



## External Relations Department

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ERD/M&PRD/PR/01/2018-72

August 11, 2018

### **Governor SBP adopts agri. credit target of Rs 1,250 billion for FY 2018-19 with a commitment to serving small farmers and underserved areas through innovative agri financing schemes**

Governor State Bank of Pakistan (SBP), Mr. Tariq Bajwa urged banks to bring qualitative shift in agricultural financing by adopting innovative techniques for provision of easy and swift credit to small farmers. While chairing the Agricultural Credit Advisory Committee (ACAC) he shared that agricultural credit is one of the top priorities of government. The annual meeting of the ACAC was held for the first time in Muzaffarabad, Azad Jammu & Kashmir as part of the SBP's continued efforts to enhance agri credit in underserved provinces and regions.

While reviewing the progress on agri. credit targets of FY 2017-18, Mr. Bajwa, appreciated the efforts of commercial banks, microfinance banks and microfinance institutions for nearly achieving the agri. targets. The banks disbursed Rs 972.6 billion, which was over 97% of the assigned target and 38% higher than FY 2016-17. In terms of agri. credit demand, banks met 72% of the total agri. credit requirement compared to 57% last year. He added that the outstanding portfolio of agri. credit also increased to Rs 469 billion while serving 3.72 million borrowers at end June 2018. The agri lending banks/institutions added 450,000 fresh borrowers during the year.

While delivering his keynote address, Mr. Bajwa highlighted that most of the banks met their assigned targets; however, banks including ZTBL, PPCBL, some of the domestic private banks and Islamic banks fell short of achieving their targets. The province wise agri. credit disbursement witnessed double-digit growth across all provinces and regions; however, banks struggled to achieve their assigned regional targets in the underserved provinces/regions. He urged agri. lending banks and institutions to double up their efforts and commitment to ensure achievement of agri. credit target in the underserved provinces and regions.

He urged the Federal & Provincial governments, revenue departments, farmers' associations and other stakeholders to contribute in increasing crop productivity by adopting innovative farming techniques, providing modern cold storage & silos facilities, implementation of automated land revenue record and efficient irrigation systems to facilitate banks in their endeavor to adopt agri. finance as a viable business.

Mr. Bajwa also highlighted that besides providing an enabling regulatory environment, SBP has been taking various developmental initiatives to boost agri. financing at the grass root level. These included holding a number of awareness sessions all over the country and job fairs in collaboration with Agri. Universities in the underserved provinces/regions. The Governor emphasized that all banks should finalize the recruitment of the shortlisted candidates on priority basis and to take maximum benefit from the upcoming job fairs being planned by SBP in collaboration with agri universities.

The key note address was followed by a presentation wherein the performance of banks on agricultural financing was reviewed against their targets during FY 2017-18. While assigning the agri. credit target for FY 2018-19, it was shared that the overall disbursement target of Rs. 1,250 billion has been assigned to banks which is 82% of the total estimated agri. credit requirement of Rs 1,519 billion. The province wise and sector wise distribution of the target was adopted while considering



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the provincial agricultural credit requirements, banks' overall lending capacity and their business expansion plans. It was highlighted that for the first time, Islamic banks and Islamic branches of commercial banks have been assigned disbursement target of Rs 100 billion to help realize its potential. Further, the overall target of outstanding borrowers has been enhanced to 4.42 million with the addition of 700,000 new borrowers.

The Committee also deliberated on the new directions in agricultural financing by focusing on digitalization of agri. Loan processes, value chain and warehouse receipt financing, high value added crops, and provision of farmer advisory services and real time crop monitoring through Geographic Information Systems (GIS).

While concluding the meeting, Mr. Tariq Bajwa shared his confidence that all the stakeholders must continue to collaborate to enhance formal credit to agriculture. He urged that:

- Banks must continue to innovate and provide agri credit while adopting digital technologies, value chain financing, high value crops and create more linkages for improving livelihoods in the country.
- Banks must overcome their infrastructure gaps to achieve the annual agricultural credit target of Rs 1,250 billion for FY 2018-19. The target for FY 19 was not very steep compared to last year to allow the banks to bring a qualitative shift in agri financing.
- Banks must enhance their Advances to Deposit ratio in all provinces and regions to support the local economies.
- Banks must adopt, replicate and scale up the existing pilots on Electronic Land Record Management Information System for efficient and timely provision of credit to small famers.
- Islamic banks and branches to develop innovative financing products in line with the agri sector needs.

Before closing the meeting, Governor-SBP thanked the participants and expressed his optimism that Banks will explore new investment opportunities in underserved provinces/regions to achieve overall annual target for FY 2018-19 beside achieving their provincial/regional targets particularly in underserved areas.

The meeting was attended by senior officials of federal & provincial governments, Presidents/CEOs of banks, members of all provincial chambers of agriculture, progressive farmers and representatives of AJK farming community.

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