

PRESS RELEASE

Deputy Governor sees silver lining as Draft Framework on Warehouse Receipt Financing finalizes

Karachi (May 9): Deputy Governor SBP Mr. Saeed Ahmad has said that framework on Warehouse Receipt Financing will address various issues besides facilitating post harvest financing to the value chain actors including farmers, aggregators, traders and processors.

He was chairing a meeting of the Working Group for Draft Framework on Warehouse Receipts Financing to banks for their input before finalization. The meeting was held at SBP Headquarters, Karachi.

The Deputy Governor Saeed Ahmad highlighted the importance of mass awareness of the initiative and advised to share with all stakeholders including farmers' associations, business chambers, federal & provincial government, traders bodies and major corporate. He urged all stakeholders to ensure smooth rollout of the initiative and avoid possible pitfalls that might hamper the entire process with a national impact as paramount.

The forum agreed on SBP's centralized management role of the initiative which should be piloted without further delay.

He reiterated that development of warehouse receipt financing is inevitable for improving the performance of the agricultural sector through well organized warehousing infrastructure, grading standards, collateral management, etc. He emphasized on the specific roles of each player in the value chain including SECP, federal & provincial governments, commodity exchange, commercial & Islamic banks, insurance companies, warehouse operators, collateral manager, farmers' associations and all other participants for the successful implementation of the initiative.

The meeting was attended by the members of the working group including Mr. Tahir Mahmood, Acting Chairman, SECP, Mr. Abdul Qadir Tareen, Additional Secretary, Sindh Agriculture Ministry, Mr. Irfan Siddiqui, President & CEO, Meezan Bank, leading commercial banks, Islamic banks, International Finance Corporation (IFC) and ACE Control and Expertise Global (Pvt) Ltd.

He advised that any other parties who may like to provide input on the program may contact Mr. Kamran Akram Bakhshi, Senior Joint Director, Agricultural Credit & Microfinance Department of SBP who is looking after the scheme. A Committee comprising of SBP, Meezan Bank, HBL, ACE Pakistan, SECP, EFU and Dr. Syed Nadeem Qamar was formed to come up with an action plan by the end of May to rollout the pilot on warehouse receipt by the end of June, 2014.

All the participants, especially Dr. Syed Nadeem Qamar, President Sindh Chamber of Agriculture appreciated the efforts of SBP and mentioned that they have been waiting for years for post harvest financing against a warehouse receipt. The President Meezan Bank explained that the system would provide ample opportunities for Islamic Banks for investments in commodities through warehouse receipt which fully comply to sharia principles. Mr. Kashif Thanvi of Habib Bank said that banks very much like to work on the model to ensure secured and reliable financing being monitored by collateral manager with real time updates on movement stocks. Mr. Fahad Khan of ACE Pakistan said that ACE Global has international expertise in collateral management and commodity controls and will provide full support in bringing international standards of warehouse management to Pakistan.

On the concerns of one of the participant on costs of warehousing, the Chair said that the objective of the pilot is to have understanding of the actual costs and how to make it affordable and competitive for the farmers and other stakeholders. Considering substantial savings from prevention of wastage of grains and fruit and vegetable, he was pretty sure that the saving will outweigh the additional cost.
