



# **STATE BANK OF PAKISTAN**

## **AGRICULTURAL CREDIT DEPARTMENT**

ACD  
MISSION

Availability of Adequate  
and Timely Credit

AND

Improving Living Standard  
of Rural Community

WITH

Dissemination of Knowledge,  
Counselling & Problem Solving  
Approach

State Bank of Pakistan  
I.I. Chundrigar Road, Karachi  
Pakistan  
([www.sbp.org.pk](http://www.sbp.org.pk))

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**PRIVILEGES AVAILABLE TO FARMERS  
UNDER AGRICULTURAL LOANS SCHEME**

1. **Functions of Agricultural Credit Department:**

- (a) To maintain an expert staff to study all questions relating to agricultural credit and be available for consultation by the Federal and Provincial Governments, Provincial Cooperative Banks and other banking organizations.
- (b) To co-ordinate the operations of banks in connection with agricultural credit and its relations with the Provincial Cooperative banks and other organizations engaged in the business of agricultural credit.

2. **Agricultural Credit under Supervised Agricultural Credit Scheme**

Supervised Agricultural Credit Scheme is a system of providing agricultural credit to the farmers at their door-steps or within their easy access, in the form of an integrated package of finance, supplies of essential inputs and technical guidance on farm management in addition to supervision of end use of finance and advise on marketing of agricultural produce. This Scheme has been designed to cover entire Pakistan, which comprises 458 tehsils with **no restriction of territorial jurisdiction**. In addition to ABL, HBL, MCB, NBP, UBL ADBP & Provincial Cooperative Banks, 13 Domestic Private Banks are also participating in the Supervised Agricultural Credit Scheme.

3. **Eligibility**

Finance can be provided to all categories of farmers in Pakistan (owner, owner cum tenant and tenant). The Commercial Banks will not reject any application for agriculture loan, except for the following valid reasons that must be recorded in writing:

- ✂✂ The applicant is not a genuine farmer.
- ✂✂ The applicant's name does not appear in the Revenue records.
- ✂✂ The applicant is a defaulter of the banking system.
- ✂✂ The applicant is unable to produce proper securities / sureties / pass book.
- ✂✂ Credit proposal in excess of entitlement.

4. **Land Holding**

Details of the land holding for all categories of farmers in the provinces are classified as follows:

Province	Subsistence holding	Economic holding	Above Economic holding
Punjab	Up to 12.5 Acres	Above 12.5 to 50 Acre	Above 50 Acres
NWFP	Up to 12.5 Acres	Above 12.5 to 50 Acre	Above 50 Acres
Sindh	Up to 16 Acres	Above 16 to 64 Acre	Above 64 Acres
Balochistan	Up to 32 Acres	Above 32 to 64 Acre	Above 64 Acres

**Indicative per acre Credit Limit  
for Major Agricultural Crops**

The indicative per acre credit limit of each farmer / grower / borrower for major crops has been determined as under :

Sr. No.	Name of Crop	Indicative per acre credit limit
1.	Wheat	Rs. 4000/-*
2.	Cotton	Rs. 6000/-
3.	Sugarcane	Rs. 8000/-
4.	Paddy (Rice)	Rs. 4500/-
5.	Potato	Rs. 11000/-
6.	Tobacco	Rs. 9000/-
7.	Other Crops	As per actual cost.

\* The indicative per acre credit limit for wheat can be availed up to Rs. 5000/- if Thresher is borrowed / rented by the farmer.

**5. Classification of Agricultural Finances**

Agricultural Financing is classified under following three heads:

**Sector-wise**

Farm and Non-farm credit

**Term-wise**

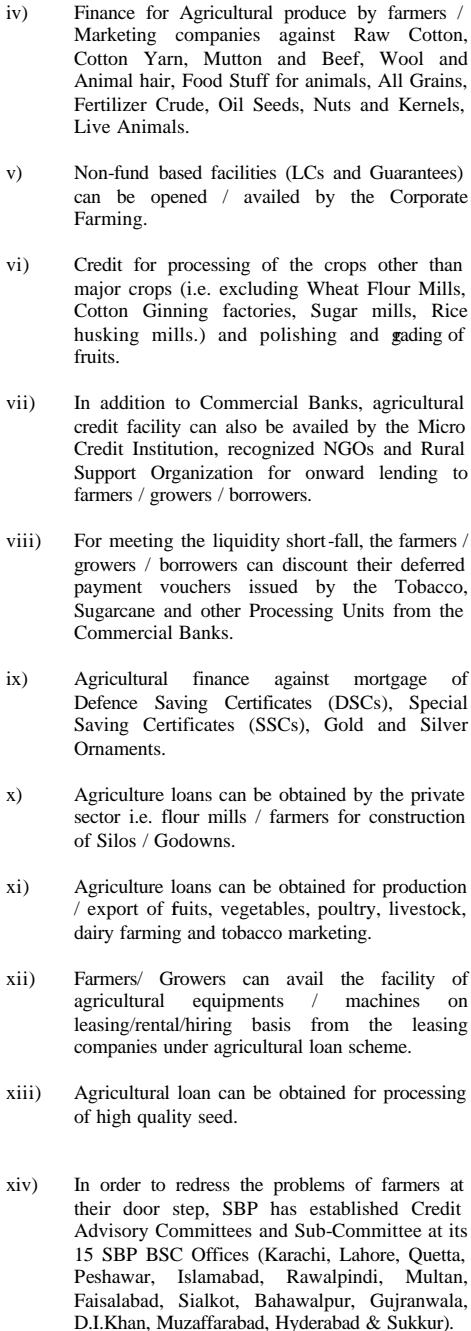
Short-term	up to 2 years
Medium-term	up to 5 years
Long-term	Above 5 years

**Purpose-wise**

Production loans  
Development Loans

**6. Current Facilities Available to Farmers**

- i) Running Finance from the banks on the basis of multiple / revolving limits for a period of three years in addition to demand finance in single disbursement.
- ii) Revolving limits can be availed not only against 100% adjustment / repayment of previous loan but also in case of partial adjustment / repayment without any fresh documentation.
- iii) Lease financing facility against pledging of Tube- wells, Tractors with the banks if these are free from all encumbrances.

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- iv) Finance for Agricultural produce by farmers / Marketing companies against Raw Cotton, Cotton Yarn, Mutton and Beef, Wool and Animal hair, Food Stuff for animals, All Grains, Fertilizer Crude, Oil Seeds, Nuts and Kernels, Live Animals.
  - v) Non-fund based facilities (LCs and Guarantees) can be opened / availed by the Corporate Farming.
  - vi) Credit for processing of the crops other than major crops (i.e. excluding Wheat Flour Mills, Cotton Ginning factories, Sugar mills, Rice husking mills.) and polishing and grading of fruits.
  - vii) In addition to Commercial Banks, agricultural credit facility can also be availed by the Micro Credit Institution, recognized NGOs and Rural Support Organization for onward lending to farmers / growers / borrowers.
  - viii) For meeting the liquidity short-fall, the farmers / growers / borrowers can discount their deferred payment vouchers issued by the Tobacco, Sugarcane and other Processing Units from the Commercial Banks.
  - ix) Agricultural finance against mortgage of Defence Saving Certificates (DSCs), Special Saving Certificates (SSCs), Gold and Silver Ornaments.
  - x) Agriculture loans can be obtained by the private sector i.e. flour mills / farmers for construction of Silos / Godowns.
  - xi) Agriculture loans can be obtained for production / export of fruits, vegetables, poultry, livestock, dairy farming and tobacco marketing.
  - xii) Farmers/ Growers can avail the facility of agricultural equipments / machines on leasing/rental/hiring basis from the leasing companies under agricultural loan scheme.
  - xiii) Agricultural loan can be obtained for processing of high quality seed.
  - xiv) In order to redress the problems of farmers at their door step, SBP has established Credit Advisory Committees and Sub-Committee at its 15 SBP BSC Offices (Karachi, Lahore, Quetta, Peshawar, Islamabad, Rawalpindi, Multan, Faisalabad, Sialkot, Bahawalpur, Gujranwala, D.I.Khan, Muzaffarabad, Hyderabad & Sukkur).

- xv) A farm loan Help Desk is functioning under the supervision of a Joint Director at Agricultural Credit Department, State Bank of Pakistan, Karachi.

7. **Security / Surety**

a) **Pass Books**

Agricultural Credit can be availed against security of land by creating charge under the Pass Book System, on the basis of realizable value / forced sale value. (Value of land should be calculated at Rs. 400/- per produce index unit-PIU).

b) **Personal Sureties**

Agricultural Credit can also be availed against personal surety of Rs. 100,000/- per farmer per year. However, total guarantee of one guarantor / person can not, in any case, exceeds Rs. 500,000/- excepting processing unit.

8. **Documentation.**

a) **Agricultural Production / Development Finance against Pass Book**

- i) Agreement-cum-guarantee Form.
- ii) Charge Creation Certificate.
- iii) Photo copy of Registration booklet of Tractor / Trailer etc. registered in joint names of Bank and Borrower (wherever applicable).
- iv) Comprehensive Insurance Policy with Bank clause. (wherever applicable).
- v) National Identity Card.

b) **Agricultural Production / Development Finance against two personal sureties**

- i) Agreement-cum-guarantee Form.
- ii) Fard Jamabandi for landowners in the Provinces of Punjab, N.W.F.P. and Balochistan.
- iii) Deh Form-VII for landowners in the Province of Sindh.
- iv) Khasra Girdwari for Tenant cultivators.
- v) National Identity Card.

9. **Mark-up Rates**

State Bank of Pakistan has not fixed any maximum or minimum cap on mark-up for Agricultural Finance extended by the Commercial Banks. However, agricultural finance can be

availed from ADBP and Provincial Cooperative Banks at a maximum mark-up rate of 14% per annum.

**10. Mandatory Credit Target**

The State Bank of Pakistan fixes Mandatory Credit Target for the Commercial Banks for Agriculture Loan.

**11. Normal Sowing / Harvesting Timings For Major Crops.**

Crop	Normal Times of Sowing				Normal Times of Harvesting			
	Punjab	Sindh	NWFF	Balo-chistan	Punjab	Sindh	NWFF	Balo-Chistan
Wheat	Oct/Nov	Sept/Nov	Oct/Nov	Sept/Nov	May/June	Apr/June	May/June	Apr/June
Cotton	May/June	Apr/June	Apr/May	-	Oct/Dec	Sept/Dec	Oct/Dec	-
Rice	June/July	June/July	June	June/July	Oct/Nov	Sept/Nov	Oct	Nov
Sugarcane	Feb/Mar	Febr/Mar & Sept/Oct	March & Sept/Oct	Feb/Mar	Nov/Mar	Oct/Apr	Nov/Mar	Nov
Tobacco	Jan/Mar	Sept	Nov/Dec & Mar	May	June	Oct/Nov	May/June & Sept/Oct	Oct & Dec

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**In case of assistance kindly contact:**

Director  
Agricultural Credit Department

Tel. No. (021) 9212495

(021) 9212498

Fax No. (021) 9212457

**Mailing Address:**

State Bank of Pakistan  
Agricultural Credit Department  
I.I. Chundrigar Road, Karachi  
Pakistan

**Note:** Detailed material relating to Agricultural Loan Scheme is available with the Agricultural Credit Department, State Bank of Pakistan, Karachi