



State Bank of Pakistan
Infrastructure, Housing & SME Finance Department
I.I. Chundrigar Road
Karachi

No. IH & SMEFD/EFS/936(A)/13-6760

May 03, 2013

The Chairman,
Pakistan Hosiery Manufacturers & Exporters Association,
PHMA House, 37-H, Block-6, P.E.C.H.S,
Karachi.
Fax. No. 34543774

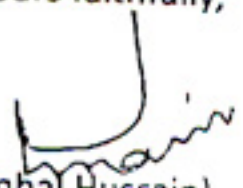
Dear Sir,

Moratorium in payment of Markup on Export Finance Scheme (EFS)

Please refer to your letter No. PHMA/2013/6/068 dated 18-04-2013 addressed to Governor, State Bank of Pakistan on the above subject.

2. We would like to clarify that financing under Export Finance Scheme (EFS) is already provided to exporters at concessional rates with the objective to boost exports of the country. Further mark up rate benefit ranging between 0.5-1.5 percent is provided to high performers under EFS Part-II based on the level of export performance. Moreover, in order to support Textile Industry, Government of Pakistan has also announced various other Subsidy Schemes in Textile Policy 2009-14, which *inter alia* include: Export Finance Mark up Rate Facility of 2.5%, Mark up Rate Support of 5% against Long Term Loans etc.
3. As regard your specific request, it is advised that markup under EFS is charged to banks on quarterly basis and there is no provision under the scheme to defer the payment of markup. Therefore, any rescheduling/restructuring of the ultimate borrower's loan can be considered by the concerned bank keeping in view the terms and conditions of the Scheme. Accordingly, the association may like to take up the issue of seeking any extension in payment of markup with concerned bank(s).

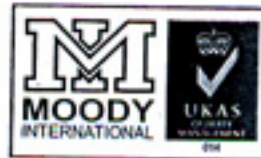
Yours faithfully,


(Iqbal Hussain)
Deputy Director



PAKISTAN HOSIERY MANUFACTURERS & EXPORTERS ASSOCIATION

(Government approved sole representative body of Knitted goods & Apparel Manufacturers)



Ref: PHMA/2013/6/068

Dated: 18th April, 2013

The Governor,
State Bank of Pakistan,
State Bank Building,
I.I. Chundrigar Road,
Karachi.
Tel # 99212447-48

SUBJECT: REQUEST FOR MORATORIUM IN PAYMENT OF MARK-UP ON EXPORT REFINANCE SCHEME.

Dear Sir,

We are constrained to inform you that owing to the severest ever load shedding of Electricity by KESCL, twice in 24 hour period, 4 hours of load shedding in each shift is greatly hurting our members' industries.

Such load shedding which is unannounced and which is being effected any time during the 24 hour period is really unmanageable and most important of all, while production of industries are badly hit, the labourers becomes idle for 8 hours which is seriously affecting production and exports. This is also resulting in failure in keeping their deadlines and commitments to their foreign buyers which is leading to cancellation of orders and along with other adverse factors causing the severest ever liquidity crunch.

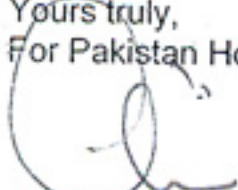
It is important to note here that Exports are the lifeline of the economy of our nation but unfortunately KESC is pushing the exporters against the wall and with such load shedding for 4 hours at a time within 24 hour period which amounts to 8 hours has shattered their production planning and targets.

In view of the above, we feel that it will be next to impossible for our member exporters to pay mark-up relating to loans obtained against Export Refinance Scheme well within time for which exporters may be allowed moratorium in the payment of mark-up till such time that the load shedding by KESCL is ended once and for all for the industry.

Thanking you and looking forward to your favourable consideration of our above proposal.

With best regards,

Yours truly,
For Pakistan Hosiery Manufacturers & Exporters Association


Aamir Haider Butt
Chairman, Southern Zone

Copy to: The Federal Finance Minister, Ministry of Finance,
Government of Pakistan, Block-Q, Pak Secretariat, Islamabad.
Tel: 051-9213204



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