

## REFINANCE DIVISION

### **Q 1. How can bank provide financial assistance under commodity operations financing?**

Ans. The Finance Division makes allocations to the agencies involved in commodity operations financing, which if covered under the provisions of credit, are distributed among banks on the basis of the request of each agency.

### **Q 2. Has State Bank prescribed any criteria for financing by banks under Export Finance Scheme?**

Ans. Yes, State Bank has prescribed all details in this regard which are available on the website under the head “incentives for Exporters”. However, banks keeping in view the credit worthiness of each borrower make decisions regarding financing to specific exporter.

### **Q 3 Does facilities under the EFS are available for all commodities exported from Pakistan?**

Ans. No. State Bank has prescribed a list of items called “Negative List” which items are not eligible for financing under the Scheme. Banks, can however finance export of these commodities from their own resources and subject to their own lending policies.

### **Q 4 Does the exporters are required to observe all Prudential Regulations?**

Ans. Lending is a relationship between the bank and the borrowers. State Bank has prescribed Prudential Regulations and other measures to strengthen its regulatory regime to ensure that banks are utilizing deposits generated by them from public in a fair manner. Though Our PRs have some inbuilt relaxations for the export finance provided by the banks under EFS but the decision to allow such benefit to the borrowers entirely rest on the banks, as they assume the credit risk.

### **Q 5 What is the difference between Part-I and Part-II of the Export Finance Scheme?**

Ans. Part-I is the transaction based facility wherein funds under Export Finance Scheme are provided by the banks to exporters for exports of eligible commodities on case to case or transaction basis. Whereas funds under Part-II are provided on the basis of previous performance of the exporter in respect of export of eligible commodities on July-June basis.

### **Q 6 Can exporters in Pakistan borrow in foreign currency?**

Ans. Yes, exporters can borrow in foreign currency under FE-25 scheme or Foreign Currency Export Finance Facility.

### **Q 7. Does State Bank undertakes any dissemination to the end users of Export Finance Scheme and Foreign Currency Export Finance Scheme?**

Ans. Though the information about various schemes are available on our website, the State Bank has been participating in various exhibitions for giving information to the prospective users of its Scheme. Occasionally seminar/ tutorial are also held for briefing the exporters, bankers about various features of the Schemes.

### **Q 8 How the fines charges under Export Finance Scheme are refunded?**

Ans. State Bank has prescribed a complete procedure for seeking refund of fine charged under Export Finance Scheme, which is available on its website at [Link to be mentioned here](#). Exporters and banks are required to observe the modalities prescribed therein for early disposal of requests for refund.

**Q 9 What relief State Bank can provide to the borrowers who are refused financing Facilities by the banks?**

Ans. Lending is a commercial decision of the bank and State Bank does not normally interfere in the same, as it is the bank who assumes the credit risk. However in cases where the bank has denied facilities on reasons other than merit, State Bank may ask the bank to provide facility to the borrower, on fulfillment of requirements prescribed by the bank.