



External Relations Department

ERD/M&PRD/PR/01/2016-77

August 8, 2016

Banks Disbursed Agricultural Credit of Rs 598.3 billion in FY16

During FY16, banks have made agricultural credit disbursement of Rs 598.3 billion which is almost 100% of the overall annual target of Rs 600 billion and 16% higher than the disbursement of Rs 515.9 billion made during FY15.

It is important to note that despite negative growth of agriculture sector due to a number of real side factors, agri. financing continued its increasing momentum of the last few years. The outstanding portfolio of agri. loans has also increased by Rs 32.3 billion i.e. from Rs 313.3 billion as on end June 2015 to Rs 345.6 billion as on end June 2016, recording 10.3 % growth during the year. The number of farmers served by banks also increased from 2.2 million to 2.4 million.

The achievement of agri. credit disbursement was an uphill task for agri. lending institutions due to various financing issues and real side challenges like low production of major cash crop especially cotton, climate change, price fluctuation of agri. produce, marketing linkages gaps and high risk perception of banks about agri. financing, etc.

In addition to implementing various budgetary initiatives, SBP made concerted efforts for achieving the agri. credit disbursement target set by government. These efforts included; provision of enabling regulatory environment, sensitizing banks to adopt agri. financing as a viable business line, exploring new financing avenues including; agri value chain financing, warehouse receipts financing, execution of credit guarantee scheme for small and marginalized farmers and rigorous monitoring of banks' lending performance.

SBP was able to achieve this target through continued support of the Government and the leadership role of Governor, Mr. Ashraf Mahmood Wathra and Deputy Governor, Mr. Saeed Ahmad through conducting regular performance review meetings with banks and other stakeholders. The Governor and Deputy Governor congratulated and thanked the CEOs/Presidents of banks on meeting their targets and encouraged them to further enhance agriculture credit in view of the sector's contribution in economic growth, employment and exports.

The detailed review of banks' performance reveals that five major banks collectively disbursed agri. loans of Rs 311.4 billion or 101.9% of their annual target of Rs 305.7 billion which is higher by 18.4% from Rs 262.9 billion disbursed during the corresponding period last year. Amongst the five major banks, NBP has not only surpassed its annual target by achieving 109.2% but also made a major contribution in overall target achievement. HBL achieved 102.4%, MCB 101.8%, UBL 100.4% of their respective targets; while, ABL achieved 86.9 % of its annual target.

Under specialized banks, ZTBL disbursed Rs 90.97 billion or 89.2% of its annual target of Rs 102 billion while PPCBL disbursed Rs 10.3 billion by achieving 82.7% of its target of Rs 12.5 billion during FY16.

Fifteen Domestic Private Banks as a group achieved 93.4% of their target. Within this group, Summit, JS bank, Bank Alfalah, Habib Metropolitan, Sindh Bank, Soneri and Bank of Khyber have surpassed their annual targets. However, NIB bank achieved 94.3%, First Women Bank 87.5%, Bank Al Habib 88.5%, Standard Chartered 87.3%, Faysal 84.7%, Askari 83.9%, Silk 77.7% and Bank of Punjab achieved 43% of the annual target during the period under review.



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Nine Microfinance banks as a group surpassed their annual target of Rs 40.1 billion by disbursing agri. loans of Rs 53.9 billion or 134.4% during FY16. NRSP Microfinance bank, Khushhali, First Microfinance, Tameer, Mobilink Microfinance, U Microfinance, FINCA Microfinance and APNA Microfinance bank have surpassed their targets while Pak Oman achieved 84.4% of its annual target.

Five Islamic banks as a group also surpassed their annual targets by disbursing Rs 8.5 billion against the target of Rs 7.9 billion. Amongst the group, Meezan, Albaraka and Dubai Islamic Bank have surpassed their annual targets while Bankislami achieved 96.8 % of its annual target, whereas, Burj Bank could achieve 40% of its target during FY16.

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