



External Relations Department

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Governor Wathra directs Banks to improve regional and sectoral allocation of agri. credit

Governor State Bank of Pakistan Mr. Ashraf Mahmood Wathra has urged the banks to understand the needs of the economy and focus on agri. financing as it is a viable business activity having huge cash flows, and significant contribution in GDP with strong backward and forward linkages.

He was addressing the annual meeting of the Agricultural Credit Advisory Committee (ACAC) which was held under his chairmanship in Multan today. The meeting was attended by senior officers of SBP, presidents and executives from commercial banks, specialized banks, microfinance banks & Islamic banks, representatives of federal & provincial governments, and farmer chambers/associations.

While delivering his keynote address, Mr. Wathra highlighted the active role played by the Central Bank for promoting agri finance in the country. He emphasized that over the years State Bank of Pakistan has adapted itself into the role of a facilitator and developmental partner of financial institutions to accelerate the growth of agriculture finance in the country.

He further stressed that financial institutions need to strengthen their agricultural finance policies, increase dedicated human resource, simplify lending procedures, rationalize lending rates, work diligently for creating mass awareness, and develop other prerequisites for building lending portfolios and timely provision of credit to farmers and harness untapped potential of agri. credit demand in the country.

The keynote address was followed by a briefing wherein the performance of banks on key indicators relevant to agricultural financing was reviewed. The briefing also covered important initiatives taken by SBP to improving the access of financial services to marginalized farmers. The participants deliberated on the way forward for credit enhancement in the underserved provinces/regions. The ACAC members proposed, amongst other things, the need for collaboration of banks and government departments for promotion of agri. credit, enhancement of agri. credit infrastructure in underserved areas and development of Shariah compliant products and services for meeting the financial requirements of faith sensitive clients.

The meeting was informed that during FY 2015-16, banks disbursed agricultural credit of Rs 598.3 billion which is nearly 100% of the overall annual target of Rs 600 billion and 16% higher than the disbursement of Rs 515.9 billion made during FY 2014-15. Moreover, for FY 2016-17, during the first six months (July-December, 2016) financial institutions have disbursed Rs 301.7 billion which is 43.1 percent of the indicative target of Rs 700 billion for the year.

The ACAC proposed the following key actions:

- I. Allocation of geographical and sector wise targets and enhancement of agri. credit infrastructure particularly in underserved area;
- II. Expediting the loan approval process by delegation of authority at branch/regional level;
- III. Development/adoption of digital innovations to improve financial services of the small farmers;
- IV. Devise mechanism to provide wholesale lending products to microfinance Banks/Institutions to strengthen outreach of small farmers;
- V. Development of long term financing facility for the promotion of fruit orchards;



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- VI. Creating financial awareness among the masses to make informed choices for improving their livelihood.

While concluding Governor, State Bank of Pakistan, reiterated the SBP's vision on financial inclusion and the ongoing efforts for broadening access to finance to the least served segments of the country. The financial institutions were encouraged to explore new markets, develop innovative products, increase use of alternative delivery channels, value chain financing, and create more linkages for improving livelihoods in the country. He thanked the participants and hoped that all stakeholders will play their part in development of country.

In Multan, Governor also chaired a meeting with the senior representatives of the Chambers of Commerce and Industry of Multan, Faisalabad, Sahiwal, Bahawalpur and D G Khan. The Governor highlighted various initiatives taken by SBP for the promotion of exports, SMEs and agricultural activities. The representatives of various chambers apprised about the issues faced by them regarding banking services and made suggestions to improve them. The Governor assured them that SBP would resolve their issues in consultation with the banks.
