

Refinance limits of banks for FY10 28 per cent higher than last year: Kamran Shehzad

The Deputy Governor, State Bank of Pakistan, Mr. Muhammad Kamran Shehzad has said the refinance limits of over Rs.228 billion have been assigned under the Export Finance Scheme to various banks for the fiscal year 2009-10 which are about 28% higher than last year's outstanding balance.

Addressing members of the Faisalabad Chamber of Commerce and Industry (FCCI) today, he said that SBP is continuously monitoring the availability of credit under this key source of financing to the export sector to ensure that exporters do not suffer on account of lack of funds.

Mr. Kamran said the export-oriented projects of Power looms/Weaving Sub-Sector can avail the financing facilities under Long Term Financing Facility (LTFF) Scheme as SBP has already provided sufficient limits to the banks / DFIs under the Scheme to meet the credit needs of the export-oriented projects.

Referring to various demands of FCCI, Mr. Kamran said that SBP did not interfere in the determination of fee/charges of banks. The SBP inspection teams did check whether the bank charges/fees to the customers are according to their own schedule of charges. 'We would like to encourage the bank customers to act in a rationale way and should shop around and look for optimum solution which suits their business requirements,' he added.

The SBP Deputy Governor, in response to another demand of the Chamber, said that Forward Cover against imports has been temporarily suspended. 'The same will be considered /reviewed once the market conditions and other factors are improved,, he added.

Later, addressing the Pakistan Textile Exporters Association (PTEA) in Faisalabad, Mr. Kamran Shehzad said the real lending rates in Pakistan were much lower as compared to most of other countries in the region. 'Based on latest available information, the real lending rate in Pakistan is only 0.4 percent compared to 9.5 percent in Indonesia, 7.6 percent each in Sri Lanka and Bangladesh, 4.2 percent in Malaysia and 0.8 percent in India,' he added.

He said the SBP also takes appropriate measures to keep the exchange rate of the rupee at an appropriate level and prevent it from wide fluctuations in order to maintain

competitiveness of our exports and stability in the foreign exchange market. 'The stability of exchange rate at an appropriate level also helps in maintaining a stable balance of payment position,' he added.

Referring to PTEA concern over banking spread, Mr. Kamran Shehzad said that SBP has been advising banks to keep lower their spread through moral suasion. However, the customers are free to choose an institution having a lower spread on loans, he added.

Referring to the demand of PTEA to enhance the refinance limit by Rs 50 billion, Mr. Kamran Shehzad disclosed that banks, up till March 6, 2010, have utilized Rs.190.2 billion out of the sanctioned limits of Rs. 228.3 billion. He said that Rs.38.1 billion in refinance limits is still available with banks. 'Therefore we understand that there is no issue of limits under the EFS,' he added.

He assured the PTEA that their complaints against excess charging of insurance premium by banks would be looked into by State Bank's inspection teams in their forthcoming inspection. However, he said if any exporter has specific complaint, then he should file a complaint with Consumer Protection Department of SBP for its redressal. 'We assure you a prompt response on such irregularities, if proved,' he added.

He also assured both the FCCI and PTEA that the State Bank would extend full support to the country's businesses as 'we are working towards a common goal of economic growth and prosperity of the nation.' 'This goal can be better achieved through mutual co-operation amongst all the key stakeholders including the SBP, the government, commercial banks, and the business community. We all need to play our due role in our respective areas for making judicious use of available resources to enhance the productivity levels,' Mr. Kamran Shehzad added.
