

ABSTRACT

The primary issue facing Pakistan's agricultural sector is inadequate access to finance. The study seeks to examine the effect of Islamic finance on Agribusiness and SMEs growth from various modes used by Islamic banks. This research consists on one research question, three objectives and including problem statement. It utilizes quarterly data of Islamic banking statistic from 2008 until 2019. Data gathered systematically to answers the research question which acquired from secondary sources such as the financial statements of Islamic banking with different sector of SMEs and Agribusiness. Data for this study collected from SBP websites of Islamic banking bulletin and different SMEs sector of Pakistan. Furthermore, the software Spss and Eviews has been used for data analysis. This study conducts linear regression and Durbin Watson method test results for the evaluation and analysis and Unit root diagnostics test of appropriate result. The finding reveals that best Islamic mode for loaning agribusiness and SMEs. Besides Agri profit and SMEs profit performing financing influence to agricultural financing significantly growth of Islamic finance for agribusiness and SMEs growth applying the Shariah rules. Therefore, financing must be considered and given to fully support the SMEs communities so they can get easy business capital access. This research encourages Islamic banking professionals to pay more attention to farmers in Pakistan with Islamic financing. Finding for this study recommends enhancing the competency of Islamic finance tools in the agricultural sector as well as improving Islamic funding policy instruments.

Keywords: Islamic Bank, Agri Profit, Islamic Finance.