

17th July, 2004

Rs.85 Billion to be Disbursed to Agriculture Sector during 2004-05

The annual meeting of the Agricultural Credit Advisory Committee (ACAC) was held under the Chairmanship of the Governor, State Bank of Pakistan, Dr. Ishrat Husain in Karachi today. The meeting was attended by all the commercial banks, Zarai Taraqqiati Bank Ltd. (ZTBL), Punjab Provincial Cooperative Bank Ltd. (PPCBL), officials of Federal and Provincial Governments, Chambers of Agriculture and other stakeholders reviewed the agriculture credit during 2003-04.

The Chairman, Dr. Ishrat Husain, appreciated the impressive performance of commercial banks, particularly by five major banks, both in disbursement and recoveries of agriculture credit. This performance demonstrated that the revamped agriculture credit scheme have produced positive results.

The Committee expressed its satisfaction that the total disbursement of agricultural credit during 2003-04 has reached to the level of Rs.73.6 billion, i.e. 12.2% higher than the target of Rs.65.5 billion and 24.8% higher than the actual disbursement of last year. Five major Commercial Banks disbursed Rs.33.2 billion, ZTBL disbursed Rs.29.9 billion, PPCBL Rs.7.7 billion and Domestic Private Banks Rs.2.7 billion. The five major Commercial Banks jointly achieved 148% of their target and surpassed the ZTBL, the traditional lender in the agriculture sector.

The Committee also appreciated the efforts of all banks in reducing the mark-up rates in the range of 4-5% on their agriculture financing and advised them to publicise this reduction as well as their other products introduced in agriculture credit. The representatives of the farming community termed the introduction of Revolving Credit Scheme as a revolutionary step that will empower the small farmers to make the repayments according to their own choice of timing. They also welcomed the President of Pakistan's decision to take away the powers of arrest and detention of farmers from ZTBL. While discussing SBP – Agricultural Credit Training Programmes / Field Visits, the Committee appreciated the efforts in this behalf and observed that these training sessions have proved very useful and be continued.

Regarding Tractor Financing, the Committee observed that an amount of Rs.6,277.8 million was disbursed for the purchase of 21,244 tractors during the year 2003-04 compared to Rs.4,094.7 million for the purchase of 14,570 tractors during the same period last year showing an increase of 53.2% in amount and 48.5% in the number of tractors financed.

While expressing its satisfaction over the performance of the agriculture credit disbursements, the Committee suggested a target of Rs.85 billion for the year 2004-05, i.e., 30% higher than the target of last year and 16% higher than the actual disbursement during the year 2003-04.