

SBP raises financing limit

ISLAMABAD: The State Bank of Pakistan (SBP) has enhanced the limit of refinancing provided to banks under the Export Finance Scheme (EFS) by Rs100 billion in a bid to extend further facilitation to exporters.

According to a statement issued by the central bank on Wednesday, banks will now have an overall limit of Rs700 billion for the exporters for fiscal year 2020-21.

"Moreover, to promote export-oriented investment, Rs90 billion has also been allocated under the Long Term Financing Facility (LTFF) for FY21," it said.

"This amount is in addition to the limit of Rs100 billion already allocated to banks/development finance institutions (DFIs) under the Temporary Economic Relief Facility (TERF) - a concessionary refinance scheme for setting up industrial units."

Shariah-compliant versions of both the schemes are also available.

Since the emergence of Covid-19, the SBP has taken several measures to counter its impact on the economy and prioritised safeguarding the country's exports.

According to the statement, the SBP has provided a number of relaxations under EFS and LTFF since March 2020 including giving additional period of six months for making shipment against loans availed under EFS part-I.

It said that additional period of six months was granted for meeting required export performance against loans availed under EFS part-II.

"The export performance of this extended period will also be considered for calculating the entitlement limit for FY21," the statement said.

The bank also granted reduction in showing export performance from two times to 1.5 times against financing availed during FY20 and FY21.

The SBP added that it gave relaxation in the eligibility criteria for availing finance under LTFF.

The bank expected that the relaxations will cater to exporters' cheaper liquidity requirement.

"SBP is closely monitoring the situation and is ready to take any further actions required to support the export sector," the release said.