

SBP announces relief package for agriculture & SMEs in flood affected areas

State Bank of Pakistan has announced concessional re-finance scheme of Rs 10 billion for the revival of economic activities and to facilitate the flow of fresh credit in the flood affected areas as reported by the National Disaster Management Authority (NDMA). Under the scheme, a mark-up of 8% per annum will be charged from the farmers and Small & Medium Enterprises (SMEs) of affected areas by the banks against their financing for production/ working capital loans/advances.

Further, SBP in a separate Circular has advised commercial & microfinance banks and DFIs to reschedule/ restructure agriculture, SMEs and micro loans/advances of the affected borrowers. For all such rescheduled/restructured loans and advances, banks/DFIs/MFBs may defer loan provisioning up to September 30, 2015. The relaxation is available for loans and advances which have become non-performing since September 1, 2014 in the affected areas.

According to the provisional estimates of NDMA as of October 15, 2014 the recent flood in the country has caused damages to the rural infrastructure and standing crops affecting around 2.5 million persons of 4,065 villages. It may be recalled that 45 districts covering farming area of around 2.4 million acres is flood affected.

The relief package announced by the State Bank will not only facilitate the existing borrowers in terms of rescheduling/restructuring of their non-performing loans but will also provide farmers, SMEs and micro businesses with an opportunity to revive their agriculture and business activities through borrowing at nominal mark-up of 8% per annum from the banks.

The instructions to banks regarding flood relief package can be accessed at <http://www.sbp.org.pk>
