

August 11, 2010

## SBP issues fresh instructions to banks for streamlining agricultural lending procedures/documentation

The State Bank of Pakistan has issued fresh instructions to all banks for streamlining the agricultural lending procedures and documentation in order to ensure timely disbursement of agri. credit to the farming community.

According to a Circular (ACD Circular No. 2) issued today, the State Bank in consultation with banks has revised the list of documents to be obtained against various kinds of agri. loans and streamlined the turnaround time for agri. loan processing to avoid unnecessary delay in sanctioning of agri. loans.

With a view to further strengthening the existing agri. lending structure and remove lapses in agri. loan management, the SBP has asked the banks to take the following measures by 31<sup>st</sup> December, 2010:

- Develop a comprehensive Agriculture Finance Policy in line with Prudential Regulations (PRs) duly approved by their Board of Directors.
- Set up and maintain a fully dedicated Agri. Finance Department/Division/Unit equipped with qualified agri. financing experts and officers with specified job responsibilities and career progression opportunities.
- Develop an overall annual regional agricultural portfolio plan and assign targets for disbursement, growth in outstanding portfolio & number of borrowers to respective agri. designated branches. The concerned Regional Business Chiefs or Area Heads to be made responsible for the achievement of the targets.
- Number of agri. designated branches and Agricultural Credit Officers to be increased significantly in a phased manner, in proportion to the overall credit portfolio of the area and potential of agricultural activities.
- Delegate adequate powers to each agri. designated branch or it's nearest zonal or area office for sanctioning small agri. loans with requisite internal control functions in place.
- Launch financial literacy program for awareness of the farming community about agri. lending products / schemes of the bank.
- Provide the field functionaries necessary logistics, communication and other facilities to ensure timely delivery of services including spot verification, processing, disbursements, follow-up and recovery.

The State Bank has advised all banks to strictly comply with above instructions and maintain proper record for inspection purposes. SBP and its field offices (SBP-BSC) will also monitor the compliance on regular basis, the circular added.

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