

## **SBP announces release of third installment of mark-up rate subsidy under Prime Minister's Fiscal Relief Package**

The State Bank of Pakistan (SBP) today announced the release of third installment of mark-up rate subsidy on business loans for the period from January 01 to June 30, 2011 under the Prime Minister's Fiscal Relief Package to rehabilitate the economic life in Khyber Pakhtunkhwa, Federally Administered Tribal Area (FATA) and Provincially Administered Tribal Area (PATA).

Duly completed claims for reimbursement of mark-up rate subsidy for the period from January 01 to June 30, 2011 may be submitted separately for Textile Sector & Other Eligible Sectors to SBP-BSC (Bank), Peshawar up-to August 31, 2011.

SBP has informed all banks / Development Finance Institutions (DFIs) /Microfinance Banks (MFBs) that the rate of mark up differential for 3<sup>rd</sup> installment, for six months ending on 30<sup>th</sup> June 2011, has been worked out at 6.18%. 'Accordingly, banks and DFIs may calculate the amount of mark up rate differential on outstanding business loans of above areas, on the basis of above rates and keeping in view the terms & conditions contained in above Scheme,' says IH& SMEFD Circular Letter No. 14 of July 25, 2011.

However, MFBs may calculate mark up rate differential to the extent of 22.5% p.a. i.e. differential between 7.5% p.a. and Weighted Average Lending Rates of MFBs i.e. 30% p.a. or actual rate whichever is lower, as communicated in September, 2010, the Circular Letter added.

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