

# Agricultural Credit: Promotion of agriculture sector

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During 2017-18, agriculture sector recorded a remarkable growth of 3.81% and surpassed its targeted growth of 3.5% and last year's growth of 2.07%. This stemmed from higher yields, attractive output prices and supportive government policies, better availability of certified seeds, pesticides, agriculture credit and intensive fertilizers off take.

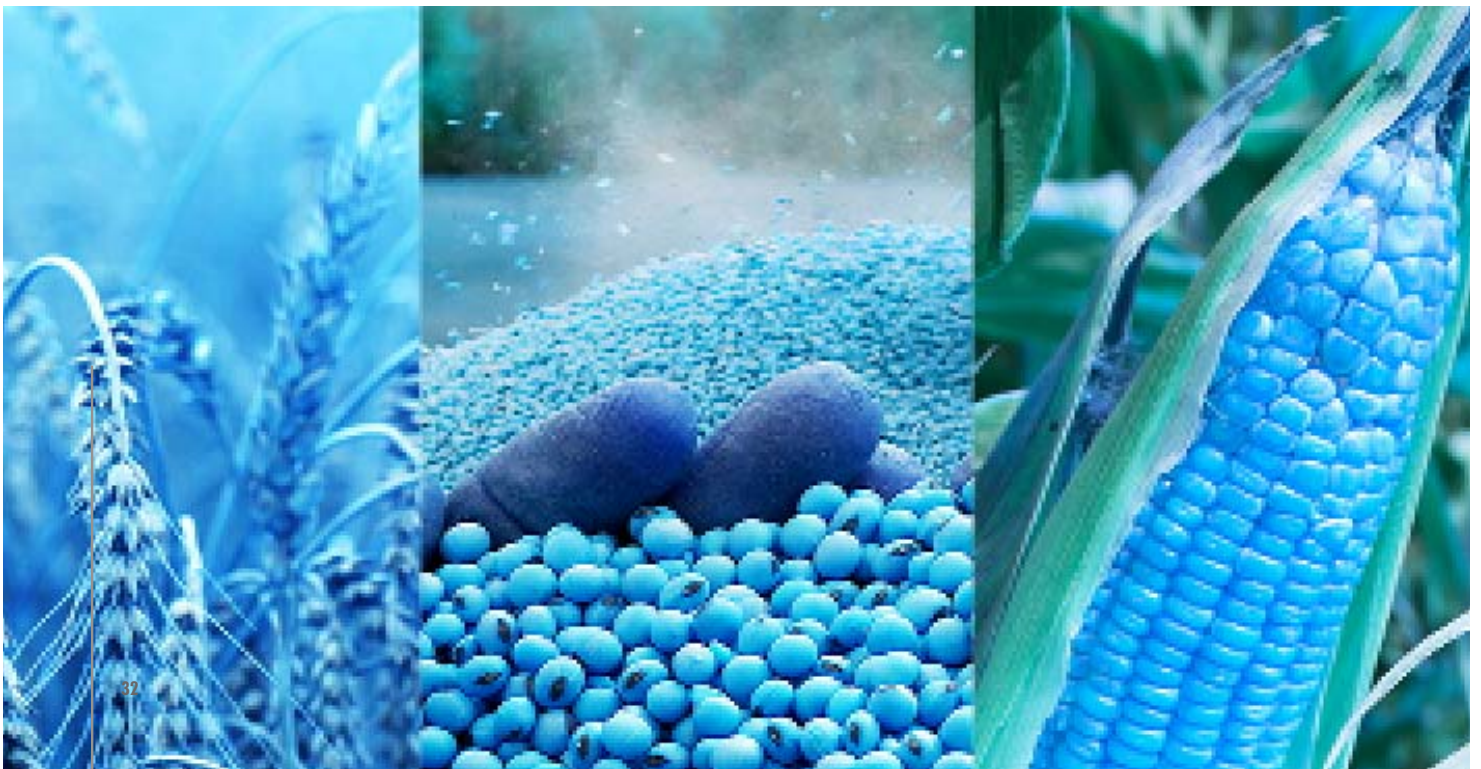
In Pakistan the agricultural sector have been playing a vital role in increasing agricultural productivity and income of the rural households. In this sector, agricultural credit requirements have increased over the time due to several problems including rising prices of main agricultural inputs, shortage of water and poor irrigation systems.

In the backdrop of the government's budgetary initiatives for promotion of agriculture sector, SBP has assigned the indicative agriculture credit disbursement targets of Rs 1,001 billion to 52 participating institutions including 19 Commercial banks, 2 Specialized Banks, 5 Islamic Banks and 11 Microfinance banks and 15 Microfinance Institutions/Rural Support Programmes (MFIs/RSPs).

This indicative agriculture target is 43% higher than the last year's target and actual disbursements of Rs 972.61.5 billion in 2017-18. Out of the total target, Rs 516 billion have been assigned to five major commercial banks, Rs 125 billion to ZTBL, Rs 200 billion to 14 Domestic Private banks, Rs 15 billion to Punjab

Provincial Cooperative Bank Limited (PPBCL), Rs 100 billion to 11 Microfinance banks, Rs 20 billion to five Islamic banks and Rs 25 billion to 15 MFIs/RSPs for FY 2017-18.

In addition, 14 Domestic Private Banks collectively disbursed Rs 184.9 billion with growth of 44.6% as compared with corresponding period last year. The 5 Islamic banks collectively disbursed Rs 16.4 billion with 46.7% growth against their targets of Rs 20 billion to farmers. The Microfinance banks as a group disbursed Rs 28.7 billion and 15 MFIs/RSPs collectively disbursed Rs 124.7 billion in FY 2017-18. Institution-wise agriculture credit disbursements are given in **Table**.



## Agriculture Credi

### Agriculture Credit Disbursement, Recoveries and Outstanding (Net)

(Million Rupees)

Period	DPBs	MFBs	ZTBL	PPCBL	5 CBs	IBs	MFI	Total
<b>FY 16 (Average)</b>								
Disbursement	154,398	53,938	90,977	10,335	280,100	8,540	--	598,288
Farm Sector	72,405	32,558	71,318	8,447	118,564	2,849	--	306,141
Production Loans	62,003	32,558	66,869	8,395	74,197	2,171	--	246,193
Development Loans	9,268	--	4,449	52	2,756	627	--	17,152
Corporate Farming Loans	1,134	--	--	--	41,611	51	--	42,796
Non Farm Sector	81,993	21,380	19,659	1,888	161,536	5,691	--	292,147
Recoveries	99,393	37,937	90,563	9,735	304,346	6,442	--	548,416
Outstanding (Principal only)	45,604	45,810	136,702	10,587	102,722	4,201	--	345,626
<b>FY 17 (Average)</b>								
Disbursement	139,061	87,772	92,451	10,880	342,068	12,326	19,930	704,488
Farm Sector	46,568	49,644	67,210	8,786	174,362	1,503	7,757	355,829
Production Loans	32,578	49,644	63,890	8,534	116,465	749	7,757	279,617
Development Loans	11,313	--	3,319	252	2,833	640	--	18,357
Corporate Farming Loans	2,677	--	--	--	55,064	114	--	57,854
Non Farm Sector	92,493	38,128	2,5241	2,094	167,707	10,823	12,173	348,660
Recoveries	107,704	54,092	100,711	10,570	344,559	13,803	15,078	636,517
Outstanding (Principal only)	52,527	74,927	163,655	10,897	104,472	5,534	13,791	405,803
<b>FY 18 (Average)</b>								
Disbursement	184,863	124,756	83,187	10,724	523,930	16,392	28,754	972,606
Farm Sector	75,672	63,789	58,493	8,906	263,753	1,889	10,193	482,695
Production Loans	43,479	63,789	54,692	8,323	148,410	725	10,193	329,611
Development Loans	24,817	--	3,801	583	2,208	1,164	--	32,573
Corporate Farming Loans	7,376	--	--	--	113,135	--	--	120,511
Non Farm Sector	109,191	60,966	24,693	1,818	260,177	14,504	18,562	489,910
Recoveries	112,520	94,098	80,153	10,176	508,466	19,133	25,086	849,633
Outstanding (Principal only)	64,040	107,857	144,549	11,443	116,604	7,765	17,186	469,444

5 CBs: 5 Major Commercial Banks  
DPBs Domestic Private Bank - 5 CBs

5 MFBs (Micro Finance Banks) included since July -2011 & 2 MFBs since July 2013

3 Islamic Banks included since July 2013

Source: Agricultural Credit & Microfinance.