



External Relations Department

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Agricultural Credit Disbursement Increased to Rs 972.6 billion in FY 2017-18

Banks have disbursed **Rs 972.6 billion** for FY 2017-18. The current year's disbursement is 38.1% higher than the last year's disbursements of Rs 704.5 billion. Further, the agri. outstanding portfolio increased to Rs 469.4 billion on end June, 2018 registering a growth of 15.7% compared with the last year's position of Rs 405.8 billion. Similarly, the agricultural credit outreach has increased to 3.72 million farmers at end June 2018 from 3.27 million farmers last year recording growth of 13.8%.

The achievement of agri. credit disbursement was a challenging task in the backdrop of various real side challenges like; water shortage, low production of maize & wheat, price volatility of agri. produce and high cost of production. However, SBP made concerted efforts for achieving the agri. credit disbursement target and implementing various budgetary initiatives set by the government. These efforts included; provision of enabling regulatory environment for agri. lending institutions, sensitizing banks to adopt agri. financing as a viable business proposition, exploring new avenues of financing; value chain financing, digitalization of credit, warehouse receipt financing and implementation of credit guarantee scheme for small and marginalized farmers etc.

In addition, SBP has made various initiatives for promoting agri. credit, which include allocation of regional targets, recruitment of ACOs by organizing job fairs in agri. universities and continuous follow up with banks for the achievement of the targets. Further, farmer's awareness programs at grass root level have also helped in improving agri. disbursement in underserved areas.

The analysis of agri. credit disbursement during FY 2017-18 reveals that five major banks collectively disbursed agri. loans of Rs 523.9 billion or 101.5 % of their annual target of Rs 516 billion which is higher by 52.9% from Rs 342.6 billion disbursed during last year. Under specialized banks category, ZTBL disbursed Rs 83.2 billion or 66.6% of its annual target of Rs 125 billion while PPCBL disbursed Rs 10.7 billion by achieving 71.5% against its target of Rs 15 billion during FY 2017-18.

Fifteen domestic private banks as a group achieved 92.4% against the target of Rs 200 billion and five Islamic Banks achieved 82% of their total target of Rs 20 billion. Further, the performance of Microfinance Banks and Microfinance Institutions remained encouraging and collectively these institutions surpassed their annual targets by disbursing Rs 124.8 billion and 28.7 billion respectively to small farmers during FY 2017-18.
