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Governor SBP urges banks to support agriculture sector to recover from devastation of floods

Governor State Bank of Pakistan (SBP), Mr. Jameel Ahmad, while chairing the annual meeting of Agricultural Credit Advisory Committee (ACAC) in Hyderabad referred to the devastation caused by recent floods and observed that climate change is the biggest long-term threat to the country due to its unforeseen impacts. He added that while the government, businesses and societies are recognizing such threats, we need to take timely actions and allocate required resources for research and development of relevant products and services and capacity building of stakeholders to address them preemptively.

Mr. Ahmad appreciated banks in achieving unprecedented agriculture credit disbursement of Rs1,419 billion in FY22. He noted that for FY23, target of Rs1,819 billion has been set in line with Government's priority and added that during first five months of FY23, Rs664 billion have already been disbursed.

He added that Prime Minister of Pakistan has announced the Kissan Package, comprising of restructuring and rescheduling of agriculture loans, mark-up waiver for outstanding small loans in flood affected areas, interest-free loans for subsistence & landless farmers and subsidized loans and risk sharing scheme for farm mechanization, besides other support measures. Governor SBP elaborated that the package will facilitate recovery of farmers from the impact of recent floods and urged banks to implement the package in letter and spirit. He also assured SBP's full support to the banks wherever needed.

The Governor also underlined that banks have a huge opportunity to exploit the untapped potential of Islamic agriculture financing with respect to SBP's recent commitment towards transformation of conventional banking to Islamic banking in the next five years. He noted that the share of Islamic financing in agriculture financing is still quite low and urged the industry to work on developing demand driven Islamic financing products, specifically tailored to the requirements of the farming community.

Governor's inaugural address was followed by a presentation on the performance of banks in agricultural financing. The ACAC deliberated on the new directions in agricultural financing particularly regarding climate smart agriculture practices and the role that financial institutions can play. Moreover, the champion banks, nominated by the ACAC to spearhead the efforts in underserved areas, presented the progress in their respective assigned underserved provinces or regions.

The 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.
