

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



May 2023

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

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<sup>1</sup>Prepared by Internal Economic Wing, Research Department, Bangladesh Bank. Comments and suggestions are welcome and may be sent to Mst. Nurnaher Begum, Director, Research Department, Bangladesh Bank, e-mail: [nur.begum@bb.org.bd](mailto:nur.begum@bb.org.bd), Rubana Hassan, Additional Director, Research Department, Bangladesh Bank, e-mail: [rubana.hassan@bb.org.bd](mailto:rubana.hassan@bb.org.bd), Ms. Shampa Chakraborty, Joint Director, Research Department, Bangladesh Bank, e-mail: [shampa.chakraborty@bb.org.bb](mailto:shampa.chakraborty@bb.org.bb) and Ratna Khatun, Assistant Director, Research Department, Bangladesh Bank, e-mail: [ratna.khatun@bb.org.bd](mailto:ratna.khatun@bb.org.bd), Mohammad Ullah, Assistant Director, Research Department, Bangladesh Bank, e-mail: [mohammad.ullah@bb.org.bd](mailto:mohammad.ullah@bb.org.bd).

## **Monthly Report on Agriculture and Rural Finance: May 2023**

### **Preparation Team**

#### **Chief Editor**

Md. Julhas Uddin  
Executive Director (Research)

#### **Editor**

Mst. Nurnaher Begum  
Director (Research)

### **Team Members**

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Shampa Chakraborty, Joint Director  
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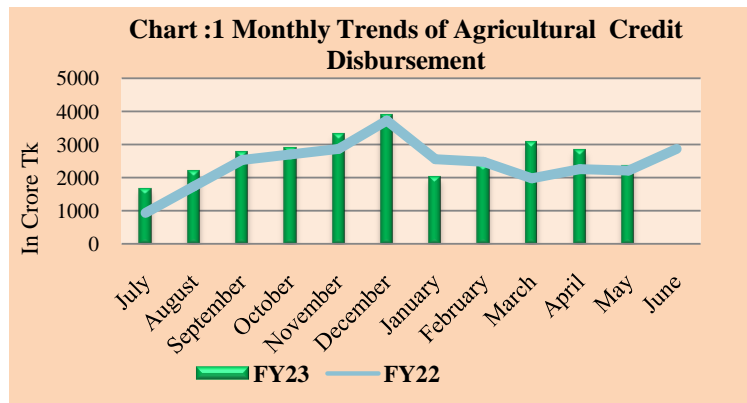
## Highlights

- Agricultural credit disbursement target fixed at TK 30811.00 crores for FY23 was 8.52 percent higher than TK 28391.00 crores targeted in FY22. Against this target, during July-May 2023, disbursement of agriculture credit stood at TK 29297.80 crores which was 95.09 percent of the total disbursement target of FY23. In May 2023, actual credit disbursement stood at TK 2368.21 crores which was 7.16 percent higher than that of the same month of the preceding year. However, the disbursement of agricultural credit during July-May 2023 was 12.83 percent higher than the disbursement of TK. 25966.73 crores for same period of the last fiscal year. Total recovery of agricultural credit recorded at TK 30100.73 crores during July-May 2023, which was 25.10 percent higher than that of the same period of the preceding year.
- Outstanding balance (including interest) of agricultural credit registered at TK 51063.85 crores at the end of May 2023, which was 3.05 percent higher than TK 49551.28 crores at the end of May 2022. Overdue of agricultural credit stood at TK 6668.79 crores at the end of May 2023, which was 10.19 percent higher than TK 6052.04 crores at the end of May 2022. Overdue of agricultural credit as percentage of outstanding balance was 13.06 at the end of May 2023 which was 12.21 at the end of May 2022.
- In May 2023, Grameen Bank and ten large NGOs disbursed TK 16137.93 crores as microcredit and recovered TK 16351.79 crores. Total outstanding balance of microcredit of these organizations stood at TK 111680.95 crores at the end of May 2023. Overdue of microcredit stood at TK 3868.26 crores, around 3.46 percent of outstanding balance at the end of May 2023.

## Disbursement, Recovery and Outstanding Balance of Agricultural Credit

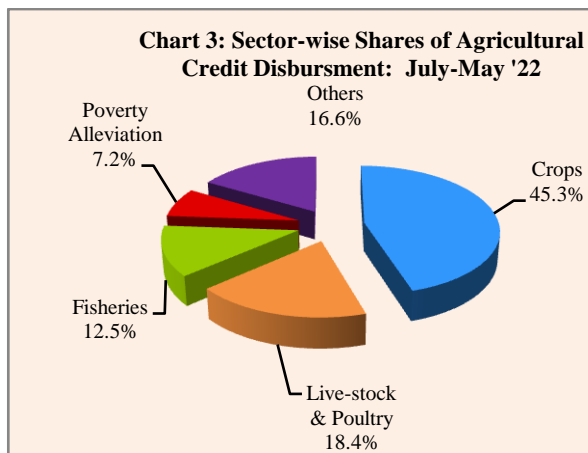
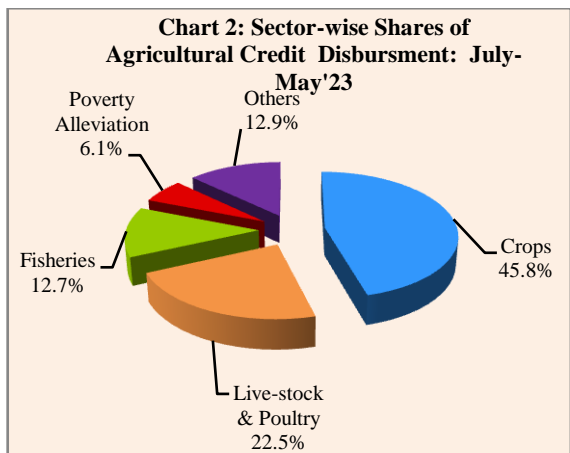
Disbursement target of agricultural credit by all scheduled banks fixed at TK 30811.00 crores for FY23 was 8.52 percent higher than the target of TK 28391.00 crores for FY22 and 6.86 percent higher than the actual disbursement in FY22. The disbursement targets of all State-Owned Commercial Banks (SOCBs) and State-Owned Specialized Banks (SOSBs) together set at TK 11658.00 crores and Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) all together set at TK 19153.00 crores. These disbursement targets were 37.84 percent and 62.16 percent of the total agricultural credit disbursement target for FY23 respectively.

In May 2023, the actual disbursement of agricultural credit stood at TK 2368.21 crores, which was 15.63 percent lower than TK 2807.06 crores of the previous month. On the other hand, it was 7.16 percent higher than the disbursement of TK 2210.01 crores of the same month of the preceding year. During the first eleven month of FY23, all banks disbursed TK 29297.80 crores of agriculture credit which was 95.09 percent of the total disbursement target for FY23 (Chart-1 and Annexure-1).



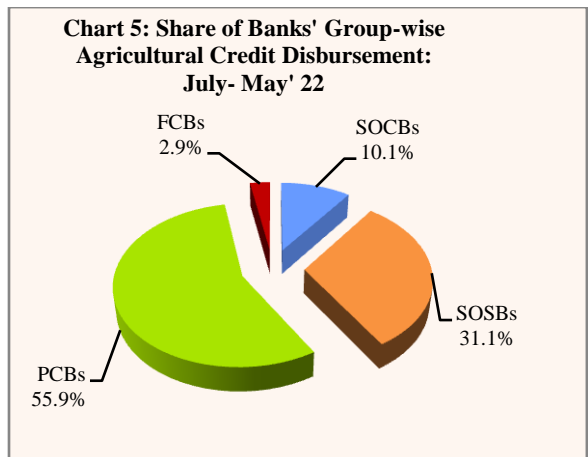
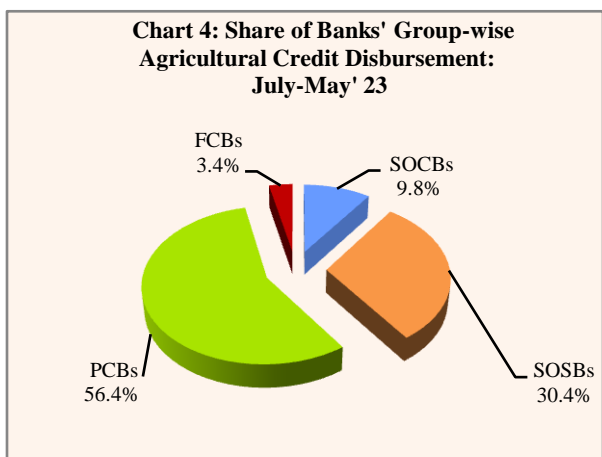
Source: Agricultural Credit Department, Bangladesh Bank.

Chart-2 and Chart-3 show the sector wise shares of agricultural credit disbursement. During July-May 2023, the share of crop sub-sector was 45.8 percent of the total agriculture credit disbursement followed by live-stock & poultry (22.5%), fisheries (12.7%), poverty alleviation (6.1%) and others (12.9%). On the other hand, the share of crop sub-sector was 45.3 percent, followed by live-stock & poultry (18.4%), fisheries (12.5%), poverty alleviation (7.2%) and others (16.6%) during July-May 22.



Source: Agricultural Credit Department, Bangladesh Bank.

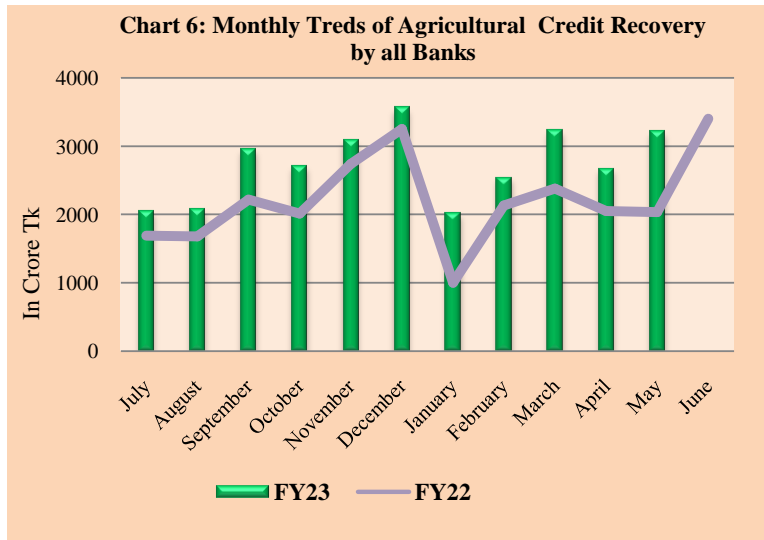
Chart-4 and Chart-5 show the shares of agriculture credit disbursement by types of banks. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 56.4 percent followed by SOSBs (30.4%), SOCBs (9.8%) and FCBs (3.4%) during July-May 2023 whereas PCBs' share of agriculture credit disbursement was 55.9 percent, followed by SOSBs (31.1%), SOCBs (10.1%) and FCBs (2.9%) during July-May 2022.



Source: Agricultural Credit Department, Bangladesh Bank.

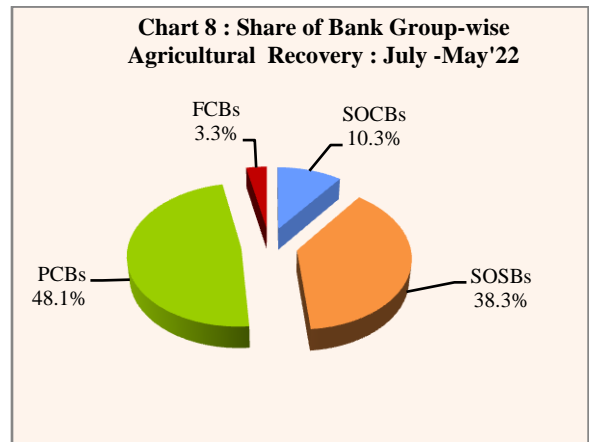
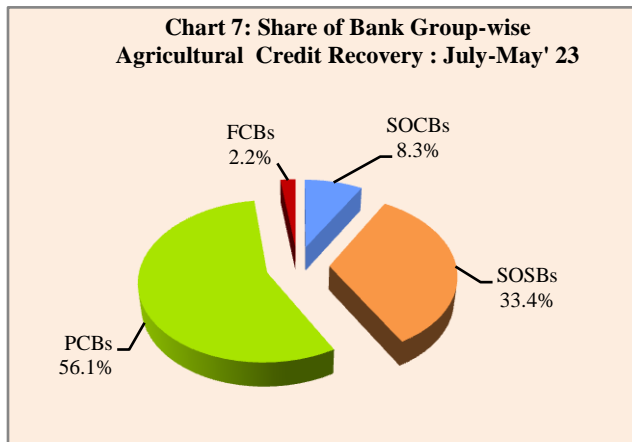
## Recovery

In May 2023, recovery of agricultural credit by all banks amounted at TK 3212.52 crores. It was 20.40 percent higher than TK 2668.16 crores recovery of the previous month. Moreover, it was 57.96 percent higher than TK 2033.76 crores of the same month of the preceding year (Chart-6 and Annexure-1).



Source: Agricultural Credit Department. Bangladesh Bank.

Among the type of banks, the share of recovery of PCBs was 56.1 percent followed by SOSBs (33.4%), SOCBs (8.3%) and FCBs (2.2%) during July-May 2023, while the share of PCBs' recovery was 48.1 percent, followed by SOSBs (38.3%), SOCBs (10.3%) and FCBs (3.3%) during July-May 2022. Chart-7 and Chart-8 show the shares of agricultural credit recovery by types of banks.



Source: Agricultural Credit Department, Bangladesh Bank.

### **Outstanding Balance and Overdue**

At the end of May 2023, outstanding balance of agricultural credit stood at TK 51063.85 crores, which was 3.05 percent higher than TK 49551.28 crores at the end of May 2022.

Overdue of agricultural credit stood at TK 6668.79 crores at the end of May 2023, which was 10.19 percent higher than TK 6052.04 crores at the end of May 2022. Overdue of agricultural credit, as percentage of outstanding balance was 13.06 at the end of May 2023 which was 12.21 at the end of May 2022.

Monthly position of disbursement, recovery and outstanding of agricultural credit for FY23 and FY22 are shown at Annexure -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 Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (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 (BB) up to May of FY23. Total outstanding balance of refinance for both the BKB and RAKUB stood at TK 2037.79 crores at the end of May 2023 which was TK 2757.85 crores at the end of May 2022. In May 2023 BKB repaid TK 518.83 crores while RAKUB did not repay any amount of refinance loan.

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

The disbursement target of Bangladesh Rural Development Board (BRDB) was fixed at TK 1332.50 crores for FY23. In May 2023, it disbursed TK 103.37 crores and recovered TK 106.41 crores. In May 2022, the disbursement and recovery amounts were TK 69.76 crores and TK 64.36 crores respectively. During July- May 2023, BRDB disbursed TK 1377.70 crores and recovered TK 1135.43 crores, which were TK 998.15 crores and TK 924.05 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. BSBL didn't disburse any amount but it recovered Tk 0.25 crores and Tk 0.24 crores in May 2023 and May 2022 respectively. During July-May 2023, the cumulative amount of disbursement by BSBL stood at TK 0.25 crores while its recovery amount stood at TK 3.16 crores. During July-May 2022, BSBL had no disbursement amount while its recovery amount was TK 3.11 crores.

## **Palli Karma Shahayak Foundation**

Palli Karma Shahayak Foundation (PKSF) disbursed TK 308.94 crores to its 285 partner organizations (POs) and recovered TK 353.90 crores in May 2023. During July-May 23, total disbursement and recovery amount of PKSF were TK 5340.35 crores and TK 4235.31 crores respectively. At the end of May 2023, it's outstanding and overdue balance stood at TK 9779.14 crores and TK 207.42 crores respectively.

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

In May 2023, Grameen Bank and ten large NGOs disbursed TK 16137.93 crores to productive and income generating activities in the rural areas under their microcredit program, which was TK 11578.31 crores in the same month of the preceding year. Under this program, about 33.86 million members availed of the loan facility through total 12950 branches of Grameen Bank and large ten NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 78.07 percent of the total microcredit among the listed top 11 Microfinance Institutions (MFIs) in May 2023. Moreover, in May 2023, total recovery of the microcredit by these 11 MFIs stood at TK 16351.79 crores, which was TK 12136.41 crores in the same month of the preceding year. At the end of May 2023, outstanding balance of these MFIs stood at TK 111680.95 crores, which was 18.07 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 3868.26 crores at the end of May 2023, which was 19.66 percent lower than the overdue at the end of the same month of the preceding year. At the end of May 2023, the overdue as percentage of outstanding stood at 3.46 .

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



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

- According to the ACD Circular No. 04: 28 July 2022, BB published Agricultural and Rural Credit Policy and Program for FY23 which is available at the link : **<https://intranet.bb.org.bd/openpdf.php>**
- According to the ACD Circular No. 05: 25 August 2022 BB announced a refinance scheme of Taka 1000.00 crore for increasing production of wheat and maize. Further information is available at the link : **<https://intranet.bb.org.bd/openpdf.php>**
- According to the ACD Circular No. 06: 18 September 2022 BB 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 BB declared a refinance scheme of Taka 5000 Crore for agriculture sector to ensure food security of the country. Additional information is available at the link : **<https://intranet.bb.org.bd/openpdf.php>**
- According to the ACD Circular No. 08: 19 December 2022 BB 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 given at the following link:  
**<https://www.bb.org.bd/mediaroom/circulars/acd/dec192022acd08.pdf>**
- According to the ACD Circular No: 01 January 2023 BB has instructed that agricultural 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>**.
- According to the ACD Circular No 02: 21 March 2023 BB declared a refinance scheme of TK 5000 crore for agriculture sector to ensure food security (including beef fattening). Further information is available in the link: **<https://intranet.bb.org.bd/openpdf.php>**

## Annexure-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	2382.19	2474.65	2539.03	2133.05	51234.84	48834.80	7119.82	6815.91
March	3056.02	1973.95	3234.52	2378.56	51277.37	48891.14	7066.54	6474.20
April	2807.06	2252.52	2668.16	2051.26	51659.19	49263.90	6949.30	6274.65
May	2368.21	2210.01	3212.52	2033.76	51063.85	49551.28	6668.79	6052.04
June		2867.48		3402.15		49802.28		5949.45
<b>Total</b>	<b>29297.80</b>	<b>28834.21</b>	<b>30100.73</b>	<b>27463.41</b>				

Source: Agricultural Credit Department, Bangladesh Bank.