



**SME FINANCE DEPARTMENT**

**FAQs - Grace Period in Payment of Principal  
Outstanding under LTF-EOP, Debt Swap Facility and LTFF**

**Q 1. Shall total repayment period of loans be enhanced by one year as a result of grace period being granted by banks/DFIs under SMEFD Circular No. 01 dated January 22, 2009?**

**Ans.** Yes as a result of grace period being granted under SMEFD Circular No. 01 dated January 22, 2009 the total repayment period of eligible loans shall be enhanced by one year provided the borrower is otherwise eligible for this facility.

**Example:**

For example, if a bank had provided Rs 100 million to a borrower on January 01, 2006 under LTF-EOP Scheme, for a period of five years including one year grace period. As per original repayment schedule the borrower is required to repay principal amount of loan in eight half yearly installments starting from June 2007. The borrower had already repaid four half yearly installments of Rs 12.5 million each in June - December 2007 and June - December 2008. Remaining loan is payable in June - December 2009 and June - December 2010.

Now the bank can allow a grace period of one year to above borrower by deferring the installments which are payable in June & December 2009, keeping in view the terms & conditions laid down in SMEFD Circular No. 01 dated January 22, 2009. Accordingly, the loan shall be repaid in half yearly installments of Rs 12.5 million each in June - December 2010 and June - December 2011.

**Q 2. Will offices of SBP-BSC continue adjustment of installments on due dates until banks/DFIs approach them for availing facility for specific exporter?**

**Ans:** Yes

**Q 3. Will borrowers continue payment of mark-up during grace period under this facility?**

**Ans:** Yes.

**Q 4. Will installments recovered by banks/DFIs from the borrowers during the period from 01-01-2009 to 31-03-2009 be eligible for re-imburement?**

**Ans:** In case a bank / DFI have recovered the amount of installments from the borrowers after January 01, 2009 and subsequently approved the grace period of one year under this facility, said bank / DFI can allow re-imburement of such installments to the borrowers concerned and approach concerned offices of SBP-BSC (Bank) for re-imburement of the same along-with proof for reimbursement already made to the borrower. However, any such request shall not be considered after March 31, 2009.

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