

GOVERNMENT OF PAKISTAN
ECONOMIC AFFAIRS DIVISION

8/11

F.No. 1(1) SO (DM) / 09

Islamabad, the September, 2016.

OFFICE MEMORANDUM

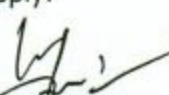
Subject:- Relending Policy of Foreign Loans/Credits to Autonomous Bodies

The undersigned is directed to refer to this Division's O.M. 1(1)SO(DM)/09 dated 17-03-2009 (Annex-I) on the subject noted above and to state that the ECC of the Cabinet, in its meeting held on 29-08-2016, approved the revised policy which will be applicable to Federal Government Departments, Autonomous Bodies and Development Financial Institutions (DFIs) on foreign loans/credits contracted and relented w.e.f 29-08-2016 as under:

Institutions	Existing Policy 2009 (%)	Revised Proposed Relending Terms (%)
1. Provincial Governments	Relending is made on same terms as borrowed by Federal Government	No change
2. <u>Federal Government Depts.</u> <u>Like NLC, CAA etc.</u>	<u>12.00</u>	<u>9.00</u>
a) Average borrowing cost	4.50	3.50
b) Fixed admn. charges	0.75	0.40
c) ERC	6.80	5.1
d) Spread	Nil	Nil
3. <u>Autonomous Bodies</u>	<u>15.00</u>	<u>12.00</u>
a) Average borrowing cost	4.50	3.50
b) Fixed admn. charges	0.75	0.75
c) ERC	6.80	5.10
d) Spread	3.00	2.65
4. DFI's	<u>12.00</u>	<u>9.00</u>
a) Average borrowing cost	4.50	3.50
b) Fixed admn. charges	0.75	0.40
c) ERC	6.80	5.10
d) Relending Profit / spread	3.00*	3.00*
	*The DFI's are allowed to charge 3% further spread from their borrowers.	*The DFI's are allowed to charge 3% further spread from their borrowers.

2 The ECC further decided that Relending Policy will be reviewed after three years.

3. The other terms with regard to default and recovery of all other charges including commitment fee contained in Relending Policy 2009 and 1990 would also apply.


(Sabz Amin)
Deputy Secretary (DM)

All concerned

Government of Pakistan
Ministry of Economic Affairs & Statistics
(Economic Affairs Division)

No.1(1)SO(DM)/09

Islamabad, the 17th March, 2009OFFICE MEMORANDUMSubject: RE-LENDING OF FOREIGN LOANS / CREDITS

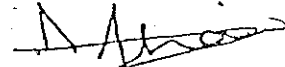
The undersigned is directed to refer to this Division's O.M.No.1(15)SO(DM)/97 dated 30/10/1997 (Annex) on the subject noted above and to say that revision of relending policy of foreign loans/credits was under consideration of the Government. Accordingly, the existing policy has been revised and approved by the ECC of the Cabinet in its meeting dated 03/03/2009 which will be applicable to Federal Government Departments, Autonomous Bodies and Development Financial Institutions [DFIs] on foreign loans/credits contracted and relent w.e.f. 03/03/2009. The revised terms pertaining to interest rate and exchange risk coverage fee [ERC] shall be fixed as per table given below:

AGENCY	INTEREST RATE / ERC	REPAYMENT PERIOD
i) Federal Government departments like NLC, CAA etc. for which commercial accounts are maintained.	12% p.a. inclusive of interest rate of 5.2%+ ERC of 6.8% which shall be charged both on the principal amount and interest amount separately.	The actual redemption period available to the Government of Pakistan.
ii) Autonomous Bodies / Corporations	15% p.a. inclusive of interest rate of 8.2% + ERC of 6.8% which shall be charged both on principal amount and interest amount separately.	The actual redemption period available to the Government of Pakistan.
iii) Development Financial Institutions	12% p.a. inclusive of interest rate of 5.2% + ERC of 6.8% which shall be charged both on principal amount and interest amount separately. The DFIs may, however, charge maximum spread of 3% p.a. from the final borrowers as their administrative charges over the rate of 12% p.a.	The actual redemption period available to the Government of Pakistan.

2. For the default cases of recovery of relent loans, late fee charges will be levied on the due installment [principal + interest] at the rate of 1% during the first year of default, 2% during 2nd year of default, 3% during the 3rd year of default and - - - - -.

3. Relending policy for provinces is still under consideration and will be circulated on its approval by the ECC. As such, the existing relending policy for the provinces will remain the same as circulated vide EAD's O.M.No.1(15)SO(DM)/97 dated 30/10/1997.

4. Other guidelines / conditions as contained in this Division's O.M.No.1(15)SO(DM)/97 dated 30/10/1997 and O.M. of 20/06/1990 and amended from time to time shall continue to remain in force.



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Deputy Chief
Debt Management Wing
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All concerned