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## **Salim Raza says Rs 42 billion available to banks for export financing**

Syed Salim Raza, Governor State Bank of Pakistan has said that an amount of Rs 42 billion is currently available with commercial banks under the Export Finance Scheme (EFS) to meet the credit requirements of the export-oriented sector.

Addressing the office bearers and members of the Federal 'B' Area Association of Trade & Industry (FBAATI) during a luncheon meeting in Karachi today, Mr Raza said that both the central bank and the Federal Government are fully aware with the issues being faced by industrial sector and are making every effort to meet the needs of productive sectors for the growth of the economy.

Referring to various measures taken by the State Bank to facilitate the export-oriented industries, he said that sufficient limits have been earmarked under the Export Finance Scheme & Long Term Financing Facility (LTFF) Scheme to meet the credit needs of the exporters under these schemes. "A cushion of approximately Rs 42 billion is available with the banks under EFS," he said and added that the actual disbursement target under EFS is Rs 203 billion during the current fiscal year.

Mr Raza said that the central bank has also taken different initiatives to facilitate exporters including extension in the period of refinancing under EFS Part-I to 270 days to provide relief to the exporters in paying off their liabilities. Similarly, he pointed out that the central bank had also granted a waiver of 90 days to exporters having overdue proceeds till December 30, 2008 enabling them to avail EFS facility. This period was further extended for additional 90 days from end March 2009 to June 30, 2009, he added.

SBP Governor said that the central bank has also introduced performance based lower mark-up rates for exporters under Part II of the Export Finance Schemes with a view to further incentivize exporters who are performing well so that they remain competitive in the international market.

Referring to LTFF, Mr Raza said that the SBP has allowed a grace period of one year in repayment of principal amounts on the outstanding financing under this scheme. Similarly, the scope of LTFF scheme has also been expanded by allowing refinance facility against import / purchase of second-hand machinery. In

addition, industrial sectors relating to ethanol, furniture and pharmaceutical have also been included in the scheme, he added.

Apart from these incentives, Mr Raza pointed out that the Federal Government has allocated Rs 4 billion for payment of R&D support claims.

SBP will accept claims of textile exporters against shipment made till June 30, 2008 and make payments of 40 percent of the individual claim's amount for the time being. He said that the Federal Government has also extended the period of 3 percent mark-up rate subsidy to the spinning sector from one year to two years from July 1, 2007 to June 30, 2009.

The meeting was attended, among others, by office bearers and members of FBAATI and senior officials of the State Bank.

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