

## REFINANCE SCHEME FOR BUSINESSES ENTITLED REFINANCE SCHEME FOR PAYMENT OF WAGES AND SALARIES TO THE WORKERS AND EMPLOYEES OF BUSINESS CONCERNS CALLED ROZGAR SCHEME

To support the employment of workers in the face of economic challenges posed by the spread of COVID-19, the State Bank of Pakistan (SBP), has introduced a temporary refinance scheme for businesses entitled Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns called Rozgar Scheme. The core objective of this facility is to incentivize businesses to not lay off their workers during COVID-19 Pandemic. The scheme is available to all businesses in Pakistan through banks and will cover all types of employees including permanent, contractual, daily wages as well as outsourced workers. The scheme provides:

- **Scope & Eligibility Criteria:** The Scheme aims to finance payment of wages and salaries of permanent, contractual, daily wagers as well as outsourced employees of existing as well as new customers of banks and DFIs for the months from April 2020 to June 2020. Government Entities, Public Sector Enterprises, Autonomous Bodies and Financial Institutions will not be eligible under this Scheme.
- **Tenor of Financing:** The repayment of financing under the Scheme will start from January 2021. The repayment will be made in 8 equal quarterly instalments.
- **Rebate for Tax Filers:** Low end-user pricing SBP will allow additional subsidy, by reducing its rate of refinance/service charges, for customers that are on active tax-payers lists under the Income Tax Ordinance, 2001.
- **Validity of the Facility:** 30th June 2020.
- Financing for wages and salaries expense for three months from April to June 2020 for those businesses which do not layoff their employees for these three months. Maximum Financing Limit:

Category	Wages and Salaries Bill for 3 months	Financing Limit	Maximum Financing Limit
(1)	(2)	(3)	(4)
A	Less than or equal to Rs. 500 million	100% of column 2	Rs. 500 million
B	More than Rs. 500 million	Rs. 500 million or 75% of column 2, whichever is higher	Rs. 1,000 million

- Relaxations in collateral requirements,
- Low end-user pricing ,
- Reimbursement of wages, (April 2020)
- Special accounts for employees to receive wages,
- Borrowing from banks other than maintaining payrolls,
- Simplification of application form for SMEs and
- Relaxation in bank's exposure limits.
- include non-deposit taking financial institutions as eligible customers

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<http://www.sbp.org.pk/smefd/circulars/2020/C7.htm>

<http://www.sbp.org.pk/smefd/circulars/2020/C9.htm>

<http://www.sbp.org.pk/smefd/circulars/2020/CL10.htm>

<http://www.sbp.org.pk/corona.asp>.