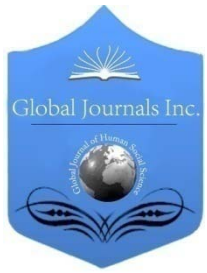
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Banking Role and Loan Schemes for Agricultural Development in China & Pakistan

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Banking Role and Loan Schemes for Agricultural Development in China & Pakistan

Abdul Rehman [α], Luan Jingdong [σ], Yuneng Du [ρ] & Rafia Khatoon [ω]

Abstract- This paper is an analysis and study of role of banking sector and loan schemes between China and Pakistan. As "banks are the financial intermediary and money creator that creates the money and lending money from borrowers." In other words banks are the financial institutions that kept the money and saving for commercial purposes or invested and supplied for loans.

Keywords: banking role, loan schemes, agricultural development.

I. Introduction

The total land area of Pakistan is about 803,940 square kilometres and above 48 million hectares or 60 percent is classified as unusable for agriculture. For agriculture most of the areas consist of desert, mountains and urban settlements. China has a land area of about 9.6 million square kilometres and is the third world largest country in land size. Its land consists of mountains, rivers, plateaus, lakes and hills with a wealth of natural resources. About 11,580 km^2 is planted for crops permanently and rest is for temporary crops.

Both countries has good and fast banking system which playing an important role and providing financial support for the development of agriculture sector of both countries China and Pakistan. In China there are three main banks that have different loan schemes and programs for the agriculture development in China. These banks are Agricultural Bank of China (ABC), Agricultural Development Bank of China (ADBC) and Rural Credit Cooperatives (RCCs). In Pakistan Agricultural development Bank of Pakistan or Zarai Taraqiati Bank Limited Pakistan (ZTBL), National Bank of Pakistan (NBP) and Khushhali Bank Limited Pakistan are providing loan schemes for agriculture development.

II. Banking Loan Schemes for Agricultural Development in China & Pakistan

a) Agricultural Bank of China (ABC)

Agricultural Bank of china is the first bank of china that provides loan schemes for the development of agriculture. ABC was established in 1951 and later in 1970s Agricultural Bank of China specialized and wholly state-owned as a commercial Bank and subsequently controlled by Commercial Bank.

Agricultural Bank of China provides investment banking, fund banking management, financial leasing and life insurance services. The bank has total assets of RMB 13,244,342 million, deposit of RMB 10,862,935 million and loans of RMB 6,433,399 million at the end of 2012. Bank capital and non-performing loan ratio are 12.61% and 1.33% respectively. In 2012 bank achieved a net profit of RMB 145,131 million.

b) ABC Role in Agriculture Sector

Agricultural Bank of China has important role in the agricultural sector, also for the development of the country. For agriculture it has three types of banking:

1. Agricultural Related Personal Products
2. Agricultural Related Corporate Products
3. SMEs in Country Areas

i. *Agricultural Related Personal Products*

In agricultural related personal products it has following types:

a. Farmer's Kins Benefit Card

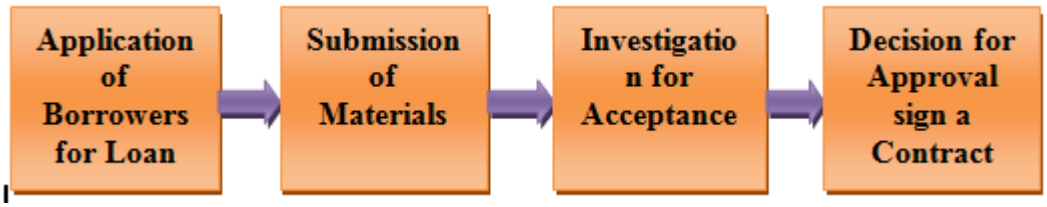
The overview of Farmer's Kins Benefit Card is like a Union Pay standard debit card issued to farmer households. It has various financial functions such as cash deposit and withdrawal, cash transfer and settlement. It also has consumption and financing, it provides card holders to specific functions including micro-finance to farmer households and financial subsidy as well as certain financial services.

b. Micro Financing for Farmer's Household

The third feature of ABC is Micro Financing for Farmer's Household and it refers to granted to individuals according to requirements which based on commercialization. Its flexible for the mode of loan. According to different mode of loan for example loan for personal production and operation in rural areas of the country divided into to two modes first one is revolving mode and second is general mode for self-services. For the saving of interest personal loan for the production and operation in the rural areas of the country calculated services actual days. The procedure is following:

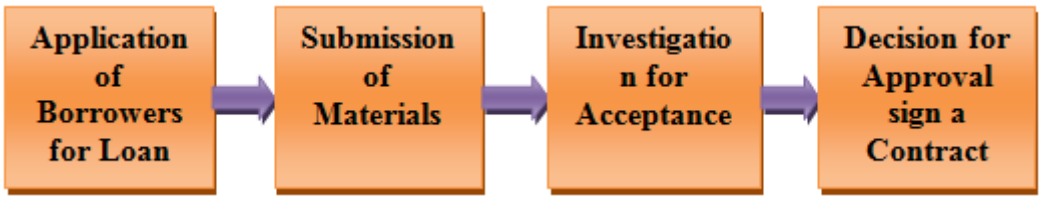
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c. Personal Business Loan for Farmer's

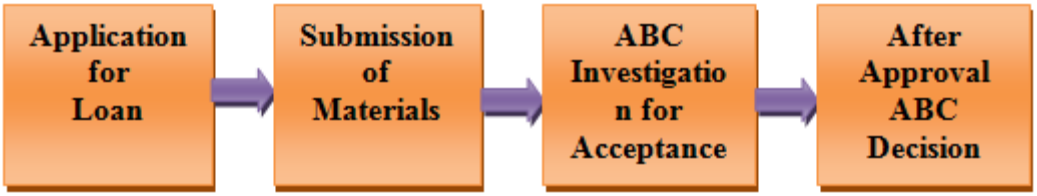
It refers to large amount of credit which is granted to individual members to meets their demand on production scale and operation. It has same features like Micro- financing for farmers households. The procedure for applying is as follows:



d. Loan for House Construction in Earthquake Stricken Areas

Loan for House construction in earthquake stricken areas refers to the loan which is provides by Agricultural Bank of China to those farmers their houses are seriously damaged or destroyed in the earthquake. Due to funds support, loan solves the affected farmer's house reconstruction, moving or settlement and assisting to rebuild. The features of these types of loans are as follows:

1. It has preferential loan rate, its lower limit executes from 0.6 times interest rate and upper limit executes the interest rate of PBOC without floating.
2. It has flexible repayment mode. According to this loan scheme a farmer can repayment in a month, quarterly or up to so on. Depending upon the income of farmer ABC grant the time of one year before payment begins on the loan.
3. Third feature is diversified with the mode of guarantee. For this type of loan a farmer can apply by the means of pledge, mortgage and guaranty of households.
4. Fourth feature is preferential credit program. ABC provides preferential guarantee of the loan for affected farmers who fulfill the requirements. For apply this procedure is as follows:



ii. *Agricultural Related Corporate Products*

In agricultural related corporate products it has following types:

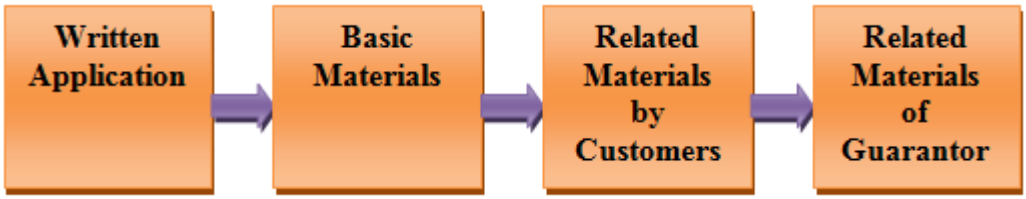
a. Working Capital Loan (WCL)

WCL is granted to borrowers during the normal operation and production. It can be either for short term loan or mid-term loan. Short term loan is for less than one year and the mid-term loan one to three years. The feature of WCL is to satisfy the borrower's financial need. The procedure to apply is that submits the application form first and then provides relevant documents like License of business, certificate of legal representative, financial statements, approvals of mortgager, import/ export permits and loan certificate issued by the BOC (Bank of China).

b. Revolving Line of Credit

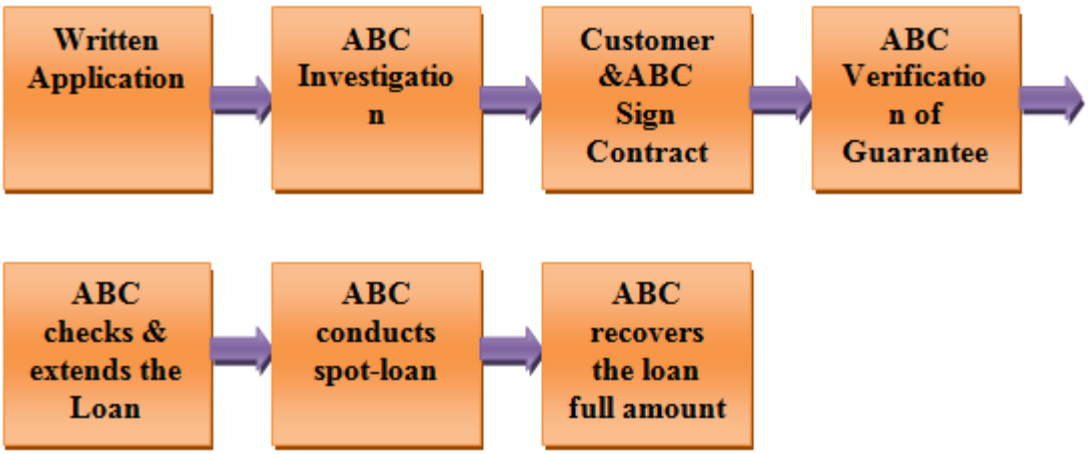
The second type is revolving line of credit and it refers to line of credit which is approved by bank and conveniently under the credit line of customers. It includes revolving credit line and international trade finance line. The features of revolving credit line are that meet the customers demand not exceeds half a year. It includes short term working capital loan, discount, acceptance and letter of credit within six months and trade finance under the international settlement. Procedure for applying is as follows:

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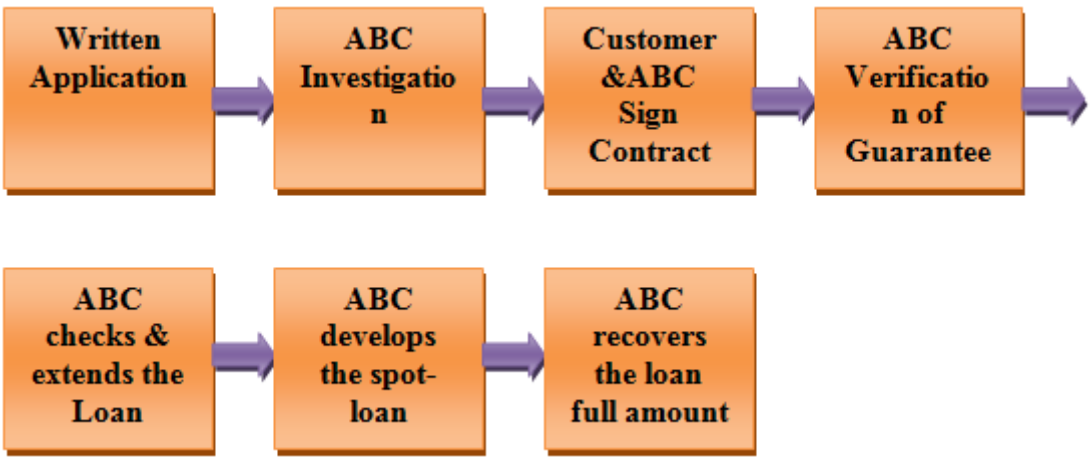
c. CCM Construction loan

The third type is Commodity Circulation Market Construction Loan (CCM). This loan refers to the fixed assets loan for country level commodity market construction. The administration doing work related to this have different branches are known as Country-level Area. It consist of agricultural products, cultural supplies, building decoration materials, costume, hardware, furniture steel products, seeds and fertilizers. For the development of agricultural products wholesale market is available in the country area. Procedure is as follows:



d. Off-Season Fertilizers Reserve Loan

ABC provides this type of loan to customers for their development of chemical fertilizers during off-seasons. It is also acceptable in the form of discount, bills, letter of guarantee and short term credit within three months. The national development and reform commission and the Ministry of Finance able to develop the business of chemical fertilizers with the agreement, that agreement is called Storage Enterprises and another one is called General Enterprises. It helps for he development of business related to commercial reserves of chemical fertilizers. Applying procedure is following:



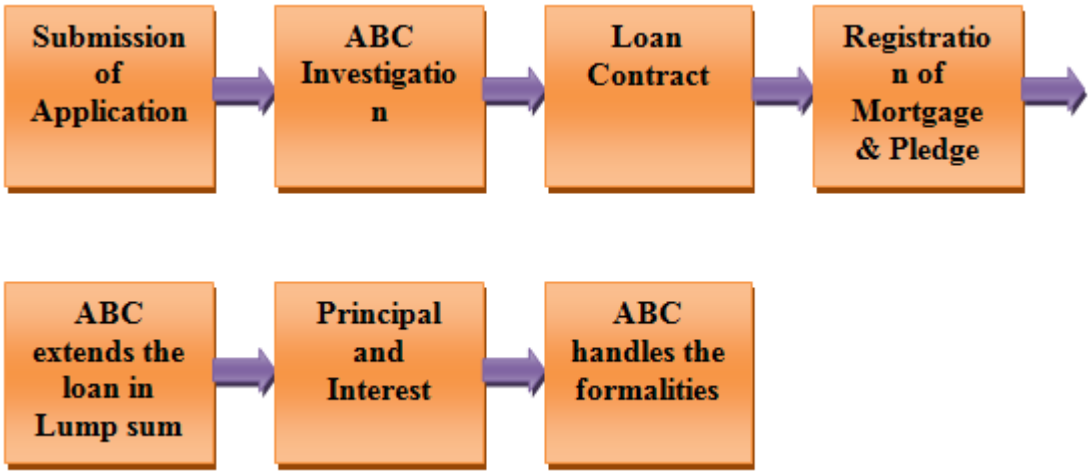
e. Rural Urbanization Loan

RUL loan is used for the construction and development of various infrastructures in the country, which is provided by ABC to his customers improving the production and living condition. Basically it is a project loan and further it is classified into general rural urbanization projects with advance payment. Advance payment means the money provided at the completion of project as partial or whole source of payment.

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f. Rural Infrastructure Construction Loan

This loan is applied for the development of rural infrastructure construction projects which is invested and conducted by central and provincial level finance. It is determined according to the total investment and duration is no more than 20 years. The features of this loan are that, fund is totally applied for the public projects such as national welfares, water, electricity, gas, roads, medical and education. Applying for this kind of loan procedure is as following:

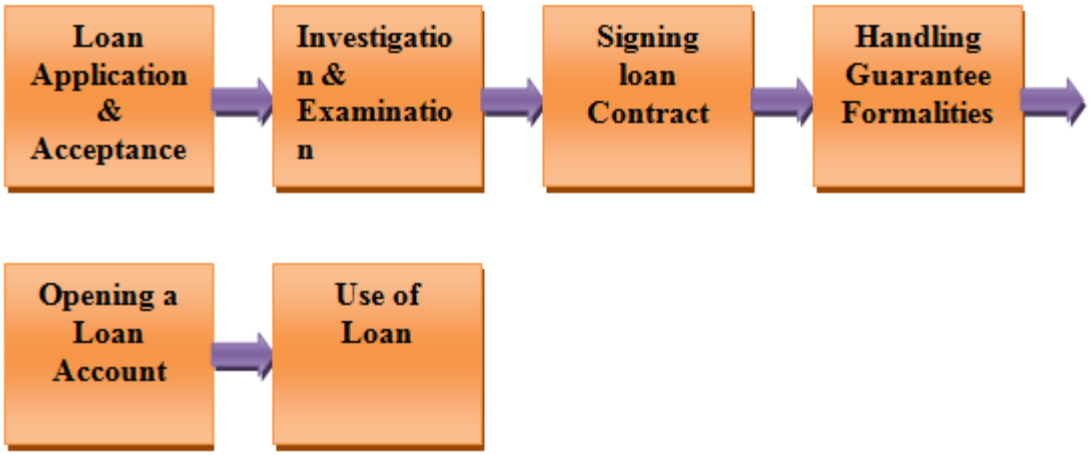


iii. *SMEs in Country Areas*

In SMEs in country Areas it has following types:

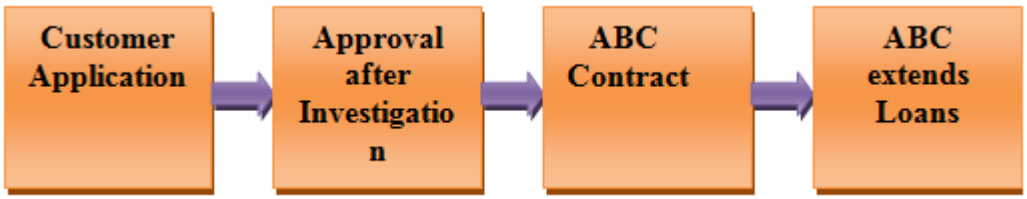
a. Self-Services Revolving Loan for Small Business

It's the first type of SMEs in Country Areas; it is a RMB loan provided by ABC to small business customers and has specific credit line. Through this customers of small business can use loan in a self-services and revolving way. The important feature is that it is meets mainly to small business customers they have demand for normal production and operation. Customers can borrows and repay the money at any time in the small business. Procedure for applying is as follows:



b. Simple and Quick Loan for Small Business

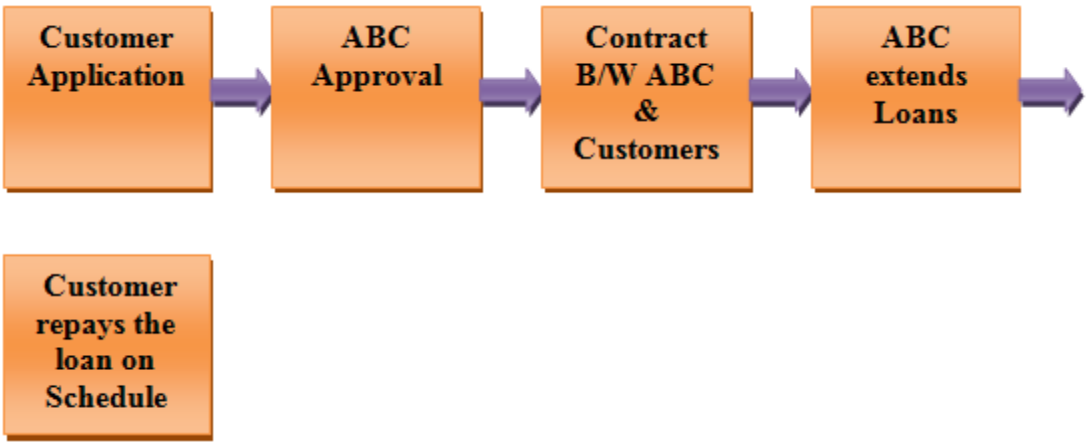
This type of loan is provided to small business enterprises with a single gross limit within limit 2 million RMB without independent credit. The business loan is handled directly according to the requirements under the mortgage and will be deduct when loan terms are completed. Mainly it is temporary working capital small enterprise's needs. Procedure is as follows:



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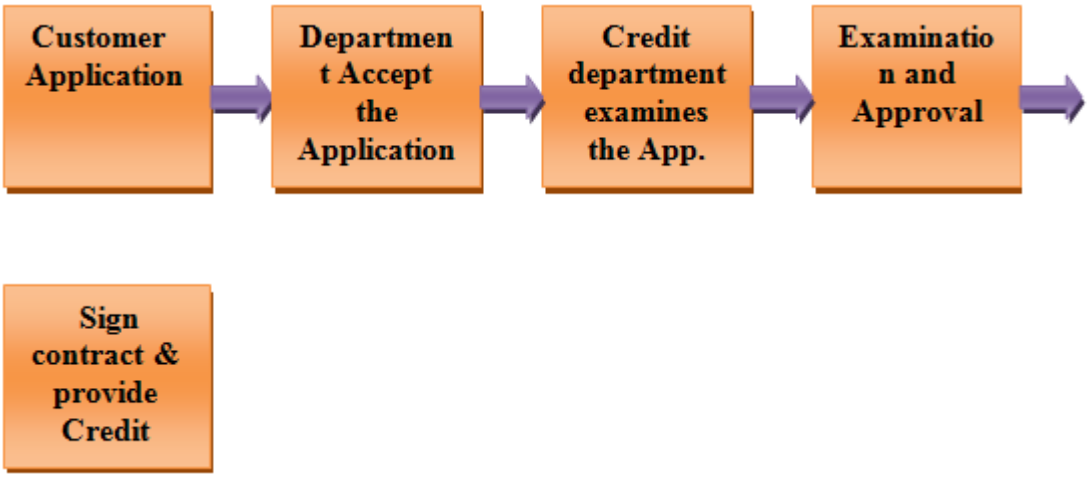
c. Loan on Real Estate

Loan on Real Estate refers to loan of ABC to small enterprises which have gross financing RMB 8 million and mortgage guarantee is lawful, full value and effective. This loan scheme is only Jiangsu Branch of ABC offers. This is convenient for loner and borrowers also green channel for small enterprises with good credit. Procedure is as follows:



d. Golden Way Park-Small Enterprise Products

It refers to the serial credit products which are provided by enterprise customers located in the cities level in the industrial parks and agricultural parks in Chongqing city. Loan maximum amount is 20 million RMB and loan term is 1-year minimum and not more than 5 years. The important feature of this loan is going into production of entrepreneurial enterprises. For mature type of loan amount is 2,000 RMB and duration is 3 years. For applying procedure is following:

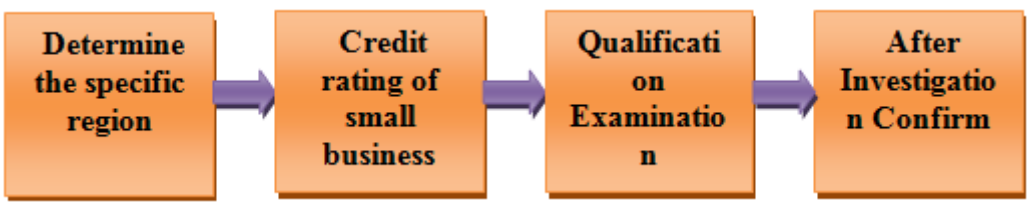


e. SME Plant Mortgage Loan

This loan is extended to SMEs for purchasing general plants for industrial parks. This time only Xiamen Branch of ABC offers this. Features of this loan is that it has low access condition paid in capital and less than or equal to 1 million RMB, its first payment is less than or equal to 30%. It will repayment maximum of 10 years in monthly installment.

f. Multi-household Joint Guaranty Loan for Small Business

This type of loan for small business refers to corporation customer membership with a joint guaranty group and having several guarantee responsibilities if the borrower fails to repay interest. It provides financing for small business customers. Procedure is as follows:



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III. Agricultural Development Bank of China (ADBC)

Agricultural Development Bank of China (ADBC) is the second largest agricultural bank of China that has important role in agriculture sector. ADBC was founded in 1994 in order to improve the rural financial services and implement better polices for industrial development and regional development. It has 259.2 billion RMB for agricultural policy loans transferred from the Agricultural Bank of China ABC and Commercial Bank of China CBC.

Agricultural Development bank of china previously borrowed funds from People's Republic bank of china. In 2005 ADBC increase the sources of funds through capital money market. ADBC borrowed 387.0 billion RMB from the People's Republic Bank of China. Agricultural development Bank of China funds are mainly used for the development of agricultural sector like purchasing grain, cotton and edible oil. The total loan issued to ADBC amount of 884.4 billion RMB, for grain 745.4 billion RMB and for cotton 117.3 billion RMB.

a) ADBC Banking Business and Scope

ADBC business scope is defined and readjusted by State Council with the national economic development needs. Agricultural Development bank of China major business is following:

1. Loans for procurement, for marketing of grain, edible oil and cotton;
2. Special loans for the reservation of meat, sugar, tobacco, wool and chemical fertilizer;
3. Loans for cotton, grain and edible oil processing;
4. Loans for the procurement of grain, edible oil seeds and cotton;
5. Loans for the granaries of building and technology innovation and equipment rebuilding the cotton processing enterprises;
6. Loans for the small enterprises of agricultural and technical;
7. Loans for the construction of agricultural infrastructure. This loan is used to support construction of the rural roads, water network, power grids and information network.
8. Loans for the development of integrated agricultural development. This type of loan is used to support construction of agricultural technical services and water irrigation and conservancy. It is also used for rural circulating system.
9. Loans for the agricultural means of production.
10. Funds of central government for supporting the agricultural development.
11. Deposit business including contractual and inter bank deposits for the domestic enterprises.
12. Financial bonds issuing;
13. Money market business and trading;
14. Insurance agency and other intermediate services;
15. International settlement under import and export account, foreign exchange deposits etc.
16. Other related business which is approved by State council and china Banking Regulatory Commission.

From 2004 to 2014, purchase loan of the bank is 3.7 trillion Yuan RMB for supporting the purchase of grain about 60%, cotton accounts more than 50% of production. The bank assets increased from 719 billion RMB to 719 billion RMB, non-performing ratio of loan fell to 0.71% from 18.8%, funds rate from 16% to 86% and operating income increased from 2.4 billion RMB to 49 billion RMB in 2013 as compared to 2014.

b) ADBC Construction Target

1. ADBC guiding ideology to strengthen the construction of enterprises.
2. Culture construction of the bank enterprises.
3. For culture construction main tasks are following:
   a) To create new construction rural bank
   b) Promoting bank enterprises culture and core idea
   c) Implementation and construction of culture for the improvement of management efficiency
   d) Improving the employees comprehensive quality
   e) Establish a good public image and visual identification system
4. The ways to strengthen construction of enterprises culture
   a) Grasp the four combinations
   b) Education and publicity
   c) Strong enterprise culture
   d) Increasing the strength of professional culture

c) ADBC Financial Status

ADBC operating income was 37.856 billion RMB in 2010, it increases year by year rate of 8.201 billion RMB. Business spending is 32.834 billion RMB and increase year by year rate of 6.456 billion RMB, net non-operating income 72 million RMB. The annual interest on net income was 37.495 billion RMB 99.05% of revenue which is increasing year by year rate of 8.068 billion RMB. The revenue of financial institutions was 4.237 billion RMB increasing every year with the rate of 1.094 RMB, deposit interest rate of payments was 1.444 billion RMB and increasing with the rate of 285 million RMB. The interest payments on bond were 26.324 billion RMB increasing with the rate of 1.714 billion RMB.

At the end of 2010, the total asset of ADBC was 1.750816 trillion RMB and increasing with the rate of 93.992 billion RMB. The loan balance of 1.671065 trillion RMB and increasing with the rate of 219.806 billion, mainly the infrastructure of medium and long-term loans increased. Similarly the total amount of liabilities 1.722081 trillion RMB and increasing with the rate of 90.265 billion RMB.

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The main aim of Agricultural Development Bank of China is that its business is not for the purpose of profit and savings. ADBC main aim is necessary to support the long term developments program of the agriculture and commercial banks to support the industries. It has clear business for the development of agriculture, loans and to the purposes.

IV. Rural Credit Cooperatives (RCCs)

A rural Credit cooperative was created in 1950s. It was not commercial enterprises like banks, but it creates channeled between state and the people's communes in the rural areas of the country. Later in 1970s when economic reforms enabled RCCs began to function as grassroots banks that provided credit and savings accounts to the families. RCCs worked under the Agricultural Bank of China ABC until 1996, after these RCCs were transferred to the People's Bank of China. RCCs were banned in 1988 when the state council of the people's republic of China issued the provisions for the illegal financial institutions and activities. Many of RCCs transformed gradually into Rural Commercial Banks (RCBs) in 1998. In 2006, first foreign investment in RCB was allowed with the help of International Finance Corporation (IFC).

Now Rural Credit Cooperatives is an independent enterprise legal person having all its assets and liabilities for the debts of the rural credit cooperatives civil rights with accordance of law. Restructuring process for RCCs has been shows the good performance and transformed into rural commercial banks and rural cooperative banks. In 2010, RCCs system includes 2,646 RCC country union, 223 rural cooperative banksand 85 rural commercial banks. It is still the dominant credit institution in rural areas, covering about 50% of all townships in the country.

a) RCCs System and Reforms

In previous performance, RCCs enjoyed a net profit of 23.3 billion RMB and non-performing loan rate just 5.6 percent in 2010. The improvement in their assets quality can be largely attributed and bailouts from the central government. In 1990s RCC system was simply unsustainable. The capital adequacy ratio and net equity of RCCs were in negative territory, it means their liabilities were so enormous that they were eating equity of shareholders. RCCs are both the primary holders of rural household's savings and the primary providers of household credit.

In 2007, the PBOC provided two forms of financial assistance 168 billion RMB debt-for-bonds swaps and 830 million RMB in earmarked loans to assist RCCs in deposing bad assets and writing off historical losses. RCCs are the best as a myriad of locality based credit institutions with varying financial performance and asset quality. Reforms have also transformed some credit cooperatives into rural commercial banks and rural cooperative banks. Though rural credit cooperatives are largely profit-oriented institutions, they are strongly encouraged to lend to rural households and agricultural borrowers.

b) Loans and Interest Rate

1. Legal Interest Rate

The state council approval and authorized by the state council formulated by the people's bank of China rate for all kinds of legal interest rate.

2. Benchmark Interest rate

The people bank of china, commercial banks and other financial institutions of deposit and loan interest rate as the benchmark interest rate.

3. The Contract Rate

Lender according to legal loan interest rate stipulated by the people's bank of China and the floating scope of complicity, agreed with the borrowers and the same would be specified in the loan contract with specific loan interest rates.

c) Loan Conditions

For applying loans it has following conditions for borrowers;

1. Borrowers have the ability to debt-services payments on schedule.
2. In addition to the natural person and not approved by the department of industry and commerce registration of enterprise legal person.
3. Rural loan has basic account or a general deposit account and keep it within the certain margin.
4. For guarantee and mortgage it must be conform to the provisions of the loan guarantor, he loan pledge.
5. Rural assets and liabilities of the borrowers shall not be higher than 70%.
6. Rural borrowers must according to the regulations of the people's bank of China credit card.

V. Zarai Taraqiati Bank Limited Pakistan (ZTBL)

In 1952 Agricultural Development Finance Corporation (ADFC) was created under the Central Act for the purpose of financial facilities and promoting development in agriculture sector of Pakistan. The Agricultural Bank of Pakistan (ABP) was established in 1957 for both shot term and long term loans. In 1961, both institutions changed into Agricultural Development Bank of Pakistan (ADBP). Later in 2002, Federal Government of Pakistan converted the Agricultural Development Bank into Zarai Taraqiati Bank Limited (ZTBL).

a) Loans Schemes of ZTBL in Agricultural Sector

Following are the Loans schemes of ZTBL;

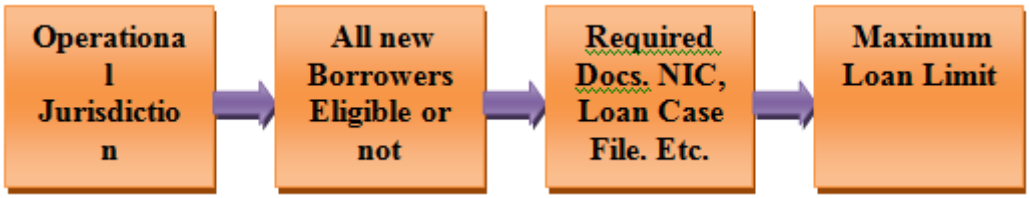
i. *Loan Schemes for Production or Production Loan Schemes*

It has following types with details;

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a. Farmer Friend Scheme / Kissan Dost Scheme

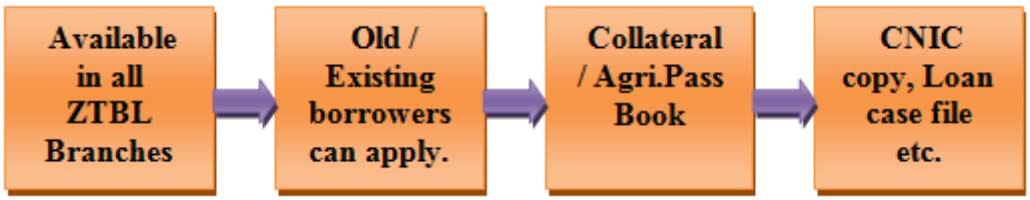
The first type of production loan schemes is Kissan Dost Scheme (KDS). KDS launched for financing of crop production loans, seeds, fertilizer and pesticides. KDS is available in all ZTBL branches. Applying procedure for this loan is following;



The required documents for this scheme are copy of CNIC, loan case file, agriculture pass book, two fresh photos and e-CIB report. All new borrowers can apply for this scheme. The maximum amount of loan is 0.700 billion PKR.

b. All Time Scheme / Sada Bahar Scheme (SBS)

SBS is second type of Production loan Scheme. This type of loan scheme caters the financing requirements primarily for existing eligible farmers for good production on annual basis. Applying procedure is following;



Copy of CNIC, loan case file, agriculture pass book, 2 recent photographs and e-CIB are required for this loan scheme. The maximum loan amount limit is 0.500 million PKR. In this scheme loanable items are seed, fertilizer / pesticides, working capital for poultry, dairy, fishery and orchards.

c. Awami Zarai Scheme (AZS) - Farm Credit

Awami Zarai Scheme (AZS) is the third loam type of Loan Production scheme. It is mandatory for new borrowers and optional for old borrowers for the production of crop under sadabahar scheme. Its prime features are that it is available in all ZTBL branches. Loans disbursed for wheat and other rabi crops. The maximum loan amount is 0.700 million per borrower.

d. AZS-Non- Farm Credit

This product is related which type of working capital provided for poultry, fishery and dairy renewable on yearly basis and maximum period is 3 years. This type of loan scheme is available on all ZTBL branches. All certified and experienced poultry, fishery and dairy farmers are eligible for this loan to run successfully non-farm Credit activities. CNIC copy, loan case file, agri.Pass book, recent fresh photo-graphs and e-CIB are required documents. The maximum loan amount limit is 0.700 million per borrower. In this loan scheme borrower's contribution is 10% of the loan amount.

e. SBP - One Window Operation (OWO) Scheme

This type of scheme is for easy and quick access of production loan to the intending farmers. It is available in all districts across the country. All new as well as old farmers having good track records can apply for this loan. Copy of CNIC, loan case file, agri.Pass book, fresh recent photographs and e-CIB report are required documents. The maximum loan limit is 0.2 million per borrower. Loanable items consist of inputs-seed-fertilizer, pesticides/POL/labour charges etc.

ii. *Loan Schemes for Development*

Following are the loan schemes for development with details;

a. Solar System Scheme / ShamsiTawanai Scheme

The first type of loan schemes for development is solar system scheme. This loan scheme has been introduced to provide alternate source of energy to help the farmers to overcome energy crisis. This loan is available in all ZTBL branches. The eligibility criteria is that all new borrowers who have already open well, tube well or other source of lifting water for irrigation purposes and also having the experience of running such activities for improving their living standard. Old borrowers can also apply for this loan. Borrower's contribution in this loan will be 10% of the loan amount.

b. Energy Saving Scheme / TawanaiBachat Scheme (Bio Gas Unit)

ZTBL Energy Saving Scheme help farmers to overcome energy crisis which is an alternative energy producing resource. Farmers will not get only energy at low cast through this scheme but also help in boosting the agriculture production as well. It is also available in

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all ZTBL branches. The borrowers who have worthy credit and having repay capacity also have good experience of Bio-Gas unit are eligible to get this scheme. Maximum loan amount is 0.750 million PKR per borrower, and borrowers contribution will be 10% of the loan. This loan will recover within 5 years in half yearly installments.

c. Women Support Scheme / KhawateenRozgar Scheme

In order to encourage the rural women to play role in agricultural activities by increasing income of family and contribution towards GDP, this type of loan scheme is introduced. All new and old credit worthy women who have technical experience in farming, textile and clothing, bamboo cane and related things are eligible. Required documents are CNIC copy, loan case file, agri. Pass book and recent photographs are important. Loan maximum amount will be 0.200 million PKR per borrower, and for loan surety up to 25,000 per party or borrower. In this scheme borrower's contribution will be 10% amount of the loan. Loan will recover within 18 months and 5 years respectively.

d. Easy Loan Scheme

This scheme is especially for youth to engage in national Development and raise their standards to check their migration to urban areas. It is available in all branches of ZTBL. Under this scheme of loan age limit of 18-35 creditworthy and reputable youth are eligible. The amount of 0.200 million PKR per borrower or party, and borrower contribution will be 10%.

e. Tobacco Barn Financing Scheme

This scheme is introduced with the objective to facilitate the tobacco growing to get suitable price. This scheme is available in few branches of ZTBL. Creditworthy and reputable farmers are eligible for this scheme. The loan amount is 0.400 million PKR per party.

f. Rural Development Scheme

Rural development scheme is for dairy, poultry, sheep and goat farming in rural areas of the Azad Jammu and Kashmir. This scheme is available in only Azad Jammu & Kashmir ZTBL branches. In this scheme borrowers are selected by AJ&K Small Industries Corporation. Maximum loan amount is 1.500 million PKR per borrower or per party. Repayment will be within 5 years.

g. Dry Fruit Scheme

ZTBL dry fruit scheme is only for dates growing in different areas of the country. This scheme is available in limited branches of the ZTBL. Creditworthy and reputable farmers having capacity to repay with well experience can apply for this loan scheme. The maximum loan limit is 0.500 million PKR per borrower / Party.

iii. *ZTBL Other Schemes*

ZTBL other schemes consist of following loan schemes;

1. Crop Loan Insurance Scheme
2. ModelVillage Establishment

a. Crop Loan Insurance Scheme

ZTBL introduced crop loan insurance scheme (CLIS) as per the instruction of government. This scheme is available in all branches of ZTBL throughout the country. The maximum amount limit is 5000,000 PKR per individual. This loan scheme covers the wheat, sugarcane, cotton, rice and maize crops.

b. Model Village Establishment

In order to insure the development in the agricultural sector and establishment of model village in each zone of bank, ZTBL launched village establishment scheme. This scheme is responsible for introduction of modern agricultural technology in different areas, like tunnel farming, irrigation system, installation of Bio-gas, windmills, quail faming, ostrich farming, fish farming, poultry farming, dairy farming, cut follower cultivation tuberose, ginger cultivation, embryo transplantation and animal fattening etc. In this loan scheme 14.30% p.a is in development loan and 13.5% p.a in production loan. The loan maximum amount is 1.000 million per party or borrower.

VI. National Bank of Pakistan (NBP)

National Bank of Pakistan is another bank in the Pakistan who supports the agriculture sector of Pakistan. It was established in November 20, 1949 a semipublic commercial bank. The primary objective of NBP was to purchase jute from growers and provide credit for agriculture and agriculture production. NBP is now the biggest financial institution having assets above 270 billion PKR, in agriculture and commodity operation sector having above 35 billion PKR.

a) NBP Schemes for Agriculture Development

i. *Poultry Farming in Controlled Environment*

It is the first scheme of National Bank of Pakistan. It is the most important agriculture sector that provides employment to above 1.5 million people. The broiler meat which is cheapest animal protein available in Pakistan with the contribution of 4.81% in agriculture growth and 9.84% in the livestock growth. In Pakistan currently 25, 00 Environmental Control Houses (ECH) are working and capacity is 5,000 according to industry sources. A population of 35,000 birds needs a capital investment estimated 19.2 million PKR for construction and for purchasing machinery equipment's. For working capital 5.7 million PKR and total estimated cost is 24.9 million PKR.

ii. *Dairy Farming*

Dairy farming also plays an important role in the economy of the country by contributing approximately

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51.8 percent of the agriculture value and 11.3 percent to GDP. Livestock at current cost factor has increased from 1,052 billion PKR to 1,568 billion. It shows an increment of 22.6%. The value of livestock is 6.1 % more than the combined value of major and minor crops.

iii. *Off-Season Vegetable Farming in Tunnels*

Off-Season Vegetable Farming in Tunnels is another scheme of National Bank of Pakistan. Vegetables are good source of vitamins, proteins and carbohydrates. Farmers are limited to grow seasonal vegetables due to lack of advanced production technology of vegetables. The off-season vegetable scheme using high tunnel technology on area of 9 acres need a estimated capital investment 6.6 million PKR for construction, purchasing new machinery and equipments. In addition, for purchasing of seeds, fertilizers and pesticides 0.3 million PKR is required as working capital.

iv. *Floriculture in Pakistan*

In the developed and developing countries cut flowers has increased the demand last several decades. Trade of flowers in whole world is increasing yearly due to high demand. Flowers production and selling them in the international market at the moment make an industry up with the billions of sales of flowers and employ millions of people worldwide. To support the industry and earn profit, it is necessary to promote floriculture in Pakistan.

The floriculture farm with area of 50 acres needs a capital investment estimated at 3.39 million PKR for construction, purchasing machinery and equipment. For purchasing of seeds, fertilizers and pesticides a sum of 5.3 million PKR is required for working capital. The total cost of project is estimated at 8.7 million PKR and estimated income varies from 8.8 to 16 million PKR per annum from first to tenth year of the project.

v. *Orange / Kinnow Processing Plant*

Orange is a rich source of vitamin C and is one of the best varieties of fresh mandarins having high juice content with good flavor. Citrus is the one and main fruit crops which make the contribution in the national income. In the world Pakistan is at tenth largest producer of kinnow with good quality and taste. For the production of kinnow in the area of two acres needs a capital investment estimated at 19.81 million PKR for construction, purchasing machinery and equipments. For purchasing raw material a sum of 50.40 million PKR is required as working capital. The estimated total project cost is 70.21 million PKR.

vi. *Dehydrated Fruits and Vegetables Plant Feasibility*

Pakistan is blessed with fertile agriculture land, persistent abundant water supply and four seasons for growing variety of crops. The agriculture land holding is constructing with the population growth as per hereditary laws prevailing in the country. Dehydrated products have good potential market value at national and international level.

The Dehydrated vegetables and fruit processing project of 5,797 kg per day with area of 8 kanal needs 25.497 million PKR capital investments for construction, purchasing machinery and equipment. For working capital a sum of 2.867 million PKR is required for purchasing of raw material. The total estimated cost of project is 28.364 million PKR.

vii. *Dates Processing Plant*

Dates are the most important cash fruit crops of Pakistan. It is cultivated an area of 223.88 thousand acres in Pakistan with the annual production of 531.2 thousand tons per year. It has huge national and international market demand. The dates processing project 250 kg per hour in area of 4 kanal needs estimated 19.54 million PKR capital investments for construction, purchasing machinery and equipments. For working capital a sum of 2.18 million PKR is required for purchasing raw material. The total estimated project cost is 21.72 million PKR.

VII. Khushhali Bank Limited Pakistan

Khushhali Bank Limited was founded in 2000 and is the first microfinance bank in Pakistan. It was the part of Government of Pakistan's poverty reduction strategy. The Pakistan Microfinance Sector Development Bank, which provided a US$150 million loan to the government of Pakistan and US$70 million being used for micro loans provided by KB. It operates under the supervision of State Bank of Pakistan (SBP) and many commercial banks are its shareholders.

a) Khushhali Bank Limited Loan Schemes for Development

Following are the loan schemes of Khuhhali Bank Limited with details:

i. *Enterprise Loan*

It is the first loan scheme of Khushhali Bank. It is for the managing a running business and purchasing new assets. Loan eligibility will be the age between 18 - 58 years; total annual income is less than 300,000 PKR and having two years experience in the relevant business. Loan maximum amount is 10,000 to 15,000 PKR and repayment will be monthly/quarterly/ Semiannual/Annually.

ii. *Agriculture Loan*

Agriculture Loan of Khushhali Bank is for the purchase of seed, fertilizer, pesticides, irrigation, rental of agriculture equipment and transportation etc. It is a group based loan product and age between 18 - 58, total income is less than 300,000 and having two year's experience in the relevant field. The maximum loan amount is from 10,000 to 15,000 PKR and repayment will be monthly/quarterly/Semiannual/Annually.

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iii. *Livestock Loan*

Livestock Loan of Khushhali Bank is for the purchase of livestock. It is also a group based loan product and age between 18 - 58, total income is less than 300,000 PKR and having two year's experience in the relevant field. The maximum loan amount is from 10,000 to 15,000 PKR and repayment will be monthly/quarterly/Semiannual/Annually.

VIII. Conclusion

Thus in both countries have good banking system which is playing an important role for the development of agriculture. Both countries banks have different kind of loan schemes and have easy access to farmers applying for this. Agricultural Bank of China (ABC), Agricultural Development Bank of China (ADBC) and Rural Credit Cooperatives are issuing loans for the economic development in China. In Pakistan ZTBL, National Bank of Pakistan and Khushhali Bank Limited playing role to develop the economy of Pakistan and issuing loans in the agriculture sector.

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