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State Bank issues ‘Guidelines for Poultry Financing’

The State Bank of Pakistan today issued ‘Guidelines for Poultry Financing’ to facilitate and encourage banks to enhance the flow of credit to poultry sector.

These Guidelines, which have been developed in consultation with stakeholders, are aimed at facilitating banks in developing internal expertise & products for providing needed working capital and term finance to the poultry sector.

Under these guidelines, individuals and all types of legal entities engaged in poultry related activities or desirous to establish new broiler, breeder, hatcheries or layer farms having sufficient knowledge and relevant experience will be eligible to draw loans under poultry financing.

The SBP has asked the banks to use these guidelines for developing their own products, according to their credit policy and operational & market requirements, subject to compliance with its (SBP) regulations for agriculture financing. Besides, banks may also coordinate with the concerned Government departments including SMEDA for obtaining the necessary information /feasibility report about the poultry sector, which will be useful for developing specific products for financing to this sector.

Under these Guidelines, financing will be provided to meet working capital and term finance requirements of poultry sector. Working capital financing on revolving basis can be provided for all activities including purchase of feed, birds/ day old chicks, feed raw material, vaccination, vitamin and other medication for poultry birds, saw dust, wood, coal, medicines, water filter cartages, over head expenses i.e. labor, utility bills, cost of fuel for generators & vehicles, transportation etc., utensils for poultry bird feed etc.

The term finance facilities can be provided for medium to long term credit needs of the poultry sector which may include construction of broiler, layer, breeder & hatchery farms and feed mills, control sheds automatic drinkers /tube feeders, generators, ventilators, table/ breeder eggs storage refrigeration plants, purchase of machinery/ equipment for poultry farm/ hatchery/ feed mill, transport vans - eggs and poultry carrying van, distribution vehicles such as motorcycles, pickups etc., deep freezers, slaughtering & de- feathering machine etc.

Under the Guidelines, the loan limit shall be assessed by bank keeping in view the borrowers profile, feasibility of the business, cash flow etc. as per bank’s credit policies. Banks should undertake due diligence and market survey to assess the prices of equipments, vehicles and all other goods for poultry sector. Banks shall determine mark up rate keeping in view KIBOR rate and their cost of funds etc. in line with their credit policy. However, banks shall not charge any penalty on early repayment or adjustment of loans by the borrower. Detailed Guidelines are available at State Bank’s website: www.sbp.org.pk.
