



2014

**INDICATIVE
CREDIT LIMITS
AND
ELIGIBLE ITEMS
FOR
AGRI.
FINANCING**



**Agricultural Credit &
Microfinance Department
State Bank of Pakistan**
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1. Introduction

Since promulgation of *Loans for Agriculture Purposes Ordinance, 1973*, later replaced by *Loans for Agriculture Purposes Act, 1973 (Act. No. XLII of 1973)* the State Bank of Pakistan (SBP) has been endeavored to ensure provision of adequate credit to farmers through specialized and commercial banks. The scope was further enhanced to the microfinance banks and Islamic banks during last few years.

The first Sub-committee of experts to assess actual credit requirements of the agri. sector was formulated by the Agricultural Credit Advisory Committee (ACAC) in April 1973. The Sub-committee was entrusted to develop a methodology relating to the preparation of estimates of agri. credit requirements. This sub-committee submitted its first report on estimates of agri. credit requirements in 1974 and which was periodically revised in 1979, 1983, 1989, 2001, 2006 and 2008.

Since the last revision in 2008, prices of agri. inputs, such as fuel, fertilizer, pesticides, seeds, and labor have increased manifold, thus significantly affecting the per acre cost of production. Therefore, it was felt necessary to revise the per acre credit limits for various crops, orchards and forestry. In addition, credit estimation on the basis of raw chemicals like potash, nitrogen, and sodium also need to be revised in the wake of increased usage of patented pesticides and weedicides by farmers.

Accordingly, a committee of experts headed by the Executive Director (Development Finance Group), SBP and comprising representatives of Pakistan Agriculture Research Council (PARC), farmers' representatives and agri. heads of major banks was constituted to review the existing indicative Agri. Credit Limits & List of Eligible Items for Agri. Financing and revise/update the same appropriately, especially in terms of per acre indicative credit requirements, coverage of farm (crop) and non-farm (non-crop) sector activities and the list of items eligible for financing.

1.1. Scope and Methodology

This handbook gives estimates of per acre inputs of seeds, fertilizers, pesticides, etc. for various crops for onward calculation of cultivation cost of these crop and financial requirements of growers. The estimates are derived from the data/ figures received from provincial planning and agriculture departments, Pakistan Agricultural Research Council (PARC), Agri. Policy Institute (API), Punjab Economic Research Institute (PERI) and banks involved in agri. financing. The list of eligible items in the report is also updated and revised on the basis of feedback from stakeholders.

1.2. Revisions and Additions in the Report

- The report title is changed as *Indicative Credit Limits & List of Eligible Items for Agri. Financing* from *Estimation of Agricultural Credit Requirements*.
- Total cash and credit requirements for seeds, fertilizers, and pesticides for medium and large farms are revised to 80% and 60%, respectively, compared to 70% and 50% in the earlier report. For small farms, it will remain 100%.

- Developed working table for assessment of per acre credit for each crop, which may be used by field officers in case of variation in limits rather than indicative lending limits (Tab. 3.2).
- Province/Region wise per acre indicative credit limits of various crops, orchards, and forestry have been reviewed. Based on feedback of stakeholders, input estimates received from different provinces and the current market prices of various inputs, it was observed that there was very low cost variation among provinces. As such the estimates for crops, orchards, and forestry have been updated and revised on national basis.
- Per acre use of fertilizers for major crops and orchards has been updated.
- Size/Classification wise number of farms as percentage of total number of farms in province has been defined (Table 2.5).
- Medium-sized farms for non-farm activities have been defined.
- New crops have been added to the list.
- Bifurcation of maize crop in to two segments: maize & maize-hybrid.
- List of eligible items for agri. financing updated.
- Orchards redefined.

1.3. Definitions

1.3.2 Agriculture Financing

According to the Prudential Regulations of SBP, agricultural financing includes:

i. Farm (Crop) Credit

- Production loans for inputs like seeds, fertilizers, pesticides.
 - Working capital to meet farming expenses.
 - Farm development finance, including finance for the improvement of agricultural land, orchards, construction of godowns and storage of seed or raw agriculture/farm produce.
 - Finance for the purchase of agricultural machinery and equipment like tractors, threshers, harvesters, levelers and other farm implements, etc.
 - Credit card holders are eligible to use their cards for the purposes of agri. financing.
 - Non-fund based facilities (Letter of Guarantee/SBLC, Letter of Credit, etc.) for procurement/import of agri. supplies by corporate and non-corporate farmers.
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ii. Non-farm (Non-Crop) Credit

Financing for livestock, dairy, poultry, fisheries, sericulture, apiculture and floriculture.

Generally, Agri. Financing also covers the items published in “Indicative Credit Limits & List of Eligible Items for Agri. Financing” or any other item approved by SBP/Agricultural Credit Advisory Committee (ACAC) from time to time. Agri. financing shall not include loans to traders and intermediaries engaged in trading/processing agriculture commodities. Such lending would be categorized under Commercial or SME Financing and treated under Prudential Regulations for Corporate/Commercial Banking or SME Financing. However, agri. financing can be extended to entities (including corporate farms, partnerships and individuals) engaged in farming activity as well as processing, packaging, and marketing subject to compliance of Prudential Regulations for Agricultural Financing revised from time to time.

1.3.2 Cash Requirement Estimates

The annual agri. cash requirements are estimated by provincial planning departments in collaboration with provincial agriculture and extension services departments. These estimates are based on the cultivated area of various crops, and the estimated cost per acre of different inputs, in addition to development needs. The cash requirement of farmers for production and development expenditures for non-farm sector activities like livestock, fisheries and poultry is also estimated by provincial departments. The estimates are used for calculation of cash requirements of each province.

1.3.3 Credit Requirement Estimates

Different groups of farmers namely; large, medium, and small have varied incomes, large and medium farmers usually utilize their own funding, relying less on credit, compared with small or subsistence farmers, who are often solely dependent on credit to meet their financial requirements. Provincial planning and agriculture departments thus calculate the annual credit needs of the farming community on the basis of ratios provided in the estimation report for each type of activity which, inter alia, include short and medium farm sector activities, short and medium non-farm sector activities, small and large livestock, fisheries & poultry farms. The credit estimates are also used by SBP while fixing indicative annual agri. credit targets to banks.

1.3.4 Per Acre Credit Limit

To facilitate banks in assessing the credit needs of farmers, per acre credit limits for production inputs are provided for crops, orchards and forestry by SBP. These limits are indicative in nature and banks are allowed to vary from these limits based on the actual credit requirements of specific farmers, market conditions and the prices of farm inputs.

2. Credit Estimation by Provinces

Provincial planning & development and agricultural departments, while computing the cash requirements of farm sector activities will use crop acreage as a basis for calculating the requirements of various agri. inputs like seeds, fertilizers, pesticides, etc. Current market prices or government's fixed prices are used for calculations. Seed, fertilizer, and pesticide requirements are given below.

2.1. Seeds Requirement per Acre

The data received from various agencies, reveals that it has little bit difference among provinces, though no significant changes were witnessed in soil conditions, therefore, the technical data received from stakeholders in 2008 remains valid for 2013 with some changes mentioned in table 2.1. Further, according to studies conducted by PARC, many farmers are using larger than the proposed seed requirements per acre. However, keeping within the scope of the publication, simple averages of seed requirements collected from agri. universities and provincial governments were used to calculate the cash and credit requirements by the respective departments. The below mentioned table 2.1 is consists on revised per acre seed requirements, the minor revisions occurred in crops of irri rice, sugar beet, potato, onion, coarse grain and tobacco.

Table 2.1. Seed per Acre for various Crops

(in kg, unless otherwise indicated)

Sr.#	Crops	Requirements
1	Rice	
	a) Basmati	9
	b) Other varieties (Sugdasi, Latiffee, etc.)	12
	c) Irri	15
2	Wheat	
	a) Irrigated	53
	b) Rainfed (Barani)	57
3	Cotton	
	a) Delinted	12
	b) Linted	12
4	Maize	
	a) Hybrid	12
	b) Improved varieties	18
5	Sugarcane	3,700
6	Sugar beet	2
7	Potato	1,200
8	Vegetable (Overall)	10
9	Onion	3
10	Ladyfinger	14
11	Peas (Mutter)	17
12	Sunflower	4
13	Canola	2
14	Soybean	32
15	Oil seed (Overall)	4
16	Rapeseed and Mustard	2
17	Linseed	6
18	Coarse grain (Overall)	27
19	Millet (Bajra)	10
20	Gram	26
21	Sorghum (Jowar)	12
22	Moong	10
23	Masoor	11
24	Lentil	10
25	Groundnut	40
26	Tobacco	2 Kg /2.5 Acres Transplantation. Costing up to Rs 2,500 (in most of the cases paid by Tobacco Companies)

Sources: Provincial Planning & Development Departments, PERI, PARC, Agri. universities, API, PTC and Chambers of Agriculture.

2.2. Fertilizers and Pesticides

The use of fertilizers and pesticides depends on factors such as, capacity of the farmer to pay, selection of pesticides, awareness, uncertainty for rain-fed farms, and availability of irrigation water. For the annual estimation of the use of fertilizers and pesticides, the provinces may use their annual development plans.

To facilitate the stakeholders, average per acre use of fertilizers namely; Diammonium Phosphate (DAP), Urea, Nitro, Zinc, Single Super Phosphate (SSP), Sulphate of Potash (SOP), Ammonium Sulphate (AS), Triple Super Phosphate (TSP), Nitro Phosphate (NP), Ammonium Nitrate (AN), Potash (PO) and Muriate of Potash (MOP) for various crops is given in table 2.2. The averages are provided to estimate credit requirements only. Farmers should consult relevant experts and extension services in their area to find the exact quantity to be used on their land, which requires examination of the soil, type of seed, and other related parameters.

Table 2.2. Average use of Fertilizers per Acre for Crops

Sr #	Crops	(No. of Bags)											
		DAP	Urea	Nitro	Zinc	SSP	SOP	AS	TSP	NP	AN	PO	MOP
1	Rice												
	a) Basmati	1.3	1.9	3.0	7.7	3.8	1.0	3.5	2.0	3.0	-	1.0	1.0
	b) Other varieties	1.6	2.0	-	9.0	4.5	1.1	-	-	-	-	-	1.0
	c) Irri	1.5	2.2	4.0	6.5	4.3	1.1	4.0	2.0	4.0	-	1.3	1.0
2	Wheat												
	a) Irrigated	1.5	1.7	3.5	-	4.5	3.0	4.0	2.0	4.0	1.0	1.0	1.0
	b) Rainfed (Barani)	1.1	1.4	2.0	-	3.6	1.0	3.3	1.5	2.0	0.8	1.0	-
3	Cotton												
	a) Delinted	1.4	2.1	4.0	-	5.0	1.0	4.0	2.5	2.5	-	-	1.0
	b) Linted	1.7	2.0	4.0	-	5.0	1.0	4.0	2.5	4.0	-	-	1.0
4	Maize												
	a) Hybrid	1.8	3.1	4.0	5.0	6.0	2.0	3.0	2.5	4.0	3.0	1.5	1.0
	b) Improved varieties	1.6	2.5	3.0	10.0	4.5	1.5	2.5	2.0	3.0	2.0	1.0	1.0
5	Sugarcane	2.0	3.6	4.5	7.0	5.0	13.5		2.0		3.0	2.0	2.0
6	Sugar beet	2.0	2.1	4.0	10.0	3.2	1.0	3.5	2.0	4.0	-	-	1.0
7	Potato	1.9	3.0	4.0	10.0	6.0	1.9	4.0	3.0	4.0	-	-	1.5
8	Vegetable (Overall)	1.2	2.0	2.0	10.0	3.5	1.0	2.0	2.0	2.0	-	1.0	1.0
9	Onion	1.3	1.2	2.0	10.0	3.5	1.1	3.0	2.0	2.0	-	-	1.0
10	Ladyfinger	1.6	1.8	2.0	10.0	3.3	1.0	2.0	1.9	2.0	-	-	1.0
11	Peas (Mutter)	1.3	1.3	2.0	10.0	4.0	1.0	0.5	1.9	2.0	-	-	-
12	Sunflower	1.0	1.9	2.5	10.0	4.0	1.0	2.5	2.0	3.0	1.0	-	1.0
13	Canola	1.0	1.2	2.3	10.0	3.0	1.0	3.0	1.5	2.5	1.0	-	1.0
14	Soybean	1.0	1.0	2.0	10.0	4.0	1.0	1.0	2.0	2.0	-	-	1.0
15	Oil seed (Overall)	1.1	1.3	2.5	10.0	3.0	1.0	3.0	1.3	2.5	-	-	1.0
16	Rapeseed & Mustard	1.2	1.0	2.3	10.0	3.0	1.0	3.0	1.5	2.5	-	-	1.0
17	Linseed	1.0	1.0	1.5	10.0	3.0	-	2.0	1.5	2.0	-	-	-
18	Coarse grain (Overall)	1.0	1.5	-	10.0		-	-	-	-	-	-	-

Sr #	Crops	DAP	Urea	Nitro	Zinc	SSP	SOP	AS	TSP	NP	AN	PO	MOP
19	Millet (Bajra)	1.3	1.8	-	10.0	2.5	1.0	-	-	2.0	-	0.5	-
20	Gram	1.0	0.7	2.0	10.0	4.0	-	0.5	2.0	1.0	-	-	-
21	Sorghum (Jowar)	1.0	1.5	-	10.0	-	-	-	-	-	-	0.8	-
22	Moong	1.0	0.7	2.0	10.0	2.5	1.0	0.5	2.0	2.0	-	-	-
23	Masoor	1.1	0.7	2.0	10.0	4.0	-	0.5	2.0	2.0	-	-	-
24	Lentil	0.9	1.1	2.0	10.0	4.0	-	0.5	2.0	2.0	-	-	-
25	Groundnut	1.1	0.7	1.5	10.0	3.5	1.0	0.5	2.0	2.0	-	1.0	-
26	Tobacco	1.0	0.8	3.0	-	4.0	2.0	1.0	2.0	3.0	-	-	-

Sources: Provincial Planning & Development Departments, PERI, PARC, Agri. universities, API and Chambers of Agriculture.

2.3. Calculating Number of Plants – Orchards

The recommended quantities of fertilizers and pesticides for various fruits/orchards are calculated for each plant. However, to obtain an estimate per acre, we have used the following formula from the book *Horticulture* (Mahmood N. Malik, 1994: National Book Foundation).

$$\text{Total Number of Plants} = \frac{\text{Area of a hectare (100 m x 100m)}}{\text{Row-to-row distance x Plant-to-plant distance (sq m)}}$$

The average minimum and maximum row-to-row and plant-to-plant distance used for various orchards is shown in table 2.3.

Table 2.3. Average Space for Plants in Orchards

(in m)		
Sr. #	Orchard	Average Row-to-row and Plant-to-plant Distance
1	Mango	10 – 15
2	Citrus	7 – 8
3	Apple	6.5 – 8.0
4	Banana	3 – 4
5	Guava.	8 – 10
6	Coconut	4.5 – 7.5
7	Dates	5 – 7
8	Apricot	6.5 – 8.0
9	Grape	3 – 4
10	Pear	6.5 – 8.0
11	Falsa	2.5

Source: Horticulture (Mahmood N. Malik, 1994: National Book Foundation).

Table 2.4 (a). Average use of Fertilizer per Plant for Orchards

(in kg)

Sr. #	Orchard	Avg. No. of Plants per Acre	DAP	Urea	Zinc	SSP	PO	SOP	AN	TSP
1	Mango	27	1.5	2.6	0.7	2.7	2.5	1.0	-	1.5
2	Citrus	74	0.7	1.4	0.3	2.5	1.0	0.9	1.3	0.3
3	Apple	79	0.7	1.4	-	2.2	1.2	0.9	1.6	0.5
4	Banana	340	0.5	0.5	-	0.5	-	1.0	-	0.5
5	Guava.	51	0.7	1.7	-	2.1	2.0	0.7	1.6	0.4
6	Coconut	116	1.0	0.8	0.3	-	-	1.0	-	0.5
7	Dates	116	1.5	0.7	-	3.0	2.0	1.0	0.6	2.0
8	Apricot	79	0.8	1.1	-	1.3	1.0	0.5	1.6	0.5
9	Grape	340	0.4	0.6	-	0.5	-	0.5	-	0.8
10	Pear	79	0.8	1.1	-	1.3	1.0	0.5	1.6	0.5
11	Falsa	667	0.3	0.3	-	0.1	-	-	-	0.1

Source: Provincial Planning & Development Departments of Punjab & Sindh, PERI, PARC, Agri. Universities of KPK & Faisalabad, and Chambers of Agriculture.

Table 2.4 (b). Average use of Fertilizer per Acre for Orchards

(in kg)

Sr. #	Orchard	Avg. No. of Plants per Acre	DAP	Urea	Zinc	SSP	PO	SOP	AN	TSP
1	Mango	27	40.0	68.3	18.2	72.1	66.7	26.7	-	40.0
2	Citrus	74	49.3	105.6	18.5	181.5	74.1	63.0	94.8	24.4
3	Apple	79	55.9	107.0	-	175.5	95.1	69.4	126.8	36.1
4	Banana	340	170.1	170.1	-	170.1	-	340.1	-	170.1
5	Guava.	51	36.3	87.8	-	106.5	102.9	36.3	82.3	21.1
6	Coconut	116	115.7	92.6	28.9	-	-	115.7	-	57.9
7	Dates	116	173.6	80.2	-	347.2	231.5	115.7	63.7	231.5
8	Apricot	79	59.5	85.8	-	99.1	79.3	36.1	126.8	36.1
9	Grape	340	136.1	187.1	-	170.1	-	170.1	-	272.1
10	Pear	79	59.5	85.8	-	99.1	79.3	36.1	126.8	36.1
11	Falsa	667	166.7	200.0	-	66.7	-	-	-	66.7

Source: Provincial Planning & Development Departments of Punjab & Sindh, PERI, PARC, Agri. Universities of KPK & Faisalabad, and Chambers of Agriculture.

2.4. Cash Requirements-Non-Farm/Non-Crop Sector

Production and development costs for various non-farm/non-crop sector activities like livestock, fisheries, and poultry vary from province to province. Therefore, provincial agricultural departments are to calculate cash requirement estimates based on the actual needs of farmers market prices of inputs, machinery, structures, sheds, labor etc.

2.5. Estimation of Credit Requirements

2.5.1 Farm/Crop Sector

Credit requirements are different from cash requirements for different groups of farmers. Based on the Agricultural Census of 2010 and estimation the percentage breakdown into different farm sizes/farm area for the provinces is given in table 2.5.

Table 2.5 Province-wise Farm Size

Sr. No.	Province	Small Farm	Total Farms %	Total Area %	Medium Farm	Total Farms %	Total Area %	Large Farm	Total Farms %	Total Area %
1.	Punjab	Up to 12.5 Acres	90	64	Above 12.5 to 50 Acres	9	23	Above 50 Acres	1	13
2.	Khyber Pakhtunkhwa	Up to 12.5 Acres	95	62	Above 12.5 to 50 Acres	4	25	Above 50 Acres	1	13
3.	Sindh	Up to 16 Acres	85	40	Above 16 to 64 Acres	11	50	Above 64 Acres	4	10
4.	Balochistan	Up to 32 Acres	94	42	Above 32 to 64 Acres	4	10	Above 64 Acres	2	48

Source: Pakistan Agricultural Census 2010, Pakistan Bureau of Statistics Government of Pakistan (GoP) and Estimation by SBP

Farmers need credit for production and development purposes, where production credit is used for the purchase of crop inputs like seeds, fertilizers, pesticides, water charges, and fuel for mechanized farming and development credit is mainly required for activities like construction of cold storages, silos, and purchase of mechanization equipment like tractors, tube wells, and threshers.

The credit requirement for developmental activities vary with the type of machinery, project and the nature of borrower, etc. whereas, credit requirement for production purposes depends mainly on the farm size, as inputs can be measured on per acre basis.

We have worked out the per acre seed requirements for each crop in table 2.1, providing sufficient information to assess the seed requirements of individual farmers.

2.5.2 Non-Farm/Non-Crop Sector

Classification of farms by size is to be used by provincial departments in estimating credit requirements for non-farm/non-crop sector activities as well. A medium size classification was added based on feedback received from stakeholders. The definition of a medium farm in the non-farm/non-crop sector is introduced in table 2.6.

Table 2.6 Classification of Small, Medium and Large Farms

Purpose	Non Crop Classifications		
	Small	Medium	Large
Goat & Sheep	Up to 30 Animals	31-150 Animals	Above 150 Animals
Cow/Buffaloes	Up to 15 Animals	16-50 Animals	Above 50 Animals
Meat Cattle	Up to 30 Animals	31-100 Animals	Above 100 Animals
Conventional Poultry			
Poultry Farm (Broiler)	Up to 5,000 Birds	5,001 - 12,000 Birds	Above 12,000 Birds
Poultry Farm (Layers)	Up to 2,500 Birds	2,501 - 7,500 Birds	Above 7,500 Birds
Poultry in Controlled Sheds			
Poultry Farm (Broiler)	NA	Up to 60,000 Birds	Above 60,000 Birds
Poultry Farm (Layers)	NA	Up to 50,000 Birds	Above 50,000 Birds
Fisheries Inland	Ponds up to 2 Acres	Ponds 3 - 6 Acres	Ponds above 6 Acres
Fisheries Marine	1 Boat up to 4 gross ton capacity	1 - 3 Boats between 5 - 10 gross ton capacity	Above 3 Boats exceeding 10 gross ton capacity
<i>Source: Feedback of Committee</i>			

3. Province Wise Indicative Credit Limits for Financing

The per acre indicative credit limits are used by the banks for assessment of the credit requirements of the farmers. The last revision in such limits were made in 2008, since then, various changes have taken place on the economic front, in terms of use of varieties & their quantities, besides the prices of inputs have also increased significantly. The banks and farming community are the major stakeholders and they essentially required the revision in limits to align the contents with recent trends & inflation besides variations in regional or provincial cost of production. Accordingly, Province & Region wise per acre indicative credit limits of various crops, orchards and forestry was reviewed and it was observed that the difference in cost of production between provinces or regions is minimal. Further, based on feedback of stakeholders and the practice of issuing overall credit limits, the nationwide per acre indicative credit limits have been proposed. However, to facilitate banks in assessing cost of production based on the provincial or regional prices of inputs, a separate working table has been developed. Sample of working table is mentioned below in table 3.1

Table 3.1. Specimen for Working to Assess Per Acre Credit Requirement

Crop: Rice

Region/Province: Gujranwala/Punjab

Sr.	Input Items / Head of Account	Average Quantity / Acre	Average Value of Inputs/Kg/Bag/Liter In Rs.
01	Seed	9 Kg	1,700
02	Urea	66 Kg	2,200
03	DAP	50 Kg	3,500
04	Other Urea (s)	Zinc 11 Kg Farmyard Manure 200 Kg Other Fertilizers 36 Kg	1,000 4,000 2,600
05	Pesticides	5 Ltr.	1,500
06	Tractor Rent/Fuel	5 Hrs.	3,000
07	Labor		5,000
08	Water		7,000
09	Miscellaneous		2,500
Total			34,000

The limits are indicative and banks can finance as per their agri. credit policy and the requirements of farming community of the area. The financing can also be extended for the crops which are not mentioned in table 3.2.

3.1 Crops

The per acre indicative credit limits for major and minor crops are shown in table 3.2 which banks may use to estimate individual borrowers' credit requirements.

Table 3.2. Per Acre Indicative Agri. Credit Limits for Crops

(Rs./Acre)

Sr. #	Crops	Existing(2008)	Revised(2013)
Major Crops			
1	Rice	19,000	34,000
2	Wheat	16,000	29,000
3	Cotton	21,000	39,000
4	Sugarcane	30,000	53,000
Minor Crops			
1	Sugar Beet	17,000	31,000
2	Ginger	26,000	36,000
3	Potato	36,000	51,000
4	Turmeric	25,000	32,000
5	Tobacco	29,000	35,000
6	Maize	20,000	34,000
7	Maize(Hybrid)	-*	38,000
8	Onion	18,000	34,000
9	Ladyfinger	19,000	34,000
10	Peas (Mutter)	19,000	31,000
11	Tomato	19,000	37,000
12	Chilly	18,000	34,000
13	Other Vegetable	18,000	26,000
14	Garlic	16,000	36,000
15	Sorghum (Jawar)	11,000	21,000
16	Fodder Crops	10,000	22,000
17	Rapeseed and Mustard	11,000	20,000
18	Soybean	12,000	24,000
19	Sunflower	15,000	24,000
20	Canola	13,000	22,000
21	Coarse Grain (Others)	12,000	19,000
22	Millet (Bajra)	11,000	22,000
23	Gram	12,000	23,000
24	Moong	11,000	21,000
25	Masoor	11,000	21,000
26	Groundnut	14,000	24,000
27	Other Crops	16,000	21,000
28	Melon	16,000	28,000
29	Water Melon	16,000	29,000
30	Muskmelon	16,000	26,000
31	Flowers	28,000	76,000
32	Nurseries for Flower/Plants	26,000	45,000
33	Shimla Mirch	-*	30,000
34	Tea	-*	42,000

Source: Data provided by the Agri. Divisions of Banks, Provincial Agri. Departments & PARC.

*Newly included.

3.2 Orchards

The indicative credit limits per acre for various matured orchards are given in table 3.3.

Table 3.3. Per Acre Indicative Agri. Credit Limits for Orchards

Sr. #	Orchards	(Rs/Acre)	
		Existing (2008)	Revised(2013)
1	Mango	37,000	46,000
2	Apple	37,000	50,000
3	Almond	32,000	49,000
4	Apricots	31,000	48,000
5	Banana	35,000	63,000
6	Cherry	33,000	58,000
7	Citrus	33,000	51,000
8	Dates	31,000	55,000
9	Grape	32,000	49,000
10	Litchi	32,000	49,000
11	Peach	32,000	48,000
12	Plum Pomegranate	33,000	42,000
13	Cheeko	27,000	43,000
14	Coconut	21,000	44,000
15	Guava	24,000	41,000
16	Loquat	24,000	45,000
17	Palm	22,000	35,000
18	Pear	24,000	37,000
19	Jujuba	23,000	38,000
20	Papaya	-	48,000
21	Straw Berry	-	79,000
22	Jatropha Curcas (Fuel Crop)	-	70,000

Source: Data provided by the Agri. Divisions of Banks, Provincial Agri. Departments & PARC.

3.3 Forestry

With the increasing demand of trees for local consumption, and the potential for value addition, farmers are diversifying this sector. Per acre credit limits for matured trees are shown in table 3.4.

Table 3.4. Per Acre Indicative Agri. Credit Limits for Forestry

Sr. #	Trees	(Rs/Acre)	
		Existing (2008)	Revised(2013)
1	Acacia	19,000	30,000
2	Shesham	20,000	28,000
3	Samaha Malbarian and Eucalyptus	26,000	31,000
4	Liner Plantation Comprising 1000 Trees	43,000	45,000
5	Bamboo	22,000	36,000
6	Sumble	24,000	30,000
7	Pine Tree	23,000	31,000
8	Diyar	22,000	29,000
9	Other Matured Forestry Trees	13,000	28,000

Source: Data provided by the Agri. Divisions of Banks, Provincial Agri. Departments & PARC.

The soil and climate conditions of the country are conducive for healthy growth of fruits, vegetables and forestry and many fruits like mangos, apples, citrus, guava, dates, etc are grown for exports. Growing of orchards/forestry usually takes 2 to 5 years to attain maturity as such farmers need to invest large amount of money during this period. Banks can avail the opportunity of this medium term investment and develop specific products to meet development/production & working capital needs of the farmers.

4. Eligible Items for Financing

SBP periodically reviews & update the list of eligible items for agri. financing; the eligible items are also used for classification & reporting statistics to SBP. The last such update in list was made in 2008, since then, various technologies have taken place in agri. sector, therefore, it was deemed necessary to review and update the list of eligible items.

The list of eligible items has been updated, incorporating additional items/activities through feedback from stakeholders, and in light of SBP guidelines on livestock, fisheries, poultry, efficient agri. water management and horticulture financing. The revised list of eligible items also includes wholesale lending to microfinance banks and institutions for onward lending to the farming community to meet their agri. credit requirements. Financing of working capital; term finance for seed processing units and poultry feed mills; grower finance to farmers against the guarantee of produce processors; and lending to farmers through discounting deferred payment vouchers of tobacco, sugar cane, milk processing units, etc. are also covered. However, the list is indicative and banks are allowed to finance any other agri. related activity as per SBP's regulations, their own policy, and the requirements of the farming community. The complete list is attached in Appendix - A.

Banks must ensure compliance of the same besides reporting all such disbursements, number of borrowers, etc. in their periodical returns to SBP.

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Appendix

Agricultural Credit List of Eligible Items

A. Short-term Farm Credit

i Inputs Financing

- 1) Purchase of seeds
- 2) Purchase of fertilizers
- 3) Purchase of pesticides including herbicides and weedicides
- 4) Orchards and nurseries (including all dry fruits) etc.
- 5) Minor crops like fruits, vegetables, pulses, oilseeds, onions & flowers including mentha arvensis, asparagus etc.
- 6) Growth of mushroom
- 7) Off season vegetables grown in green houses and tunnels
- 8) Medicinal crops / herbs / roots production etc.
- 9) Farm yard manure for all crops etc.

ii Services

- 1) Charges for laser leveling
- 2) Labor charges for sugarcane stripping, cotton picking, rice sowing/transplantation of nursery, red chilies picking etc.
- 3) Charges for purchase of diesel & oil for tractor and tube-well operation
- 4) Electric charges for tube-well operation
- 5) Charges for purchase of tube-well water
- 6) Charges for transplantation expenses of crops etc.
- 7) Charges for inter culturing expenses of crops etc.
- 8) Charges for transportation, marketing, grading, packing, packing material cost and Processing
- 9) Installation charges for drip/sprinkler irrigation systems

iii Rentals /Leasing

- 1) Hiring charges for farm machinery, implements, farm Labor and storage etc.
- 2) Land lease / contract charges for fodder cultivation and for other crops

iv Others

- 1) Working capital for storage of raw agricultural/farm produce
- 2) Expenses for polishing & grading of fruits
- 3) Working capital for effective microbes technology (EMT) expenses
- 4) Working Capital for high quality seed processing units.
- 5) Working capital requirements of godowns/ silos / cold storage
- 6) Cost of contamination free cloth for cotton picking
- 7) Grower finance to farmers against the guarantee of agri. produce processors
- 8) Working capital for processing of crops other than major crops (e.g. wheat flour mills, cotton ginning factories, sugar mills, rice husking mills etc.)
- 9) Wholesale lending to microfinance banks, microfinance institutions, NGOs, Agri produce processors etc. for onward lending to the farming community to meet their short term agri. credit requirements.
- 10) Fuel wood for curing of tobacco
- 11) Any other item related to production expenses.

B. Short-term Non Farm Credit

i. Livestock

- 1) Feed Lots
- 2) Feeds, raising and veterinary expenses
- 3) Purchase and plantation of animal fodder and feeds
- 4) Concentrate feed stuff like cotton seed, cotton seed cake and other additional expenditure
- 5) Artificial insemination unit services
- 6) Packing material for meat, milk and other livestock products
- 7) Working capital for milk collection center & milk processing units
- 8) Purchase of feed grinders, tokas, feed mixing machines and feed or milk containers.
- 9) Vaccinations, vitamins and other medications for animals.
- 10) Expenses of labour, electricity and fuel, etc.
- 11) Utensils for animal feeding, calf feeders, bangles, rope/iron chains, etc.
- 12) Distribution cost, transportation charges on farm-milk processing, pasteurization and standardization.
- 13) Financing against deferred payment vouchers of milk processors, sweetshops and meat processors etc.
- 14) Wholesale lending to Microfinance Banks, Microfinance Institutions, NGOs, etc. for onward lending to the farming community to meet their short term livestock credit requirements.
- 15) Any other item related to Livestock day to day expenses.

ii. Poultry

- 1) Purchase of feed, birds/ day old chicks, including ostrich birds/chicks, feed raw material etc.
- 2) Feeds and raising charges
- 3) Poultry medicines, vaccination, vitamin and other medication for poultry birds, saw dust, wood, coal, medicines, water filter cartages
- 4) Packing and storage material
- 5) Expenses of labor, utility bills, fuel for generators & vehicles, transportation/shipment etc.
- 6) Purchase of poultry utensils/equipments (brooders, drum heaters, drinkers, one/two pan type feeder, small/large feeder, feed trays, laying nests, shifting box, fumigants, water filter cartages, water nipples, PVC pipes, crates, fogger nozzles, chick guards, spray pumps, weighing machines, tubs, etc.).
- 7) Wholesale lending to microfinance banks, microfinance institutions, NGOs, etc. for onward lending to the farming community to meet their short term poultry credit requirements.
- 8) Any other item required to meet day to day expenses for running poultry farm
- 9) Working Capital requirements of Chicken De-feathering & Chicken waste processing/ Rendering.
- 10) Working Capital requirements of Chicken Meat Processing Units.

iii. Fisheries (Inland and marine)

a) Inland

- 1) Fish seed
 - 2) Fish feed
 - 3) Manuring
 - 4) Purchase of fingerlings fish/seed/feed/shrimp post larvae.
 - 5) Purchase of inputs like oil cake/rice bran/ composite fertilizers, poultry droppings and other feed materials.
 - 6) Purchase of medicines and vitamins
 - 7) Consumable items for curing and drying.
 - 8) Purchase of diesel for tube well / payment of electricity bills of tube wells/running expenses of tube wells/pumping sets.
 - 9) Packing and storage material
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- 10) Purchase of nets, boxes, baskets, ropes, shovels, hooks and other accessories etc
 - 11) Cost of excavation and rehabilitation of ponds
 - 12) Renting/leasing of ponds and tanks
 - 13) Wholesale lending to Microfinance Banks, Microfinance Institutions, NGOs, etc. for onward lending to the farming community to meet their short term inland fisheries credit requirements.
 - 14) Any other items related to Inland Fisheries day to day expenses.

b) Marine

- 1) Fuel, ration and ice for marine fisheries
- 2) Processing and canning charges
- 3) Fish waste disposal / management charges
- 4) Overhead expenses i.e. labour etc.
- 5) Packing/freezing/processing/cleaning items required for fish processing
- 6) Consumable items for curing and drying.
- 7) Procurement of insulated boxes, purchase of plastic fish crates and plastic baskets.
- 8) Wholesale lending to Microfinance Banks, Microfinance Institutions, NGOs, etc. for onward lending to the farming community to meet their short term marine fisheries credit requirements.
- 9) Any other items, such as mooring charges, other marine fisheries day to day expenses etc.

iv. Forestry including Agro Forestry

- 1) Apiculture
- 2) Sericulture
- 3) Lacculture

C. Medium and Long-term Farm Credit

i. Land improvement

1) Land & Infrastructure Development

- a) Clearance of jungle, leveling, layout, terracing, soil improvement, embankment, land formation, bund construction, reclamation of land and construction of mini dams/check karez/ water reservoirs/water catchments for rain-fed (barani) areas. Purchase of agricultural land for marginal farmers / tenants (land acquisition loans)
- b) Cost of construction/ installation etc. of structures involved in tunnel & green house technology for growth of horticultural produce
- c) Construction of cold storages
- d) Fencing
- e) Construction of godowns, bins, silos and other structure for storage
- f) Agriculture business centers for agriculture graduates

2) Water & Irrigation

- a) Water course improvement alignment, lining, silt clearance, construction of modules and culverts, (Where directorate of water management is not functioning), construction of pacca water-course
- b) Installation & repair of tube- wells/engines, open wells, persian wheels, lift pumps, deep turbines/pumps, electrical installation including cost of power lines and transformer
- c) High pressure pump
- d) Steel / Iron Tanks for Water supply / Storage at farm

3) Purchase/Lease Finance for Farm Machinery, Implements & Transportation

- a) Purchase of bullocks with cart, camels with cart and donkey with cart for agricultural / transportation use
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- b) Purchase of trucks, transport machinery, country boats, forklifts, pick-up refrigerator van and mini trucks etc for agricultural use
 - c) Tractors, trailers and implements
 - d) Repair of tractors and replacement of tractors tyres
 - e) Thrashers & thrashing machine for all agricultural crops
 - f) Tobacco curing equipments
 - g) Other agricultural equipments including power tillers, mould board ploughs, disc ploughs, chisel ploughs, disc harrows, border discs, rotary cultivators, ridgers cum bed shaper, laser leveler, bulldozer for land leveling, sunflower harvester, seed and fertilizer drills, rotavators, combined harvesters, cotton pickers, groundnut diggers, potato diggers, hole diggers and reapers/cutters, binder, trolley, cane crusher, tractor pulled combined harvester, combined harvester, bed sowing drills for wheat, oats etc, bed planter for cotton, maize, sunflower etc., mechanical planters/ pneumatic planters for cotton, maize, sunflower etc., potato planter, sugarcane planter, high capacity paddy thresher, sunflower & soyabean thresher, groundnut thresher, wheat straw chopper cum- blower, flail mover, stubble shaver, self propelled reaper for harvesting wheat and rice crops, fertilizer spreader, fertilizer spreader for broadcasting chemical fertilizers evenly / uniformly. Rice transplanter, sprayers, back pack sprayers, boom sprayer (tractor mounted sprayer) and other farm machinery and equipments for agricultural purposes including purchase of second hand tractor, thrashers, combined harvester and other old farm machinery free from all encumbrances
 - h) Purchase of local / desi implements viz yoke, wooden / iron plough, chlod crusher, wooden leveler and any other locally manufactured implements / stroke machine
 - i) Lease financing for tube wells, tractors, harvesters, jeeps, pickups, motorcycles and other machinery used for agricultural purpose
 - j) Straw /dry fodder pressing machine
 - k) Wood working machinery
 - l) Hay baler
 - m) Saw machine for crate making for fruit
 - n) Kino / mango / fruit polishing machines / Waxing machine
 - o) Equipments for sprinkle/ trickle/drip irrigation system
 - p) Processing machinery including seed dryers, vegetable dryers & fruit dryers for use at farms
 - q) Packing & weighing machinery
 - r) Solar energy plants/windmills including installation cost
 - s) Green house equipment/technology
 - t) Personal computer for agricultural purpose

4) Others

- a) Development loan for tea plantation/ palm oil
- b) Tomato paste making Units
- c) Mini juice extraction plants for citrus, mangoes and other fruits
- d) Arboriculture (wind breaker, shelter belts, hedges)
- e) Orchards and nurseries (including all dry fruits)
- f) Greenhouse equipment / technology
- g) Fixed capital for storage of raw agricultural farm produce

D. Medium and Long-term non- farm Credit

i. Livestock

- 1) Fattening station structure and equipments
 - 2) Purchase of fattening animals, goat, sheep, milch animals and male animals for breeding
 - 3) Purchase of young animal or female heifers
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- 4) Purchase of mature milk yielding buffaloes or cows
 - 5) Yak farming
 - 6) Replacement of existing buffaloes or cows.
 - 7) Purchase of young buffaloes, cows, sheep and goats for rearing for meat production
 - 8) Chilling vehicles / storage equipment to enhance shelf life of livestock products
 - 9) Purchase of motor cycle and van for milkmen
 - 10) Milk chilling & processing plants
 - 11) Milk storage chilling tanks, refrigeration plants and milk carrying containers
 - 12) Livestock farm structures and equipments
 - 13) Cost of construction of building for Milk Chillers
 - 14) Construction of cold Storages by livestock producers
 - 15) Farm construction (Sheds for animal equipments and other farm requisites) including thrashing yards, green house and plastic sheds
 - 16) Opening of private veterinary clinics/ veterinary medical stores (veterinary equipments, purchase of medicines vaccines and allied hospital facilities and other allied items)
 - 17) Opening of veterinary diagnostic laboratories in private sector (purchase of media and regents, equipments and allied items)
 - 18) Opening of private artificial insemination centers (purchase of artificial insemination equipments and other related items)
 - 19) Research based farming needs
 - 20) Construction or procurement of permanent sheds, water tanks, water pumps, tube wells and generators.
 - 21) Fencing and enclosures.
 - 22) Compound feed making industry
 - 23) Establishment of slaughter houses (abattoirs)/slaughter house equipment
 - 24) Blood / bones processing units
 - 25) Butter / cheese/ Ice cream/Lassi etc production units
 - 26) Dairy equipments and animal feed plants
 - 27) Cheese making equipments / machines
 - 28) Skimmed milk machinery and abattoir
 - 29) Refrigerated meat storages and refrigerated containers.
 - 30) Distribution vehicles such as motorcycles, pickups, refrigerated vans, etc.
 - 31) Any other item related to livestock development sector

ii. Poultry

- 1) Construction of cold storages by poultry producers
- 2) Compound feed making industry for poultry
- 3) Construction of broiler, layer, breeder & hatchery farms and feed mills
- 4) Purchase of machinery/ equipment for poultry farm/ hatchery/ feed mill
- 5) Slaughtering & de- feathering machine
- 6) Purchase of poultry feathering machine
- 7) Purchase of distribution vehicles such as motorcycles, pickups / trucks/ air conditioned vans for marketing / transportation of eggs / chicken from farm to market
- 8) Control sheds automatic drinkers /tube feeders, generators, ventilators, deep freezers table/ breeder eggs storage refrigeration plants etc.
- 9) Any other item required for the establishment of poultry industry
- 10) Construction & Machinery of De-feathering & Chicken waste processing / Rendering units.
- 11) Chicken Meat processing units.

iii. Forestry including Agro Forestry

- 1) Tree plantation including bamboo/sumbal/pine tree/diyar cultivation & nurseries for growing plants including ornamental / decorative plants
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iv. Fisheries (Inland and Marine)

a) Inland

- 1) Excavators for silt cleaning & digging of ponds for fish farming etc.
- 2) Cost of construction, expansion, lining, repairing and renovation of ponds and tanks
- 3) Excavation/expansion/rehabilitation of water channels.
- 4) Cost of installation of tube wells/pumping sets/ ancillary structure
- 5) Construction of cold storages/ fish yards/ fencing by fishermen
- 6) Fishing boats (trawlers, sail boats)
- 7) Replacement of engines and spare parts
- 8) Nets, twines and ropes
- 9) Purchase of chilling/freezing plants.
- 10) Purchase of allied equipments.
- 11) Purchase of air- conditioned vans for marketing.
- 12) Any other items related to Inland Fisheries.

b) Marine

- 1) Marine engines and spare parts/purchase of marine engines (outboard and inboard)
- 2) Replacement of engines and spare parts
- 3) New boats, trawlers, imported engines and other equipments
- 4) Fishing boat and engine
- 5) Other boat equipments (floats, lifebuoys, life jackets, navigational lights, compasses, insulation materials) etc.
- 6) Purchase of other deck equipments like winch, wire rope, gallows, net handler, communication equipments, radar, life boats, anchors, direction finders, echo sounder (fish finders) etc.
- 7) Cold storage facilities/construction of cold storage by fishermen with the use of insulation material/sheets for walls/roof.
- 8) Cost of plants (chilling/freezing) including installation cost
- 9) Purchase of nets – trawlers net/purse-seine/grill nets.
- 10) Fish storage centre (distribution centre).
- 11) Fish/shrimp hatcheries
- 12) Purchase of mobile insulated, pickups/vehicles etc.
- 13) Jetties.
- 14) Any other items related to marine fisheries

v. Others

- 1) Bio Gas Plant & Bio gas Generators
- 2) Sulphuric acid generators

Note: The list mentioned above is indicative and banks are allowed to finance any other agri. related activity as per SBP's regulations, their own policies, and the requirements of the farming community.

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