

Agricultural Credit in Bangladesh: Present Trend, Problems and Recommendations

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Abstract

Economic theory undoubtedly proved the crucial importance of agricultural sector of a country in case of its economic transition. A timely flow of agricultural credit can meet farmers demand to ensure agricultural productivity. The purpose of this study is to explore the pattern of present trend of agricultural credit flow over the recent years, specially from the formal sector banking institutions. This study reveals that formal sector has flourished in recent years in disbursing agricultural credit where previously informal sector dominated the rural credit market for agriculture. NGOs have a stronger network throughout the country and many local private commercial banks and foreign banks use these channel to provide agricultural credit. Although PCBs (which includes domestic and foreign commercial banks) contributes a significant amount to total agricultural credit from formal sector, their percentage contribution to agricultural credit remain almost stagnant since the time they started to disburse agricultural loan. It will also entail discussion about the problem involved in case of agricultural loan disbursement as well as some policy recommendation that may minimize the leakage in agricultural credit distribution to the rural farmers.

Keywords: Agricultural Credit, Formal Sector, PCBs, NGOs, SCBs, SBs, Bangladesh.

Introduction:

Agriculture still is considered as the life-blood of the rural economy of Bangladesh as 90 percent of rural workers of the country is directly involved with agriculture and the sector employs 48 percent of the total labor force of the country. Although becoming less important in terms of its contribution to GDP, agriculture still plays a significant role in the total economy, accounting for 19.3 percent of national GDP. Development in true sense might hardly be achieved disregarding development of the sector. The instability in food production throughout the world due to different natural calamities, current interest of developed nation in producing bio-fuel using crops and protectionist policy adopted by many former food exporting countries created a situation of urgency where it is the right time we should concentrate on ensuring food security ourselves through investment in agriculture sector as well as on time and sufficient supply of agricultural inputs including agricultural credit. Agricultural credit refers to short-term, intermediate term and long term credit disbursed to meet the specific financial needs of farmers which are determined by planting, harvesting & marketing cycles. Short-term loans are provided for seasonal agricultural production activities, long term loans are provided for purchasing of irrigation equipments, agricultural machinery, livestock, horticulture, fisheries and establishment of agro based industries etc. Another way it can be said that agricultural credit refers to the amount of money that the farmers borrow to meet their production requirements as well as their current consumption needs. (Sarker et al.) Now a days Agricultural credit has turned as an indispensable input in agricultural development. The provision of high yielding modern agriculture may remain unreachable to poor and marginal farmer as use of improved inputs require huge capital investment.

Role of Green Revolution can be discussed in this regard. With the inception of Green revolution in 1960's, although productivity increased dramatically; it was observed later on that production requires more HYV seeds, water, chemical fertilizers, pesticides, mechanical power and so on. That needed a lot of money requiring credit and supportive investment. An on time production of agricultural commodity thus necessitates poor and marginal farmer largely dependent on external money source to ensure a timely supplies of equipment needed for agricultural production. Agricultural credit thus surely started to carry much more importance after 1960's than it carries before 1960's.

Bangladesh is one of the most densely populated countries of the world. It is losing 1% of its total arable land every year whereas the annual increase of population is of 1.5%. Ensuring adequate food as opposed to growing population thus is a great challenge for Bangladesh. In context of the scenario, the only way that we have to increase agricultural production is to go for intensive agriculture (which involve the introduction of improved technology into agriculture) as adoption of another way (Extensive agriculture that brings more land under cultivation) is no more possible in case of Bangladesh because all cultivable land has already been brought under cultivation. As stated earlier, adoption of modern agricultural methods includes huge capital investment

which the poor and marginal farmers lack.

The rationale for agriculture credit in Bangladesh can be stated under the following three broad lines:

1. Agriculture sector contributes almost 19.21% to the national GDP of Bangladesh which comprises almost one-fifth of the nation's GDP. To sustain the GDP growth as well as economic development of the country, trend of agricultural production should be maintained. To this end, proper concentration should be devised so that farmer can get accessibility to different sources of agricultural credit that might help them to a smooth continuation to agricultural production. In fact, availability of agricultural credit has a positive impact on agricultural productivity which has already been proved in research works of various researchers.

2. Farmers of Bangladesh are generally resource poor. Small and marginal farmers constitute 80 percent of the farming population in Bangladesh. But only 17 percent of the small farmers have direct access to institutional credit.

96 Percent of farmer in all size categories reported their need for agricultural credit to meet purchase cost of agro inputs (Sarker et al.). Agricultural credit scenario, especially institutional credit coverage should be improved so that the poor section of the farmer gets adequate access to agricultural credit in order to ensure on time production.

3. Convenient access to agricultural credit ensures agricultural productivity and therefore growth in the sector continues to rise. In case of Bangladesh, disbursement of agricultural credit to sustain agricultural growth is important also from food security perspective. The people involved with agriculture are mainly poor and subsistence farmer who depend solely on their production for the food supplies throughout the year. If access to agricultural inputs of these farmers is impaired due to capital shortage, production will be hampered and then food security of them as well as the nation will be in a vulnerable situation.

Methodology

The study has been conducted through analyzing the information and data from the secondary materials. The information has been collected from different research studies of Bangladesh Bank, Ministry of Finance, Centre for policy dialogue, World Bank etc. To this end, Websites of different institutions has also been used.

Importance of Agricultural Credit on Productivity:

Several research works supports the positive association between agricultural credit and agricultural production. Saha and Dutta, in a study shows that adequate supply of credit has a positive influence on the growth of agricultural output and farms incomes which had proved in case of many countries. Miah et al. (2006) found in its research that agricultural credit users in Bangladesh receive 1.21 times higher rice yield compared to non-credit users. In case of India empirical analysis reveals that the agricultural credit has a positive and statistically significant on agricultural output(Das et al. 2009). The positive relationship between institutional credit and agricultural credit is unveiled by another study in Pakistan (Iqbal et al. 2003). Rahman et al,2011 have shown a high level of correlation (.938; with statistical significance 1%) between agricultural credit accessibility and greater production. In addition to this, food grain production, fisheries production have higher correlation (.948);whereas livestock products like milk, meat and eggs have been found to have a correlation of 0.772, 0.938, 0.688 respectively ,all of which is statistically significant at 1% level.

Agricultural Credit also have a positive impact on household income and GDP growth rate. As revealed by Osmani (1997), a deprived person from adequate financial access not himself only loose the opportunities to participate in economic activities, but also the national output is lost in the absence of the contribution of the deprived person.

However all these research work proves the importance of agricultural credit on agricultural production.

Sources of Agricultural Credit in Bangladesh

The rural financial market of Bangladesh composed of three categories namely: Formal sector, Semi-Formal Sector & Informal Sector (Flowchart 1). These are the three principle credit source in the rural economy where the formal credit sector includes the government owned and specialized banks, commercial banks, credit bureaus and so on. In Bangladesh, formal sector includes state owned commercial banks, specialized banks and private commercial banks. In FY12 formal sector disbursed 131.32 billion Taka as agricultural credit. Four state owned commercial banks-Sonali Bank, Janata Bank, Agrani Bank and Rupali Bank has significantly been meeting the credit needs of the rural farmer. In FY12 SCBs distributed 24.33 billion Taka as agricultural credit which is 18.53% of the total formal sector credit disbursed to agricultural sector. Among specialized bank the role of Bangladesh Krishi Bank (BKB), Rajshahi Krishi Unnayan Bank (RAKUB), Bangladesh Samabay Bank Limited (BSBL) is noteworthy. BKB is the prime source of formal sector agricultural credit which solely distributed 47.33billion taka in FY12 which is 36.04% of total formal sector credit. In FY12 BKB and RAKUB jointly disbursed tk 58.84 billion as agricultural credit which is 44.80% of total formal sector credit. Domestic and

Foreign commercial banks have recently been emerged as another important sources of formal sector credit after a recent directive by Bangladesh Bank requires domestic and foreign commercial banks to invest in agricultural sector. The combined agricultural credit distribution of Domestic and Foreign private commercial banks is 48.15 billion taka which constitutes 36.67% of the total agricultural credit distributed in fiscal year 2011-12.

The semi-formal credit sector includes autonomous credit institutions like the Palli Karma Sahayak Foundation (PKSF), Bangladesh Rural Development Board (BRDB), and numerous NGOs. Now NGOs are in a significant role in rural economic upliftment by generating growth & creating employment through agricultural credit disbursement. In FY08 they disbursed 293.65 billion taka which was 223.61 percent higher than the agricultural loan disbursed from the institutional source.

The informal credit agents are a mix of professional and personal sources including moneylenders and traders, village shopkeepers, landlords and rich farmers, as well as the relatives and the friends of borrowers.

Presently 10% of agricultural households demand for credit is met from informal sources of agricultural credit whereas 39% of credit demand of farmers is met from the formal sector. The institutional credit access for poor borrower household went up to from 21% to about 43% during the same period of time whereas their share in total agricultural credit went from 4% to 40% (Hossain & Bayes et al. 2009,2010). Definitely the institutional credit access has improved over time but there is much scope for further improvement.

Pattern and Trend of Agricultural Credit Disbursement in Bangladesh:

Agricultural and rural credit programmes in Bangladesh includes the following sectors among which the credits are distributed:

1. crops/food grains
2. Fisheries
3. Livestock
4. Agricultural Equipment
5. Irrigation Equipment
6. Food grains storage and marketing (only Storage and marketing of food grains Produced only by the producer himself)
7. Poverty alleviation and income generating activities
8. Others.

Among these, farmers receives loan mainly for agricultural crop cultivation. The slightly increasing trend in figure represents the disbursement of agricultural credit has increased over the years.

The target of distributing agricultural credit has rising significantly in its magnitude realizing the importance in generating productivity and rural employment. From the data available to us, we can see that govt. target for agricultural credit distribution has increased for each consecutive fiscal year. In current fiscal year FY14, the govt. set a target of 14,595 crore taka as compared to 14,130 crore taka in FY13. So there is 3.29% increase in targeted agricultural credit disbursement. For FY12, the percentage increase in target setting was 9.35% whereas the percentage increase in credit disbursement for the fiscal year was 7.80%. This scenario therefore reveals a situation where the target of credit disbursement is not attained for most of the financial year whereas farmer's credit needs are not also met. So there may have some gap in providing service which restrains farmer in getting access to agricultural credit.

The main sources of finance in agriculture are still the state-owned banks. Bangladesh Krishi Bank (BKB), Rajshahi Krishi Unnayan Bank (RAKUB), State Owned Commercial Banks (SCBs) are the dominant players in the area of agricultural credit. For the last several years, BKB had the largest share in annual disbursement of agricultural loan. In FY12, BKB alone disbursed around 36.04% of the total agricultural credit disbursement, whereas the percentage share of SCBs in total credit disbursed was 18.53%. BKB's contribution in total agricultural loan disbursement was 41.18%, 41.08%, 42.96% for the fiscal year 2009, 2010, 2011 respectively whereas SCB's share for these years were 17.11%, 17.83% and 18.17% respectively. BRDB and BSBL recorded 35.51%, 36.94%, 36.91% and 91.80% at the end of the year. As it is observe from the table the trend also remains more or less same for the past fiscal year.

However the recovery scenario is quiet interesting. In spite of contributing a lions share of total agricultural credit, BKB also is efficient in the recovery of the loan it distributed. At the FY12, BKBs overdue loan as percentage of their outstanding loan stood at 19.73%, while overdue of SCBs, RAKUB,

Very recently Bangladesh Bank has mandated all Local and Foreign Private Commercial Banks (PCBs) to invest in agricultural sector. Banks that do not have adequate branches in rural areas were allowed to use non governmental organizations (NGOs) linkage for disbursement of agricultural and rural credit. However the role of private sector domestic and foreign banks in agricultural lending seems to be slightly increasing as they contributed Taka 48.15 billion which is around 36.67% of the total agricultural loan disbursed in FY12. However the overdue as a percentage of recovery is also satisfactory for private sector banks as compared to other sources of agricultural credit. For Private sector commercial banks, the overdue as % of outstanding stood at 2.92%

whereas for public sector banks it was 27.55 percent and for overall banking sector it was 23.30%. So there efficiency in credit recovery seems better than the public sector commercial banks. As per directive of Bangladesh Bank, since domestic and foreign commercial banks are allowed to channel funds in agricultural sector through NGOs, this might be a good reason for their higher rate of success in credit recovery. However the concern is that the credit becomes too costly for the farmers to have their production profitable. This is because the NGOs borrow these funds from the PCBs and FCBs at high interest rate; after adding their cost the mark-up interest rate on credit become above 20-22%, which is well above the market rate of interest available for industrial credit. The credit is also costlier compared with the cheaper credit from SCBs as well as BKB, BRDB, BSBL etc.

Present Problem of Agricultural Credit:

1. The main difficulties faced by farmers in securing agricultural credit from the formal sector banks are the long institutional procedure. A research work conducted by Ruhul Amin Sarkar revealed that 90 percent of all size farmers think that reason as the prime impediment in securing loans from institutional source. Medium and large farmers who are most successful group among farmer also pointed this as the main difficulties in securing agricultural credit. According to his survey, the group response (Medium and Large Farmer) to the question whether they think long institutional procedure as a problem in securing agricultural credit is 100 percent.
2. In our country, Banking deposits mobilizes from rural areas are funneled into institutional credit operations to the country's major urban centers. An empirical example can be stated here in this regard. The Credit-Deposit ratio in the urban areas of Bangladesh is near about 85 percent whereas in rural areas it is 75 percent. In the rural areas of Chittagong Division, which include most of the Comilla district, the rural CDR is well below 40 percent. This Points strongly to the urban bias of the formal credit operation in Bangladesh.
3. The operation of bank operation has not extended adequately in the rural areas. This inhibits farmer to get access of cheap formal sector credit. Private Commercial Banks should extend their operations in rural areas of Bangladesh as well as the urban areas (Table 12).
4. NGOs in Bangladesh have much scope to play role in agricultural credit distribution as they have wider range of branches throughout the country. But it is observed that, NGOs mainly disbursed credit in traditional activities. They are seen to disburse loan only to those sector, which generates income quickly and repayment of the loan is possible by the income generated from the sector where the loan is allocated. However, they do not in general address the problem of finance in agriculture. Therefore, NGOs investment pattern is not directed towards individual needs and they generally disburse loan in non-formal agricultural activities (Bhattacharjee et al. 1997).
5. Formal public sector credit are still cheap in terms of the interest. But Formal private sector credit still costly. As per new directive from Bangladesh Bank, PCBs could channel funds through NGOs for agricultural credit purpose. But PCBs lend these funds to NGOs at a higher interest rate. After NGOs add up their mark-up, the interest rate on credit becomes above 20-22% which is well above the market rate of interest for industrial credit!
6. Lack of institutional cooperation has identified as another difficulties in accessing bank credit. 61 percent of the farmers hold this perception whereas most difficulties in this aspect are faced by small and medium farmers (74.3 and 72.7 respectively) (Sarker et al. 2006).
7. The agricultural loans that are disbursed from institutional source are quite insufficient compared with the credit need of the farmer; especially it seems inadequate for medium and large farmer. Survey results among the farmer also support the argument (Farmers' credit survey, Sarker et al. 2006.).
8. Difficult credit rules of banking institutions obstruct small and marginal farmers to credit access. Credit rules are very complicatedly formulated and in many cases, these are not clearly apprehended by illiterate and partially educated farmers. The assumption is also supported by the survey conducted by Ruhul Amin Sarkar, where it is seen that 79.2% very small farmer and 82.9% small farmer identified difficult credit rules as the reason for not availing bank credit and 78% of all farmers think so.
9. Formal sector wants collateral as security of the credit that they disburse to the farmer. Although agricultural productivity depends on the combination of human labor and capital with the productive powers of land, the access to financial capital through institutional credit depends in Bangladesh ultimately to the possession or non-possession of land. Formal Sector also takes socio-economic status of a credit seeker into consideration when it decides to disburse agricultural credit. These make cheap formal credit accessibility more difficult for the marginal, sub-marginal and small farmer who constitutes almost 80 percent of the agricultural farmer and make them bound to borrow at an exorbitant interest rate from informal sector.
10. Lack of timely loan assistance: From farmer side, lengthy loan processing procedure is cited another hindrance to formal sector credit access. The acute problem in accessing timely loan assistance remains among small farmer group (71.4%) as they badly need credit but lack ability of submitting required collateral get sanction of the credit.
11. Institutional credit is not allocated according to the relative efficiency of the cultivator but according to the

economic and political power of credit recipients.

Conclusions and Policy Recommendations:

As a developing Bangladesh still is dependent on agriculture in all economic aspects. This importance necessitates us to give proper care and concentration towards development of the sector. Considering the pattern and present trend of agricultural credit, some policy recommendation are prescribe that can be adopted to unlock the potential in agricultural sector:

1. The government continues with its efforts to simplify the procedures for agriculture credit disbursement. The poor performance of the private commercial banks especially a very inadequate share of foreign banks in agriculture credit disbursement during the first quarter of FY 09 made the BB authority disappointed. It might compel the central bank authority to think further steps on forcing the banks to provide agricultural credit and strengthen monitoring at all levels of credit distribution. The district agricultural credit committee should be made more effective to monitor fast credit disbursement and credit recovery. Along with these initiatives Bangladesh Bank should also keep in mind about the donors' attitude and position of rapid expansion in production in Asia during the green revolution -- "Asia had achieved food security and so there is no further need for supporting agriculture research and irrigation"!! We should not follow all the policies and proposals imposed by WB and IMF as they will not suggest in line with our needs. It is our responsibility to pay attention on farmers' interest. Therefore, the bank must make sure the availability of agriculture credit by advancing the foreign banks so that the farmers can have access to agriculture inputs during the required production period.
2. Banking through passbooks leads to modernization and commercialization of agricultural activities. Group cohesion from regular monthly meetings allows them to share experiences, to develop habit of savings mobilization, to empower women in decisions making on choice of crops, crop management and children's education, to improve housing condition and to access to more and better quality food.
3. Sharecroppers should spend most of their loans to purchase modern inputs like fertilizers, diesel for irrigations as well as for quality seeds. They express their desire to rent-in more land in future upon receiving higher loan amount.
4. Bangladesh bank should continue this special credit program since the poorest of the villages get the opportunity of improving economic condition by utilizing the money.
5. The problem of targeting should duly be addressed through appropriate selection.
6. The loans may be extended to non-crop sector like livestock.
7. To reduce import dependence agricultural credit has to be offered under government declared rebate facility for growing agricultural products such as lentils, oilseeds, corns etc. including spices (ginger, garlic etc.).
8. As an agriculture supporting sector irrigation, ploughing and harvesting machineries have to be provided with necessary credit. Each bank branch should be advised to take initiative for disbursement of agricultural credit for purchasing at least one threshing machine.
9. Besides supplying credit to agriculture and supporting sectors, credit has to be made available for different self-employment or income generating activities on individual or group basis with a view to expediting growth momentum in the rural economy.
10. Concerned banks have to ensure effective monitoring system so that only the real farmers get necessary amount of agricultural credit in a timely and hassle-free manner and the targeted amount of agricultural credit is disbursed. Bangladesh Bank is also preparing a comprehensive agricultural credit monitoring strategy
11. Women entrepreneurs should get priority in agricultural/rural credit disbursement. Attainment of targeted amount of agricultural credit will be deemed as a plus point in getting permission for opening new bank branches.
12. District Agricultural Credit Committee headed by Deputy Commissioner in each district has to be more active. Information centers established in DC offices should preserve the list of agricultural loan receivers.
13. Banks will be encouraged to use modern Information and Communication Technology (ICT) including mobile phone in agricultural credit disbursement programs. A few banks have already opened Small and Medium Enterprise (SME) centers which may also play a supportive role in disbursing agricultural credit.
14. To ensure fair prices of agricultural products, banks and financial institutions should be directed to disburse agricultural credit to genuine farmers as well as in favor of local small businessmen in the crop storage and marketing sectors under agricultural credit program so that small/large crop depots can be built.
15. Governance of the BKB and RAKUB should be transformed to protect them from political interference. They should also be recapitalized and restructured so that they can provide cost effective, well designed financial service.
16. NGO-MFIs linkage program to channeling the credit can be treated as positive movement but the concerning matter is such linkage program may increase the cost for lending. So, it is suggested to adopt cost sharing mechanism or Bangladesh bank should consider providing soft loan to limit the lending cost.
17. Bangladesh bank has encouraged all scheduled banks to collect farmer information from department of agricultural extension to identify the real farmers (Rahman, 2010). However, the selection bias is still prevail as

bank officers given special priority to their relatives, friends, and those maintain good relation with bank personnel in selecting the borrowers (Rahman, 2009). Thus, appropriate monitoring and supervisory approach should be adopted by the central bank to reduce the tendency of malpractices by the bank personnel.

18. Group lending approach is so successful in Bangladesh, hence it is proposed to adopt group guarantee approach same as NGO-MFIs to expedite the agricultural credit disbursement.

19. It is expected that agricultural loans should be advanced at the beginning of crops farming, livestock and poultry raising, fish farming etc. and repayment should be made after getting returns from the investment. In the meantime, the interest rate for agricultural credit should be capped at minimum level considering agricultural as priority sector.

20. In the past, there were several evidences on exemption of interest rate for agricultural credit due to political favor, hence farmers waited for further opportunities and delay to repay their loans (Miah et al., 2006). In addition, bank directors have recruited on political consideration- the directors use the banks' vehicles for their personal purposes as well as based on political wishes. Thus, it is suggested to keep financial intermediaries away from such political good will.

21. The percentages of agricultural credit over total bank credit were observed more or less at static level. It is regarded that the allocation for agricultural credit was unrealistic considering the importance of agricultural sector for achieving self-sufficiency in food. So, allocation of agricultural credit should be increased considering growing demand and importance of agricultural credit.

22. With in agricultural credit allocation among sub-categories, the livestock and fisheries sub-sectors were neglected. Even, the target attained was only between 50 to 70%, while other sub-categories almost reached their settled target even exceeded the defined target. Considering the contribution of livestock and fisheries sub-sectors (2.66 and 4.49% agricultural GDP) the allocation need to be readjusted as well as must trace the reasons for lower target achievement.

23. Despite central bank initiatives, there is still lack of supervision and monitoring services from lenders side particularly it is true for SCBs and SBs. Hence, farmers are transferring agricultural credit to non-farm or business purposes as farming is more risky compared to non-farming activities (Miah et al., 2006). To reduce such deviation of agricultural credit there is nothing better than proper monitoring and supervision.

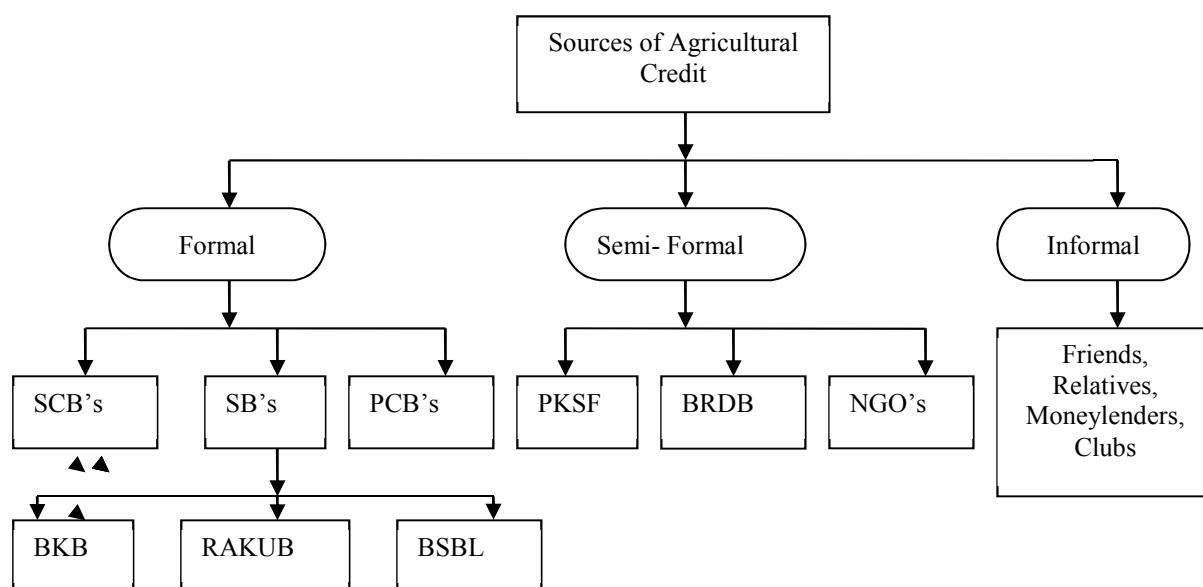
24. In Bangladesh, the agricultural insurance system has not yet been developed (Rahman, 2009). The earlier initiative on crop insurance failed due to lack of government patronization, and lack of interest from insurance companies due to higher risk in agricultural farming. Therefore, the government patronize insurance company (*Jiban Bima*) should come forward to channeling the insurance facilities to agricultural sector (crops, livestock, fisheries etc.)

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Flowchart 1: Sources of Agricultural Credit in Bangladesh.



Sources: (1)The Report of World Bank,1996
 (2) Chowdhuri et al.
 (3)Authors

Table 1: Trends in Agricultural Credit:

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13 (Q2)
Program/Target (July-June)	43.8	55.4	55.4	63.5	83.1	93.8	115.1	126.2	138.0	141.3
Total Disbursement (In billion Taka)	40.7	48.9	55.0	52.9	85.8	92.8	111.2	121.8	131.3	41.3
<i>Crop</i>	18.4	20.9	22.3	22.9	25.8	30.8	38.2	43.7	53.6	19.2
<i>Irrigation</i>	0.08	0.00	0.10	0.09	0.14	1.02	0.43	0.0	0.8	0.3
<i>Agricultural Equipment</i>	0.2	0.2	0.2	0.3	0.4	1.1	1.5	2.1	2.1	2.6
<i>Live-Stock</i>	2.5	2.8	2.8	2.7	4.5	4.6	6.9	7.6	12.5	4.7
<i>Fisheries</i>	1.2	1.3	2.2	2.4	3.9	4.8	6.3	7.9	10.2	3.9
<i>Grain Storage & Marketing</i>	4.2	5.6	7.6	0.5	1.4	3.1	2.5	2.8	2.8	0.4
<i>Poverty Alleviation</i>	10.2	11.5	14.0	11.9	22.6	19.5	20.7	21.3	16.1	5.0
<i>Others</i>	3.9	6.6	8.7	12.2	27.0	27.9	34.7	36.2	33	7.4
Total Recovery (In billion Taka)	31.4	31.3	41.2	46.8	60.0	83.8	101.1	121.5	123.6	44.0
Total Overdue	62.6	57.8	66.5	66.4	58.9	60.8	64.0	61.0	60.5	60.2
Outstanding (In billion Taka)	127.1	140.3	161.8	145.8	178.2	196.0	225.9	254.9	259.7	281.8
<i>Overdue as a percentage of Outstanding</i>	49.3	41.2	41.1	45.5	33.0	31.0	28.4	23.9	23.3	21.4
Growth in Percent										
<i>Total Disbursement</i>	24.5	20.1	12.4	-3.7	62.2	19.8	8.2	9.6	7.8	12.2
<i>Total recovery</i>	-10.8	-10.8	31.6	13.5	28.4	39.5	20.7	20.1	1.8	4.4

Source: Statistical Department, Bangladesh Bank (Bangladesh Bank Quarterly, January-March,2013 (Volume X, No.3)

Table 2: Gap in Agricultural Credit Disbursement Target and Actual Disbursement:

Fiscal Year	Program/Target (In billion Taka)	Actual Disbursement(In billion Taka)	Gap in Target and its achievement	Percentage gap in target achievement
FY04	43.8	40.7	3.1	7.08
FY05	55.4	48.9	6.5	11.73
FY06	55.4	55.0	0.40	0.72
FY07	63.5	52.9	10.6	16.69
FY08	83.1	85.8	(2.7)	(3.25)
FY09	93.8	92.8	1.0	1.07
FY10	115.1	111.2	3.9	3.39
FY11	126.2	121.8	4.4	3.49
FY12	138.0	131.3	6.7	4.86

Source: Statistical Department, Bangladesh Bank.

Table 3: Agricultural Credit Performance of Banking Sector (In billion Taka)

Year	Disbursement Target	Actual Disbursement	Recovery	Overdue	Outstanding	Overdue as % of outstanding
FY02	33.27	29.54	32.60	67.55	114.98	58.75
FY03	35.61	32.78	35.16	65.26	119.13	54.78
FY04	43.79	40.48	31.35	62.65	127.06	49.31
FY05	55.38	49.57	31.71	57.81	140.40	41.18
FY06	58.92	54.96	41.64	66.53	153.77	43.27
FY07	63.51	52.93	46.76	66.35	145.82	45.50
FY08	83.09	85.81	60.04	58.87	178.23	33.03
FY09	93.79	92.85	83.77	60.80	195.98	31.02
FY10	115.12	111.17	101.12	64.04	225.88	28.55
FY11	126.17	121.84	121.48	60.97	254.92	23.92
FY12	138.0	131.32	123.59	60.52	259.75	23.30

Source: Agricultural Credit and Financial Inclusion Department, Annual Report, Bangladesh Bank; 2002-2012

Table4: Agricultural Credit Performance of State Owned Commercial Banks (SCB's) (In billion Taka)

Year	Disbursement Target	Actual Disbursement	Recovery	Overdue	Outstanding	Overdue as % of outstanding
FY03	10.50	6.80	7.02	24.19	34.80	69.51
FY04	14.5	9.3	8.0	23.6	37.5	62.9
FY05	17.05	11.42	8.78	18.45	40.89	45.12
2006	15.41	11.92	11.51	28.06	49.69	56.47
FY07	15.45	10.28	12.46	29.32	49.11	59.70
FY08	18.00	13.66	15.09	26.33	49.57	53.12
FY09	20.15	15.89	14.79	26.63	53.19	50.06
FY10	23.45	19.82	15.31	26.46	60.99	43.38
FY11	25.75	22.14	20.11	25.83	64.36	40.13
FY12	26.90	24.33	21.72	23.99	67.56	35.51

Source: Agricultural Credit and Financial Inclusion Department, Annual Report, Bangladesh Bank; 2002-2012.

Table 5: Agricultural Credit Performance of Bangladesh Krishi Bank (BKB)
(In billion Taka)

Year	Disbursement Target	Actual Disbursement	Recovery	Overdue	Outstanding	Overdue as % of outstanding
FY03	16.00	16.69	19.20	21.71	53.28	40.75
FY04	17.1	19.6	13.00	19.80	55.80	35.50
FY05	24.00	22.80	11.00	18.79	61.25	30.68
2006	27.00	26.64	16.05	18.22	61.86	29.45
FY07	31.50	27.45	18.83	26.10	61.44	42.48
FY08	36.50	32.96	13.16	21.06	73.34	28.71
FY09	38	38.24	35.72	21.24	81.03	26.21
FY10	42.50	45.67	44.23	23.63	96.99	24.36
FY11	45.0	52.34	50.18	16.47	116.22	14.17
FY12	46.00	47.33	50.72	22.04	111.69	19.73

Source: Agricultural Credit and Financial Inclusion Department, Annual Report, Bangladesh Bank; 2002-2012

Table 6: Agricultural Credit Performance Of Rajshahi Krishi Unnayan Bank (RAKUB).
(In billion Taka)

Year	Disbursement Target	Actual Disbursement	Recovery	Overdue	Outstanding	Overdue as % of outstanding
FY03	5.25	5.75	5.43	6.69	15.68	42.67
FY04	7.0	6.8	6.3	7.3	17.4	41.70
FY05	7.75	8.70	6.83	7.65	20.40	37.50
2006	8.15	8.88	7.47	6.86	23.51	29.18
FY07	8.00	7.37	8.51	5.90	24.45	24.13
FY08	8.00	7.65	8.45	7.75	25.58	30.30
FY09	8.55	8.80	9.01	8.54	27.34	31.24
FY10	10.00	10.60	9.92	9.30	31.33	29.68
FY11	11.40	10.10	11.91	12.95	33.15	39.06
FY12	12.20	11.51	13.15	13.18	35.68	36.94

Source: Agricultural Credit and Financial Inclusion Department, Annual Report, Bangladesh Bank; 2002-2012

Table 7: Agricultural Credit Performance Of Bangladesh Rural Development Board (BRDB)
(In billion Taka)

Year	Disbursement Target	Actual Disbursement	Recovery	Overdue	Outstanding	Overdue as % of outstanding
FY03	3.52	3.53	3.49	9.82	12.45	78.89
FY04	5.2	5.0	4.0	9.2	13.5	68.1
FY05	6.46	6.63	5.06	10.19	15.08	67.57
2006	7.73	7.44	6.52	10.68	15.88	67.25
FY07	8.42	7.80	6.90	2.58	8.34	30.94
FY08	7.11	7.35	6.97	2.47	9.16	26.97
FY09	7.51	6.94	6.82	3.36	9.39	35.78
FY10	8.50	6.66	6.99	3.58	9.58	37.37
FY11	7.70	7.50	6.91	3.91	10.65	36.71

Source: Agricultural Credit and Financial Inclusion Department, Annual Report, Bangladesh Bank; 2002-2012.

**Table 8: Agricultural Credit Performance of Bangladesh Samabay Bank Limited (BSBL).
(In billion Taka)**

Year	Disbursement Target	Actual Disbursement	Recovery	Overdue	Outstanding	Overdue as % of outstanding
FY03	0.34	0.01	0.02	2.85	2.92	97.60
FY04	0.1	0.0	0.1	2.70	2.8	96.4
FY05	0.12	0.02	0.04	2.70	2.73	98.20
FY06	0.63	0.08	0.09	2.71	2.83	95.76
FY07	0.14	0.03	0.06	2.45	2.48	98.79
FY08	0.14	0.05	0.08	0.76	0.84	90.48
FY09	0.45	0.05	0.07	0.72	0.75	96.0
FY10	0.80	0.04	0.06	0.69	0.72	95.83
FY11	0.01	0.02	0.08	0.56	0.61	91.80

Source: Agricultural Credit and Financial Inclusion Department, Annual Report, Bangladesh Bank; 2002-2012.

**Table 9: Agricultural Credit Performance Of Foreign Banks (FBs).
(In billion Taka)**

Year	Disbursement Target	Actual Disbursement	Recovery	Overdue	Outstanding	Overdue as % of outstanding
FY08	3.69	8.54	8.02	0.0	3.01	0.0
FY09	1.91	5.13	3.09	0.0	5.73	0.0
FY10	4.64	5.54	4.76	0.0	5.19	0.0
FY11	5.82	5.46	10.40	0.0	3.31	0.0
FY12	5.47	4.82	5.15	0.00	2.26	0.0

Source: Agricultural Credit and Financial Inclusion Department, Annual Report, Bangladesh Bank; 2002-2012.

**Table 10: Agricultural Credit Performance of Domestic Private Sector Commercial Banks (PCBs).
(In billion Taka)**

Year	Disbursement Target	Actual Disbursement	Recovery	Overdue	Outstanding	Overdue as % of outstanding
FY08	9.65	15.60	8.27	0.50	16.73	2.99
FY09	18.57	17.80	14.27	0.31	18.55	1.67
FY10	25.95	22.84	19.85	0.38	21.08	1.80
FY11	30.49	24.28	21.89	1.25	26.62	4.70
FY12	47.43	43.33	32.85	1.31	42.56	3.08

Source: Agricultural Credit and Financial Inclusion Department, Annual Report, Bangladesh Bank; 2002-2012.

**Table 11: Credit Performance of NGOs.
(In billion Taka)**

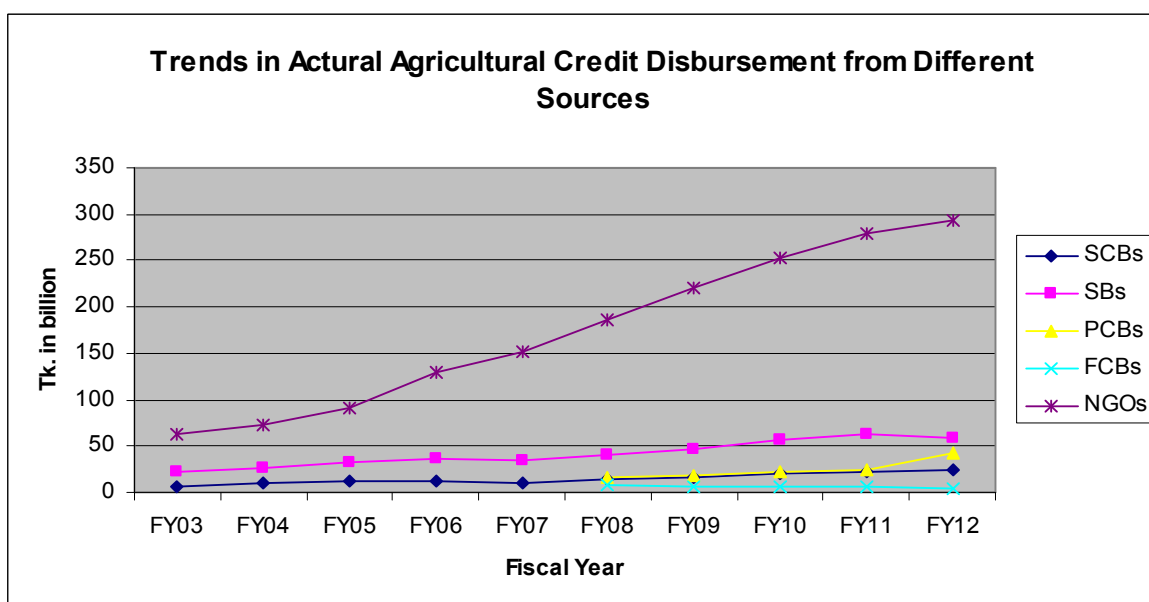
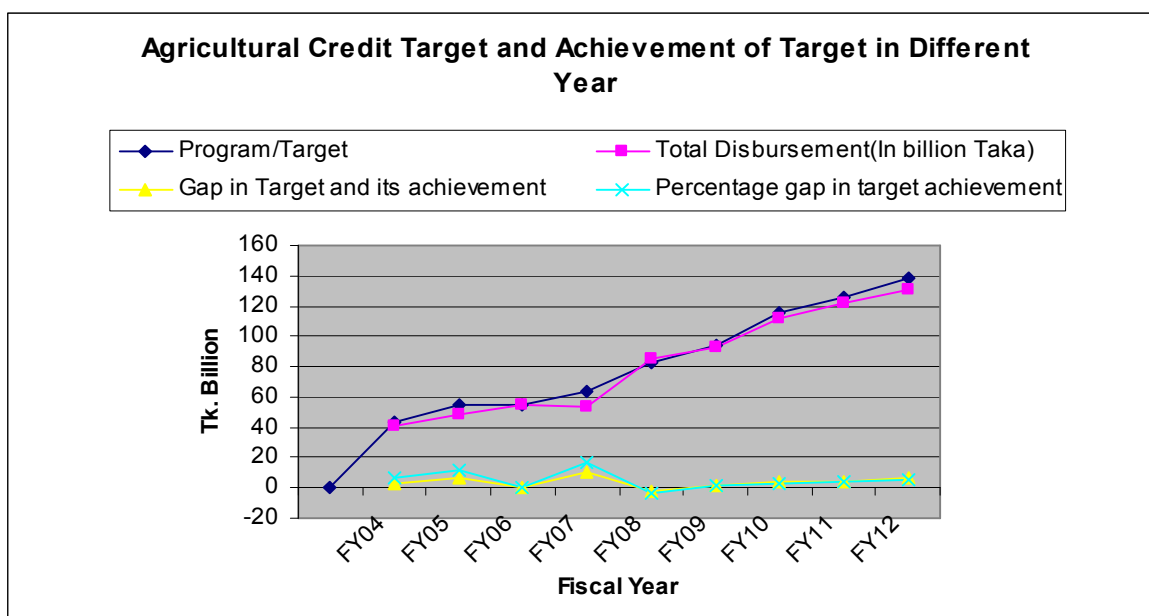
Year	Disbursement	Recovery	Overdue	Outstanding	Overdue as % of outstanding
FY04	72.4	63.2	1.9	46	3.8
FY05	91.0	78.6	3.1	59.4	5.3
FY06	129.0	116.1	3.3	80.6	4.1
FY07	156.6	137.3	4.4	102.1	4.3
FY08	198.0	171.1	6.2	102.7	5.1
FY09	222.0	224.7	6.9	132.6	5.2
FY10	253.45	213.94	7.14	153.35	4.66
FY11	278.64	256.95	6.91	175.69	3.93
FY12	293.65	232.27	6.00	207.51	2.89

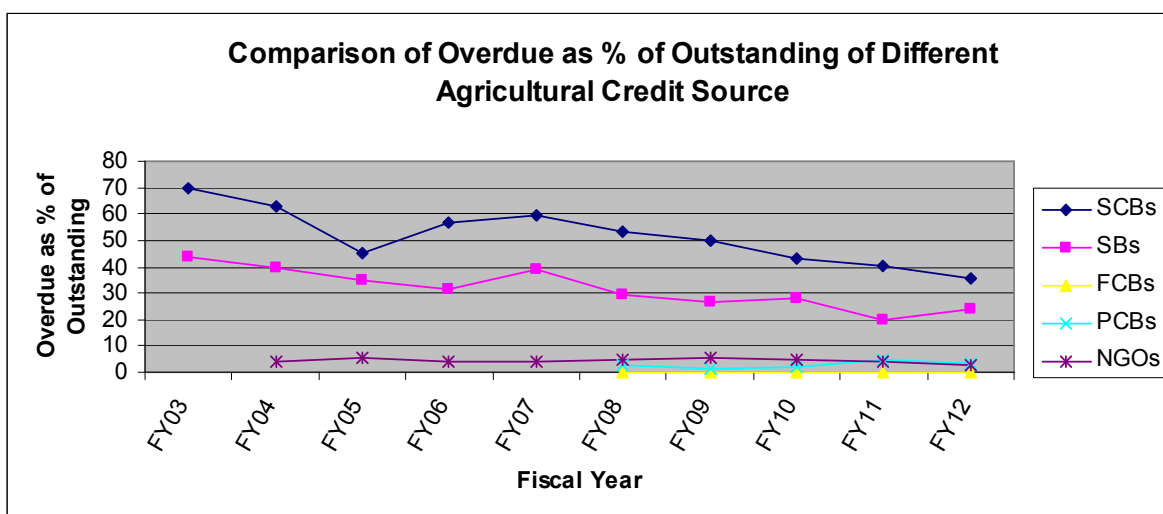
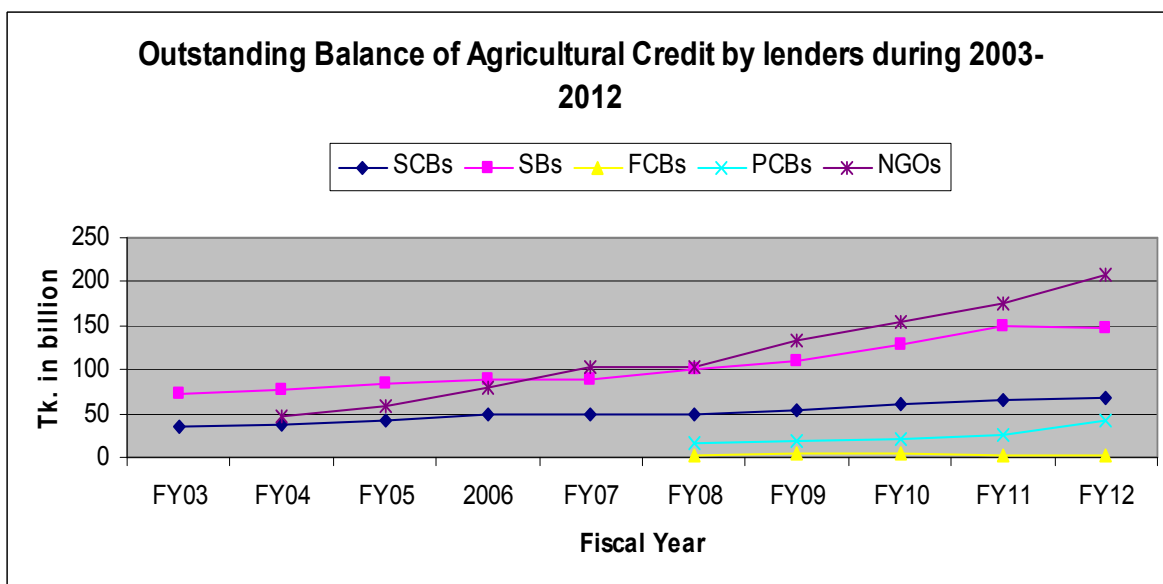
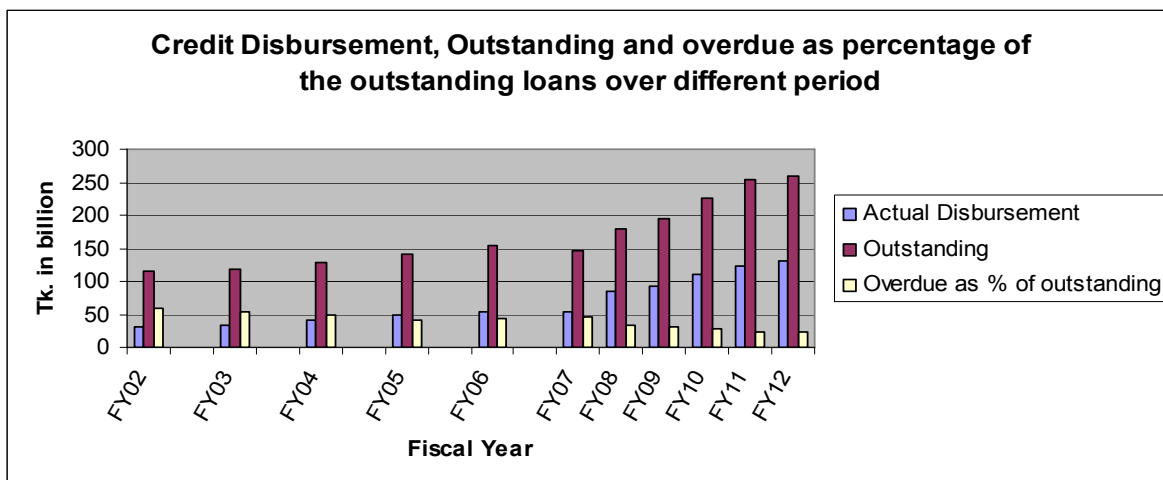
Source: Agricultural Credit & Special Programmes Department, Bangladesh Bank.

Table 12: Number of Banks and their Branches in Urban and Rural areas.

Banks	Number	Branches	
		Urban	Rural
State-Owned	04	1238 (36.58%)	2146 (63.42%)
Specialized	05	155 (11.41%)	1203 (88.59%)
Private	30	1295 (72.55%)	490 (27.45%)
Foreign	09	49 (100%)	0 (0.00%)

Source: Bangladesh Bank.





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