

## **Appendix-A**

### **Member CRF State Bank of Pakistan Karachi**

**For The Attn of Mr. Ashraf Janjua  
Chief Economic Adviser  
Member Secretary CRF  
SBP**

Subject: Personal Notes in written with reference to the last meeting held in Karachi or individual feelings.

Dear Sir,

As decided in the last meeting of CRF which was held at Karachi State Bank Committee Room every member had some view apart from the final written report presented in front of us and it was agreed that it might not fall within the scope of the committee but the observations might be very important and should be included as attachments or in some other shape to the final report.

- 1) As our focus in the main meeting was towards the NGO sector and towards the concept of the private bank developments on the district level we the two members from Balochistan have strong doubts about any one coming forward in Balochistan in the private sector in the establishment of any such district bank so in other words if this is the ideal condition as agreed in the report we will be giving nothing to a very large rural setup of the country that is to Balochistan as no one from here will establish any such bank in the province. We do agree that NGO can be of limited use in this regards in the disbursement of micro credits without any collaterals.
- 2) We feel that very honest and professionally sound in agriculture member in the board of Governors be decided by the ZTBL the newer version of ADBP and the scope and role of the person taken in board should be very effective not merely the fulfillment of the rules and regulations of the bank.
- 3) No doubt about the fact that in the past the role of the cooperative bank of Balochistan has been disastrous, this was in general because of the lacunas present in our system not because that cooperative system of agriculture is a failure as in other provinces as well the loans were granted to 96% faked cooperative societies and in the majority to very few families only even those in the name of the tenants or other wise self created ones but it never means

that Cooperative system is a failure in the rural setup and development globally. The success models can be seen existing in all the developed countries in general but to put weight to this it should be said that Agriculture without the cooperative system or Rural development without this cooperative sense would be a bad failure. In this system the fault lies in one specificity that social mobilization or education of the village people to create a responsible group or group leader has been lacking which again does not mean that it cannot be done as according to the reports submitted by NRSP they have been creating these groups who care for SOCIAL Collaterals in Punjab and the coastal villages of Balochistan their only target market till now has been very successful so we are strongly recommending the revival of our cooperative bank though in bad debts but still the only or one of very few hopes for the RURAL FINANCE. We strongly feel that this should be considered and again very dead honest people from different rural setups be taken in the cooperative bank whose say cannot be over ruled very easily by the in charge of the cooperative bank so that there should be a real check upon the government officer involved in the bank and at the same time upon the formation of the false cooperative societies though we know this already exists in the rules of the cooperative bank but it should be brought in real spirit by further discussion.

- 4) It is strongly felt that whatever disbursing structure is involved in the rural financing and saving side as well there can be very minimal improvement until and unless the marketing or output side of the rural products whether agricultural or from cottage industry be improved and brought near to precision as with the prevailing system of marketing rural products is very poor so it needs to be modified a very simple example of this is the repeated price failure of the agricultural products in this country due to which the farmer is becoming weaker and weaker day by day so when he gets the seasonal loan for a crop his inputs gets involved at very higher rates but the crop even if a success story yield and quality wise he is tethered and his pay backs schedule spoiled by the poor prices of the market this point needs further elaboration, though not falling into the scope of the committee as such but should have been at priority in TOR which every one of us has realized.

So the report of the committee should be very incomplete and faulty if this is not included in the report as at whatever stage of the meeting we felt this deficiency in the meetings of the committee but this is a very bitter fact and our suggestion is that we should do something about this marketing dilemma the rural sector is facing if not we should at least mention that we have strongly felt this.

BEST REGARDS

Ibrahim Khan Achakzai  
Member CRF

Dr. Abdul Nasir Kassi  
Member CRF