



Documents

of

Temporary Economic Refinance Facility
(TERF)



**REFINANCE APPLICATION FORM
TO BE SUBMITTED BY THE BANK / DFI UNDER
THE TEMPORARY ECONOMIC REFINANCE FACILITY (TERF) FOR IMPORTED
AND LOCALLY MANUFACTURED PLANT & MACHINERY**

Date: _____

The Chief Manager,
State Bank of Pakistan,
Banking Services Corporation,
_____ (City)

Dear Sir,

**REQUEST FOR RELEASE OF REFINANCE
UNDER THE TEMPORARY ECONOMIC REFINANCE FACILITY (TERF)**

With reference to the Limit of Rs. (total) sanctioned by Infrastructure, Housing & SME Finance Department of State Bank vide its Letter No. _____ dated _____ under the Temporary Economic Refinance Facility (TERF) for Imported and Locally Manufactured Plant & Machinery for the Financial Year _____; we submit herewith our application for refinance facility amounting to Rs. (current application) (Rupees _____ only) against the finance disbursed by us on (date) _____ under the captioned facility to our borrower as per particulars given hereunder: -

i) Name of the borrowing entity/sponsor of project. _____

ii) Business address of the borrower / sponsor of the project. _____

iii) Particulars of project against which financing is being availed:

Name of the Project _____

Project ID (issued by bank/DFI, if any) _____

Location of project _____

iv) Broad type of machinery for which facilities have been sanctioned¹

	Imported	Local

v) Name of Sector(s) wherein the above machinery is to be used. _____

vi) Particulars of Finance as per Financing Agreement executed by us with our borrower.

Amount _____

Date _____

Rate of mark up _____

(Rate of Refinance & Bank's/DFI's spread)

¹ Give name(s) / brief description of imported and locally manufactured machinery financed under TERF.



- vii) Period for which finance sanctioned _____
(including grace period)
- viii) Financing provided to borrower as: SME Borrower² Corporate Borrower
- ix) Purpose of the financing*: _____

2. We undertake that total refinance availed for the above project by all banks / DFIs does not exceed the maximum financing limit prescribed by the SBP for a single project under TERF.

3. We certify that the details of the contract(s) finalized by the above-named borrower / sponsor of the project and the payments made by us to them against the aforesaid contract have been placed in our record and shall be invariably provided to the inspection team(s) of SBP during the inspection of our bank/DFI.

4. We have already submitted / submit herewith the securities documents required under the captioned facility for the purpose of availing refinance to the extent of the limit sanctioned by the Infrastructure, Housing & SME Finance Department in our favour to your office vide our letter No. _____ dated _____. We also submit herewith/have already submitted a Demand Promissory Note for Rs. _____ (Rupees _____ only) signed by M/s. (Name of borrower/project) referred to above and endorsed by us in your favour and request you to provide refinance of Rs. _____ (Rupees _____ only) being mobilization cost of machinery purchased / imported out of our above referred financing limit and credit our Current Account with you.

5. We hereby certify that:-

- i) the terms & conditions as stipulated in the captioned facility have been complied with;
- ii) all the requirements of the facility including those at (iii) & (iv) below have been fully met;
- iii) the eligibility of borrower and the relevant plant, equipment, machinery or accessories thereof against which refinance is applied for has been properly determined by us in accordance with the prescribed criteria / conditions set out in the facility in force on the date of the Financing Agreement/Undertaking referred to above;
- iv) the procedure for procurement of the machinery purchased and the mode of payment are in accordance with the procedure prescribed by our bank/DFI, as also guidelines given in the facility;

6. We understand that the Infrastructure, Housing & SME Finance Department, State Bank of Pakistan has right to appoint independent consultants for verifying cases of refinance on random basis and agree to reimburse the cost so incurred in case the report of consultants indicates any irregularities on our part. We also agree to pay back any amount of refinance disbursed to us by the State Bank on the basis of this application if the State Bank subsequently concludes that such refinance was wrongfully claimed and also pay fine on such

² As defined under SBP Prudential Regulations for SME financing

* The purpose may also include the term loan(s) extended for expansion / BMR of existing project(s) or setting up of new projects(s).



finance @ paisa 70 per day per Rs. 1,000 or part thereof, for the period for which such finance is availed by us immediately, on demand made by the State Bank.

7. We also undertake that in case such irregularities are found to have been committed by the borrower due to negligence of our concerned officials/staff to ensure compliance of the same or that such irregularities have been made by the borrower with the involvement of our staff/officer, besides initiating appropriate action against our staff under our staff regulations or code of conduct, we shall indemnify the State Bank against any losses that it may suffer due to litigation filed by the borrowers on account of recovery of amount of refinance and the fine thereof for availing of refinance to which we were not entitled otherwise.

8. We hereby also authorize SBP BSC to recover the full or remaining outstanding amount of refinance alongwith mark up, if any, in case the amount(s) falling due is not repaid by us on the due date(s) agreed to by us as per Agreement on Form TERF-2 executed by us.

Yours faithfully,

(Authorized Signature with
name and designation)
Vice President or above

(Authorized Signature with
name and designation)
Vice President or above

Encl: _____



**FORM OF THE AGREEMENT TO BE OBTAINED FROM THE BANK /DFI
UNDER THE TEMPORARY ECONOMIC REFINANCE FACILITY (TERF) FOR IMPORTED
AND LOCALLY MANUFACTURED PLANT & MACHINERY**

(TO BE STAMPED AS AN AGREEMENT IN ACCORDANCE WITH THE
LAW IN FORCE IN EACH PROVINCE)

(Place) _____

Date _____

The Chief Manager,
State Bank of Pakistan,
Banking Services Corporation,
_____ (City)

Dear Sir,

In consideration of your agreeing to make available to us refinance under Section 22 read with Section 17 (2) (d) of State Bank of Pakistan Act, 1956, not exceeding Rs. _____ (Rupees _____ only) under State Bank of Pakistan's Temporary Economic Refinance Facility (TERF) for Imported and Locally Manufactured Plant & Machinery, for _____ years vide Letter No.-----dated ----- for which amount we i.e. _____ (concerned bank / DFI) have delivered to you a Demand Promissory Note made by us in your favour.

2. Now, we do hereby agree to the terms and conditions as set out herein under :-
- As security for the said refinance on each occasion we intend to avail refinance against finance extended by us, we shall deliver to you, bills of exchange / demand promissory notes duly endorsed in your favour, as are acceptable to you and drawn on and payable in Pakistan, arising out of bonafide finance provided by us to our borrowers, an entity eligible for financing as per criteria spelt out in the facility, for import of machinery (in case finance is extended for import of machinery) or purchase of machinery (in case finance is extended for the purchase of locally manufactured machinery) * under the Temporary Economic Refinance Facility (TERF) and it is understood that the aforesaid accommodation may be made and will continue on the faith of the truth and correctness of such certificates.
 - We undertake that we shall not extend finance or deliver to you any bill of exchange / demand promissory note in terms of this agreement unless we are satisfied that all parties liable thereon are financially sound and credit worthy.
 - The maximum rate of mark up to be charged by us from the borrower shall not exceed _____% p.a. from the service charges (*mark up*) payable to you on refinance as worked out under the provisions of the facility.

* Strike out whichever is not applicable



- d. Service charges shall be payable by us to you on quarterly basis on 31st March, 30th June, 30th September and 31st December each year or on maturity of the bills or promissory notes, whichever is earlier. Where the above schedule date falls on a public /weekly holiday we shall make payment of the due amount of service charges on next working day after such due date. It shall be open to you to reimburse yourselves with the amount of service charges by charging the same to our current account with you in case we fail to make payment on the due date in full, as required under the facility without seeking any debit authority from us. You shall also be entitled to charge fine on us, at a rate specified in the facility from time to time, on our failure to make payment on account of inadequate balance in our account.
- e. The maximum amount of finance that you shall provide to us in the case of each project (for purchaser/importer as the case may be), financed by us would be an amount equal to the amount actually disbursed by us under the facility.
- f. The Demand Promissory Note (notice of dishonour of which Promissory Note is hereby waived in terms of Section 98 of Negotiable Instrument Act, 1881) furnished by us with this agreement and the demand promissory notes delivered to you in terms of clause (i) below shall, notwithstanding the existence of a credit balance at any time or any partial payments or fluctuations of accounts or withdrawal of any part of this security, be a continuing security for repayment of all sums due or found due under this agreement, alongwith Service Charge due thereon to you, and all costs, charges or expenses, which you may be entitled under the law to recover from us.
- g. We shall neither sanction nor permit any of our customers to use the finances for any purpose other than those prescribed under the facility. Any finances provided by us under this facility shall be subject to the terms of our Charter. Further, we shall obtain a declaration from our customer to the effect that he/she shall not utilize the finances or any part thereof except for the purpose spelt out in the facility.
- h. No finance under TERF shall be given by us to any of our Directors or to any company, firm or group or association or project in which any of our Director is interested either directly or indirectly except in finance against tangible security which will be provided with the approval of the majority of our Directors excluding the Director concerned.
- i. We shall endorse and deliver to you demand / usance Promissory Notes executed in our favour by our Customers under this financing arrangement with a certificate that (i) the same arises out of bonafide finances provided by us under the facility (ii) all parties liable thereon are financially sound, solvent and credit-worthy and that by virtue of such endorsement and delivery, we certify the genuineness of signatures as well as authority of all persons thereon (iii) the finances provided to parties liable on such promissory notes have not been classified by you as substandard / doubtful / loss.
- j. Without prejudice to your rights as financier against us for the realization of any demand / usance promissory note delivered to you under clause (i) at maturity, we agree, if you so desire, to take at our expense, all steps as may be necessary to realize the money from our customer and forthwith pay the same to you. We agree that the fact of your not taking steps to endorse payment of such demand / usance promissory note or any of them against the signatory or signatories thereon shall in no way release



us from our liability thereon and we agree that it shall not be necessary for you to give any notice of dishonour of such Promissory Note.

- k. In addition to clauses (i) & (j), we shall hold upon trust securities / security documents presently held by us or which may be obtained by us from our customers to whom finance is made available under this facility as security for due repayment of finance with return / profit thereon. Further, on your demand we undertake to assign to you all such securities and secured documents, and agree that upon such assignment the provisions of clauses (i) and (j) shall, mutatis mutandis, apply.
- l. In addition to the preceding three clauses, we agree that as and when you demand, we shall create valid legal charge on any or all of our assets as may be demanded by you.
- m. We expressly understand that you are entitled to cancel or recall or advance the date of repayment of this finance at any time and for any reasons without any prior notice to us and that you are not obliged to provide any finance to us any time and for any reason against this facility and that by executing a promissory note in your favour of lodging demand / usance promissory note under clause (i) or by providing finance to any customer on the faith of this agreement, we have acquired no right or claim to demand finance from you under this facility. We also expressly agree that you have the sole right to vary, amend, alter or add to the terms and conditions of this agreement without any reference to us and we agree to invariably comply with the same.
- n. We agree that on default of repayment by us on any promissory note tendered under this agreement, you have our authority to debit without further reference to us, all of our accounts now held or held hereafter or adjust any moneys worth which may, howsoever, become due from you or come into your possession or control to the extent of the amount due from us under any such promissory note or in terms of the clauses referred herein before or otherwise under this agreement.
- o. We agree that notwithstanding anything contained elsewhere in this agreement, the amount of this finance alongwith Service Charge due thereon due to you will become due and payable, if we commit breach of any of the terms and conditions of this agreement.
- p. No indulgence or delay in exercising any of your rights hereunder shall be deemed a waiver of any right and no waiver of any of your right hereunder shall be construed as a waiver of any other rights you may have.

Yours faithfully,

(Authorized Signature with
name and designation)
for _____ (Bank / DFI)
Vice President or above

(Authorized Signature with
name and designation)
for _____ (Bank / DFI)
Vice President or above



DEMAND PROMISSORY NOTE *
(TO BE SUBMITTED BY BANK/DFI)

Place: _____

Date: _____

Rs. _____

On demand we (name of the bank/DFI) promise to pay to the State Bank of Pakistan, Banking Services Corporation (Bank), (City) or order the sum of Rs. _____ (Rupees _____ only) for value received plus service charges @ _____% p.a. determined by SBP for re-financing under Temporary Economic Refinance Facility (TERF) for Imported and Locally Manufactured Plant & Machinery.

(Authorized signature of the PFI)

(Name & Seal)

* To be stamped in accordance with the law in force in each Province.



DEMAND PROMISSORY NOTE *
(TO BE SUBMITTED BY THE BORROWER)

Place: _____
Date _____

Rs. _____

On demand we _____ (name of the borrower / sponsor of the project) _____ promise to pay to the _____ (name of the bank / DFI) _____ or order the sum of Rs. _____ (Rupees _____ only) for value received plus service charges @ _____ % p.a. determined by _____ (name of the bank / DFI) _____ for financing under Temporary Economic Refinance Facility (TERF) for Imported and Locally Manufactured Plant & Machinery.

(Authorized signature of the borrower)

(Name & Seal)

Note :- Demand Promissory Note requires to be endorsed by the bank / DFI concerned in favour of its head office / principal office through which refinance is being claimed and further endorsed by them in favour of the office of SBP BSC concerned.

* To be stamped in accordance with the law in force in each Province.



**UNDERTAKING/AGREEMENT TO BE SUBMITTED BY THE BORROWER
UNDER THE TEMPORARY ECONOMIC REFINANCE FACILITY (TERF) FOR IMPORTED AND
LOCALLY MANUFACTURED PLANT & MACHINERY
(TO BE STAMPED AS AN AGREEMENT IN ACCORDANCE WITH THE
LAW IN FORCE IN EACH PROVINCE)**

(Place) _____

Date _____

The Manager,

_____ Bank Limited/DFI,
_____ Branch,
_____ (CITY)

Dear Sir,

I/We do hereby certify and confirm that a finance of Rs. _____ (Rupees _____ only) has been allowed to me/us by you under Temporary Economic Refinance Facility (TERF) for Imported and Locally Manufactured Plant & Machinery of the State Bank of Pakistan on service charges basis @ _____% p.a.

2.* I/We, further confirm and undertake that the aforesaid finance will be / has been obtained by me/us for import / purchase of an eligible machinery item described hereunder against valid contract/letter of credit as per the provisions of the facility under reference. Further I/We, confirm that aforesaid finance or any part thereof shall not be utilized except for the purpose spelt out in the facility.

3.* I/We, further confirm and undertake that the aforesaid amount of finance that will be availed by me/us shall be utilized exclusively to meet the cost of machinery being imported /purchased against contract/letter of credit, particulars of which are given at table 1 below:-

Table -1

Broad type of machinery imported / purchased	Amount of contract / letter of credit						Expected date of import / delivery of the machinery or B/L issuance date
	No.	Date	Amount in FCY	Value Date	Exchange Rate	Amount in equivalent Pak Rupee	
1.	2.	3.	4.	5.	6.	7.	8.

4. I/We, do certify that the finance is being obtained by me/us against bonafide transaction and I/We submit the requisite documents alongwith this application for your consideration of extension of finance facility to us from your bank/DFI under the Temporary

* Strike out the purpose whichever is not applicable



Economic Refinance Facility (TERF) for Imported and Locally Manufactured Plant & Machinery.

5. I/we, certify and confirm that I/we have not obtained any finance against the above-mentioned contract / Import / Inland letter of credit from any other Bank/DFI, except as under.

Amount of; *

Import LC.	(for Import of machinery)	_____
Inland LC/contract /order	(for purchase of locally manufactured machinery)	_____
Less: Amount of loan already taken		_____
Balance Amount		_____
Amount of loan now being obtained		_____

Copies of import LC / inland LC, evidence of its retirement and shipping documents / delivery documents are attached.

6. I/we, undertake and confirm that total finance being availed through all banks / DFIs under TERF does not exceed the maximum financing limit prescribed by the SBP for a single project. Detail of total finance availed against the unit / project being financed under TERF, is as under:

Name of the project and its location	Detail of finance availed		
	Name of Bank / DFI	LC number(s) against which finance availed	Amount of finance availed

7. I/We, hereby confirm and agree that in the event of my/our failure to make payment on due date you have our Irrevocable Authority without reference to us, to recover from me/us and debit my/our Account No. _____ maintained with you alongwith fine, if any as prescribed under the facility. I/we, authorize the bank/DFI to reimburse itself with the fine amount even if we have made a representation to SBP against imposition of fine under the facility.

9. I/We agree that notwithstanding anything contained elsewhere in this agreement, the amount of this finance alongwith Service Charge due thereon due to you will become due and payable immediately, if I/we commit breach of any of the terms and conditions of this agreement.

Yours faithfully,

Authorized Signature of the Borrower

Signature verified by the authorized officials of Branch of Bank/DFI

* Strike out the purpose whichever is not applicable



Encl:
