



## External Relations Department

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### **State Bank of Pakistan allows financing for BMR and expansion under its Temporary Economic Relief Facility**

The State Bank of Pakistan (SBP) has opened up its subsidized Temporary Economic Relief Facility (TERF) for Balancing, Modernization and Replacement (BMR) and expansion of existing projects. This measure has been taken to provide further stimulus to the economy in the context of COVID-19's impact on the economy, to support investment in the country for modernizing or expanding manufacturing / production units, and in response to feedback from stakeholders.

Since the outbreak of COVID-19, SBP has taken several measures to safeguard economic activity in the country. On March 17, 2020 SBP introduced TERF and its Shariah compliant version to stimulate new investment in the manufacturing sector. Under this scheme, SBP provides refinance to banks for their onward extension of financing at a maximum end-user rate of 7 percent for 10 years. The maximum financing for a single project under the Scheme is Rs. 5 billion. The objective of this facility is to boost economic activity through investments in manufacturing units.

While allowing BMR and expansion of existing projects, SBP has allowed financing for the purchase of new imported and locally manufactured plant and machinery against foreign LC and inland LC. The funding under the facility cannot be used for the procurement of second-hand machinery, land or carrying out civil works. Further, SBP has also introduced additional internal and external checks and controls to ensure proper utilization of funds. Further details on this measure are available in the SBP circular available at: <http://www.sbp.org.pk/smeffd/circulars/2020/CL9.htm>

With the expansion in scope of the facility, SBP expects that existing businesses will avail this subsidized funding to improve the productivity of their business projects, leading to higher economic activity and employment generation.

A complete list of the measures taken by the SBP to support the economy and public health since the outbreak of COVID-19 is available at: <http://www.sbp.org.pk/corona.asp>. If end-users would like further information on these SBP measures in the context of COVID-19 or if they are experiencing issues with commercial banks in benefiting from these measures, they can contact a dedicated COVID-19 SBP team by email at [covid19.stimulus@sbp.org.pk](mailto:covid19.stimulus@sbp.org.pk) or by phone at **111-727-273**. End-users are encouraged to review the material available at the above webpage, including relevant circulars and any available FAQs, before contacting the SBP for further information.

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