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AGRICULTURE CREDIT BY BANKS TO REACH RS. 100
BILLION IN FY05

The Agriculture Credit Advisory Committee (ACAC) met at Karachi today under the Chairmanship of Dr. Ishrat Husain, Governor, State Bank of Pakistan and reviewed the situation in respect of agriculture credit in the country for July – December, 2004.

The Committee expressed its deep satisfaction that on the basis of the actual results of the first six months it is most likely that the target for agriculture credit by the banks of Rs. 100 billion originally fixed for 2005-06 will be achieved by June 2005 – one year ahead of its stipulated date. The banks have already disbursed Rs. 49.1 billion in the first six months against the year end target of Rs. 85 billion recording an increase of almost 50 percent over the corresponding period in the previous year. The Committee was gratified that the domestic private banks had already exceeded their annual target while the big five commercial banks had achieved 63 percent of the target. Together the commercial banks have increased their share to 58 percent of the total agriculture credit disbursements. It may be recalled that in 1999-2000 the commercial banks were providing only Rs. 9 billion or 23 percent of the total disbursements to the agriculture sector. The performance of commercial banks in recovery was also quite impressive as they had already realized 83 percent of recoverable amounts from the agriculture borrowers.

Subsistence farmers (owning land less than 12.5 acres) received almost 65 percent of the total agriculture loans followed by economic holding farmers (between 12.5 and 50 acres) whose share was 20 percent.

The Committee also has begun tracking credit to livestock sector separately from the crop sector. The disbursements for livestock, poultry and dairy have reached Rs. 4.5 billion or 9 percent of total loans.

Among the uses of credit, fertilizer purchase accounted for 42 percent of all loans in this six month period. The banks also financed 10,318 tractors during this period.