

**Debt deferment facility extended till Sept 30**

KARACHI: The State Bank of Pakistan (SBP) on Tuesday extended the deferment facility of principal amount for small and medium-enterprises (SME) till end of September FY21.

“Considering the fact that Covid-19 pandemic is continuing to stress the cash flow of small and medium- sized businesses and households, SBP has decided to extend the Deferment of Principal Amount facility up till 30th September 2020,” the central bank said.

This facility will be available for SME financing, consumer financing, housing finance, agriculture finance and micro financing only, it added.

The facility is not being extended to corporate and commercial borrowers since a significant amount of their loans and advances has already been deferred.

On March 26, amid growing concerns about the potential economic impact of the pandemic, SBP in collaboration with the Pakistan Banks Association had announced a comprehensive set of measures to help businesses and households to manage their finances. Among these, a key measure was the deferment of principal amount of loans and advances by banks and DFIs.

Under this facility, businesses and households could request for the deferment of their loans and advances for a period of one year, albeit continuing to service the mark-up amount. The measure also ensured that the deferment of principal will not affect borrower’s credit history and such facilities will not be reported as restructured or rescheduled in the credit bureau’s data.

The SBP said that up till July 3, 2020, banks deferred Rs593 billion of principal amount of loans of over 359 thousand borrowers. A very large number of borrowers, 95 per cent of total beneficiaries of this scheme, as of July 3, have been small borrowers including SMEs, consumer finance, and microfinance.