

23rd January, 2006

**ACAC EXPRESSES SATISFACTION OVER THE DISBURSEMENT OF
CREDIT TO THE AGRI. SECTOR DURING FIRST HALF OF FY06**

The Agricultural Credit Advisory Committee (ACAC) met in Karachi today under the Chairmanship of the Governor, State Bank of Pakistan, Dr. Shamshad Akhtar to review the flow of credit to agriculture sector during the first six months of the current fiscal year.

The Committee expressed satisfaction that the growth momentum in agriculture credit disbursement achieved during the last two years was maintained in the first half of the current fiscal year (July-December 2005) as banks disbursed Rs.62 billion to this sector, which is 25% higher than the disbursement of Rs.49.5 billion made in the corresponding period last year. The five big banks, as a group, disbursed Rs.33.5 billion while ZTBL, domestic private banks and PPCBL disbursed Rs.19.303 billion, Rs.7.1 billion and Rs.2 billion respectively.

The ACAC noted with satisfaction that major portion of the credit i.e. 68%, went to the small farmers whereas the medium and big farmers received 23% and 9% respectively of the total credit disbursed during the first half of the current fiscal year. Livestock, dairy farming and poultry, having an important role in the poverty reduction, received 11% of the total disbursement as against the target of 8%.

The Committee expressed the hope that the banks would take necessary steps to further accelerate the pace of credit disbursement to the agriculture sector during the next six months so that the full year target of Rs.130 billion should be achieved comfortably.

Dr. Shamshad Akhtar while expressing satisfaction over the handsome growth in disbursement of credit to the agriculture sector stressed upon the banks to formulate long term vision and strategy to develop agriculture finance as a business line. She said that the sector promises opportunities for diversification, attractive returns both to the banks and the economy, and has enormous growth potential as the existing outreach of institutional credit to the sector is just 15% of the total potential market of about 6.6 million rural households. She said that a strategy would be developed in consultation and collaboration with the banks and other stakeholders to increase the outreach of institutional credit to 50% or 3.3 million rural households during the next 3-5 years as envisioned by the Committee in its last meeting held in July 2005.

She also emphasized upon the provincial governments to ensure speedy issuance of passbooks to the farmers to enable them to avail bank credit.

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