

# **11** **ROLE OF LOCAL CREDIT ADVISORY COMMITTEES**

## **11.1 Overview**

Local Credit Advisory Committees (LCACs) were constituted in the field offices of SBP-BSC in the year 2000 for providing an open forum for business community, agriculturists and bankers to sit together and discuss banking / credit related problems and find out amicable solutions of these problems. These committees act under the chairmanship of the Chief Managers of respective field office. The representatives of banks, chamber of commerce and industries, farmers' associations and concerned government departments participate in the meetings. LCAC discusses and resolves the issues at regional / local level. A sub-committee on agriculture is also formed at each field office which discusses the issues relating to agriculture sector precisely. In a nutshell, these committees not only provide bankers, traders and farmers associations etc. an open forum to discuss and resolve their issues at local level but also provide feedback to the relevant departments of State Bank of Pakistan (SBP) and BSC for taking suitable remedial measures to overcome the genuine grievances of the stakeholders.

## **11.2 Meetings of Local Credit Advisory Committee**

During FY07, a total number of 52 meetings of LCACs / Sub-committees were held as compared to 64 meetings in the preceding year. These meetings were largely attended by the representatives of concerned government departments, banks, chamber of commerce and industries and farmers' associations. A variety of issues relating to banking / agricultural credit and the working of government departments were discussed in the meetings and their solutions were proposed. During these meetings the Chief Managers also apprised the participants of various SBP policies, credit schemes and financial services for their knowledge and benefit. Table 11.2 summarizes a comparative position of LCACs meetings held at field offices.

Table 11.2 LCAC Meetings held at field offices							
S #	Field Offices	No. of Meetings		S #	Field Offices	No. of Meetings	
		2005-06	2006-07			2005-06	2006-07
1	Bahawalpur	9	4	9	Multan	4	4
2	D. I. Khan	4	3	10	Muzaffarabad	3	4
3	Faisalabad	5	4	11	Peshawar	4	4
4	Gujranwala	4	5	12	Quetta	2	4
5	Hyderabad	3	1	13	Rawalpindi	2	-
6	Islamabad	4	4	14	Sialkot	6	2
7	Karachi	5	6	15	Sukkur	4	3
8	Lahore	5	4				
Total						64	52

### 11.3 Solving the Problems of Stakeholders

LCACs at all the field offices continued to play their vital role for redressing the grievances of the stakeholders. Chief Managers, through meetings and visits in their respective area, consulted various associations / representatives / groups to have an insight of the problems and difficulties experienced by them in connection with various financial services, schemes and issues / problems concerning SBP / commercial banks and resolved some of the issues at local level. In such cases where the issues could not be resolved locally and involve policy areas the same were referred to either SBP / BSC or concerned commercial bank for an immediate remedial action. In the meetings of LCAC, most of the issues raised by commercial banks, trade associations and farmers representatives pertained to credit disbursement and introduction of latest technology in the agriculture sector, high mark-up charged from agriculture and industrial sectors, effective recovery process to reduce non-performing loans, matters relating to currency management system in the field offices of SBP-BSC, non-cooperative attitude of the officials of the commercial banks and financial institutions etc. The stakeholders also put forward different proposals, which were thoroughly discussed in LCAC meetings and genuine problems were conveyed through LCAC Cell working at BSC, Head Office Karachi to concerned departments of SBP for their consideration. In addition, the grievances falling within the purview of Chief Managers were resolved at the LCAC level as per rules and regulations of SBP. The main issues discussed in the LCAC meetings are given in the Annexure of the report.

The meetings of LCACs although held in different field offices as a routine process but its performance and utility need to be improved further to achieve the purpose of its establishment. The task has therefore been entrusted to newly created Development

Finance Support Department for revamping of the function in a more productive and efficient manner.

### 11.4 Seminars, Workshops and Training Programs

The Chief Managers arranged various workshops and seminars under the umbrella of LCACs during FY07. These workshops / seminars were held in collaboration with different departments of SBP as well as outside agencies. In most of the cases the topics selected for these workshops / seminars included Agriculture Credit Outreach and Training Program, 6% Research & Development Support Scheme, issues pertaining to SMEs and Export Finance Scheme etc. Another purpose of these seminars / workshops was to update the stakeholders regarding recent modifications in the existing policies, rules and regulations as well as new instructions issued by the SBP on the above schemes. During FY07, a total number of 14 workshops / training programs and 10 seminars were held under LCAC as against 5 seminars and 7 workshops training programs held during the preceding year.

Table 11.4 (a) Workshops and other Training Programs arranged under LCAC				
S#	Field Office	Topic	No. of Seminars	
			2005-06	2006-07
1	Bahawalpur	Agriculture Credit Outreach & Training Program	1	-
		Agriculture Credit Outreach & Training Program	-	1
2	Faisalabad	Agriculture Credit Outreach & Training Program	1	-
3	Gujranwala	Agriculture Credit Outreach & Training Program.	-	1
4	Hyderabad	Agriculture Credit Outreach & Training Program	1	-
		Agriculture Credit Outreach & Training Program	-	1
5	Lahore	Agriculture Credit Outreach & Training Program.	-	1
6	Multan	Agriculture Credit Outreach & Training Program.	1	-
7	Muzaffarabad	Agriculture Credit Outreach & Training Program.	-	1
8	Peshawar	Agriculture Credit Outreach & Training Program	2	-
		Agriculture Credit Outreach & Training Program.	-	2
9	Quetta	Agriculture Credit Outreach & Training Program.	-	2
10	Rawalpindi	Workshop on Electronic Queue Management System for Chief Managers	-	1
11	Sialkot	Training session on 6% Research & Development Support Scheme	-	1
		Export Finance Scheme-Operational Aspects	-	1
		Know Your Customer and Anti Money Laundering	-	1
12	Sukkur	Agriculture Credit Outreach & Training Program	1	-
		Agriculture Credit Outreach & Training Program.	-	1
Total			7	14

<b>Table 11.4 (b) Seminars arranged under LCAC</b>				
<b>S#</b>	<b>Field Office</b>	<b>Topic</b>	<b>No. of Seminars</b>	
			<b>2005-06</b>	<b>2006-07</b>
1	Gujranwala	Issues in SMEs	1	-
		Role of SMEs in Economic Development	-	1
		Know your customer for the benefit of bankers and business community	-	1
2	Hyderabad	Issues in SMEs	1	-
3	Peshawar	Issues in SMEs	1	-
4	Quetta	Export Finance Scheme	-	1
		Issues in SMEs	-	1
5	Rawalpindi	Auditing Financing Operations- Onsite Inspection by SBP Audit Team.	-	4
		Cash Management	-	1
6	Sialkot	Issues in SMEs	1	-
		Financing imports and Exports-Mechanics	-	1
7	Sukkur	Issues in SMEs	1	-
<b>Total</b>			<b>5</b>	<b>10</b>