

Following News Story was published by Dawn on June 16, 2022 titled 'Banks miss agri credit targets'



News Story Published June 16, 2022

Banks miss agri credit targets

KARACHI: Banks disbursed Rs1,059 billion during July-April (FY22), falling short of the assigned target of Rs1.7 trillion during April-July 2022-23 (10MFY22) by 37 per cent, the quarterly follow-up meeting of the Agricultural Credit Advisory Committee (ACAC) was informed on Wednesday.

Chairing the meeting, Deputy Governor State Bank of Pakistan (SBP) Sima Kamal appreciated the efforts of banks in disbursing Rs1,059bn during the period under review.

However, she noted with concern the relatively slow performance in terms of a 1.4pc decline in agriculture credit disbursement as compared to Rs1,074bn disbursed during the same period last year and attributed it to the slowdown in performance of some major commercial and specialised banks. The performance of mid-sized commercial banks, Islamic banks, and microfinance banks and institutions has improved over the year.

The ACAC meeting took stock of the newly developed agriculture credit scoring model to measure the performance of banks adopted by the SBP and reviewed the scoring model's results up to March 2022.

HBL ranked first among large banks, with a score of 63.7 out of 100; Bank of Punjab ranked first among mid-sized banks, with a score of 65.2; Meezan Bank ranked first among Islamic banks, with a score of 42.4; and HBL Microfinance Bank ranked first among microfinance banks, with a score of 73.4. The participants were informed that the performance scorecards of all agriculture-lending banks will be published annually on SBP's website.

Ms Kamal appreciated the growth in provincial disbursement of agriculture credit across all underserved areas. The disbursement in Balochistan increased by 73pc during July-April (FY22) as compared to July-April (FY21); 55pc in Gilgit-Baltistan (GB); 43pc in Azad Jammu & Kashmir (AJK); 23pc in Sindh; and 17pc in Khyber Pakhtunkhwa (KP). She highlighted that this improvement was the result of various interventions, including the Champion Bank model, which was adopted at the last ACAC meeting.

The ACAC nominated six banks as champions under the champion bank model in December 2021 including HBL for Balochistan, HBL Microfinance Bank for GB, National Bank of Pakistan for AJK, Bank of Khyber for KP, (v) UBL for Sindh and the Bank of Punjab for the Southern Punjab region. Another key decision of the last ACAC meeting was to develop a strategy for the promotion of Electronic Warehouse Receipt Financing (EWRf). The participants were apprised that the EWRf Uptake Strategy has been developed and its various actions have been implemented, including the establishment of the EWRf Taskforce, the signing of Service Usage Agreements of banks with

collateral management company, the allocation of EWRF targets to banks, and the capacity building of stakeholders, among others.

Following clarification/rebuttal was issued to Dawn in response to the story published on June 16, 2022 titled ‘Banks miss agri credit targets’:

The subject article published by dawn on June 16, 2022 is factually incorrect and misleading. It is clarified that the agriculture credit disbursement target of Rs. 1.7 trillion is allocated to banks for the entire FY22 (July 2021 - June 2022), as opposed to the period ‘April-July 2022-23 (10MFY22)’ as stated by Dawn in the said article.

Moreover, banks have disbursed Rs. 1,059 billion during the first 10 months of FY22 (July 2021 - April 2022). The full year performance for FY22 will be released in July 2022, where it is expected that the annual agriculture credit disbursement will be close to the assigned annual target of Rs. 1.7 trillion, as committed by banks during the Quarterly Follow-up meeting of Agricultural Credit Advisory Committee (ACAC) held on June 15, 2022.

DAWN

Clarification Published June 18, 2022

“Banks miss agri credit targets”

APROPOS a news report headlined “Banks miss agri credit targets” published in Dawn on June 16, the State Bank of Pakistan has clarified that the agriculture credit disbursement target of Rs1.7 trillion is allocated to banks for all of FY22 (July 2021-June 2022) and not ‘April-July 2022-23’ as mentioned in the report. The error is regretted.

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