

# **Export Finance Scheme (EFS)**

**March 2012**



**State Bank of Pakistan**  
**Infrastructure, Housing & SME Finance Department**

## P R E F A C E

There has been a persistent demand from various stakeholders that updated operational instructions issued under the Export Finance Scheme (EFS) since its inception should be summarized and published in consolidated form for their information and guidance. In order to facilitate the stakeholders, all instructions have been summarized and incorporated in the shape of book for general guidance and benefit of bankers and exporters intending to avail export finance facility under the Scheme.

The instructions on the subject are invariably issued to commercial banks and changes/amendments are also intimated from time to time to them. This publication aims at providing the exporters with an up-to-date compendium on terms and conditions of the Scheme. It would be advisable that exporters should consult their bankers for guidance with reference to specific instructions, already available with them or with reference to any particular problem in case it is not clearly comprehended by them or for ascertaining fresh instructions on the subject so as to avoid irregularities of the nature indicated in this book and its consequential effects.

This book should in no way be construed as a substitute for the circulars on the subject and State Bank of Pakistan reserves the right to amend or revise the contents of the book as & when deemed necessary.

We would like to acknowledge and appreciate the valuable feedback of Development Finance Support Department and SBP BSC Offices on the initial draft of the book.

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March 2012  
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## Table of Contents

	PAGE #
<b>I. EXPORT FINANCE SCHEME – AN INTRODUCTION .....</b>	<b>- 1 -</b>
<b>II. EXPORT FINANCE SCHEME (EFS) – PART-I .....</b>	<b>- 3 -</b>
1. OPERATIONS OF THE SCHEME UNDER PART-I .....	- 3 -
2. SUBMISSION OF REQUIRED DOCUMENTS .....	- 5 -
3. SUBSTITUTION OF EXPORT LC/CONTRACT .....	- 7 -
4. EXTENSION IN LOAN PERIOD AND ENHANCED PERFORMANCE REQUIREMENTS .....	- 8 -
5. GENERAL GUIDELINES AND IMPORTANT NOTES UNDER PART-I OF THE SCHEME .....	- 8 -
<b>III. EXPORT FINANCE SCHEME PART-II .....</b>	<b>- 13 -</b>
1. PRE-REQUISITES AND PROCEDURE OF ENTITLEMENT OF LIMIT .....	- 13 -
2. MONITORING OF EXPORT PERFORMANCE UNDER PART-II .....	- 15 -
3. PERFORMANCE BASED MARK-UP RATE .....	- 16 -
4. ROLLOVER FACILITY .....	- 16 -
5. EXTENSION IN PERIOD OF BORROWING LIMIT .....	- 17 -
6. CALCULATION OF BORROWING & PERFORMANCE .....	- 17 -
7. IMPORTANT TRANSACTION DATES BEING COUNTED FOR ENTITLEMENT/PERFORMANCE PURPOSE .....	- 18 -
<b>IV. COMMON INSTRUCTIONS UNDER THE SCHEME .....</b>	<b>- 20 -</b>
1. ALLOCATION OF REFINANCE LIMITS TO BANKS .....	- 20 -
2. RATE OF FINANCING AND PAYMENT THEREOF .....	- 21 -
3. ELIGIBLE GOODS & SERVICES UNDER THE SCHEME .....	- 21 -
4. NEGATIVE LIST (NL) .....	- 23 -
5. LINKAGE OF OVERDUE EXPORT PROCEEDS WITH EFS .....	- 28 -
6. ON-SITE VERIFICATION OF REFINANCE CASES .....	- 28 -
7. INCENTIVES UNDER PRUDENTIAL REGULATIONS .....	- 29 -
8. PENALTIES BEING CHARGED UNDER THE SCHEMES ON ACCOUNT OF VARIOUS IRREGULARITIES .....	- 30 -
9. PROCEDURES FOR REFUND OF FINE .....	- 31 -
10. PERIOD OF PRESERVATION OF RECORD .....	- 31 -
<b>ANNEXURES .....</b>	<b>- 33 -</b>
DOCUMENTS REQUIRED UNDER EFS PART-I .....	- 35 -
DOCUMENTS REQUIRED UNDER EFS PART-II .....	- 51 -
LIST OF IMPORTANT CIRCULARS/CIRCULAR LETTERS .....	- 64 -

## Definitions:

<b>Bank</b>	A banking company as defined in the Banking Companies Ordinance 1962 is any company which transacts the business of banking in Pakistan & includes their branches and subsidiaries functioning outside Pakistan of banking companies incorporated in Pakistan.
<b>Borrowing Product</b>	A term used under EFS Part-II for determining required level of performance: it is the resultant of amount of Finance multiplied by number of days it remained outstanding.
<b>Clean Facility</b>	A Financing Facility against which bank acquires no collateral.
<b>Direct Exporter</b>	An entity which manufactures and exports, or a trading company who procures and exports.
<b>Eligible Commodities</b>	Commodities which are eligible for export refinance under the Export Finance Scheme and are not included in Negative List.
<b>Existing Exporter</b>	An exporter who is availing facilities under EFS from any commercial bank.
<b>Export Overdue</b>	Export proceeds unrealized/outstanding despite expiry of its due date.
<b>Export Performance</b>	Refers to exports made by an exporter
<b>Financial Year</b>	Year starts from July 01, and ends on June 30.
<b>Indirect Exporter</b>	A manufacturer or supplier of goods or materials which are to be used as inputs for exports by Director Exporter.
<b>Negative List</b>	A list of commodities which are not eligible for export refinance under the Export Finance Scheme
<b>Performance Product</b>	A term used under EFS Part-II, for matching actual performance made against Borrowing Product. It is the resultant of total value of export proceeds realized from eligible commodities during a financial year multiplied by a specific multiplier depending upon required performance level. For 2 times export performance requirement, the multiplier is used as 180.
<b>Rollover</b>	It refers to re-disbursement of already availed loan on expiry of loan period for a next specific period.
<b>Standardized Purchase Order</b>	A prescribed format issued by Direct Exporter in favour of Indirect Exporter, against which EFS facility can be availed by Indirect Exporter.
<b>Inland Letter of Credit(ILC)</b>	Inland Letter of Credit (ILC) is issued to meet out the credit requirement for domestic trade. This is a form of non fund based credit extended by the banks.

## List of Acronyms:

<b>BCD</b>	Banking Control Department
<b>BPD</b>	Banking Policy Department
<b>BPRD</b>	Banking Policy & Regulations Department
<b>BSD</b>	Banking Surveillance Department
<b>DA</b>	Documents against Acceptance
<b>DL</b>	Demand Loan
<b>DP</b>	Documents against Payment
<b>DP Note</b>	Demand Promissory Note
<b>EFS</b>	Export Finance Scheme
<b>EGM</b>	Export General Manifest
<b>EPRC</b>	Export Proceeds Realization Certificate.
<b>F.E</b>	Foreign Exchange
<b>FCR</b>	Forwarder's Cargo Receipt
<b>FCY</b>	Foreign Currency
<b>FDBC</b>	Foreign Documentary Bill for Collection
<b>FEOD</b>	Foreign Exchange Operations Department
<b>GRN</b>	Goods Received Note
<b>HS Code</b>	Harmonized System Code
<b>ILC</b>	Inland Letter of Credit
<b>IT</b>	Information Technology
<b>LC</b>	Letter of Credit
<b>M.R</b>	Mate's Receipt
<b>NOC</b>	No Objection Certificate
<b>PRs</b>	Prudential Regulations
<b>SME</b>	Small & Medium Enterprises
<b>SPO</b>	Standardized Purchase Order
<b>UCP</b>	Uniform Customs & Practices for Documentary Credit

# ● Export Finance Scheme – An Introduction

The Export Finance Scheme (EFS) is in operation since 1973 with the objective to boost exports of the country. Under the scheme short term financing facilities are provided to exporters through Banks for exports of all manufacturing goods especially value added products with the exception of basic & primary commodities/raw materials as mentioned in negative list issued vide BPRD Circular No. 5 dated February 24, 2003. It operates in two parts viz Part-I (Transaction Based) and Part-II (Performance Based).

- **EFS Part-I:** Part-I is a transaction based facility. The commercial banks provide export finance to the exporters on case-to-case basis at pre-shipment and/or post-shipment stage against Firm Export Order/Contract/LCs. The exporter has to show export proceeds equivalent to the loan amount as performance. The tenor of the facility is up to 180 days with a rollover option for further 90 days subject to showing performance equivalent to 117% of the borrowed amount in case of availing rollover option.
- **EFS Part-II:** It is a performance based facility, where entitlement of exporter for revolving export finance limit is equal to 50% of the export proceeds realized through export of eligible commodities in the preceding financial year. Export performance of an exporter is matched annually against total loan availed during the financial year on daily product basis. The exporter has to realize export receipts from the export of eligible commodities, excluding any exports for which finance is obtained under Part-I of the Scheme during the relevant period. The maximum tenor of the loan under Part-II of the scheme is also 180 days which could be rolled over for another 180 days subject to showing at least 70% shipment of loan availed in initial 180 days.

**Mark up Rate:** Currently, mark-up rate under EFS for the borrower stands at 11 % (banks get re-finance from SBP at 10% and are permitted a maximum spread of 1%). The mark-up rate has been linked with the weighted average yields on six months T-Bills w.e.f. 2001.

To further incentivize the financing under EFS (Part-II) the rates under EFS Part-II has been linked with export performance. Exporters giving higher performance under EFS Part-II can avail mark up rate rebate ranging from 0.5-1.5 percentage points depending upon the level of performance achieved.

**Eligibility:** Under EFS all major value added commodities exported from Pakistan are eligible for financing except those mentioned under negative list under the scheme. Therefore, any exporter who meets the lending criteria of a bank can avail financing for eligible commodities.

**Facility for Indirect Exporter:** EFS Facility is also available to the input suppliers/manufacturers of the Direct Exporter, termed as Indirect Exporter (IDE) on the basis of Standardized Purchase

Order (SPO) or the Inland Letter of Credit (ILC) to be established by the Direct Exporter against the particular Export Order/Contract/Letter of Credit. IDE will be eligible to avail finance from banks against ILC or SPO, to the extent of the amount mentioned therein. The period of financing by bank to an Indirect Exporter shall be determined as per the terms of the relevant ILC/SPO, but subject to a maximum of 120 days.

**Linkage of Overdue Export Proceeds with EFS:** EFS has been linked with overdue exports position of an exporter. If overdue export position of an exporter is greater than 5% of the previous year's exports shown in EE-1 statements, the exporter would not be entitled to avail the EFS facility till such time that the overdue position is reduced to the 5% benchmark level. Exporters availing only the EFS Part-I facility are also required to submit the prescribed EE-1 statements. For this purpose each exporter is required to give a Certificate on a prescribed Form on a six monthly basis by 31st March & September 30, each year; which will remain valid up to next six months.

**Credit Risk:** Banks take the credit risk under the scheme, and SBP takes exposure on banks. The refinance extended by SBP-BSC offices to the banks is recovered on the due dates as per repayment schedule from the account of the banks/DFIs. In case the borrower fails to make repayment of the loan on the due date, the bank is entitled to charge normal rate of mark up on such overdue principal amounts besides taking other actions to recover the same. Therefore, the repayment of EFS loans to SBP is not dependent upon the recovery of loan from the borrower. In this way, ultimate credit risk under the Scheme is borne by the lending banks.

**Implementation and Enforcement Mechanism of the Scheme:** SBP has the responsibility of general policy making and monitoring of Export Finance Scheme. SBP allocates the annual refinance limits to the banks and review them on quarterly basis. SBP BSC implements the scheme and conducts on-site verification of banks' refinance cases through its field offices across the country. The banks disburse funds under the scheme and claim reimbursement there-against from SBP BSC field offices to the extent of limits assigned to each bank by SBP. The SBP BSC field offices process the refinance requests within 48 hours, maintain the loan accounts and recover principal amount and profits etc. on the respective due dates. Exporters having availed refinance under the scheme have to meet the required level of export of eligible goods and realize export proceeds. In case of any default/violation of prescribed instructions or non/short/delayed shipment/performance, the exporters/banks are liable to pay prescribed fines.

**Incentives under Prudential Regulations:** Finance provided under EFS is exempted from certain restrictions fixed under Prudential Regulations for Corporate/Commercial Banking viz. limit on exposure to a single person/group (Prudential Regulations R-1), per party limit on clean facilities (Prudential Regulations R-4), and limit on ratio of bank borrowing to the capital & reserves (free of losses) of the borrower (Prudential Regulation R-5). \*\*\*\*\*



## II. Export Finance Scheme (EFS) – Part-I

EFS Part-I is a transaction based facility. Banks having EFS limits provide export finance to the exporters at pre-shipment and/or post-shipment stage on case to case basis against Export Letter of Credit/Contract for export of eligible goods. Indirect exporter/manufacture, who supply inputs to direct exporter can also avail the facility against Inland Letters of Credit/Standardized Purchase Order established by direct exporter. For Direct Exporter maximum period of financing is 180 days with a rollover option for further 90 days subject to showing performance equivalent to 117% of the borrowed amount in case of availing rollover option. Indirect Exporter can avail the facility up to 120 days. However, where facilities against a particular L.C. / contract/firm export order are availed by both Direct and Indirect Exporter, the combined period shall not exceed 180 days. Exporter is required to submit proof of shipment within 30 days from the expiry of loan period in case of pre-shipment loan, and provide proof of realization of exports proceeds in 210 days (270 days for carpet exporters) from the date of shipment.

### 1. Operations of the Scheme under Part-I

- 1.1 Finance from banks under Part-I of the Scheme is available to Direct Exporters to the extent of 100% of the value of a firm export order / contract / letter of credit both at pre-shipment and post-shipment stages against eligible goods.
- 1.2 Indirect Exporters who supply inputs i.e. materials and goods to a Direct Exporter to be used for further processing and / or to be exported, are also eligible to avail finance from banks under the Scheme at pre-shipment stage. The Direct Exporter, who has a firm export order / contract / letter of credit may request his bank to open an Inland Letter of Credit (ILC) / or the Direct Exporter may issue Standardized Purchase Order (SPO as per specimen at Annexure “E”) in favour of the Indirect Exporter i.e. domestic supplier. Indirect Exporter will be eligible to avail finance from banks against such Inland Letter of Credit (ILC) or Standardized Purchase Order (SPO), to the extent of the amount mentioned therein.
- 1.3 The Direct or Indirect Exporter, as the case may be, shall approach his bank for availing facilities under EFS indicating his financial needs as per prescribed Form “B” or “C” respectively upon establishment of a letter of credit or on receipt of a firm export order in case of a Direct Exporter, or upon establishment of an Inland Letter of Credit or on issuance of a Standardized Purchase Order in his favour by a Direct Exporter, in case of an Indirect Exporter.
- 1.4 After the finance has been disbursed by banks, they may make an application to the concerned office of the SBP BSC indicating particulars of Direct / Indirect exporters to whom the bank has granted finance and against which now they intend to avail refinance as per Form “D”. Each request for reimbursement for refinance will be accompanied by a

Demand Promissory Note duly executed by the exporter concerned in favour of the bank and endorsed in favour of concerned SBP BSC office as per 'Form-A'.

- 1.5 The total amount of financing extended by any bank against firm export order/contract or letter of credit to both Direct and Indirect exporters shall not exceed the total amount of the firm export order / contract or letter of credit. The combined period of financing against an export order to the Direct Exporter as also to his supplier(s) i.e. Indirect Exporter shall not exceed the permissible period of 180 days from the date of first disbursement. The period of financing by bank under the Scheme to an Indirect Exporter shall be determined as per the terms of the relevant Inland Letter of Credit / Standardized Purchase Order, up to the period mentioned therein but subject to a maximum of 120 days. The bank shall, however, ensure that the total amount withdrawn by the Direct Exporter and value of ILC/ SPO established on his behalf does not exceed the value of the export finance admissible to the Direct Exporter against the particular Export Order/Contract/Letter of Credit.
- 1.6 Banks shall extend the financing facility under the Export Finance Scheme to Direct/Indirect Exporters for pre-shipment and post shipment (to Direct Exporter only) basis on production of the following documents by the exporter concerned :-

Nature of Financing	Direct Exporter	Indirect Exporter
A. Pre-shipment	<ul style="list-style-type: none"> <li>- Firm Export Order/ Contract/Letter of Credit.</li> <li>- Application/undertaking as per Form B.</li> <li>- D.P. Note</li> </ul>	<ul style="list-style-type: none"> <li>- Inland Letter of Credit /Standardized Purchase Order.</li> <li>- Application/Undertaking as per Form C.</li> </ul>
B. Post-shipment	<ul style="list-style-type: none"> <li>- Firm Export Order/Contract/Letter of Credit along with acceptance from buyer in case of discrepant documents.</li> <li>- Application/undertaking as per Form B.</li> <li>- D.P Note</li> <li>- Original duplicate copy of Form E</li> <li>- Bill of Lading /Airway bill.</li> <li>- Invoice</li> </ul>	No facility.

- 1.7 Commercial banks, after providing finance to the Direct / Indirect Exporters shall become eligible to avail refinance from the SBP. The concerned office of the SBP BSC will grant refinance against financial facilities provided by the bank for pre/post shipment stage, to the banker of the Direct Exporter or Indirect Exporter, as the case may be, and release the amount accordingly within 48 hours on receipt of the refinance claim as per Form "D" complete in all respects and D.P Note executed by the exporter concerned, as explained in Para 1.4 above.

- 1.8 The scrutiny of documents to be submitted by exporter will be done by the bank concerned. The on-site verification team of SBP BSC and inspectors of Banking Inspection Department or any other authorized officer of the State Bank of Pakistan, while making a regular or special inspection of a bank, shall examine the cases of finances of the bank under the Scheme.

## 2. Submission of required Documents

- 2.1 The Direct exporter shall be liable to submit the proof of shipments to the bank concerned against the loan, evidencing that the shipment had been made against the relevant Firm Export Order/Export Letter of Credit within 30 days from the expiry of loan period to respective bank from where he availed of export refinance facility under the Scheme. After examination of shipping documents, the bank will submit Annexure-‘D’ by reporting all shipment made in validity of the loan period within 7 days to respective SBP BSC Office.
- 2.2 The Direct exporter will submit delayed shipment shipping documents to bank within 30 days from the date of last delayed shipment and thereafter bank will report all delayed shipments to respective SBP BSC Office on submission of additional Annexure- ‘D’ in 7 days. Thus in all only two Annexure-‘D’ will be submitted against one demand loan.
- 2.3 In case of failure to submit shipping documents within stipulated time period as mentioned above, fine as prescribed under the Scheme will be recovered from exporter in this regard. However, no fine on account of late submission of Annexure-‘D’ will be charged from bank.
- 2.4 The loan granted to the Indirect Exporter, along with mark-up thereon, shall be adjusted upon delivery of the inputs and payment of documents drawn under the ILC/SPO or at the expiry of the period of 120 days, whichever is earlier. The Indirect exporter shall be under obligation to produce documents, evidencing utilization of the loan to the banker of the Direct Exporter within 15 working days of the supply of goods to the Direct Exporter.
- 2.5 The shipping documents required to be submitted by the Direct /Indirect Exporters to the bank concerned are as under:-

	Direct Exporter	Indirect Exporter
Pre-shipment	<ul style="list-style-type: none"> <li>- Original duplicate copy of Form “E”</li> <li>- Bill of Lading / Airway bill (non negotiable copy)</li> <li>OR</li> <li>- FCRs, provided that document is against L/C and Mate’s Receipts (M. R. – where shipment is by sea) or Export General Manifest (EGM –</li> </ul>	<ul style="list-style-type: none"> <li>- Invoice</li> <li>- Truck / Railway receipt.</li> <li>- Goods Received Note GRN / Delivery Challan signed by the buyer.</li> </ul>

	<p>where shipment is by air),</p> <ul style="list-style-type: none"> <li>- E.P.R.C. to be submitted within 210 days (270 days for carpet exports) from the date of shipment of an export bill, or within 30 days of expiry of the period prescribed by our Exchange Policy Department.</li> </ul>	
Post-shipment	<ul style="list-style-type: none"> <li>- E.P.R.C. to be submitted within 210 days (270 days for carpet exports) from the date of shipment of an export bill, or within 30 days of expiry of the period prescribed by our Exchange Policy Department.</li> </ul>	NA

- 2.6 In case shipping documents are not received by the bank from the exporter concerned, on or before 30 days from the expiry of loan period, the bank shall serve a notice to the exporter concerned at least 7 days before expiry of 30 days showing intention of deducting fine on account of non-shipment due to non-submission of shipping documents against the loan availed by it. Despite the serving of the notice as prescribed, if the shipping documents are not received by the bank concerned on or before 30 days time limit and subsequently resulted in non-submission of Annexure D to respective SBP BSC Office within stipulated period, the office shall recover the fine treating the case as that of non shipment.
- 2.7 The exporter concerned shall be entitled to refund of fine so recovered, on submission of the relevant documents and after adjusting the fine that may be applicable for short shipment or delayed shipment and delayed submission of shipping documents, as prescribed in the Scheme. The bank concerned shall prepare a resume of such exporters qualifying for refund as and when documents are submitted by them and would approach concerned office of SBP BSC for claiming refund of fine ( as per Annexure – F) earlier passed on to it who will after scrutiny of the information, refund the same to the bank concerned, if found justified. The bank would be liable to pass on the benefit of refund to the exporter concerned on the following working day, without any delay.
- 2.8 While the export of the commodity, against a Firm Export Order/ Export Letter of Credit, shall remain the responsibility of the direct exporter, the indirect exporter would be under obligation to supply the required inputs in accordance with the terms of the ILC/SPO, failing which he shall be liable for fines under the Scheme. Payment of such fines shall, however, not absolve him for his liabilities to the Direct Exporter.
- 2.9 On deliveries of the domestic inputs and receipt of payment by the supplier i.e. indirect exporter, the amount(s) of the finance earlier granted in his favour shall be adjusted. Likewise as the Direct Exporter would have received inputs from his designated Indirect Exporter, as per terms of ILC / SPO the amount disbursed by his bank, to the bank of Indirect Exporter, shall become a loan liability of the Direct Exporter as per normal lending practice.

- 2.10 It shall be obligatory on the part of the Direct Exporter that all the ILCs established or SPO issued in favour of IDEs are in relation to the supply of inputs for export and would contain the name of the exporter and Number of firm export order / contract / letter of credit. The financing bank of the Indirect Exporter shall be under obligation to certify that the facility availed by the Indirect Exporter was covered by an export order / contract or letter of credit of the Direct Exporter and proof of shipping there-against may be collected from the banker of the Direct Exporter in this regard.
- 2.11 The documents required to be submitted by the bank to the concerned office of SBP BSC as evidence of shipments are as under:-
- a) Annexure – “D” (to be submitted within 7 days from the expiry of period as mentioned in Para 2.1 and 2.2 above) as the case may be.
  - b) E.P.R.C. to be submitted within 210 days (270 days for carpet exports) from the date of shipment of an export bill, or within 30 days of expiry of the period prescribed by our Exchange Policy Department for realization of the export proceeds, failing which cases of non realization will be reported by the bank to the concerned office of State Bank for appropriate action under the Foreign Exchange Regulations.

### 3. Substitution of Export LC/Contract

- 3.1 In case Direct Exporter fails to make shipment under the relevant Firm Export Order / Export Letter of Credit/Contract on the basis of which finance / refinance has been availed by him, he shall be under obligation to produce shipping documents evidencing shipment of the export of same or any other eligible commodity valuing the amount of loan, in respect of another Firm Export Order / Export Letter of Credit. The Direct Exporter will, however, undertake and confirm separately that he has neither availed any finance under EFS against any such new export order/contract / letter of credit nor has reported or would report any entry of relevant “E” Forms already utilized by him under Part II of the EFS. The Bank concerned is authorized to accept such substitution offered by the Direct Exporter. A request in this regard shall be submitted by DE to his bank along-with submission of shipping documents.
- 3.2 The Direct Exporter shall be eligible to obtain finance against a Contract or L/C partially and substitute any other export under the same contract or L/C for showing it under another loan of Part I or to use it for reporting performance under Part II provided no E-Form is used simultaneously under both parts of EFS so as to avoid duplicate financing under the Scheme.
- 3.3 No facility of substitution is available to the Indirect Exporter in respect of supply of inputs to the Direct Exporters.

#### 4. Extension in Loan Period and Enhanced Performance Requirements

- 4.1 As per SMEFD Circular No.04 of 2009, the facility under Part-I of the Scheme is also available for an extended period of 270 days to exporters provided they show enhanced export performance. However, banks will have to adjust the finance within a maximum period of 180 days, and rollover is allowed for an additional period of 90 days, provided that shipment has been made by the exporters within a period of 180 days after withdrawal of finance. In case of export finance already availed of by exporters under Part-I of the Export Finance Scheme, banks may allow an additional period up to 90 days for repayment of export finance availed of for export of all eligible commodities, except where export proceeds have been realized earlier by the exporters.
- 4.2 The exporter/bank desiring rollover of the facility shall be under obligation to submit Annexure-“D”, as prescribed under the scheme within a maximum period of 180 days of availing of the finance giving therein the particulars of shipment. The concerned SBP BSC Office shall allow rollover of refinance for a period of 90 days against the already submitted loan documents.
- 4.3 In view of the prime objective of promoting exports, the export performance requirements has been increased i.e. a) the exporters will get finance up to 85% of the value of firm export order/contract/letter of credit and will be required to make shipments equivalent to 117% against refinance availed for 270 days from the export of eligible commodities under Part-I (pre-shipment), b) in case of post shipment, exporters will be eligible to avail 85% refinance against the respective shipment.
- 4.4 In case an exporter prefers to remain in the old system, he can avail export refinance facility for a maximum period of 180 days under existing terms and conditions.

#### 5. General Guidelines and Important Notes under Part-I of the Scheme

Some important tips for exporters / banks while availing / granting facilities under the Scheme and submission of prescribed documents there-against are as follows :-

- i) While scrutinizing the loan application, the bank shall ensure that exporter is availing the loan against a commodity which is eligible for exports under EFS. For this purpose, the HS Code for each commodity as mentioned in Form “B” and Form “C” shall be compared with the Negative list and if the code is not appearing in the Negative List, the commodity for which facility is being sought shall be eligible under the Export Finance Scheme.
- ii) A stamp should be affixed invariably on the original copy of a firm export order / contract / letter of credit indicating the refinance loan No. and amount allowed by SBP BSC subsequently for record purpose.

- iii) In case, any exporter has applied for finance against a firm export order / contract / letter of credit which has already availed finance / refinance in part, it must be ensured that the exporter has affixed a stamp

Utilized for refinance under Demand Loan (D.L.)  
No. \_\_\_\_\_ dated \_\_\_\_\_

On such firm export order / contract / letter of credit duly countersigned by the authorized signatory of the bank through which Demand Loan has been obtained. It must also be confirmed that loans being availed of are covered under the above contract / letter of credit/firm export order.

- iv) The bank shall keep original and a photo copy of firm export order / contract / letter of credit with endorsements on its back page for record purposes for the period as prescribed under the Scheme.
- v) It shall be ensured that no finance is provided to an exporter for any amount of advance payment already received by him under a firm export order / contract / letter of credit.
- vi) The Direct Exporter is allowed to substitute any firm export order / contract / letter of credit with another export order / contract / letter of credit in respect of an eligible commodity only. But it will be mandatory on the exporter to expressly mention that finance has not been availed by him against the same from any other bank. In case any finance has been availed of or that document has been used for substitution in a loan earlier, the exporter will give particulars thereof as also subsequently furnish particulars of E Forms used for the purpose to the bank concerned.
- vii) The monitoring of loan will be on the basis of E Form number and the bank will ensure that one shipment utilized against a particular E Form is not included for reporting substitution under another firm export order / contract / letter of credit or the entry involved has not been / will not be reported for export performance under Part-II.
- viii) The stamp or date of "Shipped on Board" on Bill of Lading or flight date as shown on Airway bill will form the basis for determining actual date of shipment for calculation of period of delay in shipment under the Scheme, if any. However, where shipment is effected from a Dry Port, the date of receipt for shipment as appearing on shipping bill or the date of custom clearance on duplicate E Form appraised by custom authorities at Dry Port, as the case may be, will be taken into account. It is understood that the gap between the two dates shall not be abnormal in normal circumstances.
- ix) The banks are required to repay the refinance on realization of proceeds in full or part thereof as the case may be, within three working days from such realization. Refinance shall be repaid by bank from its own sources on expiry of the maturity period of the loan. If the bank fails to do so, the concerned office of the SBP BSC shall recover the same on due date by debit to its account as is done at present. However, where repayment has

been made by exporter before expiry of the loan, the same shall be repaid to concerned office of SBP BSC within three working days from repayment made by the exporter. For this purpose the period will start from the receipt of such payment but will be exclusive of the date of its repayment to SBP BSC office. In case of default in repayment there will be no grace period and fine for the entire period for which the repayment was delayed will be charged at the prescribed rate. Intimation regarding repayment, giving particulars of respective demand loan shall be promptly made to the concerned office of the SBP BSC. Efforts shall also be made for prompt communication among different branches of the bank concerned with the branch dealing with respective office of the SBP BSC.

- x) The bank will not ask the exporter for substitution of firm export order / contract or letter of credit in cases where:-
- a) A commodity is replaced with another eligible commodity through such amendment, acceptable to both exporter and his client abroad.
  - b) Rates / quantities / specifications are modified by the buyer under any amendment in firm export order / contract or letter of credit or in such case, though not covered by any amendment where buyers acceptance has been received by the bank.
  - c) The exporter has shipped the goods against another firm export order / contract / letter of credit and confirmed that “neither any refinance has been availed of, nor will be availed of against specific E Form in any other loan under Part-I. Likewise export made under the specific E-Form will not be utilized for performance under Part-II”.
- xi) It will be obligatory on the part of the exporter to negotiate and realize the export proceeds under a specific E Form through the bank from which he has availed of refinance loan(s). However, in case circumstances do not permit realization of proceeds under a specific E Form through the bank which had issued the same, the realizing bank will realize and pass on the amount realized to the E Form issuing bank, promptly but not later than 3 working days of receipt of funds by it. Such proceeds when realized will be credited in the accounts of the exporter by the receiving bank only upon a specific NOC of the E-Form issuing bank. In that case too, the bank issuing NOC will be held responsible for delay in repayment of amount of refinance loan involved, if any.
- xii) The date of realization for the purpose of repayment of finance shall be the date of receipt of telex, advice or swift message by the Head Office or Principal Office or Zonal Office of a bank, however overnight receipts of such telex / advices / messages will be considered as receipts in the next working day in Pakistan. The export proceeds shall be appropriated within three working days towards liquidation of refinance loan. The Head Office / Principal or Zonal Office should ensure that it passes credits immediately to the concerned branches within a reasonable period of time. The date of liquidation of refinance loan shall be exclusive of the grace period.
- xiii) The bank should use the following suggested check list of documents preferably for scrutiny of cases under EFS.



**CHECK LIST****AT FIRST GLANCE****1. Receiving date and time**

--	--	--

**2. Signature verified**

- |   |                              |                             |
|---|------------------------------|-----------------------------|
| ▪ On D.P. Note  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ On Undertaking  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ L/C Contract are under lien of the Bank   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ Part of the L.C. contract has been used for other D.L.<br>(in case yes mentioned DL----- dated -----) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**ON SCRUTINY****1. D.P. Note**

- |   |                              |                             |
|---|------------------------------|-----------------------------|
| ▪ Revenue stamp of appropriate value affixed      | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ Amount in words tally with the amount in figure | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ Stamp of the Co. & Authorized Signatory         | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ Signature verification by bank                  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**2. Undertaking**

- |   |                              |                             |
|---|------------------------------|-----------------------------|
| ▪ All banks on the format are duly filled in & in order   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ The particulars of L/C /Contract/Firm Order as entered in the undertaking are in conformity with attached L/C /Contract/Firm Order. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ Initially, the amount column only states Foreign Currency   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ (Have value date and PKR value duly filled in as per prevailing rate on the date of disbursement)                                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ H.S. Code is that of Eligible commodity only  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**3. Local Inputs**

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| ▪ Name and amount mentioned on SPO/ILC relates to applicant                        | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ Date, delivery to be effected. (Should be within the time allowed for shipment). | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| ▪ Whether payment terms (on sight /on DA basis /Post dated Cheques etc.) duly filled in. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|--|------------------------------|-----------------------------|

#### 4. Imported Inputs

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| ▪ Whether as per terms of L/C of opened                                    | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ Commitment to provide documents also conform to Firm Order/Contract/LC   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ Commitment to provide shipping documents within 21 days * from shipment. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ▪ Authority to Debit Account duly given                                    | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Form 'B' or 'C' has to be completed after above checks and finance disbursed after incorporating the:-

- i) city of disbursement
- ii) date of disbursement
- iii) value date and
- iv) PKR equivalent as prevalent on the date of disbursement.

Due care must be exercised, while stamping the dates on D.P. Note, undertaking (stamp paper date must be prior to the date of disbursement), value date etc.

A utilization stamp must be affixed on original L/C, Firm export Order, ILC or SPO after providing finance each time.

Prepared by-----

Checked by -----

\* As suggested by banks for timely scrutiny by them. The period under EFS is however 30 days.

## III. EXPORT FINANCE SCHEME PART-II

EFS Part-II is a performance-based export financing facility. Under Part-II an exporter's revolving export finance limit equivalent to 50% of export proceeds realized through export of eligible commodities in the preceding financial year (July-June basis) is fixed on annual basis. The exporter is free to utilize the facility within entitlement of limit for the whole year. Maximum period of a specific loan is 180 days with rollover facility subject to meeting at least 70% shipment requirement of already availed loan. To fix fresh limits based on previous year's export performance for exporters having outstanding finance under the Scheme after 30<sup>th</sup> June, total borrowing availed under the scheme is required to be adjusted on 31<sup>st</sup> August each year. Export performance of an exporter is matched annually against total loan availed during the financial year on daily product basis.

### 1. Pre-requisites and procedure of Entitlement of Limit

- 1.1 The bank will give export finance limits to the exporters on the basis of export performance measured by the export receipts during the previous financial year (July-June basis) against export of eligible commodities. An exporter is entitled to avail limit of up to 50% of such export performance. To obtain this facility, an exporter shall apply to his banker in triplicate of Form EE-1, the copies being marked as "original", "duplicate" and "triplicate". The banker shall verify the entries in the application and authenticate the correctness of the entries on all the copies. No bank shall authenticate more than three copies of the Form EE-1 in respect of any exporter for any period. The bank shall allow a limit to the exporter on the above basis and send all copies of Form EE-1 in respect of each case to Foreign Exchange Operations Department (FEOD) of the respective office of SBP BSC for verification of realization of proceeds. After verifying Forms, the concerned FEOD shall return the original and duplicate copies to the concerned bank and retain the third copy.
- 1.2 An exporter may obtain finance limit from more than one bank to the extent of 50% of the export proceeds realized through each bank during preceding year. The limits may also be switched between any two banks, if the exporter so desires, with the consent of both the banks in which case the exporter shall submit all copies of the Form EE-1 duly authenticated by the bank through which the proceeds were realized along with bank's NOC, to the bank from which the finance is desired to be obtained and declare that he has not obtained any export finance from the former bank. Similarly, by getting an NOC from sanctioning/verifying office, limits can be transferred from one SBP BSC Office to other SBP BSC Office subject to the condition that no duplicate financing is involved.

- 1.3 As and when the bank extends finance to exporter after fixation of entitlement of limit as mentioned above and wishes to obtain refinance from the SBP BSC Office, it shall, besides the usual documents, send to the concerned office, duly authenticated duplicate copy of Form EE-1 of the exporter concerned retaining the original for its record and subsequent inspection.
- 1.4 The borrowings of a bank under Part-II of the EFS from SBP BSC shall not exceed at any time the total amount lent to the concerned exporter. For any default on this account the bank shall be liable to pay fine as prescribed under the scheme.
- 1.5 In case part or full payment of refinance loan under EF Part-II is made by the borrower before its due date, the bank shall remain liable to repay the amount involved within same day.
- 1.6 Direct Exporter (DE) shall be entitled to avail finance by furnishing an-undertaking to the bank as per Form UT-DE-II The DE may also authorize their banker to open ILC(s) in favour of IDE(s) for making supplies of inputs to him as per procedure laid down under Part-I of the Scheme, within the prescribed limit as per Form DE-3. The amount of the limit availed of by the DE as also the amount of ILC(s) opened in favour of IDE(s) for supply of inputs, when taken together shall not exceed his entitlement of limit at any point of time. It may however be ensured that in individual instance the loan shall not remain outstanding beyond a maximum period of 180 days.
- 1.7 The Direct Exporter shall be under obligation to match export performance annually against total loan availed during the financial year on daily product basis including finance availed by his Indirect Exporter(s) under ILC(s) opened/ SPO(s) issued by the DE. The export performance shall be provided by realization of export receipts from the export of eligible commodities, excluding any exports for which finance is obtained under Part-I of the Scheme during the relevant period.
- 1.8 On receipt of an application from the Direct Exporter, on Form "DE-3" requesting for grant of finance to the specific Indirect Exporter(s), for supply of domestic inputs, the financing bank shall open ILC(s)/issue SPO(s) in favour of the said IDE(s) by reducing the entitlement of the DE under Part-II of the Scheme. The bank shall also provide financing facilities, to the extent of his balance entitlement of limit to the DE as per his manufacturing requirement after adjusting amount(s) of ILC(s) issued in favour of the Indirect Exporter.
- 1.9 Upon submission of application on Form "IDE-2" by the IDE, the banker of the DE or IDE, as the case may be shall provide finance to the extent of the amount of the ILC (s) to the IDE concerned upon production of the requisite documents on the basis of which financing facility under Part I is available to the IDE.

- 1.10 The refinancing to extent of the amount released by the financing bank of the direct exporter(s) to the indirect exporter(s), against ILC(s) shall be provided by the concerned office of the SBP to the banker of the indirect /direct exporter, upon submission of the following documents:-
- Refinance application on the prescribed Form DE-3
  - Certified copy the relevant ILC/SPO along with amendments thereto, if any.
  - DP Note of the Indirect Exporter covering the amount of the ILC(s)/SPO(s), dully endorsed in favour of SBP
  - Undertaking of the Indirect Exporter on the prescribed Form UT-IDE-II
  - Schedule of deliveries.
- 1.11 IDE(s) would be under obligation to supply the required inputs on a case by case basis in accordance with the terms of ILC/SPO, failing which he shall be liable for non-shipment fine as prescribed under Part-I. Payment of such fines shall, however, not absolve IDE(s) from his/their liabilities to the DE.
- 1.12 The loan granted to the indirect exporter(s) along with mark up thereon, shall be adjusted upon submission of the documents evidencing delivery of the inputs and negotiation of ILC(s)/SPO(s) involved. The Indirect Exporter(s) shall be under obligation to produce the following documents to the banker of the direct exporter, evidencing delivery/acceptance of the inputs by him to the direct exporter.
- Invoice in favour of Direct Exporter.
  - Goods Receipt Notes/Delivery Challan duly signed by the Direct Exporter, showing date and quantity delivered to the direct exporter as per terms of the delivery.
- 1.13 On production of documents mentioned in Para 1.12 above, evidencing deliveries of the inputs, the amount(s) of the loan(s) earlier granted in favour of Indirect Exporter(s) shall be transferred in the name of the Direct Exporter and all mark up charges from the date of said transfer shall be borne by the Direct Exporter. The refinance earlier availed by the bank of the Direct Exporter(s), against disbursement(s) released to Indirect Exporter(s) shall continue to remain outstanding till the monitoring period or up to maturity of loan whichever is earlier.

## 2. Monitoring of Export Performance

- 2.1 Export performance of an exporter is matched annually against total loan availed during the financial year on daily product basis. The exporter has to realize export receipts from the export of eligible commodities, excluding any exports for which finance is obtained under Part-I of the Scheme during the relevant period. In case of failure to

show export (non/short performance), fine as prescribed under the Scheme shall be imposed. The performance of the exporter shall be watched by the bank concerned by obtaining Form EF -1 from concerned exporter. Likewise the process of verification of Form EE-1, Form EF-1 also is submitted in triplicate to FEOD for verification after close of financial year. After verification of these Forms by FEOD, the original and duplicate copies shall be returned to the bank concerned, the third copy shall be retained by FEOD. The duplicate copy shall be submitted by the bank to the respective office of SBP BSC by 31st August.

- 2.2 As banks are aware that some of the entries reported in EF-1 statement are marked for post facto verification pending submission of report of realization of export proceeds. These entries are based on exports against confirmed & irrevocable L.C without reserve made up to 30th June but export proceeds are not realized up to said date. Banks will report such entries after actual realization on the Supplement to EF-1 statement for verification of FEOD latest by the 30th November on the respective EF-1 statement.
- 2.3 In order to save an exporter from unnecessary imposition of fine on account of shortfall in performance at the time of matching his export performance with his borrowing product under Part-II of the Export Finance Scheme , the SBP BSC Office shall serve upon the banker of the exporter 15 days notice prior to levying of such fine indicating to the exporter in his export performance on which fine is to be levied to enable exporter to arrange to transfer the required amount out of his excess/surplus performance, if any, with some other bank(s) falling in the jurisdiction of other office(s) along-with NOC from such office where excess/surplus performance is available to the said exporter. No NOC will, however, be required to be submitted to the concerned SBP BSC Office for the purpose of matching export performance of an exporter with his borrowing products in respect of his combined export performance from all the banks of the exporter falling within the jurisdiction of the same office.

### **3. Performance Based Mark-up Rate**

To further provide incentives to the exporters with high performance under Part II of the Scheme, a lower mark-up rate has been put in place for those exporters who achieved excess performance from monitoring year 2008-09 onward as per procedure laid down in SMEFD Circular No.06 dated March 09, 2009. The exporters are required to claim benefit of mark-up rate differential from SBP BSC through their bank within one year after the performance year, provided they have no export proceeds overdue bills.

### **4. Rollover Facility**

Exporters availing financing facilities under Part-II of the scheme shall continue to submit EF-1 statement duly verified by the respective offices of FEOD, SBP-BSC within two

months from the completion of the financial year, as at present. However, while applying for rollover of loans under Part II after completion of the initial 180 days or at an earlier date, exporters shall be required to submit a statement showing details of shipments of eligible goods [as per Form - EP ] to the extent of 70% of the refinance already availed against which roll over is being sought. SBP-BSC shall not allow the rollover facility unless shipments to the extent of 70% of refinance availed is established. Banks will be required to forward duly authenticated copy of the said statement of shipments to the concerned Office of the SBP-BSC along-with the loan application for roll over. Compliance to this requirement shall invariably be checked by the verifying teams of the concerned office of the SBP-BSC, which shall not substitute for the normal inspection by Banking Inspection Department of the State Bank.

## 5. Extension in Period of Borrowing Limit

Export refinance limits sanctioned in favour of banks on the basis of financial year, are due to expire on 30th June each year. The exporters are required to submit the EE-1 statement for the next year duly verified by our Foreign Exchange Operations Department latest by 31<sup>st</sup> August. To ensure that the financing facilities are available to the exporters under EFS till finalization of new limits under Part-II, continuation of limits sanctioned by banks to exporters under Part-II of EFS for last year is allowed up to 31<sup>st</sup> August each year. The facility under Part-II is self regulating, the exporters shall require to foresee their export earnings during last year; work out their own estimate as to the quantum of their entitlement for next year and should accordingly adjust their existing borrowings on or before end June in case his performance is not up to the mark to remain within the limit to avoid utilization of excess facilities under EFS during the period of rollover which would be subject to fine.

## 6. Calculation of Borrowing & Performance

### 6.1 Calculations of Borrowing Products & Performance (Example of Excess Performance):

[Entitlement of Limit = Rs.500,000]

Period	Amount of Refinance	Number of days	Borrowing Product
1-1-06 to 25-1-06	400,000	25	10,000,000
26-1-06 to 30-6-06	500,000	155	77,500,000
Total Borrowings Product:		=	87,500,000

Total Performance Product: Amount of EF-1 x 180 = Rs.700,000 x 180 (Notional amount)	=	126,000,000
<b>Surplus Performance</b>	=	<b>38,500,000</b>

### 6.2 Calculations of Borrowing Products & Performance (Example of Shortfall):

**Borrowings (Limit = Rs. 2 Million):**

Period	Amount of Refinance	Number of days	Borrowing Product
3-7-06 to 4-8-06	2,000,000	33	66,000,000
9-11-06 to 31-12-06	2,000,000	52	104,000,000
30-1-07 to 30-6-07	2,000,000	152	<u>304,000,000</u>
Total Borrowings Product:		=	<b>474,000,000</b>
Total Performance Product: Amount of EF-1 = Rs. 2,000,234 x 180 (Notional amount)		=	360,032,120
<b>Shortfall in Performance</b>			<b><u>113,967,880</u></b>

## 7. Important Transaction Dates being counted for Entitlement/Performance purpose

Exports made against various transactions and the basis for taking into account the entitlement / performance under Part-II of the Scheme is given hereunder:-

Nature of transaction	The material date that is based for taking into account the performance / entitlement under Part-II.
DP / DA basis	Date of realization  Entries in EE-1 & EF-1 Statements against exports made on DP/DA (Payment against acceptance/Payment against receipt of document) basis or on open account which are subject to realization of proceeds for the purpose of entitlement as also performance. Such entries are mentioned as FD/BC & its Running number in the Remarks column of the said Statements
Documents / Bills under L/C.	Date of shipment  The realization of proceeds of the documents drawn under L/C are legally covered in terms of the ongoing UCP arrangements and the banks who are the parties to the said letter of credit are under obligation for payment provided there is no discrepancy in the documentation. In such cases, the exporter can mention the "Date of Shipment" for the purpose of entitlement & performance under Part II and shall mark N/A in Column 10 pertaining to the Date of Negotiation. Such entry shall be marked post facto and shall be deemed to be on realization basis. Where, however, the documents are under reserve or discrepant, then only the date of realization qualifies for performance.



Discount of bill under L/C	<p data-bbox="407 159 667 191">Date of Negotiation</p> <p data-bbox="407 239 1497 541">The banks usually discount clean export bills drawn under L/C. The entries showing “Date of Negotiation” in Column 10 of EE-1 / EF-1 Statements qualify for entitlement / performance provided the proceeds there-against are realized by 30<sup>th</sup> November. Such entries are marked on “Post Facto” basis by FEOD for verification of realization of proceeds and the exporters/banks are required to submit proof of realization separately. In case proceeds there-against are not realized or not reported in Supplementary Report by that time, the relevant entry is deleted from the entitlement / performance of the exporter concerned.</p>
Advance Payment	<p data-bbox="407 621 639 653">Date of shipment</p> <p data-bbox="407 701 1497 808">Although payment are realized in advance from the buyer, however, the “Date of Shipment” is taken into account for entitlement / performance under Part II only when actual shipment is effected and such date is within the monitoring period.</p>

# IV. Common Instructions under the Scheme

## 1. Allocation of Refinance Limits to Banks

- 1.1 The State Bank of Pakistan will make refinance available to banks in the form of either purchase / rediscount of such bills of exchange / promissory notes as are eligible for purchase / rediscount by the State Bank of Pakistan under Section 17(2) (a) of the State Bank of Pakistan Act, 1956 or as loans against such bills under Section 17(4) (c) of the Act for a maximum period not exceeding 180 days.
- 1.2 The Head / Principal / Country Office of a scheduled bank is required to lodge an application at the beginning of a financial year or as advised in this behalf by the Infrastructure, Housing & SME Finance Department, State Bank of Pakistan specifically. An overall revolving refinance limit will be sanctioned for both parts of the Scheme, by State Bank of Pakistan as per approved criteria. In case the limit so sanctioned in favour of particular bank does not suffice to meet the demand for credit from exporters, SBP may consider request from the bank concerned for increasing its maximum entitlement for limit, provided its request is covered within SBP internal criteria for allocation of limits.
- 1.3 The banks will be appraised of the revolving limits sanctioned in their favour and copies thereof shall be endorsed to the SBP BSC Offices of the area where the Head / Principal / Country Office of the banks are located. The banks will be required to indicate to the concerned office of SBP BSC, the amount(s) that it desires to draw from various offices of SBP BSC, within the overall refinance limit sanctioned to it. A bank is also eligible, at its discretion, to alter its limit at various offices of the SBP BSC during the fiscal year and to have the reallocation of the amount(s) of the limit. For the purpose, it may request the concerned SBP BSC Office for re-allocation of the limit by indicating the amount(s) to be availed from SBP BSC Office / Offices in a manner that such reallocation is within overall refinance limit sanctioned to it.
- 1.4 Banks shall be required to execute following documents (on the prescribed format) in favour of the SBP, in order to avail the refinance limit from the State Bank of Pakistan:-
  - i) Agreement with State Bank of Pakistan (Form A).
  - ii) Demand Promissory Note for the entire amount of the limit sanctioned to them.
- 1.5 State Bank of Pakistan reserves the right to cancel or reduce the limit granted by it to a scheduled bank or to reject the demand promissory note of any particular exporter submitted by the bank. State Bank will also have the right to debar any exporter if it is satisfied that it has misused the facility. Decision of the State Bank in this regard shall be binding upon banks/exporters.

- 1.6 Every scheduled bank shall submit such additional returns or furnish such information in respect of refinance cases as the State Bank of Pakistan may require from time to time.

## 2. Rate of Financing and payment thereof

- 2.1 The maximum rate of mark-up under the Export Finance Scheme to be charged by banks from their exporters shall vary from time to time. The current rate of mark up charged by banks from borrowers is 11.0% p.a. with effect from January 1, 2011.
- 2.2 The banks shall invariably make payment of profit on quarterly basis to the concerned office of the SBP BSC at the end of each quarter.

## 3. Eligible Goods & Services under the Scheme

- 3.1 All major value added commodities exported from Pakistan are eligible for financing under the scheme, except those mentioned in Negative List. Any exporter who meets the lending criteria of a bank can avail financing under EFS for export of eligible commodities.
- 3.2 With the changing business potential from Pakistan, especially the export of software/ IT related and other services, SBP has extended the scope<sup>1</sup> of EFS and devised special procedure<sup>2</sup> for availing finance under the Scheme against export of such services. SBP has elaborated financing against export of IT enabled services and in consultation with the Ministry of Science & Technology defined the term IT enabled services as; software development, web hosting and website services, Medical/ Legal/ Insurance and other transpiration services, Medical billing, data entry, back office processing, engineering services and design, Network consulting, remote education, Animation, Finance and accounting services, customer relationship services and customer interaction etc.
- 3.3 Financing under the Scheme is also available for consultancy services of various sectors of economy where foreign earning is remitted into Pakistan. Such sectors include; medical, pharmaceutical, engineering, accountancy, management, financial services, wholesale distribution and retail trade, transportation, storage and communication, telecommunication services, educational services and real estate consultancy services. Detailed procedure and special prescribed documents used for availing EFS facility for consultancy services are given in BSD Circular No.41 dated October 30, 2001 and PBD Circular No.26 dated July 11, 2003.
- 3.4 EFS facility can be availed for the exports of Gold Jewellery (embedded with or without precious / semi-precious stones)/gemstones/precious and semi precious stones on self consignment basis subject to adherence with the conditions as laid down under F.E. Circular No.13 dated 28th May, 1997 as well as the procedure of export of the commodity mentioned vide Ministry of Commerce Notification No.SRO/266(I)/2001

<sup>1</sup> BPRD Circular No.5 dated March 03, 1997

<sup>2</sup> BPRD Circular Letter No. 23 dated October 20, 1998

dated 7th May, 2001(c.f. BPD Circular No.12 dated April 7, 2003 read with SMED Circular letter No.05 dated September 11, 2006)

- 3.5 The Scheme in its broad parameters is also applicable for, i) local supplies against international tenders (detail BCD Circular No.4 dated 26th January, 1982), ii) export on Post shipment basis as also export proceeds realized under Part II against the eligible good exported for display/sale in International Fairs and Exhibitions(detail BCD Circular No.31 dated 28th August, 1982 read with SMEFD Circular No.12 dated July 16, 2009) and iv) supplies to Export Processing Zones (detail BCD Circular No.26 dated 4th August, 1982).

**4. NEGATIVE LIST (NL)**

**List of commodities not eligible for export refinance under the  
Export Finance Scheme along-with their specific harmonized codes.**

Sr.No.	Commodity	Harmonized Code	
		Main HC ITC	Sub Heading No.
1.	Raw Cotton (Excluding Surgical Bleached / Absorbent)	52.01 52.02 52.03	1404.20
2.	All Types of Yarn	52.05 52.06	5207.1000 5207.9000
3.	Mutton and Beef other than frozen & preserved	02.01 02.02 02.03 02.04 02.06 02.08 16.01 16.02	Excl. 0208.20. Frog Legs
4.	Petroleum Products	27.08 27.10 27.11 27.12  27.13 27.14 27.15	Excl. 2710.0011 Motor Spirit.  Excl. 2712.1000 Petroleum Jelly Excl. 2712.2000 Paraffin wax.
5.	Crude Vegetable materials n.e.s.	06.01 06.02   12.11 12.13 12.14 13.01  13.02 14.01	(Excl. Rose Buds / Flower) (Excl. Sassafrass Leaves)      (Excl. Guar Gum Extract / Guar Protein / Liquorice Extract/Asafoetida Hing). (Excl Lithospermum Vestitum

		14.01 14.02 14.03 14.04	Rattan Jot)  (Excl. Henna Powder) (1404.1010)
6.	Wool & Animal Hair	05.02 05.03 51.01 51.02 51.03 51.04 51.05	(Excl Wool Tops) (5105.29)
7.	Crude Animal Material.	04.07 04.08 05.04  05.05 05.06 05.07 05.08 05.09 05.10 05.11	(Excl. Animal Casings & Fatends).  (Excl. Bones).
8.	All Grains including Grain Flour	10.01 10.02 10.03 10.04 10.05 10.06  10.07 10.08 11.01 11.02 11.03 11.04 11.06	(Excluding Packeted Irri /Basmati / Parboiled / White/Brown Rice in retail packets of 1-50 kgs). Moreover, the export of Brown Rice in bulk/lose is eligible to European Countries under EFS Part-I against L/Cs only.
9.	Stone, Sand and Gravel.	25.05	

		25.06 25.07 25.14 25.15  25.16 25.17 25.20 25.21	(Excluding: Onyx, marble and Granite tiles/slabs polished or unpolished cut into regular size with a maximum thickness of one <u>inch</u> .
10.	Waste & Scrap of all kinds	23.03 23.04 23.05 23.06 23.07 23.08 26.18 26.19 26.20 26.21 39.15 41.10 47.07  55.05 57.03 71.12 72.14 74.04 76.02 78.02 79.02 80.02	2303.10 (Excluding Rice Gluten)          3907.6020(Polyethylene Terephthalate (PET) Resin)  5301.30 5303.90
11.	Fertilizer Crude	25.10	3101.00 3102.50 3104.10
12.	Jewellery exported under the Entrustment Scheme.		(Excluding Gold Jewellery embedded with or without precious/semi precious stones to be financed as per BPD Circular No.12 of 2003 on case by case basis against Firm Export Order/LC.
13	Live Animals	01.01	

		01.02 01.03 01.04 01.05 01.06	(Excl. Hatching Eggs & Day Old Chicks)
14	Hides & Skins	41.01 41.02 41.03	
15	Leather Wet Blue	41.04 41.05 41.06 41.07	4104.21 to 4104.29 4105.11 to 4105.19 4106.11 to 4106.19 4107.21
16	Crude Minerals	25.01 25.02 25.03 25.04 25.07 25.08 25.09 25.11 25.12 25.18 25.19 25.22 25.25 25.26 25.27 25.28 25.29 25.30 27.01 27.02 27.03	(Excl. Refined / Treated Salt)
17.	Antiques	97.06	
18.	All Metal Ores	26.01 26.02  26.03 26.04	(Excl. Magnesite in the processed form)  (Excluding Blister Copper 26.03 & 74.01)



		26.05 26.06 26.07 26.08 26.09 26.10  26.11 26.12 26.13 26.14 26.15 26.16 26.17 74.01 75.01	(Excl. Chrome concentrates in the processed form 26.10).
19.	Fur Skins	43.01 43.02 43.03	
20.	Wood in rough or squared	44.01 44.02 44.03 44.04 44.05 44.06 44.07 44.08 44.09	
21	Bleached / Unbleached Cloth		*(Excl. Bleached / unbleached cloth exported at a price of above US \$ 2.50 (or equivalent)/square meter.

## 5. Linkage of Overdue Export Proceeds with EFS

- 5.1 To streamline the procedure for availing financing under EFS, a condition of maximum overdue exports proceeds as 5% of last year exports has been laid down for the exporters<sup>3</sup>. Accordingly, if overdue export position of an exporter is greater than 5% of the previous year's exports shown in EE-1 statements, the exporter would not be entitled to avail the EFS facility till such time that the overdue position is reduced to the 5% benchmark level. Exporters availing only the EFS Part-I facility are also required to submit the prescribed EE-1 statements.
- 5.2 Each exporter is required to give a Certificate on a prescribed Form showing consolidated position of overdue export bills outstanding against all bank(s) {as per the record of Foreign Exchange Operations Department (FEOD)}, as a percentage of the total exports of the preceding year finalized in EE-1 statements. The total amount of overdue export proceeds will be reported in PKR by applying the annual average exchange rate of the year (simple average of monthly average exchange rate published by SBP), on which the export performance would be based for calculating the 5% benchmark of overdue export bills. The Certificate should be submitted through the bank to the concerned SBP BSC office on a six monthly basis by 31st March & 30<sup>th</sup> September, each year; which will remain valid up to the next six months.
- 5.3 If an exporter becomes eligible for EFS by repatriating the proceeds to the level of 5% benchmark in the intervening period prescribed for submission of certificate, he would be allowed to submit a request along with a new certificate for availing the EFS facility.
- 5.4 Any misreporting/misstatement shall attract imposition of fine on bank/exporter at the rate prescribed under the Scheme.

## 6. On-site Verification of Refinance cases

- 6.1 The concerned SBP Office will undertake random on-site checking of refinance cases at banks on the financial year basis and will examine the entire documents. Verification team of SBP BSC Offices will verify at least 70% of the amounts of refinance disbursed under each part, ensuring coverage of all types of cases i-e Small, Medium and large, during the verification process. In case irregularities are pointed out involving recovery of fine on account of any default in processing of case or scrutiny of shipping documents, fines levied upon banks for such irregularities shall not be refunded. However, where such irregularities / deviations were found to have been willfully suppressed by the employees of bank the concerned institution shall be at discretion for taking such punitive actions as considered appropriate by the management of the bank. Subsequent to the finalization of the checking no claim for refund relating to modification in documents etc. from the borrower / bank will be entertained.

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<sup>3</sup> IH & SMEFD Circular No. 08 dated July 23, 2011

- 6.2 The concerned SBP BSC Office will nominate their representative officers to conduct verification of EFS cases at any particular branches of bank. The SBP BSC Office will issue a letter to the concerned bank at least 15 days prior to schedule visit for verification of EFS cases without intimating the actual date of visit to the concerned bank. The bank shall extend all possible help for the smooth checking of the cases and the officials of the bank shall co-operate with the authorized officers to carry out their work expeditiously. Such verification shall be in addition to the regular inspection of the bank conducted by our Banking Inspection Department. As such checking by Export Refinance Section of concerned SBP BSC Office, shall not absolve bank from its responsibilities under the Scheme.
- 6.3 In case of transfer of limit/performance under EFS Part-II the NOC issuing SBP BSC Office will conduct on-site verification of EE-1/EF-1 statements and relevant documents during on-site verification of the bank even if no loan has been availed by the exporter at that office/bank. Any violation observed therein will be communicated to the NOC receiving office, in order to charge fine(s) for violation(s) under the provision of EFS. On-site verification of documents against EE-1/EF-1 statements will also be carried out at bank(s) who issued NOC in favor of other banks within one centre for the purpose of transfer of exporters' limit/performance.

## 7. Incentives under Prudential Regulations

Under the Prudential Regulations, for Corporate/Commercial banking, exporters availing finance under EFS are exempted from certain restrictions which are available to both Direct & Indirect Exporters, as under:-

- a. In determining limit on exposure to a single person/group, pre / post shipment credit provided to finance export of goods covered by letter of credits / firm export order are not included in the exposure (**Prudential Regulations R-1**).
- b. Banks/DFIs not shall provide unsecured/clean financing facility in any form of a sum exceeding Rs. 500,000 to any person. However, clean facilities granted to finance the export of commodities eligible under the Export Finance Scheme shall be exempt from per party limit on clean facilities (**Prudential Regulations R-4**).
- c. While granting accommodation, banks/DFIs shall ensure that the total accommodation availed by any borrower from financial institution does not exceed 10 times of the capital & reserves (free of losses) of the borrower as disclosed in its Audited Accounts. Export finance shall be excluded from the borrowings for the purpose under Prudential Regulation R-5.

## 8. Penalties being Charged under the Schemes on account of Various Irregularities

Various Fines are charged under EFS to both borrower and bank on account of different kinds of irregularities at rates given in the following table:

### Fine EFS Part-I:

S.No.	Nature of Irregularity	Rate of Fine
i)	Non –Shipment	Paisa 37 per day per Rs.1000 or part thereof
ii)	Short/Delayed Shipment	Paisa 28 per day per Rs.1000 or part thereof
iii)	Late adjustment of funds by a bank against repayment made to it.	Paisa 42 per day per Rs.1000 or part thereof
iv)	Fine for delayed submission of shipping documents by the exporters	Rs.2000 for the default and Rs.100 per day for each day of default
v)	Fine for wrong information and incorrect reporting / entry in any Statement required to be furnished to State Bank of Pakistan	Rs. 100/- per such wrong /incorrect reported entry
vi)	Fine for non-submission of EPRC by bank within prescribed period.	Rs.20,000/-, 25% of which i.e. Rs.5,000/-, would be non refundable even on late submission of EPRC.
vii)	Fine for irregular availment of pre-shipment/post-shipment export finance facility by exporters	In all pre-shipment/post-shipment loans cases where it has been noticed that shipment(s) was made before/after (in case of post-shipment) disbursement of finance, the shipment has to be treated as in order subject to recovery of fine at the rate of Rs.2,000/- and Rs.100/- per day for the period for which the refinance loan remains outstanding on the part of the bank or up to the date of factual position conveyed to concerned SBP BSC Office, whichever is earlier.

### Fine under EFS Part-II:

S. No.	Nature of Default	Rate of Fine
I	Short-fall in performance	In case of non performance, fine shall be charged at the rate of Paisa 37 per Rs.1000 or part thereof (Product). However, where performance is in excess of 50% of the prescribed level, fine shall be charged at the rate of

		Paisa 28 per Rs.1000 of the shortfall or part thereof.
ii	Fine for any other default by the exporter/bank	Paisa 37 per day per Rs.1000 or part thereof, however, depending upon the nature of irregularity by the exporter and / or bank or both, in administering the Scheme, such as misuse of the facilities, utilization of the Scheme on fraudulent and or tempered documents etc, SBP may also consider to place an embargo for a period of one year on the bank and / or exporter or both for availing financing facilities under EFS.
iii	Fine for wrong information and incorrect reporting / entry in statement (EF-1, EE-1 or in any other Forms required to be submitted to SBP.	Rs.100 per wrong entry.

## 9. Procedures for Refund of Fine

Fines are imposed on the exporters for non-performance on account of their failure to produce evidences of shipment under Part I and performance reports under Part II within the prescribed deadlines. However, after imposition of fine, a considerable number of representations are made to SBP for refund of fine, which are not supported by the requisite and necessary documents / evidences and resulted in delay in processing of cases. In order to streamline processing of the cases involving refund of fines recovered under EFS as also to make the system more transparent, a procedure has been prescribed for refund of fine vide SMEFD Circular No.05 dated December 26, 2008, where reasons for non performance are due to unanticipated factors and beyond the control of the exporter(force majeure event).

Under the Export Finance Scheme no request(s) for refund of fine(s) shall be entertained after expiry of 3 years from the date of recovery of fine on account of various violations. (c.f. SMEFD Circular Letter No 10. dated June 29, 2010).

## 10. Period of Preservation of Record

- 10.1 The period of preservation of record relating to Export Finance Scheme will be 3 years in cases where no fine has been recovered or fine recovered does not pertain to non-shipment/performance provided there is no dispute between the bank and the

borrower. Banks may like to protect their interest in such cases, without putting exporter to any hardship.

- 10.2 In cases where fine has been recovered from the exporter on account of any irregularity in shipment or performance, the banks shall be under obligation to keep records of such cases for a period of at least six years.

# Annexures

## Annexure-I

## List of Documents used under Export Finance Scheme (EFS)

S. No.	Name	Subject	Page No.
1.	<b>Form "A"</b>	FORM OF THE AGREEMENT TO BE SUBMITTED BY THE PRINCIPAL / HEAD OFFICE OF THE SCHEDULED BANK (TO BE STAMPED AS AN AGREEMENT IN ACCORDANCE WITH THE LAW IN FORCE IN EACH PROVINCE)	36
2.	<b>Form "B"</b>	APPLICATION / UNDERTAKING FOR FINANCE (FOR PRE/POST SHIPMENT UNDER PART I TO BE SUBMITTED BY THE DIRECT EXPORTER)	39
3.	<b>Form "C"</b>	APPLICATION / UNDERTAKING FOR FINANCE UNDER PART I (TO BE SUBMITTED BY THE INDIRECT EXPORTER)	42
4.	<b>Form "D"</b>	REFINANCE CLAIM FORM (SUBMITTED BY BANK FOR CLAIMING REFINANCE)	44
5.	<b>Annexure "D"</b>	STATEMENT OF PERFORMANCE AGAINST REFINANCE OBTAINED FROM SBP UNDER THE EXPORT FINANCE SCHEME (PART-1) INCLUSIVE OF FINANCES/REFINANCES OBTAINED BY THE DIRECT OR INDIRECT EXPORTES	49
6.	<b>Annexure "E"</b>	STANDARDIZED PURCHASE ORDER (SPO) FOR PURCHASE OF INPUTS BY THE DIRECT EXPORTER FROM INDIRECT EXPORTER	47
7.	<b>Annexure "F"</b>	APPLICATION FORM USED FOR REFUND OF NON-SHIPMENT FINE	50
8.	<b>UT-DE-II</b>	UNDERTAKING TO BE SUBMITTED BY THE DIRECT EXPORTER UNDER PART-II	52
9.	<b>Form DE-3</b>	APPLICATION FORM OF THE DIRECT EXPORTER GIVING PARTICULARS OF BORROWING LIMIT (AS PER FORM EE-I) AND THE LOCAL SUPPLIES FROM THE INDIRECT EXPORTER	53
10.	<b>UT-IDE-II</b>	UNDER TAKING TO BE SUBMITTED BY THE INDIRECT EXPORTER UNDER PART-II	55
11.	<b>IDE-2</b>	FORM OF APPLICATION FOR CLAIMING FINANCING FACILITIES UNDER EXPORT FINANCE SCHEME BY THE INDIRECT EXPORTER FOR SUPPLY OF LOCAL INPUTS AGAINST ILC/SPO	57
12.	<b>Form EB</b>	APPLICATION FORM USED BY BANK FOR AVAILING REFINANCE UNDER EFS PART-II	58
13.	<b>Form EE-1</b>	A STATEMENT SHOWING PARTICULARS OF EXPORT RECEIPTS IN RESPECT OF ELIGIBLE COMMODITIES UNDER PART-II OF THE EXPORT FINANCE SCHEME (USED FOR THE ENTITLEMENT OF LIMIT )	60
14.	<b>Form EF-1</b>	A STATEMENT SHOWING PARTICULARS OF EXPORT RECEIPTS IN RESPECT OF ELIGIBLE COMMODITIES UNDER PART-II OF THE EXPORT FINANCE SCHEME (USED FOR MATCHING PERFORMANCE)	61
15.	<b>Form EP</b>	STATEMENT USED FOR ROLLOVER OF LOAN UNDER EFS PART-II SHOWING DETAIL OF SHIPMENT MADE AGAINST ALREADY AVAILED LOAN AMOUNT	62
16.	<b>Claim Form</b>	CLAIM FORM USED FOR REFUND OF PERFORMANCE BASED MARK UP BENEFIT	63



## Annexure I (a)

### Documents required under EFS Part-I

## FORM 'A'

**FORM OF THE AGREEMENT TO BE SUBMITTED BY THE  
PRINCIPAL / HEAD OFFICE OF THE SCHEDULED BANK  
(TO BE STAMPED AS AN AGREEMENT IN ACCORDANCE  
WITH THE LAW IN FORCE IN EACH PROVINCE).**

\_\_\_\_\_ (Place)

\_\_\_\_\_ (Date)

To,

The State Bank of Pakistan,

\_\_\_\_\_  
\_\_\_\_\_

Dear Sir,

In consideration of your agreeing at our request, to make available refinance at your discretion to us from time to time under Section 17(2) (a) / Section 17(4) (c) of the State Bank of Pakistan Act, 1956, not exceeding the sum of Rs. \_\_\_\_\_ for which amount we have delivered to you a demand promissory note in your favour, we agree as follows:-

(1) As security for the said refinance on each occasion on which we intend to avail refinance against finance extended by us, we shall deliver to you demand promissory notes acceptable to you and drawn on and payable in Pakistan based on bonafide finances provided by us to exporters on the basis of any one of the non interest modes of financing under the Export Finance Scheme and it being understood that the aforesaid accommodation will be made and continued on the faith of the truth and correctness of such certificates.

(2) We undertake that we shall not extend finance to any exporter under the terms of this agreement unless we are satisfied that all parties liable thereon are financially sound, solvent and credit-worthy

(3) We undertake that we shall at all times execute or maintain separate legal documentation and records including export order / letters of credit / standardized purchase order / inland letters of credit and further security documents, notes, bonds, agreements etc., including the assignment deed of securities now held by us or which may be obtained by us from our borrowers subsequently, as are adequate to safe guard our interest against the loan for which this agreement has been executed. We also agree and undertake to keep all such documents in trust for a reasonable period as per provisions of the Scheme. We further agree that you or any official authorized by you shall have the right of inspection of our records and documents for which refinance has been obtained by us and that you shall have the right to seek and obtain full assistance and cooperation from us for discharging your duties and performing your functions.

(4) The profit to be earned by us from the exporters expressed in annual percentage shall not exceed the rate prescribed under the Scheme, which profit shall be shared by us with you in the manner laid down in the Scheme.

(5) Without prejudice to your right to obtain repayment of the amount of refinance outstanding at any time on demand, we undertake that the refinance taken by us on each occasion will be repaid by us in the manner and within the maximum period prescribed under the Scheme. In case the exporter repays the finance earlier than the said period we shall be bound to repay to you the amount of refinance so repaid by the exporter within a period of 3 working days of the date on which the exporter repays the finance to us.

(6) Without prejudice to your rights as creditors against us for the realization of any bill of exchange / promissory note at maturity, we agree, if you so desire, to take at our expense, all steps as may be necessary to realize the money from our debtors and forthwith pay the same to you to the extent we are required to pay our obligation in the manner specified in paragraph (5) above and pending such payments shall hold the same for and on your behalf.

(7) We agree that the fact of your not taking steps to enforce payment of such demand promissory notes or any of them against the signatory or signatories thereon shall in no way release us from liability thereon and we further agree that it shall be unnecessary for you to give any notice of dishonour.

(8) We agree that in default of repayment by us on the demand promissory note executed by us or if demanded by you under the terms of clause 5 and 6 above, you have our authority not only to debit our accounts now held or which may be held here-after with you for the amount due by us against any or all of such demand promissory notes executed by us without further reference to you but also to adjust or set off such amount against any amount which may be due from you to us or come into your possession and that we undertake not to question the correctness or propriety of such debits or set off on any ground whatsoever.

(9) We undertake to advise you promptly of any change in the position of any exporter provided with finance by us under the Export Finance Scheme where-against refinance obtained from you which can reasonably be considered to affect the security of the demand promissory note hereunder.

(10) We agree that under this Agreement, the demand promissory note executed by us for Rs. \_\_\_\_\_ (notice of dishonour of which promissory note is merely waived under Section 98 of Negotiable Instrument Act, 1881), and tendered by us in terms of clause 1 above and the securities / security documents mentioned in clause 3 and shall operate as a continuing security for the said refinance and all costs, under law notwithstanding the existence of a credit balance at any time or any partial payments or fluctuations in accounts or withdrawal of any part of the security.

(11) If the exporter provided with finance by us under the Export Finance Scheme fails to utilize the finance exclusively for the purposes prescribed or effect the supplies within the period prescribed under the Scheme, we undertake to recover from him within 15 days following the date of his failure to utilize the finance exclusively for the purpose, along-with fines at the rates as may be prescribed by the State Bank from time to time. The fine so recovered will be passed on by us to the State Bank not later than three working days after the date of recovery. If we fail to pass on the fine as aforesaid you shall have the right to, (a) adjust or set off the same against any amount due to us from you, or (b) debit our accounts now held or which may be held thereafter with you.

(12) Any demand to be made by you under the agreement shall be sufficiently made if it is made in writing and addressed and sent by post or otherwise to our Head Office or our branch tendering the document mentioned in clause 1 above.

(13) We agree to obtain an undertaking from the exporter concerned that the finances provided by us to them, shall be exclusively used by them for financing exports or supplies of inputs and that they would promptly furnish, at their expense, such information, in such form and at such time as we may demand from time to time.

(14) We expressly understand that you are entitled to cancel this refinance limit or to recall the refinances at any time for any reason whatsoever or howsoever, without any prior notice to us and that you are entitled not to make any refinances anytime under the aforesaid scheme and that we have acquired no right or claim for demanding refinance from you by grant of the said lines of credit under the Scheme or by the execution of

demand promissory note in your favour or by deposit of demand promissory note in your favour or by making a loan or advance to any borrower on the faith of this agreement.

(15) We agree that all amounts received by us from the exporter/supplier for which refinance has been obtained from you shall be applied by us in repayment of this refinance to you and till so applied, shall be held by us for and on your behalf.

(16) We agree that notwithstanding anything contained elsewhere in this agreement the amount of this refinance will become due and payable by us, if we commit breach of any of the terms and conditions of this agreement. We agree that you have our authority to decide whether we have committed breach of any of the terms and conditions of this agreement and that we shall not question such decision on any ground whatsoever.

(17) We agree to hold the securities / security documents now held or which may be held by us as security for the export finance given to the exporter/supplier as trust for you so long as any refinance in respect of these advances remain outstanding from us and by way of security for due repayment thereof and we undertake to deal with the same as you may direct. We further agree that if and when we realize these securities or any part of it we shall pay over to you all such realizations, to the extent required to pay our obligation and pending such payment, shall hold the same for and on your behalf. We further agree to assign / transfer to you, at your demand and at our expense, all such securities and security documents in your favour. We agree that despite such assignment / transfer the provision of clause 8, 9 and 10 shall mutatis mutandis apply.

(18) Save as is otherwise provided in this agreement such contents of the Scheme as circularized vide BSD Circular No. 35 dated the 28<sup>th</sup> September, 2001 as modified from time to time which are relevant to this Agreement shall be deemed to have been incorporated in this agreement.

Yours faithfully,

For and / on behalf of \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
(Name of the Scheduled Bank)

(Signature) \_\_\_\_\_

(Designation) \_\_\_\_\_

**FORM " B "**

**APPLICATION / UNDERTAKING FOR FINANCE**  
 (FOR PRE/POST SHIPMENT UNDER PART I  
TO BE SUBMITTED BY THE DIRECT EXPORTER)  
 (To be executed on non-judicial stamp paper)

The Manager,

\_\_\_\_\_ Bank Limited,  
 \_\_\_\_\_ Branch,  
 \_\_\_\_\_ (CITY)

Dear Sir,

I/We, the Direct exporters do hereby certify and confirm that a finance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) has been allowed to me/us by you under Part-I of the Export Finance Scheme of the State Bank of Pakistan on the basis of the following non-interest based mode, it being understood that return / profit to be derived by the bank shall not exceed \_\_\_\_\_% when converted into annual percentage terms:-

MODE OF FINANCINGMARK-UP BASIS

2. I/We, further confirm and undertake that the aforesaid finance will be obtained by Me/us for export of an eligible commodity hereunder against valid firm export order/contract/letter of credit\* in my/our possession.

3. I/We, further confirm and undertake that the aforesaid amount of finance that will be availed by me/us shall be utilized exclusively to meet the cost / expenses of export of eligible commodities against firm export order/contract/letter of credit, particulars of which are given as under :-

Commodity of Exports with H.S. Code No.	Country of export	Amount of firm export order/contract/letter of credit					Expected Shipment Date
		No.	Date	Amount in FCY	Value Date	Amount equivalent in Rupee Pak	
1.	2.	3.	4.	5.	6.	7.	8.

4. I/We, do certify that the finance is being obtained by Me/Us against bonafide transaction and I/We submit the following documents along-with this application for your consideration of extension of finance facility to us from your bank under the Export Finance Scheme :-

	<b>Pre-shipment</b>	<b>Post-shipment</b>
1.	Firm export order / contract / letter of credit	Firm export order / contract / letter of credit along-with acceptance from buyer in case of discrepant documents
2.	DP Note duly executed in your favour	DP Note duly executed in your favour.
		Original duplicate of Form 'E'.
		Invoice
		Bill of Lading / Airway Bill

5. I/We, certify and confirm that I/We have not obtained any finance against the above mentioned firm export order / contract / letter of credit / Inland letter of credit/standardized purchase order from any other Bank, except as under.

Amount of FEO/Contract/L/c	_____
Less: Amount of loan already taken	_____
Balance Amount	_____
Amount of Loan now being obtained	_____

6. I/We, do, hereby further undertake to submit the following documents for negotiation / collection against the firm export order/contract/letter of credit under which pre-shipment / post-shipment\* finance has been allowed to Me/Us :-

	Pre-shipment	Post-shipment
1.	Bill of Lading / Airway Bill	Export Proceeds Realization Certificate within a period of 120 days from the date of shipment or such extended time as prescribed under foreign exchange regulations.
2.	Invoice	
3.	Original duplicate copy of Form 'E'	

7. I/We, further undertake that as the finance has been allowed to Me/Us as a post shipment facility the export proceeds against the documents involved will be appropriated immediately towards repayment of the finance allowed to Me/Us.

*(To be used in case of post shipment finance only)*

8. I/We, hereby confirm and agree that in the event of My/Our failure to effect shipment on or before 180 days and/or failure to submit the above mentioned documents to you within 30 days of the expiry date of finance, you have our Irrevocable Authority to recover from Me/Us and debit My/Our Account No. \_\_\_\_\_ maintained with you along-with fine for non shipment, at rates prescribed by the State Bank of Pakistan from time to time on the amount of finance availed less the amount repaid as a result of part shipment, if any, from the date of original finance. I/We, authorize the bank to reimburse itself with the fine amount even if we have made a representation to SBP against imposition of fine under the Scheme.

9. I/We, do hereby further confirm and undertake that the documents in respect of the aforesaid Firm Order or Contract / L/C will be realized / negotiated by Me/Us through your Branch / Bank and proceed thereof will be appropriated immediately on realization / negotiation towards the aforesaid finance allowed by you to Me/Us.

10. I/We, do hereby further undertake that I/We shall not claim refinance against any amount of advance payment received from the buyer and that in case any such advance payment is received under the said firm export order/contract or letter of credit, if any, the same shall be surrendered to the bank towards repayment to SBP within three working days failing which I/We shall be liable to pay the fine for late repayment at the rate prescribed by SBP from time to time on the amount and the period involved.

11. I/We, do hereby confirm that where an Inland Letter of Credit (ILC/Standardized Purchase Order (SPO))\* has been established/opened or will be opened it is understood that I/We in my/our capacity as Direct Exporter shall remain liable for fulfilment of all the obligations under the said Scheme. I/We further certify that where supplies of inputs/finished goods made under the SPO/ILC are required these shall be used for the manufacture and export of only such commodity which are duly eligible for financing under the Scheme. I/We further confirm and undertake that in case of establishment of ILC or opening of SPO by Me/Us during the currency of the finance, the amount shall be allowed by Me/Us to be utilized by the Indirect Exporter to the extent of the amount and the period involved.

12. I/We further confirm and undertake that in case if the finance is repaid by Me/Us earlier than the due date, I/We, shall continue to be liable to submit to you the relevant proof of shipment of the goods for which the finance was made to Me/Us.

13. I /We, M/s. .... certify that no export bills except those mentioned below are overdue for repatriation, the details of which are as under:-

Sr. No.	E Form No.	Shipment date	Amount (Fcy)	Banks
---------	------------	---------------	--------------	-------

I / We further certify that the export proceeds on the above mentioned bills have not been repatriated for following reasons which are beyond my / our control.

SIGNATURE VERIFIED  
BY THE BRANCH / BANK

AUTHORIZED SIGNATURE OF THE EXPORTER  
N.T.N. \_\_\_\_\_

STATUS: Manufacturing / Semi Manufacturing / Trading  
Co. { Write only applicable here }  
MAILING ADDRESS:

\* Strike out whichever, is inapplicable.

**FORM " C "****APPLICATION / UNDERTAKING FOR FINANCE UNDER PART I****(TO BE SUBMITTED BY THE INDIRECT EXPORTER)**

(To be executed on non-judicial stamp paper)

The Manager,

\_\_\_\_\_ Bank Limited,  
 \_\_\_\_\_ Branch,  
 \_\_\_\_\_ (CITY)

Dear Sir,

I/We, the *Indirect\** exporters do hereby certify and confirm that a finance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) has been allowed to me/us by you under Part-I of the Export Finance Scheme of the State Bank of Pakistan on the basis of the following non-interest based mode, it being understood that return / profit to be derived by the bank shall not exceed \_\_\_\_\_% when converted into annual percentage terms:-

MODE OF FINANCINGMARK-UP BASIS

2. I/We, further confirm and undertake that the aforesaid finance will be obtained by Me/Us for supply of commodities described by me/us hereunder against valid Inland letter of credit/Standardized purchase order\* established/issued in my favour by (name of the Direct exporter).
3. I/We, further confirm and undertake that the aforesaid amount of finance that will be availed by me/us shall be utilized exclusively to meet the cost / expenses of supply of described commodities against Inland letter of credit / Standardized purchase order, particulars of which are given as under :-

Commodity to be supplied	Inland letter of credit / Standardized purchase order			Expected Supply Date	Particulars of Direct Exporters		
	No.	Date	Amount		FEO/Contract/L/Cs.	No.	Date
1.	2.	3.	4.	5.	6.	7.	8.

4. I/We, certify and confirm that I/We have not obtained any finance against the above mentioned Inland letter of credit/standardized purchase order from any other Bank.
5. I/We, do, hereby further undertake to submit the following documents for negotiation / collection against the Inland Letter of Credit / Standardized Purchase Order under which pre-shipment finance has been allowed to Me/Us :-

6.3 Invoice

6.4 Truck / Railway receipt.

6.5 Goods Received Note GRN / Delivery challan signed by the buyer.

6. I/We, hereby confirm and agree that in the event of My/Our failure to effect supplies on or before 120 days and/or failure to submit the above documents to you within 15 days from the expiry date of finance, you have our Irrevocable Authority to recover from Me/Us and debit My/Our Account No. \_\_\_\_\_



maintained with you along with fine for non supply at the rate as prescribed by the State Bank of Pakistan from time to time on the amount of finance availed less the amount repaid as a result of part supply, if any, from the date of original finance. I/We, authorize the bank to reimburse itself with the fine amount even if we have a made a representation to SBP against imposition of fine under EFS.

7. I/We further confirm and undertake that in case if the finance is repaid by Me/Us earlier than the due date, I/We, shall continue to be liable to submit to you the relevant proof of supply of the goods for which the finance was made to Me/Us.

SIGNATURE VERIFIED  
BY THE BRANCH / BANK

AUTHORIZED SIGNATURE OF THE EXPORTER  
N.T.N. \_\_\_\_\_

STATUS: Manufacturing / Semi Manufacturing / Trading  
Co. { Write only applicable here }  
MAILING ADDRESS:

\* Strike out whichever, is inapplicable.

**FORM "D"****Refinance Claim Form**

To,

The State Bank of Pakistan,  
\_\_\_\_\_  
\_\_\_\_\_

Dear Sir,

In terms of the agreement executed by us with you on     (Date)     we hereby apply to you for refinance to the extent of Rs.                      against finances provided by us to     (name of the Direct/ Indirect Exporter)     by way of export finance as per details given as under :-

1	Name of Branch:	
2	Name of Exporter	
3	Address of Exporter	
4	Particulars of Exporter:- i) Type of exporter ii) Status of exporter iii) NTN Number iv) Export Regn. No. v) Whether first time exporter	Direct / Indirect* Corporate/Medium/Small *  Yes/No*
5	Nature of business	Manufacturing / Semi manufacturing / Trading *
6	Finance provided against	Export order/Contract/Letter of credit/Inland letter of credit/Standardized purchase order *
7	Particulars as to amount of Export order / Contract / Letter of credit/Inland letter of credit/Standardized purchase order :- i) Name of buyer ii) No. iii) Date iv) Currency v) Amount in Foreign Currency, (if applicable) vi) Exchange rate vii) Amount in Pak Rs.	
8	Particulars as to inputs of Export order/Contract/Letter of credit/Inland letter of credit/Standardized purchase order:- i) Domestic inputs ii) Foreign inputs (FC) iii) Value addition iv) Total amount	
9	Amount of Finance granted	
10	i) Date of Finance ii) Rate of Finance/Refinance	

11	Commodity to be Exported / supplied (HS Code)	
12	In case of post shipment date of shipment.	
13	Destination.	
14	In case financing has been extended to an Indirect Exporter: i) Direct exporters name ii) Firm export order /contract/Letter of credit iii) Date iv) Commodity	
15	Due date of shipment/supply	
16	Due date of repayment of finance	
17	Amount of finance already availed by the exporter against the Export order/Contract/Letter of credit mentioned in column 7 above	
18	Amount of refinance requested	
19	i) Amount of overdue bills ii) Reasons for allowing EFS despite Overdue bills	

As provided in the said Agreement we enclose demand promissory notes for Rs \_\_\_(in figures) (Rupees \_\_\_(in words)\_\_\_ only) duly executed by us in your favour in respect of the finances sanctioned and disbursed by us to (name of the Direct/ Indirect Exporter)

***We hereby certify that we have obtained all the necessary documents in original as required under the Scheme and undertake to retain the same as per provisions of the Scheme and further that these have been checked and found in order and duly stamped. .***

We also authorize SBP to recover the amount of refinance along-with fine, if any, in case the amount is not repaid by us on due date as specified above.

Authorised Signature of Bank  
(Name & Designation)

Authorised Signature of Bank  
(Name & Designation)

\* *Strike out, whichever is inapplicable*

Note:-

- 1) Refinance Claim Form is required to be submitted separately for each exporter along-with D.P. Note of the amount of Loan.
- 2) For filling Column: No.8. Please specify all types of inputs for manufacturing the commodity.
- 3) The bank concerned will provide finance to IDE's for supplies of domestic inputs, in case authorized by the direct exporter on the basis of ILC/SPO through that bank only.
- 4) Existing instructions with reference to ILC / SPO shall continue.

**Specimen of "D.P. Note"****DEMAND PROMISSORY NOTE**

On demand we name & address of the exporter promise to pay to the  
Bank Limited or order the sum of Rs  
(Rupees only) for value received plus  
their share in the return to be derived by us and fine, if any, as laid down in Export Finance Scheme obtaining  
on the date hereof.

(Authorized signature of the exporter)

(Name & Seal)

---

Note: - Demand Promissory Note requires to be endorsed by the branch concerned in favour of its head office / principal office through which refinance is being claimed and further endorsed by them in favour of the concerned SBP BSC Office.

## Annexure "E "

**Standardized Purchase Order (SPO) for purchase of Inputs  
by the Direct Exporter from Indirect Exporter**

SPO: No. _____	Date _____	Amount _____
----------------	------------	--------------

- Name & Address of the Director Exporter (DE)
- Name & Address of the Banker of the Direct Exporter
- Name & Address of the Indirect Exporter (IDE)
- Name & Address of the banker of the IDE
- Reference of the Firm Export Order / L.C. No.            Date
- Particular of the commodity to be purchased:-

Commodity with its Harmonized Code	Quantity	Value Total	Due Date of Delivery	Payment Terms		
				Advance, if any	On delivery	Total
I	ii	iii	iv	V	vi	Vii

- Particulars in respect of exporter who intend to use inputs under Part-II:-

* Entitlement of the DE under Part II fixed by the bank.	Amount finance provided as on date.	Total amount of SPOs already issued	Amount of the present SPO	Total value of SPOs (c + d)	Total value of the outstanding ILC	Balance entitlement (a-b-e-f)
A	B	C	D	E	F	G

Certified that the above contents are correct to the best of our knowledge and belief, and the above items being purchased / to be supplied shall be used for execution of an export order / L.C.

Authorized Signature  
of the Direct Exporter

Authorized Signature  
of the IDE

Authorized Signature  
of the Bank of the DE

---

\* Instructions for filling of the table :-

- a. Entitlement means the amount of financing facility to which the Direct Exporter is eligible under Part II of the Scheme financed through the bank stated at Sr. No.2 above.
- b. Amount of finance means the finance provided by the stated bank to Direct Exporter for (i) his own value addition, and (ii) supplies already received by the DE against ILC or SPO.
- c. Total amount of SPO means the sum total of all SPOs already issued, however payment against them are yet to be made by the financing bank to the banker of the IDE.
- d. Total value of outstanding ILCs means sum total of the ILC already issued but yet to be negotiated.

**Annexure "D"**

STATEMENT OF PERFORMANCE AGAINST REFINANCE OBTAINED FROM SBP UNDER THE EXPORT FINANCE SCHEME  
(PART-1) INCLUSIVE OF FINANCES/REFINANCES OBTAINED BY THE DIRECT OR INDIRECT EXPORTES

Name of the Scheduled Bank: \_\_\_\_\_  
Address (Branch) \_\_\_\_\_  
Date. \_\_\_\_\_

Demand Loan No. \_\_\_\_\_  
Date of grant. \_\_\_\_\_  
Amount. \_\_\_\_\_  
Date of receipt of shipping documents from the Exporter. \_\_\_\_\_

Name and address of the Direct Exporter	Name and address of the Indirect Exporter	ELC/FEO against which finance was obtained			ILC/SPO against which finance was obtained *			No. of ELC/FEO against which shipment was effected	Name of the commodity exported	Commodity supplied*	Date of shipment (As per B/L)	Date of Supply*	
		No	Amount	Date	No	Amount	Date					Amount	Date
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.

Particulars of relevant 'E' forms Nos. in case of shipment by DE		GRN / Truck receipts Railway Receipts in case of supplies by IDE *		Date / Amount of finance availed by exporter	Date / Amount of refinance obtained from SBP by financing Bank	Amount / Period of refinance utilized in the name of DE	Amount / Period of refinance utilized by IDE	Profit /Return charged from DE	Profit /Return charged from IDE(s)	Date of realization expected
No	Amount	Amount	Date							
15.	17	18	19	20	21	22	23	24	25	26

We undertake and certify as under:-

- i) that the contents of this statement are correct to the best of our knowledge and belief.  
that the shipments / E Forms reported in this statement have not been used / shall not be used by us in duplication for reporting performance under Part-I or Part-II as the case may be in violation of the provisions of Export Finance Scheme.

For and on behalf of

(Signature of the exporter)  
Seal of the Exporter

(Signature) \_\_\_\_\_  
Designation \_\_\_\_\_  
Name of the Bank

\* Information pertaining to the indirect exporter

**Annexure – “F”**

Name of the Bank \_\_\_\_\_ \*

NO.                      DATE

The Chief Manager,  
State Bank of Pakistan,

\_\_\_\_\_

Dear Sir,

Request for refund of fine(s) under Part-I

We request for refund of fines as per the following particulars in respect of refinance loans under Part I of Export Finance Scheme:-

Sr. No.	Name of the Exporter	Branch	Demand Loan				Status of shipment		Fine charged for non-shipment	Date of		Fine Recoverable				Fine Refundable
			No.	Amount	Date of grant	Due date of loan	Due Date	Actual date		Fine charged to exporter	Fine amount passed on to SBP	For delay in submission of documents	For short shipment	For delay in shipment	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
																(10 minus 16)

We confirm that the amount refundable and shown under Column 17 above is / are correct to the best of our knowledge and that such cases shall be verifiable later by inspector of State Bank of Pakistan.

Yours faithfully,

(Authorized Signature)  
Name & Designation

\* To be submitted by the dealing branch /Head Office of the bank concerned which availed refinance from the respective office of SBP.



**Annexure I (b)**

**Documents required under EFS Part-II**

UT-DE-II**UNDERTAKING TO BE SUBMITTED BY THE  
DIRECT EXPORTER UNDER PART-II****The Manager**

\_\_\_\_\_ (Branch)

\_\_\_\_\_ (Bank )

\_\_\_\_\_ (Place )

Dear Sir,

We do hereby certify and confirm that a finance of Rs. \_\_\_\_\_ (Rs. in words \_\_\_\_\_) has been allowed to us by you under Part-II of the Export Finance Scheme of the State Bank of Pakistan on the basis of the following non interest based mode, it being understood that return/ profit to be derived by the bank shall not exceed when converted into annual percentage terms:-

**Mode of financing** \_\_\_\_\_

2. We further confirm that the above finance of Rs. \_\_\_\_\_ is in the nature of revolving limit, inclusive of the amount extended to Indirect Exporters on our behalf on which account we have/we will open Inland Letter of Credit or otherwise and will be utilized for export purposes.
3. We hereby further declare and confirm that we have not and will not in future obtain any export finance from any bank other than yourselves on the basis of export receipts covered by the relative Form EE-1.
4. We further undertake that we shall realize export receipts from the exports of eligible commodities, excluding any export for which finance has been obtained under Part-I of the Export Finance Scheme during the relevant monitoring year, of a minimum amount equal to at least 2.0 times of the amount of the finance obtained by us during the relative monitoring year.
5. We confirm that we in our capacity, as Direct, Exporter shall remain liable for fulfillment of all the obligations under the said Scheme for the Inland Letter of Credit established and financed by you under the Export Finance Scheme against Export Letter of Credits/Firm Export Orders.
6. It is expressly understood that non-performance by the Indirect exporter (supplier of inputs/finished goods) under the Inland Letter of Credit/Standardized Purchase Order, for any reason, whatsoever shall not, in any manner absolve us from fulfillment of our obligations as Direct Exporter under the Scheme.
7. We certify that supplies of inputs/finished goods made under the Inland Letter of Credit/ Standardized Purchase Order will be required and used by us exclusively for the manufacture and export of only such commodities, which are duly eligible for financing under the Export Finance Scheme as on date of this Undertaking.
8. We further undertake that in the event of shortfall in exports for which we have availed of the above finance or in the event of our failure to submit to you Form EF-I duly verified by the bank concerned within prescribed period of the relevant monitoring period, we will be liable to pay fine at the rate as prescribed by the State Bank from time to time and hereby irrevocably authorize you to debit the same to our account with you.

**Signature verified**  
**Banks Authorized signature**

**Authorized Signature of the Exporter**

Form "DE-3"

**APPLICATION FORM OF THE DIRECT EXPORTER GIVING PARTICULARS  
OF BORROWING LIMIT (AS PER FORM EE-I) AND THE FINANCIAL  
REQUIREMENTS AGAINST IMPORTED INPUTS AND THE  
LOCAL SUPPLIES FROM THE INDIRECT EXPORTER**

1. Name & Address of the Direct Exporter
2. Nature of the Operation Manufacturing/Semi Manufacturing/Trading
3. Commodities to be exported
4. Entitlement of Limit for Finance/Refinance through the Financing Bank.
5. List of IDEs to whom following ILCs have been opened:-

Name of IDE	ILC No./SPO No.	Amount of ILC/SPO
i.		
ii.		
iii.		
		<b>Total Rs.</b> _____

6. Balance amount of export performance (4-5) \_\_\_\_\_
  7. Borrowing entitlement as per 6 above \_\_\_\_\_
  8. Amount of export finance already availed of by DE \_\_\_\_\_
  9. Amount of unutilized limit, if any (7-8) \_\_\_\_\_
  10. Details of manufacturing requirements \_\_\_\_\_
- Value      addition

**A: Local Inputs\***

Sr.No.	Name of Indirect Exporter	Commodity purchased to be purchased	Estimated Delivery date	Estimated No. of days from date of opening of ILC/SPO payment through cheque	Quantity	Amount
1.						
2.						
3.						

**B: Foreign Inputs \***

Sr. No.	Name of Foreign Suppliers/Comm. Importers	Country	Commodity	Estimated date by which L/C will be opened	Estimated delivery period	Quantity	Amount in Foreign currency	Eqvlt. Pak. Rs.
---------	---	---------	-----------	--	---------------------------	----------	----------------------------	-----------------

- 1.
- 2.
- 3.

**C: Value addition**

Amount in Rupees \_\_\_\_\_

## 11. Details of financial requirements:-

- a) For supplies by IDE \_\_\_\_\_
- b) For Foreign Inputs \_\_\_\_\_
- c) For Self manufacturing/value addition \_\_\_\_\_

Certified that the contents of this statements are  
Correct to the best of our knowledge & belief.

**Signature of DE**

Counter Signature by the Authorized Dealer/Bank of the DE

---

\*Please attach the information in a separate Annexure if there are more than 3 Indirect Exporters/Foreign Suppliers.

**UT-IDE-II****UNDER TAKING TO BE SUBMITTED BY THE  
INDIRECT EXPORTER UNDER PART-II**

The Manager,  
 \_\_\_\_\_(Branch)  
 \_\_\_\_\_(Bank)  
 \_\_\_\_\_(Place)

Dear Sir,

We do hereby certify and confirm that a finance of Rs. \_\_\_\_\_ has been sanctioned to us by you under the Export Finance Scheme of the SBP on the basis of the following non interest based mode of financing, it being understood that return/profit to be derived by the bank shall not exceed \_\_\_\_%.

Mode of financing \_\_\_\_\_

2. We further confirm and undertake that the export financing of Rs. \_\_\_\_\_ has been obtained by us against Inland Letter of Credit by (name of the banker of the Direct Exporter) out of the borrowing entitlement of Direct Exporter Concerned, and the same shall be used exclusively to finance the goods mentioned in the Inland Letter of Credit/ Standardized Purchase Order opened on the basis of export letter of credit/export firm order mentioned as follows:-

**Export Letter of Credit/Export Firm Order**

S.No.	No.	Date	Amount F.Cy.	Amount L.Cy.
1.	2.	3.	4.	5.

**Inland Letter of Credit (ILC)**

S.No.	Date	Amount	Commodity to be supplied	Quantity	Date of delivery
6.	7.	8.	9.	10.	11.

3. We do hereby further undertake to submit to you the following documents for negotiation under the aforesaid Inland Letter of Credit/Standardized Purchase Order against which you have allowed to us the above finance under the Export Finance Scheme.

- a) Copy of Invoice
- b) Copy of Truck Receipt/Delivery Receipt
- c) Copy of Goods Received Note/Acknowledgement of goods received by the Direct Exporter

4. We do hereby confirm and agree that in the event of our failure to affect delivery to (name of the Direct Exporter) on or before the due date of delivery and to submit the above documents to you within 15 days from the date of delivery, you have our irrecoverable authority to recover from us and debit our account with the fine at the rates prescribed by the SBP from time to time on the amount of finance availed of less the amount of finance in respect of goods delivered to (name of the Direct Exporter) if any, from the date of the original finance. We also undertake and confirm that the payment of such fine shall not absolve us from our liabilities/obligations towards the (name of the Direct Exporters) and we shall continue to remain liable for fulfillment of all obligations under the scheme.

5. We do hereby further confirm and undertake that the submission of documents in respect of the above mentioned Inland Letter of Credit/Standardized Purchase Order will remain our responsibility and we shall provide to you the relevant evidence of delivery of goods to (name of Direct Exporter) and the finance so extended to us shall stand adjusted in our name on submission of delivery documents.

**Signature verified  
Bank's Authorized Signature**

**Authorized Signature of the Exporter**

IDE- 2**(Name & Address of the Indirect Exporter)**

**FORM OF APPLICATION FOR CLAIMING FINANCING FACILITIES  
UNDER EXPORT FINANCE SCHEME BY THE INDIRECT EXPORTER FOR  
SUPPLY OF LOCAL INPUTS AGAINST ILC/SPO**

The Manager,  
 \_\_\_\_\_(Branch)  
 \_\_\_\_\_(Bank)  
 \_\_\_\_\_(Place)

Dear Sir,

**Financing Facility against supplies of local inputs under ILCs/SPO's  
by the Direct Exporter out of entitlement under Part-II of EFS**

We have been authorized to supply the local inputs (name of the commodity) by M/s. (Name of the Direct Exporter) against ILC No. \_\_\_\_\_ dated \_\_\_\_\_ amounting to Rs. \_\_\_\_\_ with validity up to \_\_\_\_\_ within their entitlement of borrowing limit under Part-II of the Export Finance Scheme and established by (Name of the Bank). We therefore request you to provide finance of Rs. \_\_\_\_\_ for \_\_\_\_\_ days under the terms and conditions of the Export Finance Scheme. The following documents are submitted as prescribed under the scheme.

- Inland Letter of Credit/Standardized Purchase Order
- DP Note covering the amount of ILC /SPO
- Undertaking (by Indirect Exporter on the prescribed proforma UT-IDE-I)

We undertake to repay the finance on the expiry of the period or earlier upon supplies made to the Direct Exporter named above and negotiate the documents under ILC/SPO involved. We further undertake to submit relevant proof of supplies to your bank for submission to the banker of the Direct Exporter and the concerned office of State Bank of Pakistan which will form part of the performance when shipped and reported by the Direct Exporter in their EF-I statement upon expiry of the monitoring year.

Yours faithfully,

(Name & Address of the Indirect  
Exporter)

Encl: ( )

No. \_\_\_\_\_

Date: \_\_\_\_\_

**Form-EB**

Name of Bank -----

Address-----

**The Chief Manager,  
State Bank of Pakistan  
SBP (BSC) Bank  
Export Refinance Section,**

\_\_\_\_\_  
Dear Sir,

Export Limit/Borrowing Entitlement .....  
Amount Exp Finance.....  
Available Balance .....  
Refinance Claim.....

In terms of the agreement executed by us with you on ----- we hereby apply to you for refinance to the extent of PRs.----- against finance provided by us to the exporters by way of export finance as detailed in the enclosed schedule to Form "EB"

As provided in the said agreement we enclosed bills of exchange /promissory notes specified in the Schedule hereto, executed in our favour and endorsed by us in your favour in respect of the finance sanctioned to our constituents on the basis of entitlement vide Form EE-I.

We request you to grant re-finance:-

- (i) by purchase /re-discount of Bills of Exchange and Promissory Notes under Section 17(2) (a) of the State Bank of Pakistan, Act 1956 or
- (ii) as a finance against such bills under Section 17 (4) ( C ) of the said Act. (Clause not applicable to be deleted).

We certify that the signature on of the said bills /notes are the genuine signatures of the parties thereto and that where a bill or note is signed or endorsed by a person purporting to act under an authority, such person is duly authorized so to do and to the best of our knowledge and belief each such party is financially sound, solvent and credit worthy.

We certify that to best our knowledge and belief that the finances provided by us to the exporters as specified in the Schedule thereto have been used by the exporters to finance the export of goods covered by the Export Finance Scheme (Part-II)

We certify that Bills of Exchange/ Promissory Notes specified in the Schedule hereto are eligible for purchase/re discount as provided in section 17 (2) (a) of the State Bank of Pakistan Act 1956.

For -----  
Authorized Signature



**SCHEDULE TO FORM 'EB'**

Sr. NO.	DATE	NAME OF THE DRAWER	AMOUNT

TOTAL PRS. -----

Regards

Authorized Signature

Authorized Signature

**FORM EE-1**

(To be submitted in Triplicate)

**PARTICULARS OF EXPORT RECEIPTS IN RESPECT OF ELIGIBLE COMMODITIES UNDER PART-II OF THE EXPORT FINANCE SCHEME FOR THE MONITORING PERIOD.....**

Full Name and Address of the Exporter \_\_\_\_\_  
 Export Registration Number/NTN \_\_\_\_\_  
 Name and Address of the Bank \_\_\_\_\_

Sr. No.	Export Form No. (Full No. With Prefix)	Name of Consignee	Commodity	*H.S. Code (8 digits)	Contract/L.C. under which shipment made			Date of shipment	Date of Negotiation	Proceeds realized or to be realized				Monthly return and the name of Office of SBP BSC to which realization reported by the bank (As per FEOD requirement)	Bill Negotiated /sent for Collection/ Advance/ Part Payment (Specify)	Remarks
					No.	Date	Amount			Amount in Foreign Exchange	Exchange Rate	Amount in Pak. Rupees	Date of Realization in case export proceeds already realized.			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

*\* In case of mismatch b/w the commodity and HS code, Commodity will be considered as final for eligibility in EE-1 and EF-1 statements to be submitted in FY 2011-12. However, in subsequent years in case of such mismatch between commodity & HS Code, the entry will not be considered for performance/entitlement until rectified.*

Grand Total (To be shown on last Page only)			
Sr No.	Currency	Amount	Pak Rupees
1	USD		
2	Euro		
3			
Total			

I/We hereby solemnly affirm that the above statement does not include:-

- (i) Any export of commodities which do not qualify for export finance under the Scheme.
- (ii) The exports on usance basis reported in this Statement are against irrevocable letter(s) of credit which is/are eligible for negotiation without reserve and the usance bills in respect thereof have not been negotiated with a scheduled bank in Pakistan except those mentioned above.

Signature of the Exporter

Countersigned by the Bank  
 (Name and Designation of the Authorized Officer of the Bank)

(To be verified and authenticated by Foreign Exchange Operation Department/Division of concerned SBP BSC Office)

**FORM EF-1**

(To be submitted in Triplicate)

**PARTICULARS OF EXPORT RECEIPTS IN RESPECT OF ELIGIBLE COMMODITIES UNDER PART-II OF THE EXPORT FINANCE SCHEME FOR THE MONITORING PERIOD.....**

Full Name and Address of the Exporter \_\_\_\_\_  
 Export Registration Number/NTN \_\_\_\_\_  
 Name and Address of the Bank \_\_\_\_\_

Sr. No.	Export Form No. (Full No. With Prefix)	Name of Consignee	Commodity	*H.S. Code (8 digits)	Contract/L.C. under which shipment made			Date of shipment	Date of Negotiation	Proceeds realized or to be realized				Monthly return and the name of Office of SBP BSC to which realization reported by the bank (As per FEOD requirement)	Bill Negotiated /sent for Collection/ Advance/ Part Payment (Specify)	Remarks
					No.	Date	Amount			Amount in Foreign Exchange	Exchange Rate	Amount in Pak. Rupees	Date of Realization in case export proceeds already realized.			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

*\* In case of mismatch b/w the commodity and HS code, Commodity will be considered as final for eligibility in EE-1 and EF-1 statements to be submitted in FY 2011-12. However, in subsequent years in case of such mismatch between commodity & HS Code, the entry will not be considered for performance/entitlement until rectified.*

Grand Total (To be shown on last Page only)			
Sr No.	Currency	Amount	Pak Rupees
1	USD		
2	Euro		
3			
Total			

I/We hereby solemnly affirm that:-

- (i) The above statement does not include :-
  - a) Any export of commodities which do not qualify for export finance under the Scheme.
  - b) Any export made under a specific E Form pertaining to Firm Export Order or Letter of Credit against which I/We obtained export finance from this bank or any other bank under Part-I of the Export Finance Scheme.
- (ii) The exports on usance basis reported in this Statement are against irrevocable letter(s) of credit which is/are eligible for negotiation without reserve and the usance bills in respect thereof have not been negotiated with a scheduled bank in Pakistan except those mentioned above.

Signature of the Exporter

Countersigned by the Bank  
 (Name and Designation of the Authorized Officer of the Bank)

(To be verified and authenticated by Foreign Exchange Operation Department/Division of concerned SBP BSC Office)

**Form - EP for Roll Over**

Name of the Bank.....

Statement showing shipments made during pre rollover period/upto initial 180 days of  
availability of refinance under Part-II of EFS

Full Name and Address of the Exporter _____	Limit of exporter for the current Year Rs. _____		
Export Registration Number/NTN _____	Amount of Refinance availed		
	Minimum	Maximum	Average *

Sr. No.	Date(s) of Shipment	E Form Nos.	Value of Shipments in PKR	Name of Commodity exported	Remarks
1	2	3	4	5	6

Signature & Seal of the Exporter

Value of Total Shipment in Pak Rs.	<div style="border: 1px solid black; width: 100%; height: 100%; display: flex; flex-direction: column; align-items: center; justify-content: center;"> <hr style="width: 80%;"/> <hr style="width: 80%;"/> <hr style="width: 80%;"/> </div>
*Average Amount of Refinance availed under Part-II Rs.	
% of shipments viz-a-viz Refinance loans availed prior to roll over.	
Countersigned by authorized signatory of Bank	

**Claim Form****Claim Form for Mark-up Rate Benefit/Rebate under EFS (P-II)/IERS (P-II)**

Financial Year	Name of Exporter	Name of bank	Limit Entitlement	Financing/ Borrowing Product	Status of Performance	Amount of Mark-up /profit @ refinance	Amount of mark-up /profit@ ---- on the basis of performance	Difference of Mark-up/Rebate Amount (7- 8 = 9)
1	2	3	4	5	6	7	8	9

Certified that:

- i) There are no export overdue proceeds.
- ii) 'E' Forms already mentioned in the 'EF' statement(s) are not accounted for under Part-I of EFS.
- iii) The information given above, is correct to the best of our knowledge and shall be verifiable later by verification team of SBP-BSC, office/Inspectors of State Bank of Pakistan.

**Signed by exporter**

**Signed by authorized officer Of bank**

## Annexure II

## LIST OF IMPORTANT CIRCULARS/CIRCULAR LETTERS

S.No.	Department Circular/Circular letter No. & Date	Subject	Link of SBP's website
1.	BPRD Circular No. 44 dated 17-12-1998	Export Finance Scheme (EFS)-Part-II	<a href="http://www.sbp.org.pk/bsd/1998/pg53-54_bsd.htm">http://www.sbp.org.pk/bsd/1998/pg53-54_bsd.htm</a>
2.	BSD Circular No.35 dated 28-9-2001	Export Finance Scheme (EFS) Part-I-Modification	<a href="http://www.sbp.org.pk/bsd/2001/C35.htm">http://www.sbp.org.pk/bsd/2001/C35.htm</a>
3.	BSD Circular No.40 dated 24-10-2001	Part-I of the Export Finance Scheme Relaxation to exporters of Carpets and Rugs.	<a href="http://www.sbp.org.pk/bsd/2001/C40.htm">http://www.sbp.org.pk/bsd/2001/C40.htm</a>
4.	BPD Circular Letter No.02 dated 16-2-2002	EFS-Reduction in rate –repricing of outstanding loan	<a href="http://www.sbp.org.pk/bpd/2002/C2.htm">http://www.sbp.org.pk/bpd/2002/C2.htm</a>
5.	BPD Circular No.05 dated 24-02-2003	Export Finance Scheme-Negative List	<a href="http://www.sbp.org.pk/bpd/2003/C5.htm">http://www.sbp.org.pk/bpd/2003/C5.htm</a>
6.	BPD Circular No.26 dated 11-7-2003	Refinance Facility under Export Finance Scheme for Consultancy Services-Provision of Part-II facilities	<a href="http://www.sbp.org.pk/bpd/2003/C26.htm">http://www.sbp.org.pk/bpd/2003/C26.htm</a>
7.	BPD Circular No.38 dated 8-11-2003	EFS- eligibility Pottery items for refinance facility	<a href="http://www.sbp.org.pk/bpd/2003/C38.htm">http://www.sbp.org.pk/bpd/2003/C38.htm</a>
8.	SMED Circular Letter No.05 dated 11-09-2006	Export Finance Scheme-Finance for Gold Jewelry.	<a href="http://www.sbp.org.pk/sme/circulars/2006/CL5.htm">http://www.sbp.org.pk/sme/circulars/2006/CL5.htm</a>
9.	SME&MFD Circular Letter No.08 dated 24-11-2006	EFS-Modification. Forwarders Cargo Receipts (FCRs) may accepted in lieu of B/L./AWB.	<a href="http://www.sbp.org.pk/sme/circulars/2006/CL8.htm">http://www.sbp.org.pk/sme/circulars/2006/CL8.htm</a>
10.	SME&MFD Circular No. 03 dated 31-07-2007	EFS-Modification in procedure for refinance	<a href="http://www.sbp.org.pk/mfd/2007/C3.htm">http://www.sbp.org.pk/mfd/2007/C3.htm</a>
11.	SMEFD Circular No. 02 dated 05-11- 2008	Export Finance Scheme - Modifications in Procedure for Refinance	<a href="http://www.sbp.org.pk/sme/d/circulars/2008/C2.htm">http://www.sbp.org.pk/sme/d/circulars/2008/C2.htm</a>
12.	SMEFD Circular No. 03 dated 12-11-2008	Export Finance Scheme - Modifications in Procedure for Refinance	<a href="http://www.sbp.org.pk/sme/d/circulars/2008/C3.htm">http://www.sbp.org.pk/sme/d/circulars/2008/C3.htm</a>
13.	SMEFD Circular No. 05 dated 26-12-2008	Non-Performance by the Exporters under Export Finance Scheme- Procedures for Refund of Fine	<a href="http://www.sbp.org.pk/sme/d/circulars/2008/C5.htm">http://www.sbp.org.pk/sme/d/circulars/2008/C5.htm</a>
14.	SMEFD Circular No. 04 dated 14-02-2009	Extension in Period under Part-I of Export Finance Scheme (EFS)	<a href="http://www.sbp.org.pk/sme/d/circulars/2009/C4.htm">http://www.sbp.org.pk/sme/d/circulars/2009/C4.htm</a>
15.	SMEFD Circular No. 06 dated 9-03-2009	Performance Based Mark-up Rates under Export Finance Scheme (EFS)	<a href="http://www.sbp.org.pk/sme/d/circulars/2009/C6.htm">http://www.sbp.org.pk/sme/d/circulars/2009/C6.htm</a>

16.	SMEFD Circular No. 12 dated 16-07-2009	Export Proceeds of Eligible Goods sold at International Fairs/Exhibitions in Performance/entitlement Under Part-II of Export Finance Scheme	<a href="http://www.sbp.org.pk/smeafd/circulars/2009/C12.htm">http://www.sbp.org.pk/smeafd/circulars/2009/C12.htm</a>
17.	SMEFD Circular Letter No. 01 dated 01-01-2010	Performance Based Mark-up Rates under Export Finance Scheme (EFS)	<a href="http://www.sbp.org.pk/smeafd/circulars/2010/CL1.htm">http://www.sbp.org.pk/smeafd/circulars/2010/CL1.htm</a>
18.	SMEFD Circular Letter No. 02 dated 02-01-2010	EFS-Enhancement of Token Fine on Late/Non submission of EPRC	<a href="http://www.sbp.org.pk/smeafd/circulars/2010/CL2.htm">http://www.sbp.org.pk/smeafd/circulars/2010/CL2.htm</a>
19.	SMEFD Circular No. 03 dated 22-03-2010	Export Finance Mark-Up Rate Facility- Payment for the period 01-09-2009 to 28-02-2010	<a href="http://www.sbp.org.pk/smeafd/circulars/2010/C3.htm">http://www.sbp.org.pk/smeafd/circulars/2010/C3.htm</a>
20.	SMEFD Circular No. 17 dated 31-12-2010	Revision of Financing Rates under the Export Finance Scheme (EFS)	<a href="http://www.sbp.org.pk/smeafd/circulars/2010/C17.htm">http://www.sbp.org.pk/smeafd/circulars/2010/C17.htm</a>
21.	IH & SMEFD Circular No. 08 dated 23-07-2011	Export Finance Scheme (EFS) – Linkage of Overdue Export Proceeds with Export Finance Scheme	<a href="http://www.sbp.org.pk/smeafd/circulars/2011/C8.htm">http://www.sbp.org.pk/smeafd/circulars/2011/C8.htm</a>
22.	IH&SMEFD Circular Letter No. 13 dated 30-06-2011	Export Finance Scheme (EFS) – Revised EE-1 & EF-1 Statements	<a href="http://www.sbp.org.pk/smeafd/circulars/2011/CL13.htm">http://www.sbp.org.pk/smeafd/circulars/2011/CL13.htm</a>
23.	IH&SMEFD Circular Letter No. 15 dated 03-11-2011	Export Finance Scheme Part-II-NOC issuance, Transfer of limit & Performance-On-site Verification Thereof	<a href="http://www.sbp.org.pk/smeafd/circulars/2011/CL15.htm">http://www.sbp.org.pk/smeafd/circulars/2011/CL15.htm</a>