

Introduction

In view of present business crunch due to COVID-19, in order to assist businesses to bolster their cash flow constraints and consequently avoid layoffs, State Bank of Pakistan ["SBP"] has introduced a **temporary refinance scheme for payment of wages and salaries** to the workers and employees of the business concerns.

Condition precedent

The borrowers availing this Scheme will **undertake not to lay off** their workers/employees during first three months.

Effective from

The Scheme will be **effective immediately**.

Scope & Eligibility Criteria:

Aim

- to finance wages and salaries of **permanent, contractual, daily wagers** as well as **outsourced** employees of **existing and new** borrowers

Period

- This facility may be availed for the months from **April 2020 to June 2020**.

Restricted to

- This facility is available for **business concerns** other than government entities, public sector enterprises, autonomous bodies and financial institutions.

Maximum Financing Limit ["MFL"]

MFL of a borrower is to be determined in the following manner:

Cat.	Wage Bill for 3 months	Loan Limit	Maximum Loan Limit
(1)	(2)	(3)	(4)
A	1- 200m	100% of actual 3 months wage bill	Rs. 200 million
B	>Rs. 200m - Rs. 500m	Rs. 200 million or 75% of 3 months wage bill, whichever is higher	Rs. 375 million
C	>Rs. 500m	Rs. 375 million or 50% of actual 3 months wage bill, whichever is higher	Rs. 500 million

Tenor of Financing

The repayment under the Scheme will have to be made in equal **8 quarterly installments** which will begin from **January 2021**.

Processing Time and Mode of Payment

Credit approval process not to exceed 15 working days from receipt of complete information.

Borrowers to make arrangements for routing remuneration of workers through their respective accounts, in case if worker does not have an account, in such case, to pass-on prescribe details to lender bank/DFI.

End User Rates (OLD)

Type	Maximum Rate (per annum)
End user (ATL)	Up to 4%
End user (Non – ATL)	Up to 5%
SBP rate of service charges for banks/DFIs	
For corporate/ commercial borrowers	
- ATL	1%
- Non – ATL	2%
For SMEs	
- ATL	0%
- Non – ATL	1%

End User Rates (NEW)

Type	Maximum Rate (per annum)
End user (ATL)	Up to 3%
End user (Non – ATL)	Up to 5%
SBP rate of service charges for banks/DFIs	
For corporate/ commercial borrowers	
- ATL	0%
- Non – ATL	2%
For SMEs	
- ATL	0%
- Non – ATL	1%

Validity

In order to avail this facility, it is **valid until 30th June 2020**.

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