

January 01, 2013

SBP reduces refinance rate and services charges on its various schemes

The State Bank of Pakistan (SBP) today reduced the refinance rate and services charges on its various financing schemes with the exception of financing for over five years and up to ten years.

The rate of refinance under the Export Finance Scheme (EFS) has been reduced by 0.2% to 8.30% p.a. Exporters will now get the financing facility from banks at 9.30% p.a. while service charges under the Long Term Financing Facility (LTFF) have been reduced by 0.70% for financing up to 3 years and by 0.20% for financing up to five years. However, the service charges for financing up to 10 years have been raised by 0.20% p.a.

The service charges under the Scheme for Financing Power Plants Using Renewable Energy have also been reduced by 0.20% p.a. for financing up to five years. However, the service charges for financing up to ten years have been raised by 0.20%.

It has been decided that rate of refinance under the Export Finance Scheme applicable from January 01, 2013 and onward will be 8.30% p.a. till further instructions. The commercial banks shall ensure that where financing facilities are extended by them to the exporters for availing refinance facilities under the Export Finance Scheme, their maximum margin/spread does not exceed 1% p.a., says IH&SMEFD Circular No.1 of the New Year.

The revised reduced markup rate would also be applicable on outstanding loans granted under EFS. Accordingly, banks are advised to immediately re-price their outstanding loans granted under EFS, keeping in view the revised reduced markup rate. Simultaneously, SBP BSC offices would also apply reduced markup on outstanding refinance loans granted under EFS. In order to reconcile the position of re-priced loans, banks should submit particulars of outstanding loans re-priced by the bank under EFS on prescribed format to the concerned SBP BSC office(s) within 10 days from 1st January, 2013.

The reimbursement of mark-up rate benefit to exporters, on excess performance under Part-II of the Export Finance Scheme, as specified in SMEFD Circular No.15 dated October 31, 2009, will be adjusted accordingly keeping in view the revised mark-up rate, the Circular added.

Another New Year Circular (IH&SMEFD Circular No.2) says that effective January 1, 2013, the rates of service charges for Participating Financial Institutions (PFIs) and rates for end users under the Long Term Financing Facility shall be as under: -

Period of financing	Rate of Refinance	PFI's Spread	End User's Rate
Up-to 3 years	8.80%	1.50%	10.30%
Over 3 years and upto 5 years	8.40%	2.50%	10.90%
Over 5 years and upto 10 years	8.40%	3.00%	11.40%

According to IH&SMEFD Circular No. 3 of January 1, 2013, the rates of service charges for banks/DFIs and rates for End Users under the Scheme for Financing Power Plants Using Renewable Energy shall be as under: -

Tenor	Rate of Refinance	Bank's/DFIs' Spread	End User's Rate
Up-to 5 years	8.40%	2.50%	10.90%
Over 5 years and upto 10 years	8.40%	3.00%	11.40%
