



## External Relations Department

ERD/M&PRD/PR/01/2020-113

November 6, 2020

### **Governor SBP visited Lahore Chamber of Commerce & Industry**

Governor State Bank of Pakistan Dr. Reza Baqir visited Lahore Chamber of Commerce & Industry (LCCI) today on the invitation of the Chamber. Governor SBP chaired a session with the officials and members of the chamber in which he talked at length about initiatives & efforts of SBP to promote economic growth in the country and provide liquidity and other support during COVID. The Governor was accompanied by Deputy Governor Sima Kamil and other senior officials of SBP.

Governor's address traversed many themes. From the outset he thanked the President LCCI Mr. Tariq Misbah for inviting him to visit LCCI. He then went on to talk about the COVID – 19 challenges and the need for rapid response especially to protect the vulnerable segments of the society. He said that SBP took a number of steps to mitigate the impact of COVID – 19 on economic growth. Since the onset of pandemic-related economic pressure, SBP reduced policy rate from 13.25 percent to 7 percent, he said. Dr. Baqir added that SBP allowed one-year extension in principal payment along with rescheduling/restructuring of loans without affecting the credit history of the borrowers. He also noted that SBP had placed the information about its measures on its website.

Continuing his address, the Governor SBP elaborated several other measures taken by the Central Bank to mitigate the impact of COVID-19. These included Rozgar Scheme launched to prevent layoffs, Temporary Refinance Facility (TERF) for setting up of new & modernizing/expanding of existing businesses, Refinance Facility for Combating COVID – 19 (RFCC) to boost the capacity of hospitals and medical centers, relaxations for exporters under Export Finance Schemes (EFS) & Long Term Financing Facility (LTFF) are among the major initiatives taken by SBP to provide necessary stimulus to businesses, he contended.

Dr. Baqir stressed the importance of provision of business-friendly environment. With regard to Ease of Doing Business (EODB), said Dr. Baqir, SBP has taken a number of proactive measures like encouraging banks to facilitate borrowers by offering products as per their needs and demands. He was confident that the stable banking system of Pakistan is fully equipped to explore the untapped potential of local market.

Talking about the use of technology in bringing the cost of doing business down, the Governor said that round the-clock-facility has been provided to importers/exporters to pay customs duties, taxes and other dues electronically through internet banking and ATMs for clearance of consignments through WeBOC system, besides conventional methods of cheque and cash. Dr. Baqir informed the meeting/session about the Roshan Digital Account (RDA), which is an initiative of SBP for non-resident Pakistanis to integrate them with Pakistan's financial system.

The Governor proceeded to talk about the Housing and Construction Sector which he said is the priority sector for the Government of Pakistan due to its impact on economic development and job creation. Deputy Governor Sima Kamil shared that in line with its vision of providing affordable housing to the masses, Government of Pakistan will be providing a markup subsidy facility for the construction and purchase of new houses. This facility will allow all individuals, who will be constructing or buying a new house for the first time, to avail bank's financing at subsidized and affordable markup rates. She said that SBP has undertaken various initiatives including issuance of separate Prudential Regulations for housing finance, capacity building of stakeholders and facilitation in establishment of Pakistan Mortgage Refinance Company (PMRC). Among other measures, SBP has



## External Relations Department

---

established a Steering Committee on Housing and Construction Finance chaired by the Governor SBP to support government's efforts to promote housing and construction sector and has assigned mandatory targets to banks to extend mortgage loans and financing for developers and builders.

Deputy Governor Sima Kamil also spoke about measures taken by SBP to facilitate access to finance for SMEs. She said that SBP is providing liquidity to SMEs through commercial banks (both conventional and Islamic mode) at concessionary rates ranging from 3 percent to 6 percent. He showed optimism that Establishment of Pakistan Credit Guarantee Company Limited and operationalization of Secured Transaction Registry (STR) are likely to help in addressing some of the major challenges confronting to collateral deficient SMEs.

The meeting participants were also informed about various measures taken by State Bank at foreign exchange front to facilitate the business community. These measures include allowing advance payment up to 100% of the value of imports; import on Open Account basis against letter of credit for import of plant, machinery, spare parts and raw material etc. on behalf of manufacturing concerns; dispatch of shipping document by exporter direct to their buyers abroad, subject to certain parameters, instead of sending through banking channel.

Governor, Dr. Baqir, further informed that in order to enable local entities to acquire various services from abroad including marketing, consultancy services etc. to promote their business in particular exports. Adding further, he said that State Bank has allowed banks to remit up to USD 200,000/- per annum to digital service provider companies, in addition to a mechanism whereby the entities can register contracts with SBP once and thereafter payments can be made directly by the banks on periodic basis.

Further, he informed that State Bank has recently rolled out Digitalization of regulatory approval system, which provides convenience and visibility of approval of FX related cases to the stakeholders.

In his closing remarks Dr. Baqir thanked LCCI, assured them of his full cooperation, and support the issues faced by the business community.

\*\*\*\*\*