

Appendix –C

METHODOLOGY FOR PREPARING CREDIT REQUIREMENTS

A. FARM- (CROP) CREDIT (SHORT-TERM)

1. SEEDS

- a) The committee of experts had adopted the seed rate per acre for various crops as under:

S.No.	Name of Crop*	(Kgs) Seed rate per acre
1.	Wheat (Irrigated)	50
2.	Wheat Rainfed (Barani)	55
3.	Maize (Hybrid)	10
4.	Sugarbeet	2.5
5.	Potato	1000
6.	Vegetable (Overall)	5-12
7.	Onion (Seeding)	3
8.	Lady finger	12
9.	Peas (Mutter)	10-15
10.	Sunflower	2-5
11.	Canola	2
12.	Soyabean	25
13.	Rapeseed and Mustard	2
14.	Linseed	5
15.	Coarsegrain (Overall)	Rs.400 per acre
16.	Millet (Bajra)	10
17.	Gram	20-25
18.	Sorghum (Jowar)	8-12
19.	Moong	8-10
20.	Masoor	8-10
21.	Lentil	8-10
22.	Groundnut	35-40
23.	Tobacco	Rs. 1000 per acre

*The seed rate per acre (in Kgs.) Basmati, other scented varieties, like sugdasi, latiffee etc., IRRI). Cotton seed (delinted & linted) maize (improved variety), sugarcane & oilseed (overall) has remained unchanged.

- (b) The farmers normally retain the seeds for the next crop from their own harvest.

However, this practice is undergoing a change as a result of the development of high yielding /improved varieties, problems of purity and storage and changes in cropping patterns, which necessitate purchases from outside. In the absence of adequate data, the extent of seeds purchased outside the farm were estimated on the basis of following percentages on the advice of experts. The committee had adopted the percentage area for various crops as under:

S. No.	Name of Crop	Estimated percentages of Acreage for which seed is purchased represent Technical replacement Requirements
1.	Rice	50%
2.	Wheat	50%
3.	Sugarcane	45%
4.	Sunflower (Improved)	100%
5.	Oil Seed (Canola)	100%
6.	Oil Seed Traditional	30%
7.	Coarsegrain(Bafra, Jowar, Gram, Barley, Guarseed)	60%
8.	Orchards and Nurseries	100%
9.	Groundnut	80%
10.	Tobacco	60%

The following revised percentages were adopted by the Committee of Experts to applied to the estimated cash requirements (i.e. quantity of purchased seed multiplied by the price of seed) for arriving at credit requirements

Farm Size	Percentage of cash Requirements treated as Effective demand for credit
Small Farms	95%
Medium Farms	60%
Large Farms	40%

The size of farms in terms of acreage and the percentage breakup of their different sizes in the various provinces is Given as follows.

S.No.	Name of Provinces	Small Percentage Farm (Area)	Percentage Farm	Medium (Area)	Percentage	Large (Area)	Farm
1.	Punjab	up to 12.5	41%	above 12.5 acres to 50 acres	40%	above 50	acres

2.	NWFP 11%	-do-	59%	-do-	30%	-do-
3.	Sindh 16%	Up to 16 acres	54%	above 16 acres to 64 acres	30%	Above 64 acres
4.	Balochistan 38%	Up to 32 acres	46%	Above 32 acres to 64 acres	17%	-do-

Note: the percentage worked out for Sindh and Balochistan Provinces are estimated since the 1990-Agricultural Census Report Does not provide information corresponding to the categories defined as small, medium and large farms for these provinces.

2. FERTILIZER AND GYPSUM

The use of fertilizers and Gypsum in irrigated areas is increasing rapidly and in view of the demand exceeding supplies it is considered that the targets fixed under the Annual Development Plan for various provinces should be taken as a basis, the officially fixed prices should be applied for calculating total cash requirements. Cash requirements for different sizes of farms should be worked out and the following percentages of such cash requirements should be deemed as credit requirements.

Farm Size	Percentage of cash Requirements treated as Effective demand for credit
Small Farms	95%
Medium Farms	60%
Large Farms	40%

3. PESTICIDES INCLUDING HERBICIDES AND WEEDICIDES

The targets fixed by the Government of Pesticides should be taken as a basis. After making adjustment for subsidies, if any, the amount of cash required by farmers should be arrived at of this amount credit requirement should be calculated for different categories of farm holdings according to the following percentages:

Farm Size	Percentage of cash Requirements treated as Effective demand for credit
Small Farms	95%
Medium Farms	60%
Large Farms	40%

4. CHARGES FOR PURCHASE OF TUBE-WELL WATER

The use of purchase of Tube-well water has become a tradition in the rural areas. Usually, Due to shortage of irrigated water, the farmers holding small and medium farms purchase tube-well water from the large farmers who own tube-well adjacent to them .50% of the cash requirement for purchase of tube-well water is treated as credit requirement in respect of small and medium farms individually,

5. CHARGES FOR PURCHASE OF DIESEL OIL FOR TRACTOR

The Committee recommended on account of purchase of Diesel Oil for Tractors be treated as credit requirements 75%and 25% of the credit requirements so calculated may be allocated to small and medium/large farms respectively.

6. PRODUCTION LOANS FOR MUSHROOMS

The production of Mushroom growth is being penetrating in the agricultural sector and its demand is increasing as soup/vegetable particularly in foreign countries. The Committee therefore recommended that the total cash requirements on the production of Mushrooms might be calculated at each province level 25% of the cash requirement may be treated as credit requirement in respect of small. medium and large farms individually.

FARM (CROP) CREDIT (MEDIUM LONG TERM)

1. LAND IMPROVEMENT

A. RECLAMATION OF LAND

Sizable areas of land under water logging and salinity is being recovered and provinces therefore, should provide estimates of the land area to be reclaimed by their respective land Reclamation Departments 75%of this amount should be treated as credit requirement. The province should also make ad hoc provision for this purpose.

B. CONSTRUCTION OF MINI DAMS/CHECK KAREZ/WATER RESERVOIRS/WATER CATCHMENTS FOR RAINFED (BARANI) AREAS

It was decided by the committee that provinces should provide estimates of the construction of Mini Dams/Check Karez /Water Reservoirs/ Water Catchments at various places.75% of the amount to be incurred on such items may be treated as credit requirements.

2. WATER COURSE IMPROVEMENT

A. CONSTRUCTION OF PACCA WATER COURSES

The importance of availability of water increases when leakages in water channels is supplemented with the shortage of water. It was therefore decided by the Committee that the Pacca Water Course should be constricted at each farm size level. The provinces should provide estimates for the constructions of Pacca water Courses through their relevant departments /Units. Cost should be worked out on prevailing rates of masonry items and labour charges 70% of this amount should be treated as credit requirement in respect of each for small, medium and large farm separately where directorate of Water Management is not functioning and no credit should be provided where this Directorate is functioning .The province should however, make ad hoc provision for this purpose.

3. WELLS

A. REPAIR OF TUBE-WELL ENGINES AND TRACTORS

Of the total number of existing tube-wells and their engines and tractors it is considered that only 10% of tube-wells and their engines and tractors require repair, 30 % of the total cost of repair, worked out on the basis of average cost at current market prices, should be treated as credit requirements.

B. COST OF POWER LINES AND TRANSFORMER

The government is not providing any subsidy for electric connection hence it was recommended by the committee that 25% of the cost of Power Lines and Transformer may be treated as credit requirement. The provinces should make ad hoc provision for this purpose.

4. FARM POWER

A. THRASHING MACHINE FOR ALL AGRICULTURAL CROPS

The Committee recommended that 90% of the total cost of thrashing machine should be treated as credit requirement.

B. PURCHASE OF SECOND HAND TRACTORS, THRASHERS, COMBINED HARVESTERS AND OTHER FARM MACHINERY OF MAXIMUM THREE YEARS OLD AND FREE FROM ALL ENCUMBRANCES

It was decided by the Committee that 90% of the total cost incurred on the purchase of second hand tractors, thrashers, thrashers, combined harvesters and other farm machinery of maximum three years old and free from all encumbrances, purchased for agricultural

C. HIRE CHARGES FOR ALL AGRICULTURAL MACHINERY

Cash requirement should be worked out on the prevailing hiring charges and 100% of this amount should be treated as credit requirement.

5. STORAGE OF AGRICULTURAL RAW/ FARM PRODUCE

The provinces should estimate the fixed capital required for the storage of agricultural raw/ farm produce 75% of this amount should be treated as credit requirement. The province should make ad hoc provision for this purpose.

6. DEVELOPMENT LOAN FOR TEA PLANTATION/PALM OIL

The cost on the production of tea plantation /palm oil may be worked out through Agricultural Extension Department in various provinces. 75% of the cash requirement may be treated as credit requirement. The province should make ad hoc provision for this purpose.

1. STORAGE, TRANSPORTATION, MARKETING, PACKING AND PROCESSING BY FARMERS FROM FIELD ONLY

A. REFRIGERATOR VAN

The cost on the purchase of refrigerator Van may be treated as cash requirement 70% of the cash requirement may be treated as credit requirement

B. PURCHASE OF PICK-UP AND MINI TRUCKS FOR AGRICULTURAL USE

In order to provide transportation facilities from farm to nearest marketing place, it is decided by the Committee that Pick ups and Mini Trucks should be provided at each size of farm level 90% of the cost of pick up /Mini Truck should be treated as credit requirement

8. EFFECTIVE MICROBES TECHNOLOGY (EMT)

The provinces with the help of Expertise would estimate cost to be incurred on the Effective Microbes technology (EMT) at Union Council/Town committee level 50% of the amount so estimated should be treated as credit requirements the province should make ad hoc provision for this propose.

9. CONSTRUCTION OF LABORATORY FOR INTEGRATED PEST MANAGEMENT (IPM)

The provinces would estimate the cost to be incurred on the construction of Laboratory for Integrated pest Management (IPM) in consultation with the relevant department/ expertise 50% of such estimated amount should be treated as credit requirement .The province should make ad hoc provision for this purpose.