



External Relations Department

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Governor SBP urges stakeholders to promote farm credit using Electronic Warehouse Receipt Financing

Dr. Reza Baqir, Governor State Bank of Pakistan, launched Electronic Warehouse Receipt Financing (EWRF) for Maize Crop today at an event in Habibabad, District Kasur. During the event banks signed an agreement with a collateral management company to start operations under this newly developed system.

Congratulating the banks on initiation of EWRF for maize crop, Dr. Baqir said that banks must now extend credit to the farmers to its full potential and make it easier for them to avail financing as the farmers would now be able to offer banks adequate collateral to avail loans. He added that the system designed behind the EWRF is a win-win situation for all the three stakeholders including farmers, banks and the collateral companies as it offers a smooth and reliable process in terms of storage of the produce, receipts creation and provision of credit. He pointed out that last year only 59 percent of the credit needs of the farmers were met through banks, which must now increase substantially. He termed the farmers as the key beneficiary since they could now manage the risks emanating from price fluctuation in a better way. Farmers are often forced to sell their crops at lower prices during harvesting season due to unavailability of storage facilities and to meet their pressing cash requirements. With the availability of EWRF, they will now be able to meet their financing needs from banks. EWRF has also created an incentive for establishing modern storage facilities since it will create the demand for such facilities by farmers.

Dr Baqir highlighted that besides enhanced credit availability, EWRF will help to improve food security by minimizing post-harvest losses due to unavailability of modern storage spaces. It will also help in better price discovery that will increase farmers' profitability and guide in better farming decisions. He also apprised that SBP has established a high level Taskforce for EWRF, comprising key stakeholders, to develop synergies and address bottlenecks and challenges in availing EWRF. This Taskforce will be responsible to steer the entire action plan, monitor performance, and provide strategic direction to boost EWRF in the country.

At the launch event, key stakeholders including banks also shared their experiences of implementing the emerging EWRF regime, followed by a documentary video focused on creating awareness on EWRF. President & CEO Habib Bank Limited - the pioneer bank in launching EWR based financing in Pakistan, Mr. Muhammad Aurangzeb, said that launch of this initiative has created a great incentive for banks to extend financing to the farmers. It is the right step towards facilitating the farming community and will help in reaping the massive potential in the agricultural sector to contribute towards the growth of the country. Assuring continued support of Bank of Punjab (BOP) in facilitating farmers, its President & CEO, Mr. Zafar Masud opined that EWRF would not only assist the farmers in their economic well-being but also significantly help avoid post-harvest losses of various crops.

The launch of EWRF is in line with SBP's efforts to ensure availability of adequate credit for agriculture purposes. In this regard SBP has recently increased [credit limits for farmers](#) to meet their input requirements. Earlier, SBP set [agriculture credit target for banks](#) to an all-time high of Rs 1.7 trillion for FY22.



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The event was attended by various dignitaries from Federal and Provincial Governments, CEO Naymat Collateral Management Company Ltd., Presidents/CEOs of banks, warehouse operators, and farming community, among others.

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