

Frequently Asked Question(s)

1. Refinance Facility for Modernization of SMEs

2. Islamic Refinance Facility for Modernization of SMEs

Question: A customer intends to purchase new machinery from local market that has been imported by commercial importer against letter of credit. In this regard, clarification is sought that whether such machinery can be financed under Refinance Facility for Modernization of SMEs.

SBP Response: In this regard, it is informed that purchase of machinery from local market which has been imported by commercial importers against letter of credit can be allowed to borrowers under SBP's Refinance Facility for Modernization of SMEs. However, disbursement of the loan amount will not be made directly to the borrower concerned; instead payment will be made to the commercial importer being the supplier of plant & machinery in terms of Para 8 (xii) of the Scheme.

Further, the bank shall ensure that the said machinery is new and imported by commercial importer. In case of any violation detected subsequently, SBP reserves the right of taking action against the bank as per provision of BCO, 1962.
