

STATE BANK OF PAKISTAN INTRODUCES A NEW REVOLVING CREDIT SCHEME FOR FARMING/RURAL COMMUNITY

The State Bank of Pakistan has with immediate effect introduced a new “Revolving Credit Scheme” for the farming/rural community. This Scheme shall ensure availability of adequate & timely bank credit to farmers/growers/borrowers for a period of THREE YEARS with one time documentation, partial repayments & automatic annual renewals. The Scheme has been designed/developed by the State Bank of Pakistan, Domestic Commercial Banks, Zarai Taraqati Bank Limited (ZTBL) & Punjab Provincial Co-Operative Bank.

The salient features of the new “Revolving Credit Scheme” are as under:-

- ◆ One time sanction of credit limit on revolving basis for a period of THREE YEARS with chequing facility.
- ◆ One time documentation.
- ◆ Purely Cash Facility.
- ◆ Multiple operations permissible.
- ◆ Flexibility in the use of limit as per choice/priority of the borrowers.
- ◆ Only the amount withdrawn/limit availed attracts Mark-Up.
- ◆ Partial Re-Payments permissible.
- ◆ Fixed limit on the basis of existing land holding, other rural/urban properties/collaterals & against personal sureties and flexible on the basis of increased land holding/securities during the period as per provisions of the Supervised Agricultural Credit Scheme.
- ◆ Full adjustment/complete cleaning of the account (Principal Plus accrued Mark-Up) anytime during the year as per choice & convenience of the borrower.

The definition /procedure of the Revolving Credit Scheme shall remain the same for all banks. With a view to create awareness among the farming community about the benefits / privileges of the Scheme and to ensure its success & smooth utilization, the Revolving Credit Scheme would be available in a small “Booklet” in English, Urdu & other regional languages. The Booklets would be widely circulated by the State Bank of Pakistan to all stake-holders viz. Banks/Branches, Ministry of Food, Agriculture & Livestock (MINFAL), Provincial Agricultural Ministries, Provincial Agriculture Chambers, Federation of Agriculture Pakistan, Farmers’/ Growers’ Associations, Abadgar Associations, electronic & print media.

It may be recalled that the State Bank of Pakistan, during the past few years, has completely revamped the Agriculture Credit Scheme by enhancing the eligibility criteria including complete value-chain of activities from inputs, equipment and machinery, production, transportation, storage, godowns and silos, processing, packing and marketing to distribution and export in the Scheme. It has also simplified all the procedures and standardized the documentation required for agriculture credit.