore for generating employment and eliminating poverty for the people returned home from their respective jobs due to Covid 19 pandemic and other reasons. Additional information is available in the link below:  
**<https://www.bb.org.bd/mediaroom/circulars/acd/jan032022acd01.pdf>**
- According to the ACD Circular No. 02: 22 May 2022, Bangladesh Bank announced disbursement of agricultural credit at 4% concessional interest rate for cultivating import substitute crops (pulses, oilseeds, spices and maize). Further information is available in the link: **<https://www.bb.org.bd/mediaroom/circulars/acd/may222022acd02.pdf>**
- According to the ACD Circular No. 02: 27 June 2022, Bangladesh Bank announced disbursement of minimum 40% unused outstanding amount of TK 3,000 crore as refinance scheme previously issued through ACD circular 14 September 2021 to the flood affected farmers. More information is available in the link: **<https://www.bb.org.bd/mediaroom/circulars/acd/jun272022acd102.pdf>**
- According to the ACD Circular No. 01: 27 June 2022, Bangladesh Bank announced refinance scheme on milk production at 5 percent concessional loan. Details information is available in the link:  
**<https://www.bb.org.bd/mediaroom/circulars/acd/jun272022acd101.pdf>**
- According to the ACD Circular No. 04: 28 July 2022, Bangladesh Bank published Agricultural and Rural Credit Policy & Program for FY23 which is available in the link : **<https://intranet.bb.org.bd/openpdf.php>**
- According to the ACD Circular No. 05: 25 August 2022 Bangladesh Bank announced a refinance scheme of Taka 1000.00 crore for increasing production of wheat and maize. Further information is available in the link : **<https://intranet.bb.org.bd/openpdf.php>**

- According to the ACD Circular No. 06: 18 September 2022 Bangladesh Bank 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 Bangladesh Bank declared a refinance scheme of Taka 5000 Crore for agriculture sector to ensure food security of the country. Additional information is available in the link :  
**<https://intranet.bb.org.bd/openpdf.php>**
- According to the ACD Circular No. 08: 19 December 2022 Bangladesh Bank 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 available in the link:  
**<https://www.bb.org.bd/mediaroom/circulars/acd/dec192022acd08.pdf>**
- According to the ACD Circular No: 01 January 2023 Bangladesh Bank has instructed that 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>**

## Annexure

**Table-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		2474.65		2133.05		48834.80		
March		1973.95		2378.56		48891.14		
April		2252.52		2051.26		49263.90		
May		2210.01		2033.76		49551.28		
June		2867.48		3402.15		49802.28		
<b>Total</b>	<b>18684.32</b>	<b>28834.21</b>	<b>18446.5</b>	<b>27463.41</b>				

Source: Agricultural Credit Department, Bangladesh Bank.