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Governor SBP Dr. Reza Baqir appreciates banks for providing agriculture credit of over Rs1.3 trillion during FY21 and sets target of Rs1.7 trillion for FY22

Dr. Reza Baqir, Governor State Bank of Pakistan, chaired the annual meeting of Agricultural Credit Advisory Committee (ACAC) today in Multan. He lauded banks performance in achieving the unprecedented level of agriculture credit disbursement of Rs1.4 trillion in FY21. He appreciated the fact that despite Covid19 pandemic challenges, collective efforts of 50 financial institutions under ACAC guidance helped achieve 91% of assigned target. In his inaugural speech, he emphasized that banks leadership can now take this journey to the next level of qualitative improvement in agriculture credit in line with the strategic shift and key policy actions taken by SBP. Announcing current year's agriculture credit target of Rs1.7 trillion with 5 million borrowers, the Governor marked the insistent need to address quality of credit, its geographical imbalances and uneven distribution amongst different categories of borrowers.

At this occasion, the Governor announced two new measures to help boost agriculture financing. First, a comprehensive scoring model to rank banks according to key agriculture credit indicators and targets. To foster a competitive environment, the banks performing well will duly be recognized whereas underperforming banks will be strongly encouraged to focus on metrics where improvement is needed. The second measure designates a bank volunteering to serve as a champion/lead bank in an underserved province/area. Further steps in this regard include establishing helpdesks in underserved areas to facilitate farmers, and launching targeted and collaborative awareness drives for an extensive outreach. He concluded that SBP's vision will serve two-fold purposes; enhancing farmers financial inclusion while providing more lending opportunities to the banks.

Upon convening ACAC meeting in Multan, the Governor especially highlighted the immense agricultural potential of the area and the opportunities in expanding agriculture finance. This was followed by a presentation on the performance of banks in agricultural financing. ACAC deliberated on the new directions in agricultural financing, particularly the climate smart agriculture practices and the role that financial institutions can play. Moreover, the Committee also discussed avenues to enhance efficiency of existing agriculture credit infrastructure across the country. In the second session of ACAC, new and innovative ideas were presented by selected banks and other stakeholders in the area of i) value chain solutions, ii) electronic warehouse receipt financing, iii) digital loan origination system and iv) horticulture value chain financing. ACAC while approving the new ideas, set targets for scaling up pilot projects.

ACAC meeting was attended by senior officials of federal & provincial governments, Presidents/CEOs of banks, members of provincial chambers of agriculture, progressive farmers, representatives of regional farming communities and SBP senior officials.

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