

Monthly Report on
Agriculture and Rural Finance¹



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Research Department
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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 33,296.09 crore during July-May of FY24, which was 95.13 percent of the total disbursement target for FY24 and 13.65 percent higher than the disbursement of BDT 29,297.80 crore for the same period of the last fiscal year.
- Total recovery of agricultural credit of all scheduled banks recorded at BDT 32,375.61 crore during July-May of FY24, which was 7.56 percent higher than that of the same period of the preceding year.
- Outstanding balance (including interest) of agricultural credit of all scheduled banks stood at BDT 56,331.17 crore at the end of May 2024, which was 10.32 percent higher than outstanding of BDT 51,063.85 crore at the end of May 2023.
- Overdue of agricultural credit of all scheduled banks stood at BDT 9,937.85 crore at the end of May 2024, which was 49.02 percent higher than overdue of BDT 6,668.79 crore at the end of May 2023.
- In May 2024, Grameen Bank and ten large NGOs disbursed BDT 16,991.70 crore as microcredit and recovered BDT 17,097.45 crore. Outstanding balance of microcredit of these organizations stood at BDT 118,074.02 crore at the end of May 2024. Overdue of microcredit of these organizations stood at BDT 6,280.89 crore (5.32 percent of outstanding balance) at the end of May 2024.

2. Agricultural Credit

2.1 Disbursement

The agricultural credit disbursement target has been set at BDT 35,000.00 crore for the FY24, marking a 13.60 percent rise from the previous fiscal year. The distribution of targeted agricultural credit disbursement comprises 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.

During July-May of FY24, all scheduled banks disbursed agricultural credit amounting to BDT 33,296.09 crore, covering 95.13 percent of the total disbursement target for the current fiscal year. Agricultural credit disbursement was BDT 3191.92 crore in May 2024 experiencing an increase of 34.78 percent as compared to May 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 sectors. 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

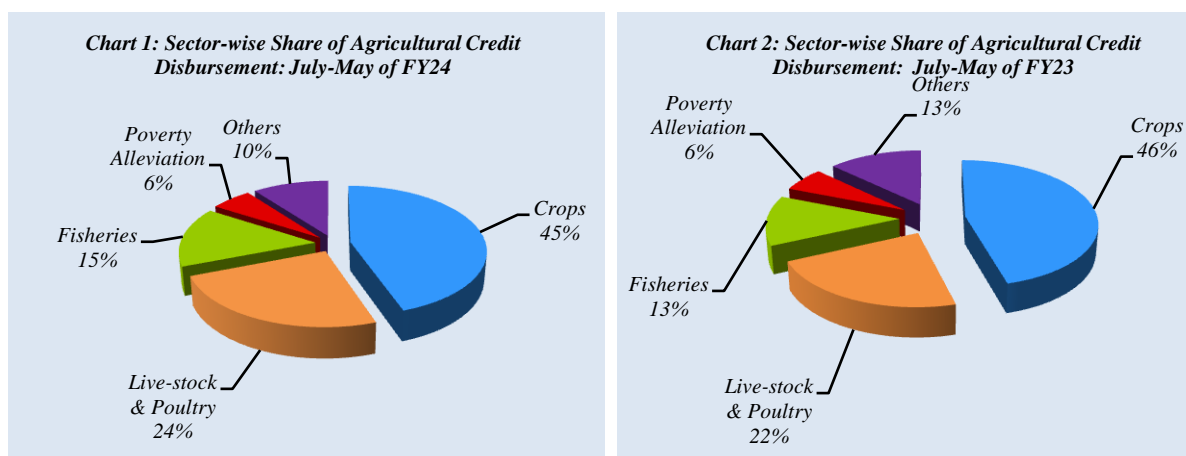
Month	Disbursement		Recovery	
	FY24	FY23	FY24	FY23
July	1991.27	1664.77	2710.32	2045.80
August	3316.99	2172.53	2540.26	2077.33
September	3516.38	2747.07	2763.73	2953.24
October	3135.87	2884.97	2934.14	2703.95
November	3319.61	3308.34	3470.00	3090.79
December	3046.05	3892.42	3361.09	3558.65
January	2827.68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

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

During the July-May of FY24, the sector-wise allocation of agricultural credit disbursement is depicted in Chart-1. Crops sub-sector claimed the largest share, accounting for 45.0 percent of the total, followed by live-stock & poultry at 24.0 percent, fisheries at 15.0 percent, others at 10.0 percent, and poverty alleviation at 6.0 percent. In comparison, during the July-May period of FY23, Chart-2 illustrates a similar trend with the crops sub-sector leading with a share of 46.0 percent. This was followed by livestock & poultry at 22.0 percent, fisheries at 13.0 percent, others at 13.0 percent, and poverty alleviation at 6.0 percent.



Source: Agricultural Credit Department, Bangladesh Bank.

2.3 Recovery

In May 2024, recovery of agricultural credit of all scheduled banks amounted to BDT 3,426.43 crore. This figure reflects a decrease of 3.17 percent as compared to the previous month of the same year due to lower recovery by SOSBs (9.65 percent) and PCBs (5.88 percent). In addition, overall recovery increased by 6.66 percent compared to the same month of 2023. This was mostly due to higher recovery of FCB, SOCBs as well as PCBs (Table-1).

2.4 Outstanding and Overdue

As of the end of May 2024, the outstanding balance of the scheduled banks' agricultural credit had increased by 10.32 percent compared to the balance at the end of May 2023. Similarly, the overdue amount of agricultural credit by the end of May 2024 witnessed a significant rise of 49.02 percent as compared to the end balance of May 2023, mainly due to a larger overdue position in SOCBs, SOSB and PCBs. It is worth noting that the overdue position for FCB remained at zero in both May 2024 and May 2023. In May 2024, overdue amount as percentage share of the outstanding balance of agricultural credit was 17.64 percent, an increase from 13.06 percent recorded in May 2023.

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 May 2024, disbursement by BRDB witnessed a decrease of 6.52 percent and the recovery reduced by 15.12 percent, compared to May 2023. During July to May in FY24, BRDB experienced a decrease in disbursement by 1.87 percent while an increase in recovery by 7.86 percent as compared to July-May in FY23.

Table 2: Agricultural Credit by BRDB and BSBL

BDT in Crore

	Target of FY24	July-May, 2024		May'24	
		Disbursement	Recovery	Disbursement	Recovery
BRDB	1423.08	1351.90	1224.67	96.63	90.32
BSBL	26.00	0.25	1.26	0.00	0.12
Total	1449.08	1352.15	1225.93	96.63	90.44
(Percent)	(3.98)	(3.90)	(3.65)	(2.94)	(2.57)

Source: Agricultural Credit Department, Bangladesh Bank.

Note: figure in the parenthesis shows % of total (Banks+BRDB+BSBL) agriculture credit arrangement

2.6 Bangladesh Samabaya Bank Limited (BSBL)

BSBL, a non-scheduled bank, has a disbursement target of BDT 26.00 crore for the FY24. Due to the presence of a considerable recoverable amount, BSBL exercised caution and refrained from disbursing any funds in May 2024, similar to the same month of the previous fiscal year. During the same period, BSBL only succeeded in

recovering BDT 0.12 crore in May 2024 which was BDT 0.25 crore in May 2023 (Table-2).

3. Refinance Facility

Facility from Bangladesh Bank under Government Guarantee

To promote agricultural development and ensure food security, Bangladesh Bank (BB) consistently support 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).

During July-May of 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. In May of FY24, no amount was paid by BKB to BB. However, RAKUB paid BDT 3.29 crore to BB as interest payment of the refinance credit. Outstanding balance of refinance credit of BKB and RAKUB was BDT 2,838.06 crore till May 2024.

4. Rural Finance

4.1 Palli Karma-Sahayak Foundation

In May 2024, Palli Karma-Sahayak Foundation (PKSF) disbursed BDT 704.42 crore to 284 partner organizations (POs) and recovered BDT 423.31 crore. These figures represent 128.01 percent increase in disbursement and 19.61 percent increase in recovery compared to May 2023 (Table-3). As of the end of May 2024, the outstanding balance of PKSF's loan program amounted to BDT 11,464.96 crore, with an overdue balance of BDT 178.28 crore. In May 2024, the outstanding balance increased to BDT 11,464.96 crore, a rise of 17.24 percent compared to May of FY23.

Meanwhile, the overdue balance decreased by 14.05 percent in May 2024, standing at BDT 178.28 crore 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

Source: Palli Karma-Sahayak Foundation (PKSF).

4.2 Microcredit Operations by Grameen Bank and Ten Large NGOs²

In May 2024, Grameen Bank and ten prominent NGOs disbursed BDT 16,991.70 crore for microfinance programs aimed at fostering productive rural activities, marking an increase of 5.29 percent compared to May 2023. Approximately 34.19 million members accessed this loan facility through a total of 13,258 branches operated by the top 11 Microfinance Institutions (MFIs). Notably, Grameen Bank, BRAC, and ASA collectively accounted for 75.57 percent of the total microcredit disbursed in May 2024.

The recovery efforts of these MFIs in May 2024 amounted to BDT 17,097.45 crore, reflecting 4.56 percent increase from May 2023. As of May 2024, the outstanding balance of these MFIs stood at BDT 118,074.02 crore, marking a 5.72 percent rise compared to May 2023. Additionally, the overdue amount for MFIs remained at BDT 6,280.89 crore as of May 2024, representing a 62.37 percent growth as compared to the overdue amount of May 2023 (Table-4). This significant overdue balance suggests that loan defaults are not solely due to borrowers' erratic behavior or their

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

unwillingness to pay but are also influenced by factors affecting branch-level efficiency or local production conditions.

Table 4: Microcredit Operation by NGOs in May 2024

NGOs	BDT in Crore			
	Disbursement	Recovery	Outstanding	Overdue
Grameen Bank	2056.25	2039.68	16547.10	411.01
BRAC	6361.00	6954.00	41525.00	1942.00
ASA	4424.08	4335.87	30708.49	2315.07
Proshika	206.08	209.68	1588.14	85.01
BURO Bangladesh	1300.00	1328.00	10030.00	334.00
TMSS	840.80	763.01	5887.89	388.59
RDRS Bangladesh	221.29	185.84	1419.78	153.85
CARITAS Bangladesh	73.06	71.45	525.62	78.30
Jagorani Chakra Foundation(JCF)	564.25	389.82	4071.83	196.76
Society for Social Service (SSS)	681.50	589.43	3845.32	246.91
Shakti Foundation	263.39	230.67	1924.85	129.39
Total	16991.70	17097.45	118074.02	6280.89

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: [mar212023acd02.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: [jan012023acd01.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		3532.09		2909.36		52704.45		6541.39
Total	33296.09	32829.89	32375.61	33010.09				

Source: Agricultural Credit Department, Bangladesh Bank.