

TheNews

April 3, 2010

* Consumer financing down by Rs46bn: SBP

By Jawwad Rizvi

LAHORE: The consumer financing by the commercial banks has dropped by more than Rs46 billion during the first eight months of the current fiscal against the similar period last year, SBP data said.

According to figures posted on the website of the State Bank of Pakistan, commercial banks extended Rs331 billion worth of consumer loans, as compared with Rs418.93bn issued in the corresponding period of last year.

According to the State Bank of Pakistan, in the first eight months of the fiscal year, total loan disbursement by the banks stood at Rs5,590.50bn, which is Rs5bn more than last year's Rs5,012.57bn.

The economic recession has adversely affected the banking sector and the commercial banks, in order to minimize losses, are reluctant to increase their consumer financing portfolio, bank executives told The News.

According to the State Bank of Pakistan (SBP) figures commercial banks had issued Rs74.49 billion worth of personal loans to their employees on low mark-up and disbursed Rs256.51 billion worth of consumer financing on 17 to 22 per cent interest rate. Out of Rs256.51bn, Rs56.55bn were issued as housing loans, Rs65.27bn as car loans, Rs30.33bn against credit cards, Rs100.9bn as personal loans to general public, and Rs3.2bn as miscellaneous consumer financing. The SBP figures show that the commercial banks had issued Rs2,203.19bn worth of loans to the government and its functionaries and Rs3,387.3bn to the private sector.

The commercial banks in the said period of the last year had loaned Rs1,837.14bn to the government and its functionaries and Rs3,175.43bn to the private sector. Increase in the loans to the corporate and public sectors show that the banks are avoiding consumer finance exposures. The government borrowing is also on the rise in the current fiscal, as it had directly borrowed Rs99.40bn from the central bank, Rs8.15bn under miscellaneous head and Rs290.35bn from commercial banks against Rs21.92bn, Rs8.15bn and Rs144.36bn, respectively borrowed in the past fiscal. The government deposits with commercial banks stand at Rs89.12bn and Rs514.89bn with the central bank.

The sector wise breakup shows that commercial banks extended loans worth Rs168.58bn to agriculture sector, Rs1324.11bn to manufacturing sector, Rs22.87bn to mining industry, Rs193.14bn to electricity, gas and water supply, Rs63.39bn to construction industry, Rs229.30bn to commerce and trade, Rs14.44bn to hotel, restaurants and clubs, Rs97.13bn to transport, storages and communication sectors, Rs108.97bn to real estate industry, Rs6.31bn to education sector, Rs5.44bn to health and social work sectors, and Rs43bn in miscellaneous heads.