

Monthly Report on
Agriculture and Rural Finance¹



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Research Department
(Internal Economic Wing)
Bangladesh Bank

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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 1,790.71 crore in July of FY25, which was 10.07 percent lower than disbursement of BDT 1,991.27 crore in the same month of FY24.
- Total recovery of agricultural credit of all scheduled banks recorded at BDT 2,553.79 crore in July of FY25, which was 5.78 percent lower than the recovery of BDT 2,710.32 crore in the same month of FY24.
- Outstanding balance (including interest) of agricultural credit of all scheduled banks was BDT 56,894.54 crore at the end of July of FY25, which was 8.66 percent higher than outstanding of BDT 52,361.91 crore at the end of July of FY24.
- Overdue of agricultural credit of all scheduled banks was BDT 12,131.73 crore at the end of July of FY25, which was 40.62 percent higher than overdue of BDT 8,627.61 crore at the end of July of FY24.
- In July of FY25, Grameen Bank and ten large NGOs disbursed BDT 13,438.18 crore as microcredit which was 6.56 percent lower as compared to July of FY24 and recovered BDT 15,906.07 crore which was 3.63 percent lower as compared to July of FY24. Outstanding balance of microcredit of these organizations stood at BDT 114,338.31 crore at the end of July FY25. Overdue of microcredit of these organizations stood at BDT 6,211.67 crore (5.43 percent of outstanding balance) at the end of July 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.

In July of FY25, all scheduled banks disbursed BDT 1,790.71 crore as agricultural credit which was 10.07 percent lower than the disbursement of BDT 1,991.27 crore in the same month of FY24. This significant downturn can be attributed to less disbursement of FCBs (21.80 percent) and PCBs (19.65 percent) in July of FY25 as compared to July of FY24.

Table 1: Agricultural Credit by Scheduled Banks

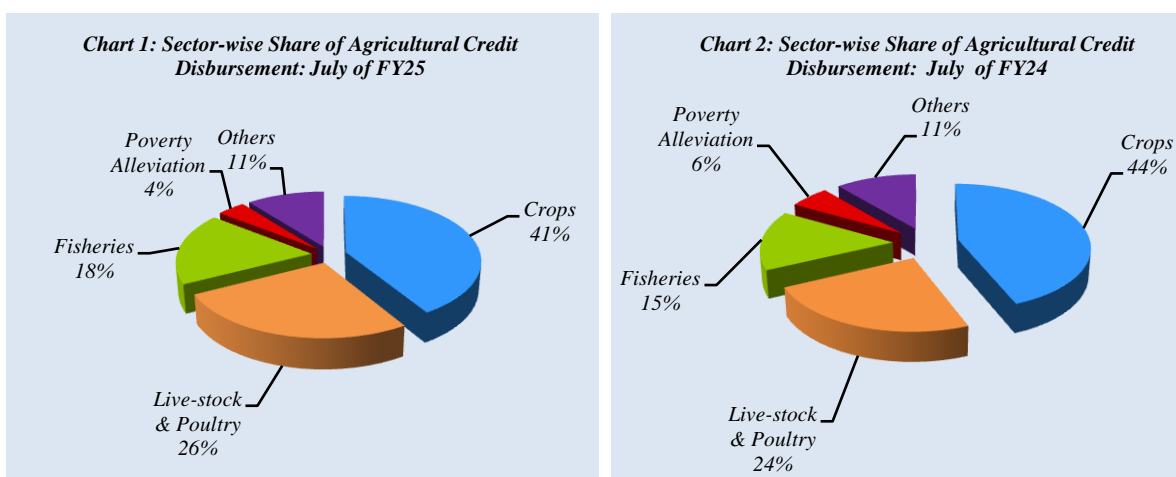
(BDT in Crore)

Month	Disbursement		Recovery	
	FY24	FY23	FY24	FY23
July	1991.27	1664.77	2710.32	2045.8
August	3316.99	2172.53	2540.26	2077.33
September	3516.38	2747.07	2763.73	2953.24
October	3135.87	2884.97	2934.14	2703.95
November	3319.61	3308.34	3470.00	3090.79
December	3046.05	3892.42	3361.09	3558.65
January	2827.68	2014.22	2531.05	2016.74
February	2536.90	2382.19	2351.12	2539.03
March	2976.88	3056.02	2749.03	3234.52
April	3436.54	2807.06	3538.44	2668.16
May	3191.92	2368.21	3426.43	3212.52
June	3857.81	3532.09	3196.01	2909.36
Total	37153.9	32829.89	35571.62	33010.09
	FY25	FY24	FY25	FY24
July	1790.71	1991.27	2553.79	2710.32
Total	1790.71	1991.27	2553.79	2710.32

Source: Agricultural Credit Department, Bangladesh Bank.

2.2 Sector-wise disbursement

In July of FY25, the sector-wise allocation of agricultural credit disbursement by all scheduled banks is depicted in Chart-1. In July 2024, the crops sub-sector continued to dominate, claiming 41.0 percent of the total share which was 44.0 percent in July 2023. Livestock and poultry sector increased its share from 24.0 percent in July of FY24 to 26.0 percent in July of FY25. The fisheries sector also saw an increase, rising from 15.0 percent in July of FY24 to 18.0 percent in July of FY25. On the other hand, the share of poverty alleviation decreased from 6.0 percent in July 2023 to 4.0 percent in July 2024, while the disbursement in others category remained 11.0 percent in July of FY25 like the same month of the previous fiscal year. 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

In July 2024, the recovery of agricultural credit by all scheduled banks was BDT 2,553.79 crore, reflecting a 5.78 percent decrease compared to BDT 2,710.32 crore in July 2023. This decrease was driven mainly by a significant drop of 73.45 percent in recovery from Foreign Commercial Banks (FCBs). It is noted that Private Commercial Banks (PCBs) also marking a 1.58 percent decrease in July 2024 (Table 1).

2.4 Outstanding and Overdue

The outstanding balance (including interest) of agricultural credit for all scheduled banks stood at BDT 56,894.54 crore at the end of July of FY25, which was 8.66 percent higher than outstanding of BDT 52,361.91 crore at the end of July 2023. Additionally, the overdue amount of agricultural credit by the end of July 2024 reached at BDT 12,131.73 crore experiencing a significant 40.62 percent rise compared to the end of July 2023, due to higher overdue positions in SOCBs, SOSBs, and PCBs. Notably, the overdue position for FCBs remained zero in both July 2024 and July 2023. In July of FY25, the overdue amount as a percentage of the outstanding agricultural credit balance was 21.32 percent, up from 16.48 percent recorded in July 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, in July of FY25, disbursement and recovery by BRDB were BDT 104.39 crore and BDT 110.38 crore respectively, disbursement was 28.24 percent lower and recovery was 4.00 percent higher as compared to July of FY24.

Table 2: Agricultural Credit by BRDB and BSBL

(BDT in Crore)

	Target of FY25	July'25		July'24	
		Disbursement	Recovery	Disbursement	Recovery
BRDB	1523.18	104.39	110.38	145.48	106.13
BSBL	25.00	0.00	0.08	0.00	0.17
Total (Percent)	1548.18 (3.91)	104.39 (5.51)	110.46 (4.15)	145.48 (6.81)	106.30 (3.77)

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. In July of FY25, BSBL refrained from disbursing funds and exercised caution due to

high overdue amount. However, BSBL recovered BDT 0.08 crore in July of FY25 which was 52.94 percent lower as compared to the recovery of BDT 0.17 crore in July 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).

In July of FY25, BKB did not apply for any short-term agricultural refinance facility. However, in FY24, BB approved a refinance loan facility of BDT 1000.00 crore under government guarantee in response to RAKUB's loan application. Out of this sanctioned amount, RAKUB withdrew BDT 663.65 crore in December 2023 and BDT 336.35 crore in May 2024. However, RAKUB paid BDT 3.44 crore to BB as interest payment of the short-term refinance credit in July 2024. The outstanding balance of refinance credit for BKB and RAKUB was BDT 2,723.80 crore as of July 2024, compared to BDT 1,930.54 crore in July 2023.

4. Rural Finance

4.1 Palli Karma-Sahayak Foundation²

In FY24 total disbursement of Palli Karma-Sahayak Foundation (PKSF) was BDT 7553.11 crore which was 12.40 percent higher as compared to the disbursement amount of BDT 6719.72 crore in FY23. The recovery amount was BDT 6139.10 crore in FY24 which was 23.07 percent higher as compare to the recovery of BDT 4988.22 crore in FY23. In June of FY24, Palli Karma-Sahayak Foundation (PKSF) disbursed BDT 1269.95 crore to 284 partner organizations (POs) and recovered BDT 914.24

² Data for July of FY25 were not provided by PKSF.

crore. These figures represent 7.93 percent decrease in disbursement and 21.43 percent increase in recovery compared to June of FY23 (Table-3). As of the end of June 2024, the outstanding balance of PKSF's loan program amounted to BDT 11,820.67 crore, with an overdue balance of BDT 163.06 crore. The outstanding balance increased by 13.60 percent in June 2024 compared to June 2023. Meanwhile, the overdue balance decreased by 18.49 percent in June 2024, compared to the same month of FY23.

Table 3: Rural Credit by PKSF

BDT in Crore

Month	Disbursement		Recovery	
	FY24	FY23	FY24	FY23
July	60.47	58.88	421.63	310.60
August	490.06	643.00	419.87	371.35
September	902.18	755.12	666.21	535.81
October	320.14	405.19	357.53	291.05
November	765.11	564.21	391.83	298.66
December	480.56	832.11	623.16	503.98
January	872.05	645.62	357.96	303.90
February	960.94	263.99	372.75	299.63
March	530.23	377.17	769.18	630.97
April	197.00	486.12	421.43	335.46
May	704.42	308.94	423.31	353.90
June	1269.95	1379.37	914.24	752.90
Total	7553.11	6719.72	6139.1	4988.21

Source: Palli Karma-Sahayak Foundation (PKSF).

4.2 Microcredit Operations by Grameen Bank and Ten Large NGOs³

In July of FY25, Grameen Bank and ten prominent NGOs disbursed BDT 13,438.18 crore for microfinance programs aimed at fostering productive rural activities, marking a decrease of 6.56 percent compared to July of FY24. Approximately 34.41 million members accessed this loan facility through a total of 13,400 branches operated by the top 11 Microfinance Institutions (MFIs). Notably, Grameen Bank, BRAC, and ASA collectively accounted for 73.78 percent of the total microcredit disbursed in July of FY25.

³Grameen Bank, BRAC, ASA, Proshika, BURO Bangladesh, TMSS, RDRS Bangladesh, CARITAS Bangladesh, Jagorani Chakra Foundation (JCF), Society for Social Service (SSS), Shakti Foundation.

The recovery efforts of these MFIs in July of FY25 amounted to BDT 15,906.07 crore, reflecting 3.63 percent decrease from July of FY24. As on July of FY25, the outstanding balance of these MFIs stood at BDT 114,338.31 crore, marking a 2.47 percent rise compared to July of FY24. Additionally, the overdue amount for MFIs remained at BDT 6,211.67 crore as on July of FY25, representing a 57.37 percent growth as compared to the overdue amount of July 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.

Table 4: Microcredit Operation by NGOs in July 2024

(BDT in Crore)

NGOs	Disbursement	Recovery	Outstanding	Overdue
Grameen Bank	1931.87	1969.55	16555.57	423.44
BRAC	4870.77	6455.95	39575.19	1691.81
ASA	3111.53	3862.79	29388.73	2476.12
Proshika	193.60	206.15	1631.50	99.59
BURO Bangladesh	1028.00	1183.00	9533.00	362.00
TMSS	746.81	737.85	5838.50	425.07
RDRS Bangladesh	198.02	183.58	1451.79	164.98
CARITAS Bangladesh	71.12	66.67	521.99	79.05
Jagorani Chakra Foundation(JCF)	486.18	406.37	4285.56	201.26
Society for Social Service (SSS)	628.83	616.53	3721.50	229.36
Shakti Foundation	171.45	217.63	1834.98	58.99
Total	13438.18	15906.07	114338.31	6211.67

Source: Grameen Bank and respective NGOs.

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

- 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 \(bb.org.bd\)](#)).
- Through ACD Circular No. 02 issued on 06 August 2023, Agricultural and Rural Credit Policy and Program for FY24 was published (circular link: [aug062023acd02.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
Total	1790.71	1991.27	2553.79	2710.32				

Source: Agricultural Credit Department, Bangladesh Bank.