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### **State Bank issues Guidelines for Livestock Financing**

The State Bank of Pakistan today issued 'Guidelines for Livestock Financing' in order to facilitate and encourage the banks/financial institutions in enhancing the flow of credit to the livestock sector. The guidelines cover all areas of the livestock financing business including loan purpose & objectives, product development, eligibility of borrowers, delivery channels, monitoring mechanism etc.

With the issuance of these guidelines, banks/Financial Institutions are expected to considerably enhance the flow of credit to this important sector of the economy. Banks may adopt the guidelines in its present form or with some modifications that suit their organizational needs and market characteristics.

It may be pointed out that the livestock is the largest sub-sector of the agriculture accounting for 47 percent of value addition in the sector and constitutes about 11 percent of the GDP. The disbursements of credit to the agriculture sector have witnessed significant growth during the last few years as a result of sector friendly policies of the State Bank of Pakistan and efforts of the commercial banks. However, the livestock sub-sector could not get the due share in the substantially enhanced flow of credit to the agriculture sector.

In view of the contribution of the livestock sector to GDP & employment creation especially in rural areas, the SBP had established a Committee of Experts to devise a strategy for increasing the share of institutional finance to this sector which has huge growth potential. In the light of the recommendations of the Expert Committee and inputs from the stakeholders including the banking sector and the Ministry of Food and Agriculture and Livestock (MINFAL), the State Bank has framed these guidelines.

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