



## External Relations Department

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### **Agricultural credit target achievements in FY 2018-19**

Banks made disbursements of Rs 1,174 billion or 94% against the ambitious target of Rs 1,250 billion set by Agricultural Credit Advisory Committee for 2018-19. The achievement of agri. credit disbursement is a sizable performance in agri. lending despite number of demand and supply side challenges. The current year's disbursement is 21% higher than the last year's disbursements of Rs 972.6 billion. Further, the agri. outstanding portfolio increased to Rs 562.4 billion on end June, 2019 registering a growth of 20% compared with the last year's position of Rs 469.4 billion. Similarly, the agricultural credit outreach has increased to **4.01 million** farmers or 91% against target of 4.42 million farmers at end June 2019, recording growth of 8% from 3.72 million farmers at end June 2018.

To achieve these numbers, SBP adopted a multifaceted strategy and made concerted efforts for pursuing a massive agricultural credit target which included; sensitizing banks to adopt agri. financing as a viable business line, exploring new avenues of financing, value chain financing, mobilizing e-credit, warehousing receipt financing, implementation of crop/livestock insurance and credit guarantee schemes for the farmers etc.

The achievement could be made due to the integrated efforts of federal/provincial governments, SBP, financial institutions and other stakeholders. Further, the efforts included rigorous follow up with the top management of banks and agri. credit heads and conducting regular follow-up meetings with regional management were instrumental for target monitoring. Conducting regular farmers' awareness & financial literacy programs across the country, initiation of one window operation in KPK and holding job fairs for agri. graduates in underserved provinces were also helpful. Moreover, the support of SBP BSC field offices in monitoring the district/regional targets was also supportive.

The detailed credit performance reveals that during FY 2018-19, five major commercial banks collectively disbursed agri. loans of Rs 653.5 billion or 100.4% of their annual target of Rs 651 billion, specialized banks disbursed Rs 81.2 billion or 71.8% of their annual target of Rs 113 billion and fifteen domestic private banks as a group achieved 86.5% by disbursing Rs 211.9 billion against their target of Rs 245 during FY-2018-19.

Moreover, Microfinance Banks (MFBs) as a group have achieved 98.7% by disbursing agri. loans of Rs. 154.0 billion to small farmers which is 23% higher than the disbursement of Rs 124.8 billion during same period last year. Similarly, the Microfinance Institutions/Rural Support Programs collectively achieved 97.1% of their targets by disbursing Rs 34.0 billion to small and marginalized farmers during FY 2018-19.

Five Islamic Banks as a group achieved 78.8% of their annual target of Rs 50.0 billion by disbursing Rs 39.4 billion which is Rs 23 billion higher than the disbursement made during the corresponding period last year. Further, in order to mobilize the Islamic Windows of commercial banks for agricultural financing, the disbursement targets of Rs 50.0 billion were assigned for 2018-19. Accordingly, the windows of commercial banks as a group disbursed Rs 32.7 billion or 65.4% of the annual targets to faith sensitive clients during FY 2018-19.

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