

## **SBP allows relaxations in EFS to facilitate exporters**

The State Bank of Pakistan (SBP) has allowed some relaxations in the Export Finance Scheme (EFS) for the benefit of exporters whose export proceeds are overdue.

An exporter shall be eligible to avail financing under EFS Part-I and/or Part-II, if the total amount of overdue export bills at the time of availing the facility is not more than 5% of the previous year's export performance, says IH & SMEFD Circular No. 08 of July 23, 2011.

In case the overdue export position of an exporter is greater than 5% of the previous year's exports, the exporter will not be entitled to avail the EFS facility till such time that the overdue position is reduced to the 5% benchmark level, the Circular said, adding that these instructions, which will come into effect from October 01, 2011, have been issued by SBP to streamline the procedure for availing finance under EFS by exporters who have overdue export proceeds.

Each exporter will be required to give a Certificate on a prescribed Form showing consolidated position of overdue export bills outstanding against all bank(s) {as per the record of Foreign Exchange Operations Department (FEOD)}, as a percentage of the total exports of the preceding year finalized in EE-1 statements. The Certificate will be submitted through the bank to the concerned SBP BSC office on a six monthly basis by 31st March & September 30, each year, the Circular said, adding that the certificate will remain valid up to the next six months. Process of submission of the certificate would commence from September 2011.

The State Bank has communicated the necessary guidelines to the banks for processing the requests of exporters with overdue export proceeds for availing the finance under Export Finance Scheme. Any misreporting/misstatement shall attract imposition of fine on bank/exporter at the rate prescribed under the Scheme, the Circular added.

Moreover, the concerned SBP BSC office(s) shall verify the export overdue position of the exporter from relevant data and check the 5% benchmark, the Circular said and added that in normal cases this practice shall be adopted twice a year before granting refinance.

The existing waiver for exporters with overdue export bills is being extended up to September 30, 2011 to cover the period until the certificate is submitted by the exporters for the first time, the Circular added.

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