



## External Relations Department

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### **Banks Disbursed Agricultural Credit of Rs 704.5 billion in FY 2016-17**

Banks have surpassed the agricultural credit disbursement target of Rs. 700 billion set by Agricultural Credit Advisory Committee (ACAC) for FY 2016-17. Agri. Lending banks have disbursed **Rs 704.5 billion** which is **17.8%** higher than the last year's disbursements of Rs 598.3 billion. Further, the agri. outstanding portfolio increased to **Rs 405.8 billion** on end June, 2017 registering a hefty growth of **17.4%** compared with the last year's position of Rs 345.6 billion. Similarly, the agricultural credit outreach has increased to **3.27 million** farmers at end June 2017 from 2.40 million farmers last year.

The achievement of agri. credit disbursement target was an uphill task due to high risk perception of banks about agri. financing and volatile prices of agri. commodities etc. However, SBP continued to implement its multipronged strategy for achievement of agri-credit target set by government which included; sensitizing banks to adopt agri. financing as a viable business line, exploring new financing products; value chain financing, warehouse receipts financing, digitalization of credit, execution of credit guarantee scheme for small & marginalized farmers and inclusion of microfinance institutions/rural support programs for catering the credit needs of marginalized farmers.

However, this achievement would have not been possible without the dynamic leadership of SBP and active support of the Government. Further, monitoring efforts included rigorous follow up with the top management of banks and agri. credit heads and holding of regular follow-up meetings with regional management. Conducting farmers' awareness and financial literacy programs at grass root level were also instrumental.

The detailed credit performance reveals that five major banks collectively disbursed agri. loans of Rs 342.0 billion or 100.6% of their annual target of Rs 340.0 billion which is higher by 9.9% from Rs 311.4 billion disbursed during the corresponding period last year. Amongst the five major banks, NBP has achieved 105 % of its annual target, MCB achieved 103.2%, HBL 101.1%, UBL 100.5% and ABL achieved 85.4 % of individual annual targets.

Under specialized banks category, ZTBL disbursed Rs 92.5 billion or 90.2% of its annual target of Rs 102.5 billion while PPCBL has disbursed Rs 10.9 billion by achieving 87% against its target of Rs 12.5 billion during FY 2016-17.

Fifteen domestic private banks, as a group, achieved 99.6% of their target. Within this group Soneri Bank, Bank of Punjab, Bank of Khyber, Bank Alfalah, Faysal Bank, JS Bank, Habib Metro, Summit and Silk Bank have surpassed their annual targets. However, Sindh Bank achieved 94.3%, First Women Bank 90.2%, Bank Al Habib 84%, Askari Bank 81% and Standard Chartered could achieve 73.5% of their annual targets.

Ten microfinance banks, as a group, have surpassed their annual targets of Rs 60.1 billion by disbursing agri. loans of Rs 87.8 billion or 146% to small farmers during FY 2016-17. Khushhali, NRSP Microfinance Bank, Telenor MF, First Microfinance Bank, Mobilink and U Microfinance Bank have surpassed their targets while APNA Micro Finance achieved 96%, Pak Oman 65.5% and Sindh Microfinance Bank could achieve only 39.4% of its annual target.



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Sixteen newly inducted Microfinance Institutions/Rural Support Programs collectively disbursed loans of Rs 19.9 billion to small and marginalized farmers against their annual target of Rs 34.3 billion. Amongst these institutions, Kashf Foundation, Sindh Rural Support Program, Damen Support Program, Agahe, Soon valley Development Program and Al Mehran Rural Development Organization have surpassed their annual targets.

Four Islamic banks, as a group, have already surpassed their annual targets by disbursing Rs 12.3 billion against the target of Rs 11.0 billion. Amongst the group, BankIslami, Meezan and Dubai Islamic have surpassed their annual targets while Albaraka Bank achieved 80.0% of its annual target during FY 2016-17.

SBP has been pursuing the government's economic development agenda and is committed to promote agriculture sector in the country. The Governor congratulated and thanked the CEOs/Presidents of banks on meeting their targets and encouraged them to further enhance agricultural credit. The government has already set an agricultural disbursement target of **Rs 1,001 billion** for FY 2017-18 and SBP has also assigned the targets to participatory institutions.

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