

16th November, 2007

STATE BANK ISSUES DRAFT GUIDELINES FOR POULTRY FINANCING

The State Bank of Pakistan today issued 'Draft Guidelines for Poultry Financing' to banks/Financial Institutions (FIs) and other stakeholders for their feedback / comments. The guidelines will facilitate and encourage Banks / FIs in enhancing the credit flow to the poultry sector. They cover all areas of the poultry industry including hatchery sector, poultry farming and feed manufacturing. Draft guidelines also cover poultry financing business including purposes and objectives of the loan, eligibility of borrowers, types of financing, fixation of loan limit & repayment terms, loan monitoring mechanism, etc.

All the stakeholders are advised to submit their feedback/comments/suggestions through surface mail, email or fax messages within 15 days from today (i.e. upto 30th November, 2007) to the Director, Agricultural Credit Department, State Bank of Pakistan, I.I. Chundrigar Road, Karachi (email ashraf.khan@sbp.org.pk, Fax: 9217215).

Poultry is an important sub-sector of agriculture. It has great potential and can play a significant role in the national economy by contributing towards food security of the country, reducing pressure on demand for mutton and beef and earning of foreign exchange. Its contribution to meat production is 20 percent and has a share of around 4.8% in agriculture GDP, and around 1.5 million people are connected with this field.

The main objectives of Guidelines are:

- To facilitate banks in developing internal expertise & products for poultry financing.
- To encourage & facilitate financial sector to provide needed working capital and term finance to poultry sector.
- To encourage farmers to adopt modern and efficient poultry farming techniques.
- To encourage increased poultry meat/ poultry food production for local consumption.
- To promote export of poultry meat/ poultry food and its processed products.

Once the final guidelines will be issued, banks may develop new products on the basis of (a) target market analysis, its characteristics, size, trends, growth potential, etc; (b) development of financing products; (c) developing procedures for product marketing, delivery and monitoring mechanism, follow-up and recovery; (d) monitoring growth trends and quality of the portfolio and to develop close liaison with the field force to have feedback from the grass roots level; and (e) review developments taking place in the poultry sector within the country as well as in other parts of the world.

The draft guidelines have also been released on State Bank website at www.sbp.org.pk.

It may be pointed out that the SBP has already issued guidelines on livestock and fisheries financing to the banks for the diversification of agricultural credit to non-crop sector.

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