

[Home](#) > [Islamic Finance](#) > Chapter

# Bankers' Perception towards Bai Salam Method for Agriculture Financing in Pakistan

| Chapter

| pp 66–85 | [Cite this chapter](#)



[Islamic Finance](#)

[Ahmad Kaleem & Saima Ahmad](#)

973 Accesses 10 Citations

## Abstract

Regular access to formal credit is considered vital to reduce poverty in any agrarian society. Easy access to credit not only helps to improve the overall productivity of the farmers, but also improves social indicators in the long run. Despite all economic benefits, agriculture financing is generally considered risky and has low returns owing to unpredictable weather conditions and high default ratios. The same impression may also be true in Pakistan, where commercial banks, despite raising 28 per cent of total deposits, only disbursed 3.5 per cent of the total loans in the rural areas by the end of 2002.<sup>1</sup> The figures highlight the

need to ensure regular transfer of funds to rural areas to reduce poverty levels, and to generate economic activities for the farmers.

 This is a preview of subscription content, [log in via an institution](#)  to check access.

## Access this chapter

[Log in via an institution](#) 

## Subscribe and save

 Springer+

from €37.37 /Month

- Starting from 10 chapters or articles per month
- Access and download chapters and articles from more than 300k books and 2,500 journals
- Cancel anytime

[View plans](#) 

## Buy Now

### Chapter

**EUR 29.95**

Price includes VAT (Poland)

- Available as PDF
- Read on any device
- Instant download
- Own it forever

[Buy Chapter](#) 

### eBook

**EUR 106.99**

Price includes VAT (Poland)

- Available as PDF
- Read on any device
- Instant download
- Own it forever

[Buy eBook](#) 

### Softcover Book

**EUR 139.09**

Price includes VAT (Poland)

- Compact, lightweight edition

### Hardcover Book

**EUR 139.09**

Price includes VAT (Poland)

- Durable hardcover edition

- Dispatched in 3 to 5 business days
- Free shipping worldwide - [see info](#)

[Buy Softcover Book →](#)

- Dispatched in 3 to 5 business days
- Free shipping worldwide - [see info](#)

[Buy Hardcover Book →](#)

Tax calculation will be finalised at checkout

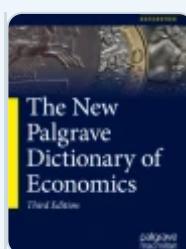
**Purchases are for personal use only**

[Institutional subscriptions →](#)

## Preview

Unable to display preview. [Download preview PDF.](#)

### Similar content being viewed by others



[Identifying the determinants of access to agricultural credit in Southern Punjab of Pakistan](#)

Article | 25 May 2020

[Agricultural Finance](#)

Chapter | © 2018



[A micro-level analysis of the intensity of agricultural finance supply in Nigeria: empirical evidence](#)

Article | 30 November 2020

### Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

[Agricultural Economics](#)

[Development Finance](#)

[Entrepreneurial Finance](#)

[Islamic Finance](#)

[Microfinance](#)

[Subsistence Agriculture](#)

# References

---

1. Government of Pakistan. (2002-03) *Economic Survey of Pakistan*. Islamabad, Pakistan: Ministry of Finance.  
[Google Scholar](#)
2. Government of Pakistan. (1988) *Report of the National Commission on Agriculture*. Islamabad, Pakistan: Ministry of Food and Agriculture, p. 451.  
[Google Scholar](#)
3. State Bank of Pakistan. (2009) Guidelines on Islamic financing for agriculture. Islamic Banking Department, Karachi, circular # ACD 01/2009, February 03.  
[Google Scholar](#)
4. State Bank of Pakistan. (2009) Islamic banking bulletin. Islamic Banking Department, Karachi, Volume IV, no. 4, December, p. 5.  
[Google Scholar](#)
5. Government of Pakistan. (2000) *Pakistan Agriculture Census Report*. Islamabad, Pakistan: Ministry of Agriculture and Livestock.  
[Google Scholar](#)
6. Houtman, R.C. (2006) Financing Seasonal Crops: A Proposal for Bai Salam in Afghanistan. Food and Agriculture Organization of the United Nations, Department for International Development, Project Discussion Paper 19, October.  
[Google Scholar](#)
7. Usmani, M.T. (1998) *An Introduction to Islamic Finance*. Karachi, Pakistan:

8. Ayub, M. (2008) *Understanding Islamic Finance*. West Sussex, UK: John Wiley & Sons, p. 249.

9. Lovelace, J.A. (1998) Export sector liberalization and forward markets: Managing uncertainty during policy transitions. *Africa Economic Analysis*, <http://www.africaeconometricanalysis.org/articles/general/financialmarkets.htm.html>.

10. McIntire, J. and Varangis, P. (1999) Reforming Cote d'Ivoire's Cocoa Marketing and Pricing System. *World Bank Policy Paper*.

11. Krueger, A. (1993) *Political Economy of Policy Reform in Developing Countries*. Cambridge, MA: The MIT Press.

12. Bates, R. (1981) *Markets and States Tropical Africa: The Agricultural Basis of Agricultural Policies*. USA: University of California Press.

13. Shepherd, A. and Farolfi, S. (1999) Export crop liberalization in Africa — A review. *FAO Agricultural Services Bulletin* no 135.

14. Dorward, A. *et al* (1998) Commercial financing of seasonal input use by smallholders in liberalized agricultural marketing systems. ODI Natural Resource Perspectives Number 30, Overseas Development Institute, London, UK.

[Google Scholar](#)

15. Brambilla, I. and Guido, G.P. (2006) Farm Productivity and Market Structure: Evidence from Cotton Reforms in Zambia. World Bank Policy Research Working Paper 3904.

[Book](#) [Google Scholar](#)

16. Hoff, K. and Stiglitz, J.E. (1993) Imperfect information and rural credit markets: Puzzles and policy perspectives. In: K. Hoff, A. Braverman and J.E. Stiglitz (eds.) *Economics of Rural Organization: Theory, Practice and Policy*, Chapter 2, New York: Oxford University Press, pp. 33-52.

[Google Scholar](#)

17. World Bank. (2003) Rural finance access survey. National Council of Applied Economic Research (NCAER), World Bank.

[Google Scholar](#)

18. World, Bank, (2006) *Improving Access to Finance for India's Rural Poor*. Washington DC: World Bank.

[Google Scholar](#)

19. State Bank of Pakistan. (2002) Agriculture sector development: Problems and issues. Governor Inaugural Speech at the Financial Sector Development Organized by the Agriculture Development Bank of Pakistan.

[Google Scholar](#)

20. State Bank of Pakistan. (2006–2007) Annual report on the review of economy. Publication Department, Karachi, Volume 1, p.16.

[Google Scholar](#)

21. State Bank of Pakistan. (2007–2008) Annual Report. Publication Department, Karachi.

[Google Scholar](#)

22. Khandker, S.A. and Faruqee, R. (2003) The impact of farm credit in Pakistan. *Agricultural Economics* 28(3): 197–213.

[Article](#) [Google Scholar](#)

23. Qureshi, S., Nabi, I. and Faruqee, R. (1996) Rural Finance for Growth and Poverty Alleviation. Policy Research Working Paper no 1593, Food and Natural Resources Division, World Bank.

[Google Scholar](#)

24. State Bank of Pakistan. (2002–2003) Annual Report. Publication Department, Karachi.

[Google Scholar](#)

25. Aleem, I. (1990) Imperfect information, screening and the cost of informal lending. *World Bank Economic Review* 4(3): 329–349.

[Article](#) [Google Scholar](#)

26. Malik, S.J. (1990) *Poverty and Rural Credit: The Case of Pakistan*. Islamabad, Pakistan: Institute of Development Economics.

[Google Scholar](#)

27. Word Bank. (2005) Land Records Management and Information Systems Program (LRMIS-P) Province of Punjab. South Asia, Report no AB 1428.

[Google Scholar](#)

28. Word Bank. (2005) Pakistan Rural Factors Market: Policy Reforms for Growth and Equity. Rural Development Unit, South Asia, Report no 30381-PK.

[Google Scholar](#)

29. Kaleem, A. and Wajid, R.A. (2009) Application of Islamic banking instrument (Bai Salam) for agriculture financing in Pakistan. *British Food* 111(3): 275-295.

[Article](#) [Google Scholar](#)

30. State Bank of Pakistan. (2006-2007) Annual Report. Publication Department, Karachi.

[Google Scholar](#)

## Author information

---

### Authors and Affiliations

**COMSATS Institute of Information Technology, Lahore Campus, Pakistan**

Ahmad Kaleem (Professor of Islamic Finance and Head of Department)

**University of Management and Technology, Lahore, Pakistan**

Saima Ahmad (PhD Scholar)

## Editor information

---

### Editors and Affiliations

**University of Edinburgh Business School, UK**

# Rights and permissions

## Reprints and permissions

## Copyright information

© 2016 The Editor(s)

## About this chapter

### Cite this chapter

Kaleem, A., Ahmad, S. (2016). Bankers' Perception towards Bai Salam Method for Agriculture Financing in Pakistan. In: Harrison, T., Ibrahim, E. (eds) Islamic Finance. Palgrave Macmillan, Cham.  
[https://doi.org/10.1007/978-3-319-30918-7\\_5](https://doi.org/10.1007/978-3-319-30918-7_5)

[.RIS↓](#) [.ENW↓](#) [.BIB↓](#)

DOI	Publisher Name	Print ISBN
<a href="https://doi.org/10.1007/978-3-319-30918-7_5">https://doi.org/10.1007/978-3-319-30918-7_5</a>	Palgrave Macmillan, Cham	978-3-319-30917-0
Online ISBN	eBook Packages	
978-3-319-30918-7	<a href="#">Economics and Finance</a>	
	<a href="#">Economics and Finance (R0)</a>	

## Keywords

[Commercial Bank](#) [Agriculture Sector](#) [Private Bank](#) [Islamic Banking](#) [Islamic Finance](#)

*These keywords were added by machine and not by the authors. This process is experimental and the keywords may be updated as the learning algorithm improves.*

## Publish with us

## Search

Search by keyword or author



## Navigation

[Find a journal](#)

---

[Publish with us](#)

---

[Track your research](#)