

Our Correspondent

State Bank enhances refinancing limit by Rs100bln

KARACHI: The State Bank of Pakistan (SBP) has enhanced the limit of refinancing provided to the banks under Exports Finance Scheme (EFS) by Rs100 billion to further facilitate the exporters, a statement said on Wednesday.

Hence, the banks will now have overall limits of Rs700 billion for the exporters for FY21.

Moreover, to promote export-oriented investment, Rs90 billion have also been allocated under the Long Term Financing Facility (LTFF) for the FY21.

This amount is in addition to the limit of Rs100 billion already allocated to banks / development finance institutions under Temporary Economic Relief Facility (TERF) - a concessionary refinance scheme for setting up of industrial units.

“It is expected that with the already provided relaxations, which were widely appreciated by the business community; above enhancement of around Rs190 billion in limits will cater to the exporters’ cheaper liquidity requirement.

The SBP is closely monitoring the situation and is ready to take any further actions required to support the export sector,” it said in a statement.

Since the emergence of Covid-19, the SBP has taken several measures to counter its impact on the economy and safeguarding the country's exports has been a key priority.

The SBP has provided a number of relaxations under EFS and LTFF since March 2020, including additional period of six months for making shipment against loans availed under EFS Part-I, and additional period of six months for meeting required export performance against loans availed under EFS Part-II.

The export performance of this extended period will also be considered for calculating the entitlement limit for FY21.

The SBP has also relaxed the eligibility criteria for availing finance under LTFF. Allowing deferment of principal amount for one year and / or rescheduling / restructuring of loans under LTFF has also been made.