

19<sup>th</sup> August, 2008

**Rs 358 billion will be available to exporters**  
**under EFS during FY09**

Funds amounting to Rs 358 billion would be available to exporters for the export of products eligible under the Export Finance Scheme during FY09 as the Governor, State Bank of Pakistan, Dr Shamshad Akhtar has decided to increase the overall quantum of export finance for banks under this Scheme.

In order to ensure availability of adequate financing to the exporters under the Export Finance Scheme (EFS) and to assist them in achieving the exports target, the State Bank of Pakistan would allow limits of Rs 125 billion to the banks under the Scheme for the current year which are 25% higher than the amount outstanding as on 30<sup>th</sup> June 2008. As loans under the Scheme are allowed for 180 days, therefore, around Rs.250 billion would be provided during the year as refinance from the State Bank at the rate of 7.5%. In addition to this, banks would also provide financing facilities to the exporters under the Scheme from their own sources, to the extent of 30%, which comes out to Rs 108 billion, at the same rate of 7.5%. Commercial banks have been brought on board further on this sharing mechanism.

Furthermore, in order to ensure timely availability of financing to exporters, the State Bank has also advised the banks that in future, financing requests from exporters under EFS should not be turned down, which otherwise are meeting the requirements of EFS and lending criteria of the respective bank. State Bank would regularly monitor the behavior of banks in optimal utilization of limits and if a bank is unable to fully utilize its allocated limit, its unutilized limit would be allocated to other banks.

It may be added here that the State Bank of Pakistan and commercial banks have provided export finance to the exporters during FY 08 at 7.5% which is substantially lower than ongoing 6-month KIBOR (at present around 13.5%). Further, SBP has also provided refinance amounting to Rs 6 billion under its Long Term Financing for Export Oriented Projects (LTF-EOP) Scheme to the exporters during FY08, at a fixed rate of mark up of 7% for a period from 2 years to 7-1/2 years. Moreover, during the period from January to June 2008, SBP and banks/DFIs have also provided an amount of Rs 1.134 billion under the Long Term Financing Facility (LTFF) to the exporters for a period of up to 10 years at concessional rate of mark up.

All the above measures taken by SBP are aimed at ensuring adequate supply of financing to exporters at concessional rates of mark up to enable them to compete in the international markets to boost exports from the country.

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