

Monthly Report on
Agriculture and Rural Finance¹



June 2024

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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 35,000.00 crore for FY24 which was 13.60 percent higher than that of FY23 and 6.61 percent higher than actual disbursement in FY23.
- Agricultural credit disbursement of all scheduled banks stood at BDT 37,153.90 crore in FY24, which exceeded the total disbursement target for FY24 by 6.15 percent and 13.17 percent higher than the disbursement of BDT 32,829.89 crore in the last fiscal year.
- Total recovery of agricultural credit of all scheduled banks recorded at BDT 35,571.62 crore in FY24, which was 7.76 percent higher than FY23.
- Outstanding balance (including interest) of agricultural credit of all scheduled banks stood at BDT 58,119.59 crore at the end of FY24, which was 10.27 percent higher than outstanding of BDT 52,704.45 crore at the end of FY23.
- Overdue of agricultural credit of all scheduled banks stood at BDT 9,368.20 crore at the end of FY24, which was 43.21 percent higher than overdue of BDT 6,541.39 crore at the end of FY23.
- In June 2024, Grameen Bank and ten large NGOs disbursed BDT 13,844.82 crore as microcredit and recovered BDT 16,068.31 crore. Outstanding balance of microcredit of these organizations stood at BDT 116,072.12 crore at the end of FY24. Overdue of microcredit of these organizations stood at BDT 5,820.53 crore (5.01 percent of outstanding balance) at the end of FY24.

2. Agricultural Credit

2.1 Disbursement

The agricultural credit disbursement target has been set at BDT 35,000.00 crore for all scheduled banks in FY24, marking a 13.60 percent rise from the previous fiscal year. The targeted agricultural credit disbursement comprises as BDT 3,280.00 crore for state-owned commercial banks (SOCBs), BDT 8,750.00 crore for state-owned specialized banks (SOSBs), BDT 21,923.00 crore for private commercial banks (PCBs), and BDT 1,047.00 crore for foreign commercial banks (FCBs) for FY24.

In FY24, all scheduled banks disbursed BDT 37,153.90 crore as agricultural credit which was 6.15 percent higher than the total disbursement target for the same fiscal year. Agricultural credit disbursement was BDT 3,857.81 crore in June 2024 experiencing an increase of 9.22 percent as compared to June 2023, on account of rise in overall credit disbursement of all scheduled banks. This significant rise can be attributed to two key factors. First, there has been a strategic increase in the agricultural credit disbursement target for agriculture and rural finance. Second, the formation of the Bangladesh Bank Agricultural Development Common Fund (BBADCF) has played a crucial role.

Table 1: Agricultural Credit by Scheduled Banks

(BDT in Crore)

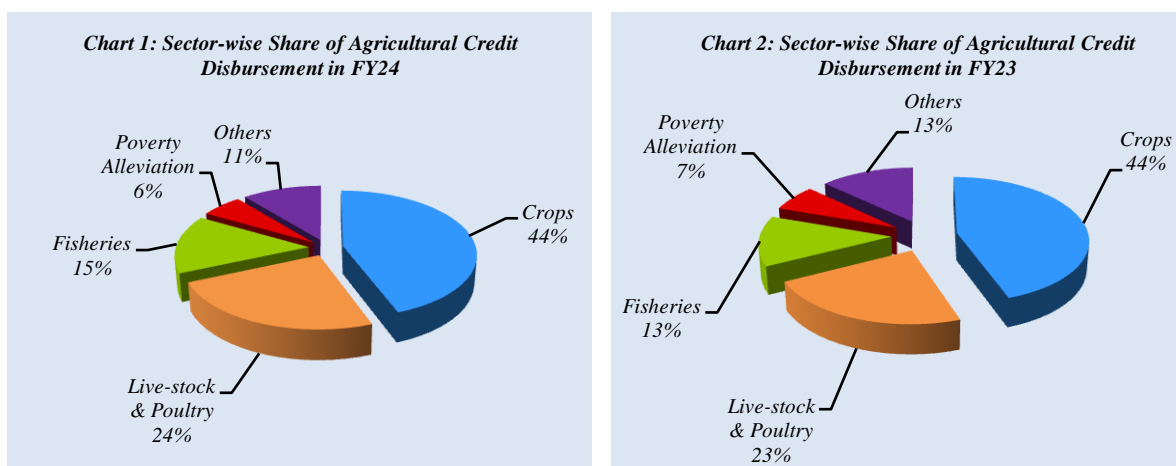
Month	Disbursement		Recovery	
	FY24	FY23	FY24	FY23
July	1991.27	1664.77	2710.32	2045.80
August	3316.99	2172.53	2540.26	2077.33
September	3516.38	2747.07	2763.73	2953.24
October	3135.87	2884.97	2934.14	2703.95
November	3319.61	3308.34	3470.00	3090.79
December	3046.05	3892.42	3361.09	3558.65
January	2827.68	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	35571.6	33010.09

Source: Agricultural Credit Department, Bangladesh Bank.

The BBADCF was established to manage the unattainable portions of banks' annual agriculture and rural credit disbursement targets. Banks that fail to fulfill their credit disbursement targets are required to transfer the remaining funds to the BBADCF.

2.2 Sector-wise disbursement

In FY24, the sector-wise allocation of agricultural credit disbursement is depicted in Chart-1. In FY24, the crops sub-sector continued to dominate, claiming 44.0 percent of the total share, the same as in FY23. However, there were slight shifts in the other sectors. Livestock and poultry increased its share from 23.0 percent in FY23 to 24.0 percent in FY24. The fisheries sector also saw an increase, rising from 13.0 percent in FY23 to 15.0 percent in FY24. On the other hand, the share of poverty alleviation decreased from 7.0 percent in FY23 to 6.0 percent in FY24, while the others category declined from 13.0 percent to 11.0 percent over the same period. These changes indicate a growing focus on livestock, poultry, and fisheries, with a corresponding reduction in the emphasis on poverty alleviation and other sectors.



Source: Agricultural Credit Department, Bangladesh Bank.

2.3 Recovery

In June 2024, the recovery of agricultural credit by all scheduled banks reached at BDT 3,196.01 crore, representing a 9.85 percent increase compared to BDT 2,909.36 crore in June 2023. This growth was largely driven by a substantial 58.51 percent rise in recoveries from State-Owned Specialized Banks (SOSBs), which outweighed declines in other banking sectors: State-Owned Commercial Banks (SOCBs) saw a

4.74 percent decrease, Foreign Commercial Banks (FCBs) experienced an 8.06 percent drop, and Private Commercial Banks (PCBs) fell by 14.21 percent. Despite these variations, the total recovery for FY24 amounted to BDT 35,571.62 crore, a 7.76 percent increase from BDT 33,010.09 crore in FY23 (Table 1).

2.4 Outstanding and Overdue

Outstanding balance (including interest) of agricultural credit of all scheduled banks stood at BDT 58,119.59 crore at the end of FY24, which was 10.27 percent higher than outstanding of BDT 52,704.45 crore at the end of FY23. Additionally, the overdue amount of agricultural credit by the end of FY24 experienced a significant rise of 43.21 percent compared to the end of FY23, due to higher overdue positions in SOCBs, SOSBs, and PCBs. Notably, the overdue position for FCBs remained at zero in both June 2024 and June 2023. In June 2024, the overdue amount as a percentage of the outstanding agricultural credit balance was 16.12 percent, up from 12.41 percent recorded in June 2023. This increase indicates a growing proportion of agricultural credit that have not been repaid on time, reflecting potential challenges in the sector's credit recovery efforts over the year.

2.5 Bangladesh Rural Development Board (BRDB)

The disbursement target for the Bangladesh Rural Development Board (BRDB) in FY24 has been set at BDT 1,423.08 crore. However, in June 2024, disbursement and recovery by BRDB witnessed an increase of 31.24 percent and 5.36 percent, compared to June 2023. In FY24, BRDB also experienced an increase in disbursement and recovery by 1.54 percent and 7.57 percent as compared to FY23.

Table 2: Agricultural Credit by BRDB and BSBL

	Target of FY24	FY24		June'24	
		Disbursement	Recovery	Disbursement	Recovery
BRDB	1423.08	1559.87	1380.05	207.97	155.38
BSBL	26.00	0.17	1.60	0.17	0.34
Total	1449.08	1560.04	1381.65	207	155.72
(Percent)	(3.98)	(4.03)	(3.74)	(5.12)	(4.65)

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 26.00 crore for the FY24. In FY24, disbursement of agricultural credit by BSBL was BDT 0.17 crore which was 0.25 crore in FY23. Due to a very low recovery rate, BSBL exercised caution and refrained from disbursing funds in FY24. In FY24, recovery of agricultural credit by BSBL was BDT 1.60 crore which was BDT 3.88 crore in FY23 (Table-2).

3. Refinance Facility

Facility from Bangladesh Bank under Government Guarantee

To promote agricultural development and ensure food security, Bangladesh Bank (BB) consistently supports Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (RAKUB) through short-term agricultural refinance facilities under government guarantee. The fund amount of this refinance scheme is BDT 5000 crore. According to the circular by the Agricultural Credit Department (ACD), BB on 17 November 2022, participating banks get refinance facility under this scheme at the interest rate of 0.50 percent from BB while farmers get the facility at the rate of maximum 4.00 percent (simple interest rate).

In FY24, BKB did not apply for any short-term agricultural refinance facility. However, for 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 3.33 crore to BB as interest payment of the short-term refinance credit in June 2024. Outstanding balance of refinance credit of BKB and RAKUB was BDT 2,727.25 crore till June 2024.

4. Rural Finance

4.1 Palli Karma-Sahayak Foundation

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 2024, Palli Karma-Sahayak Foundation (PKSF) disbursed BDT 1269.95 crore to 284 partner organizations (POs) and recovered BDT 914.24 crore. These figures represent 7.93 percent decrease in disbursement and 21.43 percent increase in recovery compared to June 2023 (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 of FY24 compared to June of FY23. 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 NGOs²

In June 2024, Grameen Bank and ten prominent NGOs disbursed BDT 13,844.82 crore for microfinance programs aimed at fostering productive rural activities, marking a decrease of 17.89 percent compared to June 2023. Approximately 34.29 million members accessed this loan facility through a total of 13,303 branches operated by the top 11 Microfinance Institutions (MFIs). Notably, Grameen Bank,

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

BRAC, and ASA collectively accounted for 74.24 percent of the total microcredit disbursed in June 2024.

The recovery efforts of these MFIs in June 2024 amounted to BDT 16,068.31 crore, reflecting 2.35 percent decrease from June 2023. As of June 2024, the outstanding balance of these MFIs stood at BDT 116,072.12 crore, marking a 2.84 percent rise compared to June 2023. Additionally, the overdue amount for MFIs remained at BDT 5,820.53 crore as of June 2024, representing a 52.94 percent growth as compared to the overdue amount of June 2023 (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 June 2024

(BDT in Crore)

NGOs	Disbursement	Recovery	Outstanding	Overdue
Grameen Bank	1751.94	1709.05	16593.25	417.00
BRAC	5090.95	6365.14	40385.27	1587.84
ASA	3435.35	4004.74	30140.07	2313.99
Proshika	180.29	166.32	1685.03	92.78
BURO Bangladesh	1146.00	1488.00	9688.00	320.00
TMSS	703.81	762.16	5829.54	393.03
RDRS Bangladesh	192.83	175.26	1437.35	158.05
CARITAS Bangladesh	59.48	67.57	517.53	78.30
Jagorani Chakra Foundation(JCF)	536.46	402.55	4205.73	193.44
Society for Social Service (SSS)	545.45	681.57	3709.20	220.87
Shakti Foundation	202.26	245.95	1881.15	45.23
Total	13844.82	16068.31	116072.12	5820.53

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	50235.4	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	54862.5	50468	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	6949.3
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	9368.2	6541.39
Total	37153.9	32829.89	35571.62	33010.09				

Source: Agricultural Credit Department, Bangladesh Bank.