

SBP extends limits under EFS, IERS & LTFF Scheme

The State Bank of Pakistan (SBP) has extended the limits sanctioned by banks to individual exporters under Part-II of the Export Finance Scheme (EFS) /Islamic Export Refinance Scheme (IERS) for the year 2010-11 up to August 31, 2011.

It may be pointed out here that export refinance limits sanctioned in favour of banks for the year 2010-11 are due to expire on 30-06-2011. Under the present system, exporters are required to submit EE-1 statement for the year 2010-11, duly verified by the Foreign Exchange Operations Department of SBP-BSC, latest by August 31, 2011. Therefore, banks would not be in a position to work out revised entitlement of limits for each exporter under Part-II of the Scheme for the year 2011-12.

In order to ensure that the financing facilities are available to exporters till finalization of their new limits under Part-II of the Scheme, it has been decided that the existing limits sanctioned by banks to individual exporters shall continue up to August 31, 2011, according to IH & SMEFD Circular Letter No.10 of June 21, 2011.

The facility under Part-II of Scheme is self regulating and exporters should be able to evaluate correctly their export earnings during 2010-11, work out their own estimates as to the quantum of their entitlement for the year 2011-12 and should accordingly adjust their existing borrowings on or before end June 2011 to avoid utilization of excess facilities under the Scheme during the period of roll over which would be subject to non refundable fine, the circular letter said.

Requests from banks for limits under the Export Finance Scheme and Islamic Export Refinance Scheme for the year 2011-12 may be submitted to Infrastructure Housing & SME Finance Department (IH & SMEFD) of SBP separately up to June 25, 2011 to enable it to finalize limits for the year 2011-12, the circular letter added.

Similarly, in order to ensure that financing facilities are available to borrowers till finalization of new limits under Long Term Financing Facility (LTFF) Scheme for the financial year 2011-12, it has been decided to continue with the existing limit until fresh limits for FY 2011-12 are notified.

All banks/DFIs have been advised to furnish to SBP the limit requirements for FY 2011-12 under LTFF Scheme and borrower-wise details of cases being sanctioned and application(s) in process latest by June 25, 2011, to enable it to finalize the new limits, says IH & SMEFD Circular letter No. 11 of June 21, 2011.
