

PRESS RELEASE

(Karachi-10th December 2010):Mr. Muhammad Jawed Chinoy, Chairman PRGMEA (South Zone) met with Mr. Shahid Hafiz Kardar, Governor, State Bank of Pakistan along with the Chairmen of other associations today.

During the meeting Mr. M. Jawed Chinoy enlightened following points and suggestions before the Governor:

1. Research and Development Support fund (R&D) 6% from SBP

This scheme was closed in June 2008 and exporters were paid 6% on exports at that time. The payment on shipment made before that date are still pending without any reason although Govt. announced numerous time to release the said amount but after passing of two and half years exporters are yet to get it. The reason was given by SBP that no funds are available from Ministry of Commerce.

2. Drawback of local taxes and Levis Order, 2009 DLT 3% from SBP.

This was announced in September 2009 at 3% by Govt. the exporters got the payment till June but then suddenly payment stopped by State Bank of Pakistan and while contacting them for release of payment the exporters were informed that they don't have funds from Ministry of Commerce. We have just learnt that Deputy Director of SBP informed that this payment expected to release by the end of this Month.

3. Export Finance Mark-up rate facility from SBP under SMEFD

The Govt. has extended facility of refunding 2.5% of mark up on export finance to the exporters of textile industry on outstanding loans availed by the industry from commercial banks for export of eligible commodities, accordingly 60% of total amount worked for six month period from 01-09-2009 to 28-02-2010 have been paid but remaining 40% of the facility still not paid by State Bank of Pakistan., on approaching the exporters were informed that they have not received funds from Ministry of Finance to entertain remaining 40% of claim amount.

4. Islamic Export Refinance Facility (IERF)

a.) only 10% share for Islamic Export Refinance Scheme (IERF), while 90% is reserved for the conventional scheme. Keeping in view the increasing trend of switch from conventional to Islamic mode, it is suggested that share of IERF is enhanced upto 25% of the total limit.

b.) SBP while allowing IERF to the banks have also restricted them to disburse the fund in a pre-defined pool of various sectors of trade and industry. In the said pool, share for textiles has been kept at 30% of the total limit. 30% limit for Textile sector seems unjustified, as the textiles sector is the biggest contributor of the exports in the country. This needs to be enhanced proportionately to the share of each sector in the exports of the country.

c.) Export refinance liabilities are required to be adjusted within 180 days or 31st August every year. It is suggested that requirement of 180 days should be extended to 300 days. Further condition of adjustment on 31st August must be waived as it creates unnecessary hardship for the exporters.

5. Islamic Long Term Financing

SBP has not yet approved any product for Long term Financing Facility (LTFF) Scheme under Islamic banking. This is causing real hardship for the customers who prefers Islamic mode of financing for their long term project funding requirements.

6. EOBI and SESSI claims for female workers of Textile Industry

These have been made refundable through SBP, but till to date no payment under this head have been released by SBP.

The Governor heard him patiently and assured to resolve the highlighted issues. He further informed that payment of duty draw back claims will be released soon as they have been received fund by the respective Ministry but due to some legal lacuna the payments are stopped by them but the payments of DLTTL will be issued soon to the exporters.