

IRAF: QUESTIONNAIRE FOR SELF-ASSESSMENT
QUESTIONNAIRE ON PRUDENTIAL REGULATIONS FOR AGRICULTURAL FINANCING

ANNEXURE VIII

S #	Particulars	Compliant	Comments
		Scale 1 - 5	

REPAYMENT CAPACITY OF THE BORROWER			
1.	Did the bank/DFI take into account the total indebtedness of the borrower and his disposable income while extending agricultural financing?	1	
2.	Did the bank/DFI ensure that the total financing to a borrower, in relation to his repayment capacity, does not exceed the reasonable limits as laid down in approved policies of the bank/DFI?		
COMPREHENSIVE AGRICULTURE FINANCING POLICY			
3.	Did the Bank/DFI prepare a comprehensive agriculture financing policy duly approved by their Board of Directors?		
4.	Does the policy cover: <ul style="list-style-type: none"> • Loan administration, disbursement and appropriate monitoring mechanism. • Main functions, major responsibilities, various staff positions' powers/authority relating to approval / sanction of financing limits? 		
5.	Does the agriculture financing policy cover only broad areas of strategic importance?		
EXPEDITIOUS PROCESSING AND COMMUNICATION OF DECISION TO BORROWER			
6.	Does the Bank/DFI ensure that the applications for agriculture financing are processed expeditiously and the decision for grant/decline of the credit is conveyed to the borrower as early as possible?		
7.	Does the bank/DFI disburse short term loans within seven working days and long term loans with fifteen working days of the receipt of the pass book from the Revenue Officer with bank's charge created thereon and completion of all other formalities?		
MAXIMUM PER PARTY LIMIT			
8.	Does the bank follow the prescribed limits of SBP for maximum exposure (fund based and non-fund based) to any single borrower and a group?		

¹ 1 = Fully Compliant, 2 = Significantly Compliant, 3 = Partially Compliant, 4 = Marginally Compliant, 5 = Non Compliant

IRAF: QUESTIONNAIRE FOR SELF-ASSESSMENT
QUESTIONNAIRE ON PRUDENTIAL REGULATIONS FOR AGRICULTURAL FINANCING

ANNEXURE VIII

S #	Particulars	Compliant	Comments
		Scale 1 - 5	
9.	Does the bank/DFI <ul style="list-style-type: none"> • ensure that maximum unsecured financing by a borrower, from all banks/DFIs, not exceed the prescribed limit? • obtain written declaration from the borrower about unsecured financing facilities received from other banks/DFIs? • ensure all exposure above prescribed limit are properly secured? 		
10.	While granting relaxation in repayment schedule in terms of R-7, does the bank/DFI <ul style="list-style-type: none"> • seek prior approval of its Board of Directors? • keep mark-up accrued in memorandum account instead of income account? 		
11.	Does the bank ensure that an agriculture loan extended for specific purposes is utilized for the same?		
12.	Before extending any financing facility in excess of any threshold prescribed by State Bank of Pakistan from time to time, does the bank/DFI <ul style="list-style-type: none"> • obtain credit report of the borrower from Credit Information Bureau of State Bank of Pakistan? • record proper reasons and justifications in the approval form while taking any exposure on defaulters? 		
13.	Does the bank/DFI <ul style="list-style-type: none"> • obtain duly filled Borrower Basic Fact Sheet (BBFS)? • make BBFS part of the loan application form? • ensure compliance with KYC requirements as laid down in Regulation M-1 of PRs for Corporate/ Commercial Banking, and other instructions issued from time to time, before opening account of an agricultural borrower or extending any financing facility to him? 		
CASH RECOVERY OUTSIDE THE BANK'S AUTHORIZED PLACE OF BUSINESS			
14.	Did the bank/ DFI devise appropriate procedures including strict controls to manage security risks and avoid frauds and misappropriation while undertaking cash collection/ recovery at places other than its authorized place of business?		
BAR ON ADJUSTMENT LENDING			
15.	Did the bank/ DFI abstain from undertaking any sort of adjustment lending, in order to avoid classification or meet allocated targets for agricultural financing, other		

IRAF: QUESTIONNAIRE FOR SELF-ASSESSMENT
QUESTIONNAIRE ON PRUDENTIAL REGULATIONS FOR AGRICULTURAL FINANCING

ANNEXURE VIII

S #	Particulars	Compliant	Comments
		Scale 1 - 5	
	than those specifically mentioned in the PR R-12?		
	GUARANTEES		
16.	With regard to issuing guarantees, did the bank/ DFI: <ul style="list-style-type: none"> • Satisfy itself with regard to the underlying transaction and collateral and fully secure the guarantees issued? • Ensure compliance to PR R-13 relating to back to back LC for export oriented goods and services? • Ensure that the guarantees are issued for a specific amount and expiry date and contain claim lodgment date, except for those specifically mentioned in the PR R-13? 		
	CLASSIFICATION OF AGRICULTURAL LOANS		
17.	Did the bank/ DFI, downgrade the classification category of NPLs (determined on time based criteria) based on other factors such as credit worthiness of the borrower, cash flow, operation in the account, adequacy/ realizable value of the security and documentation covering advances, where considered necessary?		
	REGULARIZATION OF NON PERFORMING LOANS		
18.	Did the bank/ DFI adhere to the regulations with regard to regularization of non-performing loans?		
	FARM CREDIT FOR INPUTS & FARM DEVELOPMENT FINANCE		
	TENURE		
19.	Did the Bank/ DFI follow the prescribed maximum tenure set by the SBP?		
	CLASSIFICATION AND PROVISIONING		
20.	Did the Bank / DFI adhere to the guidelines prescribed by SBP for provisioning and classification of portfolio consisting of facilities extended for Farm Credit for Inputs & Farm Developmental Finance?		
	LOANS FOR PURCHASE OF MACHINERY EQUIPMENT		
	SECURITY		
21.	Did the bank/ DFI hypothecate purchased Machinery / equipment in favor of itself?		

IRAF: QUESTIONNAIRE FOR SELF-ASSESSMENT
QUESTIONNAIRE ON PRUDENTIAL REGULATIONS FOR AGRICULTURAL FINANCING

ANNEXURE VIII

S #	Particulars	Compliant	Comments
		Scale 1 - 5	

	INSURANCE		
22.	Did the bank / DFI ensure that the tractors financed by bank/DFI remain insured at all times during the tenure of the loan?		
23.	Did the bank / DFI arrange insurance for bank / DFI's financed machinery and equipment to protect interest?		
	LOANS FOR THE PURCHASE OF MACHINERY EQUIPMENT		
	CLASSIFICATION AND PROVISIONING FOR ASSETS		
24.	Did the Bank/DFI adhere to the guidelines prescribed by SBP for provisioning and classification of portfolio consisting of facilities for purchase of agriculture machinery?		
	FINANCING FOR LIVE STOCK		
	SECURITY		
25.	Is the individual performing livestock evaluation capable of recognizing the issues of animal's age, health, breed, sex and reproductive capacity?		
	PERIODIC INSPECTION & VERIFICATION		
26.	Did the Bank/DFI make proper arrangement to conduct periodic inspections of livestock, at-least twice a year through a qualified and appropriately trained person?		
	TENURE		
27.	Did the Bank/DFI follow the prescribed maximum tenure set by the SBP?		
	CLASSIFICATION AND PROVISIONING FOR ASSETS		
28.	Did the Bank/DFI adhere to the guidelines prescribed by SBP for provisioning and classification of portfolio consisting of facilities extended for livestock?		
	CORPORATE FARMING		
	FINANNCIAL INDICATORS OF BORROWER & TOTAL EXPOSURE		
29.	Did the Bank/DFI ensure that standalone/aggregate exposure on a single borrower remains within prescribed limits?		

IRAF: QUESTIONNAIRE FOR SELF-ASSESSMENT
QUESTIONNAIRE ON PRUDENTIAL REGULATIONS FOR AGRICULTURAL FINANCING

ANNEXURE VIII

S #	Particulars	Compliant	Comments
		Scale 1 - 5	
30.	Did the bank/DFI ensure that current ratio of the borrower remains within prescribed limits?		
31.	Did the Bank/DFI obtain a copy of duly audited financial statements, relating to the business of every borrower who is a limited company or where the exposure of a bank / DFI exceeds prescribed limit, for analysis and record?		

President/CEO

Secretary to BOD