

Monthly Report on
Agriculture and Rural Finance¹



September 2023

Research Department
(Internal Economic Wing)
Bangladesh Bank

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Monthly Report on Agriculture and Rural Finance: August 2023

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Highlights

- Agricultural credit disbursement target fixed at TK 35000.00 crores for FY24 was 13.60 percent higher than TK 30811.00 crores targeted in FY23. Against this target, during July-September 2023, disbursement of agriculture credit stood at TK 8824.64 crores which was 25.21 percent of the total disbursement target of FY24. However, the disbursement of agricultural credit during July-September 2023 was 34.02 percent higher than the disbursement of TK. 6584.37 crores for same period of the last fiscal year. Total recovery of agricultural credit recorded at TK 8014.31 crores during July-September 2023, which was 13.25 percent higher than that of the same period of the preceding year.
- In September 2023, actual credit disbursement stood at TK 3516.38 crores which was 28.00 percent higher than that of the same month of the preceding year. Outstanding balance (including interest) of agricultural credit registered at TK 54164.17 crores at the end of September 2023, which was 7.80 percent higher than TK 50246.25 crores at the end of September 2022. Overdue of agricultural credit stood at TK 8666.13 crores at the end of September 2023, which was 11.05 percent higher than TK 7803.71 crores at the end of September 2022. Overdue of agricultural credit as percentage of outstanding balance was 16.00 at the end of September 2023 which was 15.53 at the end of September 2022.
- In September 2023, Grameen Bank and ten large NGOs disbursed TK 15614.77 crores as microcredit and recovered TK 15398.77 crores. Total outstanding balance of microcredit of these organizations stood at TK 112509.40 crores at the end of September 2023. Overdue of microcredit stood at TK 4207.98 crores, around 3.74 percent of outstanding balance at the end of September 2023.

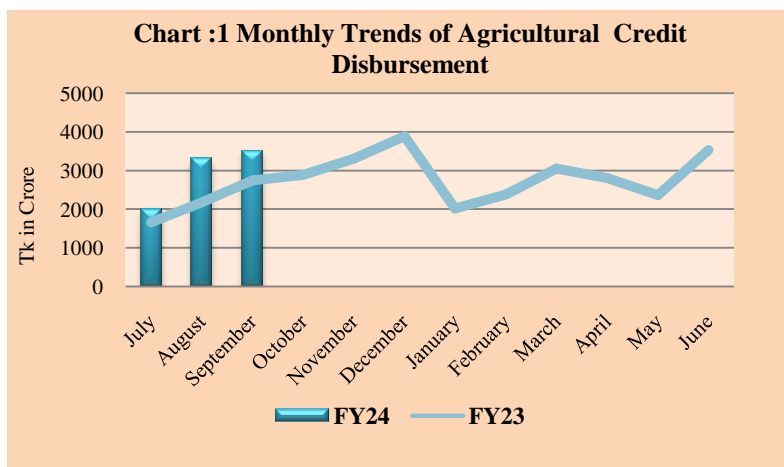
Disbursement, Recovery and Outstanding Balance of Agricultural Credit

Disbursement target

Out of total agricultural credit disbursement target of TK 35000.00 crores by the scheduled banks, all State-Owned Commercial Banks (SOCBs) and State-Owned Specialized Banks (SOSBs) together set a target of TK 12030.00 crores and Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) all together set a target of TK 22970.00 crores. These disbursement targets were 34.37 percent and 65.63 percent of the total agricultural credit disbursement target for FY24 respectively.

Disbursement

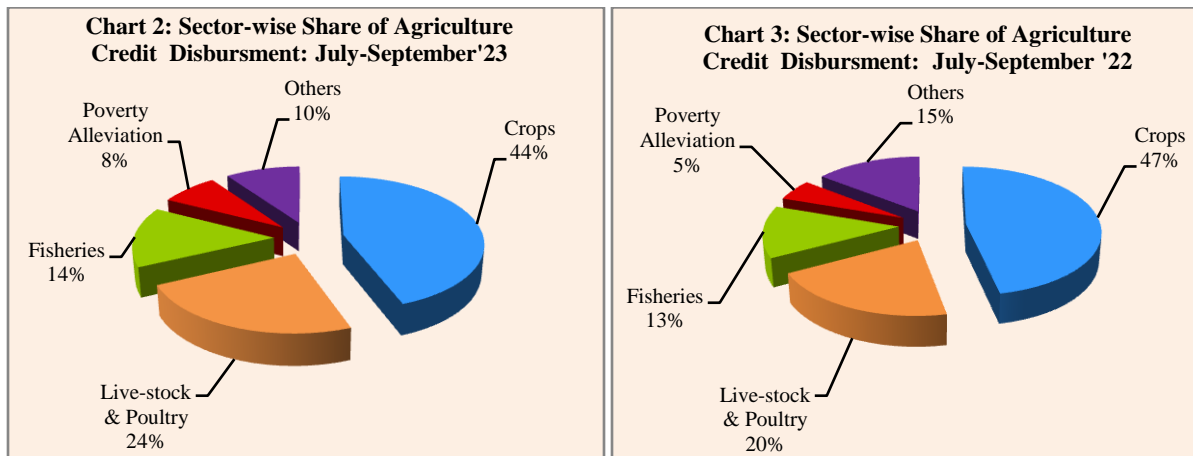
In September 2023, the actual disbursement of agricultural credit by all scheduled banks stood at TK 3516.38 crores, which was 6.01 percent higher than TK 3316.99 crores of the previous month and it was 28.00 percent higher than the disbursement of TK 2747.07 crores of the same month of the preceding year. During the first three months of FY24, all banks disbursed TK 8824.64 crores of agriculture credit which was 25.21 percent of the total disbursement target for FY24 (Chart-1 and Annexure-1).



Source: Agricultural Credit Department, Bangladesh Bank.

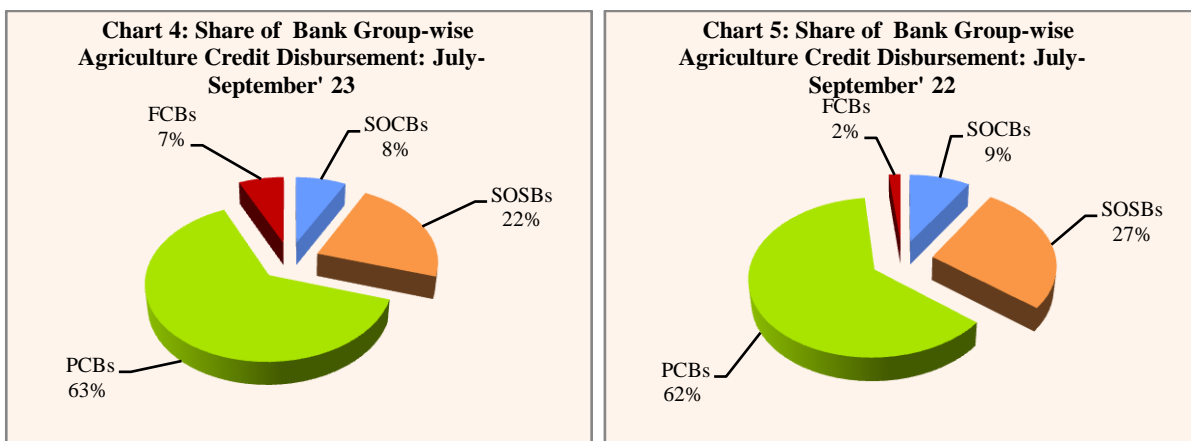
Chart-2 and Chart-3 show the sector wise shares of agricultural credit disbursement. During July-September 2023, the share of crop sub-sector was 44.0 percent of the total agriculture credit disbursement followed by live-stock & poultry (24.0%), fisheries (14.0%), poverty alleviation (8.0%) and others (10.0%). On the other hand, the share of crop sub-sector was 47.0 percent,

followed by live-stock & poultry (20.0%), fisheries (13.0%), poverty alleviation (5.0%) and others (15.0%) during July-September 2022.



Source: Agricultural Credit Department, Bangladesh Bank.

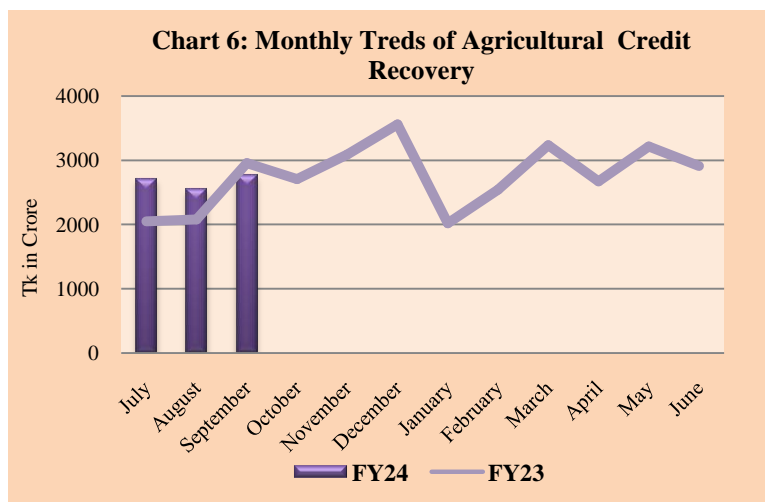
During July-September 2023, the share of agriculture credit disbursement by bank group-wise is shown in Chart-4 and Chart-5. Among the cluster of banks, PCBs' share of agriculture credit disbursement was 63.0 percent followed by SOSBs (22.0%), SOCBs (8.0%) and FCBs (7.0%), whereas PCBs' share of agriculture credit disbursement was 62.0 percent, followed by SOSBs (27.0%), SOCBs (9.0%) and FCBs (2.0%) during July-September 2022.



Source: Agricultural Credit Department, Bangladesh Bank.

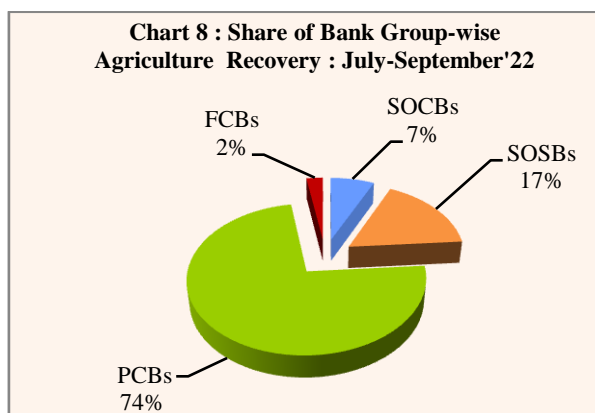
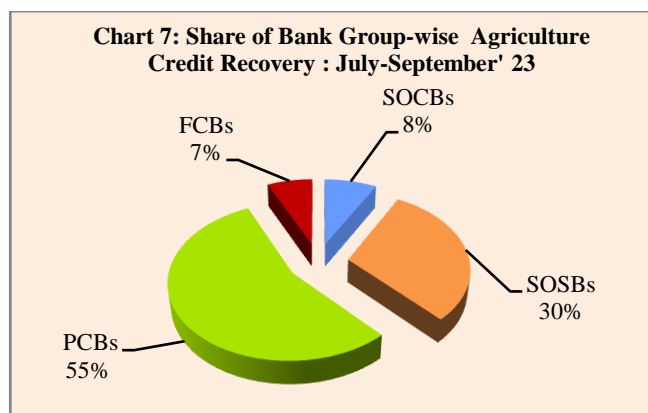
Recovery

In September 2023, recovery of agricultural credit by all banks amounted at TK 2763.73 crores. It was 8.80 percent higher than TK 2540.26 crores recovery of the previous month. However, it was 6.42 percent lower than TK 2953.24 crores recovery of the same month of the preceding year (Chart-6 and Annexure-1).



Source: Agricultural Credit Department, Bangladesh Bank.

The shares of agricultural credit recovery during July-September 2023 by bank group-wise are shown in Chart-7 and Chart-8. The share of recovery of PCBs was 55.0 percent followed by SOSBs (30.0%), SOCBs (8.0%) and FCBs (7.0%), while it was 74.0 percent for PCBs, followed by SOSBs (17.0%), SOCBs (7.0%) and FCBs (2.0%) during July- September 2022.



Source: Agricultural Credit Department, Bangladesh Bank.

Outstanding Balance and Overdue

At the end of September 2023, outstanding balance of agricultural credit stood at TK 54164.17 crores, which was 7.80 percent higher than TK 50246.25 crores at the end of September 2022.

Overdue of agricultural credit stood at TK 8666.13 crores at the end of September 2023, which was 11.05 percent higher than TK 7803.71 crores at the end of September 2022. Overdue of agricultural credit, as percentage of outstanding balance was 16.00 percent at the end of September 2023 which was 15.33 percent at the end of September 2022.

Monthly position of agricultural credit performance for FY24 and FY23 are shown in Annexure-1.

Refinance Facility from Bangladesh Bank under Government Guarantee

With a view to maintaining 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 didn't submit any application for the short-term refinance loan from Bangladesh Bank (BB) and didn't repay any amount to BB during July-September 2023. RAKUB also didn't repay any amount to BB during July-September 2023. However, BB has approved a refinance loan of TK 1000 crores for RAKUB under government guarantee for FY24 which has not yet been withdrawn by RAKUB. Total outstanding balance of refinance for both the BKB and RAKUB stood at TK 1930.54 crores at the end of September 2023 which was TK 3163.93 crores at the end of September 2022.

Bangladesh Rural Development Board (BRDB)

The disbursement target of Bangladesh Rural Development Board (BRDB) was fixed at TK 1423.08 crores for FY24. In September 2023, it disbursed TK 155.18 crores and recovered TK 117.41 crores whereas in September 2022, it disbursed TK 154.41 crores and recovered TK 107.57 crores. During July-September 2023, BRDB disbursed TK 422.05 crores and recovered TK 342.52 crores, which were TK 311.37 crores and TK 266.59 crores respectively during the same period of the preceding year.

Bangladesh Shomobay Bank Limited (BSBL)

The disbursement target of BSBL, a non-scheduled bank was set at TK26.00 crores for FY24. However, BSBL didn't disburse any amount but it recovered Tk 0.13 crores in September 2023. In September 2022, BSBL didn't disburse any amount but it recovered Tk 0.13 crores. During July-September 2023, disbursement by BSBL stood at TK 0.25 crores while its recovery amount stood at TK 0.39 crores. During July-September 2022, BSBL had no disbursement amount while its recovery amount was TK 1.21 crores.

Palli Karma Shahayak Foundation

Palli Karma Shahayak Foundation (PKSF) disbursed TK 902.18 crores to its 285 partner organizations (POs) and recovered TK 665.98 crores in September 2023. During the same month of 2022, total disbursement and recovery amount of PKSF were TK 755.12 crores and TK 535.81 crores respectively. At the end of September 2023, it's outstanding and overdue balance stood at TK 10351.89 crores and TK 189.39 crores respectively.

Microcredit Operations by Grameen Bank and Ten Large NGOs²

In September 2023, Grameen Bank and ten large NGOs disbursed TK 15614.77 crores to productive and income generating activities in the rural areas under their microcredit program, which was TK 15625.39 crores in the same month of the preceding year. Under this program, about 34.02 million members availed of the loan facility through total 13047 branches of Grameen Bank and large ten NGOs. It is noteworthy that Grameen Bank, BRAC and ASA disbursed 77.29 percent of the total microcredit among the listed top 11 Microfinance Institutions (MFIs) in September 2023. In September 2023, total recovery of the microcredit by these 11 MFIs stood at TK 15398.77 crores, which was TK 14241.45 crores in the same month of the preceding year. At the end of September 2023, outstanding balance of these MFIs stood at TK 112509.40 crores, which was 14.49 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 4207.98 crores at the end of September 2023, which was 5.45 percent lower than the overdue at the end of September 2022. At the end of September 2023, the overdue as percentage of outstanding stood at 3.74.

²Grameen 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. 07: 17 November 2022, BB declared a refinance scheme of Taka 5000.00 crore for agriculture sector to ensure food security of the country. Additional information is available at the link:
<https://www.bb.org.bd/mediaroom/circulars/acd/nov172022acd07.pdf>
- According to the ACD Circular No. 08 of 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://www.bb.org.bd/mediaroom/circulars/acd/jan012023acd101.pdf>
- With reference to ACD Circular No. 07: 17 November 2022, BB issued ACD Circular No. 02 on 21 March 2023 that BB included beef fattening sector into the refinance scheme of TK 5000.00 crore for agriculture sector to ensure food security of the country. Further information is available in the link:
<https://www.bb.org.bd/mediaroom/circulars/acd/mar212023acd102.pdf>
- According to the ACD Circular No 01 issued on 22 June 2023, BB has instructed to recruit NGOs/ MFI’s experienced people on temporary basis for the post of “Agri Credit Supervisor (Contractual)” in addition of existing manpower in the banks in order to disbursement, recovery and verification of the proper uses of agricultural credits. Further information is available in the link:
<https://www.bb.org.bd/mediaroom/circulars/acd/jun222023acd01.pdf>
- Through the ACD Circular No. 02 issued on 06 August 2023, Bangladesh Bank has published Agricultural and Rural Credit Policy and Program for FY24. Information is available in the link : **<https://bb.org.bd/mediaroom/circulars/acd/aug062023acd02.pdf>**

Annexure-1

Monthly Position of Agricultural Credit Performance by the Scheduled Banks

(In Crore Taka)

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	2045.80	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		2884.97		2703.95		50468.00		7693.51
November		3308.34		3090.79		50206.69		7387.28
December		3892.42		3558.65		50997.35		7212.15
January		2014.22		2016.74		51225.71		7301.45
February		2382.19		2539.03		51234.84		7119.82
March		3056.02		3234.52		51277.37		7066.54
April		2807.06		2668.16		51659.19		6949.30
May		2368.21		3212.52		51063.85		6668.79
June		3532.09		2909.36		52704.45		6541.39
Total	8824.64	32829.89	8014.31	33010.09				

Source: Agricultural Credit Department, Bangladesh Bank.