** GOVERNMENT OF THE PUNJAB**

 **PLANNING & DEVELOPMENT BOARD**

 **(INDUSTRIES SECTION)**

WORKING PAPER FOR PDWP

Date of Receipt of Revised PC-I in P&D Board: 10.02.2025

Part-A

Project Profile

|  |  |  |
| --- | --- | --- |
|  | **Project Title**  | CM Punjab Asaan Karobar Finance |
|  | **Location** | Punjab |
|  | **Sponsoring Agency** | Industries, Commerce and Investment Department. |
|  | **Executing Agency** | Punjab Small Industries Corporation through BOP |
|  | **Operation and Maintenance** | Punjab Small Industries Corporation through BOP |
|  | **Project Cost** | 9500.00 Million |
|  | **Gestation Period** | 8 Years |
|  | **Source of Funding** | ADP |

1. **Description OF THE PROJECT:**

The project is designed to support Small and Medium Entrepreneurs (SMEs) in Punjab through interest-free financing for setting up new business, Balancing, Modernization & Replacement (BMR), expansion of existing business, Working Capital, promotion of climate friendly , Resource Efficient and Cleaner Production technologies and Lease of Commercial Logistics, hence contribute towards employment generation, boost exports and drive economic development across the province.

At the outset, a meeting was held on 05.12.2024 under the Chairmanship of Chief Minister, Punjab to discuss the features of the two schemes i.e. “CM Punjab Asaan Karobar Finance” and “CM Punjab Asaan Karobar Card”. After detailed presentation / deliberations, it was decided that there will be 0% markup for borrowers in both schemes and Government of Punjab shall pay full mark up support / cost of capital to Bank of Punjab along with 10% credit loss coverage in case of clean lending. Chief Minister Punjab directed that both of the schemes should be launched in January, 2025. In this regard, a Summary for Chief Minister Punjab was submitted on 11.01.2025 to accord permission to place the following proposals before Provincial Cabinet for consideration / approval:

1. Inclusion of two loaning schemes i.e. CM Punjab Asaan Karobar Finance at a cost of Rs. 9500.00 Million and CM Punjab Asaan Karobar Card at a cost of Rs. 9500.00 Million in current year’s Annual Development Program (2024-25)
2. Proposed features of both loaning schemes for provision of interest-free loan to startups/SMEs.
3. Hiring the services of Bank of Punjab for the purpose of financing and execution of both loaning schemes by invoking provision of Rule 59 (d)(iv) of PPRA.
4. Hiring the services of PITB for developing and maintaining online portal(s) and Urban Unit for physical verification of loan applications/ applicants as defined in proposed features of the schemes, by invoking provision of Rule 59 (d)(iv) of PPRA.
5. Allow PITB and Bank of Punjab to access & utilize Government Departments’ data such as NADRA (for CNIC verification of applicant), PTA (for verification of SIM Card ownership), FBR (for verification of NTN and filer & Non-filer status), Police (to check the criminal record of applicant), Excise and Taxation (to check the assets ownership of applicants and status of payment of property tax), utilities providers (to assess applicants’ past payment behavior) and all other concerned departments as needed, to securitize / evaluate the applicants’ detail in the both schemes.
6. Allow PSIC to hire the services of any Event Management Firm / vendor approved by DGPR, Govt. of the Punjab by invoking clause 59(d)(iv) of PPRA for event management of the both schemes.
7. Disbursement of loan up to Rs.30.00 Million under “CM Punjab Asaan Karobar Finance” by Bank of Punjab by invoking Section 27 (v) of PSIC Act, 1973 and relaxing Section 21 read with Section 22 of PSIC Act, for the said particular scheme only.
8. Principle approval of expansion of the scheme “CM Punjab Asaan Karobar Finance” in Phase-II with extended scope at the cost of Rs. 100.000 Billion.

Subsequently, a Summary for cabinet was also moved on 13.01.2025 and the matter was placed before Provincial Cabinet in its 22nd meeting held on 14.01.2025. Provincial Cabinet approved all the aforementioned proposals except proposal at point No. vi. The decision of Cabinet remained silent about this point.

1. **SALIENT FEATURES OF THE PROJECT:**

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| **Project Overview** | The project is designed to support Small and Medium Entrepreneurs (SMEs) in Punjab by providing financial assistance to help them to establish and grow their businesses. This initiative aims to promote employment generation, boost exports and drive economic development across the province through interest-free financing. A special focus will be placed on priority sectors that add unique value to Punjab's business hubs. |
| **Purpose of Facility** | Setting-up new business, BMR (Balancing, Modernization & Replacement), expansion of existing business, Climate Friendly, Resource Efficient and Cleaner Production (RECP) technologies, working capital, and lease of commercial logistics. |
| **Targeted Sectors** | All Sectors including Agri-SMEs as per SBP Prudential Regulations |
| **Key Features of the Project** |

| **Description** | **TIER-1 (T1)** | **TIER-2 (T2)** |
| --- | --- | --- |
| **Loan Amount** | > PKR 1 M – PKR 5M | > PKR 5M – PKR 30M |
| **Type of Security** | Clean - Personal Guarantee(s) only | Secured |
| **SBP SME Category** | Small Enterprise (SE) only \* | Small Enterprise (SE) & Medium Enterprise (ME) \* |
| **Loan Processing** | End-to-End Digital based on BOP’s Statistical Scoring Model through a Tech Partner | Case-to-Case basis as per BOP’s Credit Underwriting standards and policy |
| **Repayment** | In equal monthly instalments |
| **End-User Markup Rate** | 0% |
| **Loan Tenor** | Up to 5 years (including a grace period up to 6 months for start-ups / new businesses and up to 3 months for existing businesses, as the case may be) |
| **Others** | * Income assessment and Financial Statements requirement shall be as per SBP’s Prudential Regulations for SME Financing.
* Borrower shall open his/her account with BOP and route business transactions through it
 |

*\* as defined by SBP, from time to time* |
| **Security Details** | **Tier-1 (T1)*** Personal Guarantee of the Applicant along with copy of Personal Net worth Statement, preferably filed with FBR.

**Tier-2 (T2)*** Mortgage of Residential / Commercial / Industrial Property with Security Margin as per BOP Policy, **OR**
* Any other acceptable Security as per BOP’s Policy at its sole discretion.
* Disbursement of approved loans shall be subject to perfection of security by BOP’s Credit Administration Department as per the bank’s approved Credit Policy.
* **T1 & T2**
* In case of financing for purchase of any locally manufactured / assembled Vehicle for Commercial use in the Targeted Sectors approved under the scheme, the vehicle financed shall suffice the requirement of security and it shall be registered in the name of BOP. Moreover, Personal Guarantee of the borrower / partners / directors, as the case may be, shall also be obtained. Equity for these loans regardless of Tier and Business Type (Start up or Existing), shall be minimum 25% and there shall be no grace period.
 |
| **Equity Participation by the Borrower** | * 0% Equity for T1 other than Leased Commercial Vehicles.
* 20% in all other cases under T2.
* 10% for females, transgender and differently abled persons having CNIC with disability logo or having disability certificate issued by the competent authority under T2.
* Min. 25% in case of Leased Commercial Vehicles to be deposited before disbursement.

The equity may be in the form of cash or immovable property and will be required before disbursement of the loan. |
| **Insurance** | Comprehensive Insurance of the underlying security (built-up Property / Leased Asset / Pledged Stocks). Premium to be paid by the borrower as per actual.In case of Leased Vehicles, the monthly Loan Instalment shall comprise of Principal Repayment Amount and Advance Insurance. 1st Year Insurance shall be paid by the borrower at the time of disbursement of loan.A year-wise percentage value of insurance premium will be shared by BOP. Bank of Punjab will get the insurance conducted from the insurance companies which are on the panel of Bank of Punjab on competitive premium rates. |
| **Other charges**(to be paid by the borrower) | Valuation / Legal / Documentation / Mortgage Registration / Repossession Charges/ Pledge Handling / Mucaddam / Registration charges inclusive of Revenue Stamps, Government Duties / Fee at actual. |
| **Loan Processing Fee per Application** |

|  |  |
| --- | --- |
| **TIER-1 (T1)** | **TIER-2 (T2)** |
| PKR 5,000/- | PKR 10,000/- |

Payable up-front by the Applicant at the time of loan application. Fee shall be deposited by the applicant in PSIC’s Single Collection Account. 50% of the Processing Fee shall be shared with BOP. |
| **Handling Fee** (payable by the Borrower to GoPb) |

|  |  |
| --- | --- |
| **Purpose of Financing** | **TIER-1 (T1) & TIER-2 (T2)** |
| Green Field / Start Ups (Setting-up New Business) | Nil |
| Brown Field / BMR (Existing Business) | 3.00% per annum |
| Brown Field for the purpose of Climate Friendly business loans (applicable to T2 only) | Nil |

The Handling Fee is to be calculated as per amortization schedule and shall be charged and recovered as part of the Loan Instalment / Payment along with the Principal Amount. The Handling Fee as recovered shall be adjusted from the overall mark-up subsidy claim payable by GoPb on a calendar quarterly basis by BOP. |
| **Disbursement Period** | Against the budgetary provision by GoPb ~ **Rs. 9.1 Billion** for markup subsidy and Credit Loss Guarantee under Phase-I, the disbursement period will be up to **30-06-27**.While under Phase-II, the bulk number of disbursements shall be done during 5 years. |
| **Repayment** | In equal monthly instalments.The payment due date shall be 1st of every month and first installment shall be based on booking date as follows for T1 loans:

|  |  |
| --- | --- |
| **BOOKING DATE** | **PAYMENT DUE DATE** |
| On or before 15th of the month | 1st of following month |
| After 15th of the month | 1st of the month after next month |

 |
| **Late Payment Charges** | PKR 1 per 1000 per day on the principal amount to be calculated from monthly installment due date till actual payment. |
| **Pricing /****Cost of Capital** | 6 months avg. Ask-side KIBOR + 2.40% p.a.**Note:** KIBOR of the last day of the preceding month shall be applied for each loan disbursed. |
| **Cost of Capital** | GoPb/PSIC shall continue to service the markup subsidy through payment of the cost of capital till the loan is classified as **"LOSS"** as per the SBP's Prudential Regulations or settled upon which, all markup subsidies shall be discontinued forthwith. |
| **Trip Wire** | The infection ratio, i.e. the ratio between non-performing loans and the total loan portfolio shall be below 10% (hereinafter referred to as "Permitted Ratio") at all times.The Bank shall halt fresh lending under the Scheme if the Permitted Ratio is exceeded and shall conduct a detailed review to address the reasons in consultation with PSIC for resumption of the Scheme. |
| **Eligibility Criteria** | * Small & Medium Enterprises (SMEs) as defined by SBP, from time to time. Presently, defined as follows:

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Small Enterprise (SE)** | **Medium Enterprise (ME)** |
| Annual Sales | Up to PKR 150M | > PKR 150M – PKR 800M |

* Sole Proprietorships in case of T1 loans.
* Applicants (individuals or business entities) must be registered and active tax filers with the FBR.
* Age between 25 and 55 years on the date of loan application.
* Resident Pakistani National, resident in Punjab as per valid CNIC.
* Business Location: Punjab.
* Only one loan per business per premises will be permitted.
* Must have a clean ECIB / credit history.
* Must have a valid CNIC as per NADRA record.
* Must have a valid NTN.
* Must meet SBP PRs and BOP’s underwriting requirements.
* Must own / have rented the place of business / premises in applicant’s / partner’s / director’s / business’ name in case of Working Capital, Expansion, and BMR loans.
 |
| **Payment of Mark-up Subsidy by****GoPb** | On a calendar quarterly basis.PSIC shall be responsible to pay the billed amount within a reasonable time not exceeding 30 days from the date of receipt of the bill from the funds allocated to it under the Scheme by GoPb.Finance Department GoPb to confirm payment of markup subsidy to BOP under this scheme and to create necessary budgetary provisions thereof from time to time.Quarterly markup payments shall be made after verification through an external auditor to be engaged by PSIC.  |
| **Capital Subsidy by GoPb under T2 Financing for New Business** | Up to PKR 5 M or 16.7% of the disbursed loan amount, whichever is lower, per borrower to cover the cost of installation of Solar Equipment and other Resource Efficient and Cleaner Production technologies shall be paid by GoPb (subject to availability of budget by GoPb).**Eligibility:*** Borrowers of loans extended for setting up new business only.
* Successful Commercial launch of the business project
* Completion of 18 months from the date of initial disbursement
* All payments due to BOP paid within 30 days of due date

The Capital Subsidy shall not be paid to borrowers that have obtained financing for the purchase of Locally Assembled Vehicles for Commercial use.**Mechanism:*** BOP shall identify all such prospects that qualify as per the Eligibility Criteria and inform regarding eligibility for the Capital Subsidy mentioned above.
* Interested borrowers shall apply for the Capital Subsidy payment by GoPb through BOP along with providing the Commercial Invoice / Quotation.
* BOP shall vet the application and forward the list to GoPb through PSIC for release of Capital Subsidy to BOP.
* Upon receipt of the Capital Subsidy from PSIC, BOP shall issue Universal Cheque / RTGS directly to the vendor.
 |
| **Capital Subsidy by GoPb under T2 Financing for New & Existing Business for Selected Sectors only** | Up to PKR 5 M or 16.7% of the disbursed loan amount, whichever is lower, per borrower to cover the cost of installation of Solar Equipment and other Resource Efficient and Cleaner Production technologies shall be paid by GoPb **(subject to availability of budget by GoPb** in total cost of the scheme**).****Selected Sectors:*** IT Start-Ups
* Aquaculture for Fish & Shrimp Farming
* Manufacturers & Vendors (manufacturers of parts / components) of Surgical Instruments
* Manufacturers & Vendors (manufacturers of parts / components) of Leather Products, Sportswear & Sports Goods
* Manufacturers of Aluminum & Stainless Steel Utensils
* Manufacturers of Cutlery
* Cold Stores, Silos and Warehouses for storage of agricultural produce
* Pharmaceutical Units
* Tannery Units in Sialkot Tannery Zone

**Eligibility:*** Loan Application approved by BOP.
* Completion of 3 months from the date of initial disbursement.

The Capital Subsidy shall not be paid to borrowers that have obtained financing for the purchase of Locally Assembled Vehicles for Commercial use.**Mechanism:*** BOP shall identify all such prospects that qualify as per the Eligibility Criteria and inform regarding eligibility for the Capital Subsidy mentioned above.
* Interested borrowers shall apply for the Capital Subsidy payment by GoPb through BOP along with providing the Commercial Invoice / Quotation.
* BOP shall vet the application and forward the list to GoPb through PSIC for release of Capital Subsidy to BOP.
* Upon receipt of the Capital Subsidy from PSIC, BOP shall issue Universal Cheque / RTGS directly to the vendor.

**Note:** Grant of Capital Subsidy to borrowers under T-2 will be at sole discretion of the PSIC/Government of the Punjab and detailed mechanism / procedure / parameters / eligibility criterial would be prepared by PSIC in consultation with Bank of Punjab and approved by the Steering Committee of project.  |
| **Credit Guarantee from GoPb** | NIL from GoPb for T2.10% for T1 only. This shall only be employed in an event SBP’s Guarantee cover of 20%, available for Small Enterprises (SEs), is either unavailable, or the cover is already exhausted. Credit loss payments shall be made after verification through an external auditor to be engaged by PSIC.The Finance Department will not issue any separate debit authority except for costs approved by the PDWP related to the payment of default risk coverage to the Bank of Punjab. Instead, a Letter of Comfort will be issued, and the funds needed to cover any credit loss guarantee and markup support will be drawn from the approved ADP funds for the scheme. |
| **Debt Burden Ratio (DBR)** | T1: Up to 40% of the Monthly Net Income of the applicant.T2: Up to 50% of the Net Monthly Income of the applicant. |
| **Satisfactory Market Check** | BOP may engage 3rd party agents or in-house staff for validation of prospects at its sole discretion. |
| **Modus Operandi** | Applications to be received digitally through PSIC/ PITB portal. |
| **Roles & Responsibilities** | **GoPb (PSIC/PITB/Urban Unit):*** Development of Online Portal for receipt of applications by PITB.
* Development of APIs by PITB.
* Integration of APIs with BOP by PITB to fetch application data for further processing.
* Verification of CNIC through NADRA Verisys by PITB. Charges to be borne by GoPb.
* Verification of Mobile Number/SIM by PITB. Charges to be borne by GoPb.
* Verification of NTN and Filer Status by PITB.
* For start-ups and new businesses, links to Feasibility Studies prepared by PSIC and SMEDA of the Targeted Sectors to be placed on PSIC’s and BOP’s websites to assist applicants in preparation of such Feasibility Studies at the time of loan application.
* PSIC to scrutinize the application w.r.t. completeness and provision of all required documents.
* Physical Verification of applicant’s antecedents by PSIC/Urban Unit for all types of T1 & T2 loans.
* Verification to ensure no duplication of multiple loans per business per premises will be conducted by PSIC/Urban Unit through Geo Location Tagging.
* Non-Financial Advisory Services for T2 to be provided by in coordination with BOP by PSIC, Awareness Sessions to be conducted in collaboration with the Chambers and Trade Bodies / Associations along with creation of facilitation desks / booths at the Chambers.
* Sector wise shortlisting of consultants for handholding and technical support to setup / expand industry.
* Annual Visits of all outstanding borrowers under T1 & T2 through Urban Unit, till such time that a waiver of this condition is granted by SBP.
* Cost of Physical Verification and subsequent Annual Visits to be paid to Urban Unit by GoPb.
* Launch awareness campaigns to promote the Scheme by PSIC.
* Customer engagement by PSIC for setting-up of industrial units on PSIC’s plots.
* Monitor and evaluate the impact of the scheme by PSIC.

**BOP:*** Development and deployment of Loan Application Form on PSIC’s/PITB’s Portal, API for fetching and uploading of data from online portal in collaboration with PSIC/PITB.
* Non-Financial Advisory Services for T2 to be provided by BOP through Awareness Sessions to be conducted in collaboration with the Chambers and Trade Bodies / Associations along with creation of facilitation desks / booths at the Chambers.
* The Bank will assess the applicant’s creditworthiness, eCIB/Credit Bureau data check and meeting criteria of as per BOP scorecard.
* BOP to process/approve/decline financing request as per its Credit Policy.
* Monitor loan repayments and manage customers’ accounts.
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1. **Project Objectives**
2. To support Small and Medium Entrepreneurs (SMEs) in Punjab by providing interest free financial assistance to help them in establishing and to promote their businesses.
3. To promote entrepreneurship and industrialization in Punjab.
4. To promote renewable energy and RECP technologies
5. To generate employment and drive economic development across the province of Punjab.
6. **(a) SUMMARY OF COST ESTIMATES (Rs. In Million)**

|  | **Description** | **Total Cost** |
| --- | --- | --- |
| **A** | Human Resource (Annex-A) | 89.158 |
| I.T Equipment (Annex-B) | 4.750 |
| Office Equipment (Annex-B) | 1.500 |
| Furniture & Fixtures (Annex-B) | 2.760 |
| Vehicle (Annex-B) | 5.200 |
| Operational Expenses / Contingencies (Annex-C) | 40.200 |
| Impact Assessment Study | 15.00 |
| External Audit through Chartered Accountants Firm for verification of Quarterly markup payments and credit loss payments to BOP | 14.500 |
|  |  **Sub-Total (A)** | **173.068** |
| **B** | Funds for Physical Verifications / annual visits etc. to be paid to Urban Unit (Assumptions: Total No. of borrowers would be 3,853 and total 06 physical verifications will be done @ Rs.2,000/- each) | 46.236 |
| Funds for development and maintenance of online portal to be paid to PITB | 44.880 |
| Funds for Call Centre / Helpline to be paid to PITB | 8.00 |
| Funds for Capital Subsidy | 50.00 |
|  | **Sub-Total (B)** | **149.116** |
|  | **Total (A+B)** | **322.184** |
| **C** | Funds for Markup Support / Credit Loss Coverage to be paid to BOP | 9,177.815 |
|  | **Total Cost (A+B+C)** | **9,500.00** |

**(b) year wise financial phasing (Rs. In Million)**

| **Description** | **2024-25** | **2025-26** | **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | **2031-32** | **Total Cost** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Human Resource | 5.220 | 20.880 | 22.968 | 25.265 | 3.194 | 3.514 | 3.865 | 4.252 | **89.158** |
| I.T Equipment | 4.750 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **4.750** |
| Office Equipment | 1.500 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **1.500** |
| Furniture & Fixtures | 2.760 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **2.760** |
| Vehicle | 5.200 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **5.200** |
| Operational Expenses / Contingencies  | 19.70 | 4.400 | 3.500 | 3.450 | 2.750 | 2.700 | 1.850 | 1.850 | **40.20** |
| Impact Assessment Study | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.00 | 0.00 | 0.00 | **15.00** |
| External Audit through Chartered Accountants Firm for verification of Quarterly markup payments and credit loss payments to BOP | 0.500 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | **14.500** |
| **Total (A)** | **37.130** | **27.780** | **28.868** | **31.015** | **8.244** | **23.514** | **8.115** | **8.402** | **173.068** |
| Funds for Physical Verifications / annual visits etc. to be paid to Urban Unit (Assumptions: Total No. of borrowers would be 3,853 and total 06 physical verifications will be done @ Rs.2,000/- each) | 11.556 | 13.872 | 20.808 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **46.236** |
| Funds for development and maintenance of online portal to be paid to PITB | 13.668 | 7.344 | 6.120 | 4.284 | 3.672 | 3.672 | 3.672 | 2.448 | **44.880** |
| Funds for Call Centre / Helpline to be paid to PITB | 8.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **8.00** |
| Funds for Capital Subsidy | 0.00 | 50.000 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **50.00** |
| **Total (B)** | **33.224** | **71.216** | **26.928** | **4.284** | **3.672** | **3.672** | **3.672** | **2.448** | **149.116** |
| **Total (A+B)** | **70.354** | **98.996** | **55.796** | **35.299** | **11.916** | **27.186** | **11.787** | **10.580** | **322.184** |
| Funds for Markup Support / Credit Loss Coverage to be paid to BOP | 479.646 | 1701.004 | 2844.204 | 2064.701 | 1,388.084 | 587.814 | 88.213 | 24.150 | **9,177.815** |
| **Total Allocation** | **550.00** | **1,800.00** | **2,900.00** | **2,100.00** | **1,400.00** | **615.000** | **100.00** | **35.000** | **9,500.00** |

1. **Period of implementation: 8 yEARS**
2. **hr cost**

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| --- | --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Name of Post** | **No.** | **Project Pay Scale (PPS)** | **Per Month Salary (PKR)** | **Per Month Allocation** | **Total Cost****(Million)** |
| 1 | Manager (Compliance) | 1 | 8 | 250,000 | 250,000 | **10.680** |
| 2 | Manager Business Development & Claims | 1 | 7 | 200,000 | 200,000 | **23.369** |
| 3 | Business Development Officer | 5 | 7 | 175,000 | 875,000 | **37.380** |
| 4 | Marketing Officer | 1 | 7 | 175,000 | 175,000 | **7.476** |
| 5 | Application Scrutiny Officer | 3 | 5 | 80,000 | 240,000 | **10.252** |
|  | **Total** | **11** |  | **880,000** | **1,740,000** | **89.158** |

Detailed Job Descriptions, Eligibility Criteria and Terms & Conditions are at **Annex-A**.

1. **EXIT STRATEGY:**

All the assets of the project will be transferred to PSIC after expiry of gestation period of the scheme. Bank of Punjab will make disbursement of loans up to **30.06.2027** or as decided by the steering committee and ensure recovery from the borrowers till the receipt / settlement of all loan cases. Project Steering Committee would be authorized to extend disbursement period of loan beyond 30.06.2027 as per requirements on the recommendations of Bank of Punjab but it would be ensured that liability of markup support and credit loss coverage would not be escalated from the allocation embedded in total cost of the scheme. PSIC will continue making payment of mark up support and credit loss coverage etc. to Bank of Punjab until the settlement of all cases from the funds provided by the Government of the Punjab. For the purpose, necessary provisions / allocation of funds would be ensured in Annual Development Programs on regular basis. It would be sole responsibility of Bank of Punjab to ensure that paid and outstanding claim(s) liability in terms of markup subsidy and credit loss coverage does not exceed the allocated funds for the purpose at any point of time during the continuity of the scheme.

1. **DELIBERATIONS OF PRE-pDWP:**

the Pre-PDWP meeting of the project was held on 06-02-2025 under the chairmanship of Chief Economist, P&D Board. The compliance status on the decisions of Pre-PDWP meeting are as follow;

| **Sr.****No.** | **Observations of Pre-PDWP Meeting dated 06.02.2025** | **Response of department** | **Conclusion of Pre-PDWP** |
| --- | --- | --- | --- |
| i. | Finance Department raised an observation that separate funds for credit loss coverage has not been allocated, whereas, only lump sum amount of around Rs 9,177.815 Million, both for mark up support and credit loss coverage, has been proposed. | It was apprised that Bank of Punjab has made estimations about number of borrowers (Around 3,853 Nos.) and expected disbursement would be Rs. 36 Billion under this scheme, and on this basis funds of Rs. 9,177.815 Million would be available for mark up support coverage. As far as, credit loss coverage is concerned, credit loss guarantee of 20% of disbursed portfolio would be available from State Bank of Pakistan (SBP), as per SBP Policy. The 10% credit loss would be over and above the credit loss guaranteed by SBP. On average, the bank keeps a default ratio of 10% to 15% when preparing the financial model for clean financing to SEs. However, the default ratio for the currently ongoing schemes with similar types of financing is below 5% and complete 10% amount to be factored in the current scheme might reduce the number of beneficiaries, while it is be calculated and paid on actual basis. | To be decided by PDWP. |
| ii. | Finance Department suggested that in eligibility criteria, it may be added that applicants / SME who have already obtained loaning facility from any of Government's subsidized loaning scheme, including Punjab Rozgar Scheme which has recently been closed, and have not paid off their entire loan would not be entitled to obtain loan under the CM Punjab Asaan Karobar Card scheme. Finance Department was of the view that this way more new businesses will be established and more SMEs / applicants would be accommodated. | Secretary, IC&I Department stated that no SME should be barred from obtaining loan from this scheme provided that it does not fulfil the prescribed criteria / other necessary conditions. The expansion of business is the right of every SME and it also leads to development and create employment opportunities. Hence, imposing such restriction on the SMEs, if they are regularly paying monthly instalments or have paid entire outstanding loan and possess adequate repaying capacity, might affect the objectives of the scheme. | To be decided by PDWP. |
| iii. | The number of vehicle to be purchased under the scheme is reduced to 1 No. and that, too upto 800cc. Accordingly, repair / maintenance and POL expense may be rationalized and adjusted. | The number of vehicles has been reduced to 1. However, vehicle up to 1329 cc has again been proposed in public interest. | To be decided by PDWP |
| iv. | Cost of development and maintenance of Mobile Application should be categorically mentioned in Annexure-I of PC-I under the head “Funds for development and maintenance of online portal to be paid to PITB”**.** | **Compliance made:**Description of Head “ Funds for development and maintenance of online portal to be paid to PITB” has been replaced with “Funds for development & maintenance of online portal and Mobile Application to be used by Urban Unit for physical verification etc. to be paid to PITB and Funds for PayZen charges **(Rs. 1.00 Million)** (Creditable to the account to be opened for collection of processing fee by PSIC, against at source deduction made by PayZen Solution-an IT initiative of PITB, from the processing fee deposited by the applicants, on actual basis.) “ so as to mention the clear bifurcation of funds proposed against the specific activities. | Noted |

1. **RECOMMENDATION**

The PC-I of the scheme titled “CM Punjab Asaan Karobar Finance” at the cost of Rs. 9500.00 million is placed before PDWP for discussion.

**ANNEX-A**

**DETAIL OF HUMAN RESOURCE REQUIREMENTS INCLUDING QUALIFICATION, EXPERIENCE, AGE, SALARY STRUCTURE & JOB DESCRIPTIONS**

| **Sr. No.** | **Name of Post** | **No. of Post** | **Qualification** | **Experience** | **Age** | **Salary** | **Major Jobs Description** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | Manager Compliance | 1 | 16-years education in Finance / Commerce / Economics / Banking and Finance / Accounting / or equivalent Degree from HEC recognized university/Institute | Minimum 5 years post-qualificationExperience of working at similar post / assignment with clear knowledge of Banking Regulations and State Bank’s Rules & Regulations, and SMEs. | Up to 45 years | 250,000(PPS: 8) | * To undertake and manage all the functions of Project Implementation Unit (PIU) for successful implementation of the project titled as **“CM Punjab Asaan Karobar Finance”.**
* To develop a strong liaison with BOP, PITB and Urban Unit for compliance of all relevant functions described in Framework Agreement and Service Level Agreement(s).
* To manage and settle all the matters related to Claims (markup support, credit loss coverage, etc.) of BOP, payments to PITB and Urban Unit.
* To coordinate with Purchase Section of Directorate of A&C, PSIC in hiring the services of Chartered Accountants Firm for external audit, Impact Assessor & procurement of IT, Office equipment, Furniture & Fixture and Vehicles under the project.
* To coordinate with external auditor in timely verification of Quarterly markup payments and credit loss payments to BOP.
* To address all non-compliance issues as to be highlighted time to time.
* To coordinate with all PIU staff for compliance of all tasks assigned by authority.
* To present progress of the project before PSIC Management / IC&ID / any other forum of the Government, on monthly basis or as and when required.
* To create strong interpersonal relationship between project and PSIC offices for compliance and monitoring of the project.
* To deal with the complaints received from the public/applicants.
* To highlight any bottlenecks / issues occur during implementation of the project and present before Project Coordination Committee/Project Steering Committee/PSIC Management, for timely resolution.
* To deal with the Capital subsidy cases
* To arrange timely meetings of the Committees described in the PC-I of the project for effective decision making.
* To assist Audit Team (external / internal), Monitor & Third Party Validator, Impact Assessor or any other evaluator of the project.
* To report Director (C&M) and Director (F&A) about compliance status of the tasks assigned to other team members and ensures compliance.
* Any other job/task assigned by Director (C&M)/ PSIC Management.
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| 2 | Manager (Business Development & Claims) | 1 | 16-years education in Finance / Commerce /Economics / Accounting , Public Administration or equivalent degree from HEC recognized university/Institution.  | At least 03 years post-qualificationexperience indealing financial matters inreputable public/private /commercial FinancialInstitution(s)/ Government / Semi Government Organizations. | Up to 45 years |  200,000(PPS:7) | * To maintain liaison with BOP, PITB and Urban Unit for compliance of all relevant functions described in Framework Agreement and Service Level Agreement(s).
* To deal with the markup support claims and credit loss claims received from BOP and payment against claims to BOP.
* To develop comprehensive and transparent claim settlement mechanism in consultation with Bank of Punjab.
* To receive, analyze and process financial claims of BOP regarding markup support and credit loss payments or any other charges, etc.
* To coordinate with external auditor in timely verification of Quarterly markup payments and credit loss payments to BOP.
* To ensure transparent utilization of funds under rules and regulations / policies / PC-Is to avoid complications at later stage.
* To develop recovery mechanism from BOP under recovery of defaulted amount and settlement / adjustment with BOP
* To develop mechanism for transparent utilization of loans application fee / processing fee.
* To keep record of all claims / transactions made from government funds
* To maintain data regarding claims disposed of and under process on case to case basis.
* To assist Director (F&A), PSIC in timely release of funds from the Government with the approval of MD, PSIC.
* To maintain complete record of funds released from Government and its utilization.
* To examine the progress reports submitted by BOP on monthly basis
* To develop a strong liaison with stakeholders regarding operations of the project.
* To undertake all possible business development activities from time to time.
* To develop PC-IV of the project before completion of gestation period of the project and get it approved from PSIC Management.
* Any other job/task assigned by Director (C&M)/ Director (F&A)/PSIC Management.
 |
| 3 | Business Development Officer | 5 | 16-years education in Finance / Commerce /Economics / Public Administration / Industrial Engineering & Management or equivalent degree from HEC recognized university/Institution. | At least 02 years post-qualificationExperience related to business development and support services inreputable public/private Institution(s)/ Government / Semi Government Organizations. | Up to 45 years | 175,000(PPS:7) | * To provide advisory services to the existing and prospective SMEs / Start-ups about the loaning project
* To guide the applicants in preparing documents required for obtaining loan under the project
* To review the business plans / feasibility studies prepared by the applicants for loan purpose and guide them for further improvements, if required.
* To gather the sector specific studies conducted by the departments, donor agencies, etc. for knowledge sharing with the applicants.
* To conduct sectoral analysis for determination of viability of investments by the applicants.
* To coordinate with Bank of Punjab and applicants in preparing feasibility studies / business plans acceptable to the bank.
* To assist Manager (Business Development & Claims) in disposing of the official assignments.
* Any other job/task assigned by Manager Compliance /Director (C&M)/PSIC Management.
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| 4 | Marketing Officer | 1 | 16-years education in Marketing / mass communication / communication studies / English Literature or equivalent degree from HEC recognized university/Institution.  | At least 03 years post-qualificationexperience inMarketing / publicity in reputable public / private Institution(s)/ Government / Semi Government Organizations. | Up to 35 years |  175,000(PPS:7) | * To develop and implement robust strategy for awareness of the project among the public.
* To develop strategy for marketing / projection of the project in print and electronic / social media
* To take all possible actions for efficient marketing / projection of the project in print and electronic / social media, on regular basis.
* To prepare talking points, speeches, small notes, captions, etc. with regards to marketing of the project.
* To upload progress of the project along with pictures / videos on social media and other platforms on regular basis.
* To properly publicize events, seminars, etc. on print and electronic media to show case the success of the project.
* Any other job/task assigned by Director (C&M)/PSIC Management.
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| 5 | Application Scrutiny Officer | 3 | 14 years education with Business Administration / Economics / Statistics / Math / Computer science or equivalent degree from HEC recognized university /institution. | Minimum 3 years post-qualificationExperience of working in any public / private sector | Up to 35 years | 80,000(PPS:5) | * To make initial security of loan applications as per eligibility criteria and submission of complete loan applications to BOP as per policy guidelines.
* To resolve all issues in scrutiny of applications.
* To deal with the complaints to be received online or written as per prescribed mechanism.
* To report any issue identified in Online Portal / Software to Director (C&M) / Manager, Compliance.
* To keep complete data base / record of applications received and submitted to BOP.
* To strictly follow the timelines for scrutiny of applications.
* To support potential applicant(s) in submission of applications online
* To advise the applicant in preparation of loan applications and documentation.
* To develop and maintain coordination with PSIC field offices to ensure smooth sailing and efficient implementation of the project.
* Any other job/task assigned by Director(C&M)/PSIC Management.
 |
|  | **Total Posts** | **11** |  |

**Terms & Conditions:**

1. Salary will be paid after deduction of all applicable taxes.
2. Annual increase @10% of the salary is added in the above calculations from 2026-27. However, annual increase will be determined / approved by the PSIC Management subject to performance of the officers.
3. Above project posts, being purely temporary in nature will be automatically abolished immediately upon the expiry of contract period of the officer.
4. The hiring period for the post of Manager Business Development & Claims (1-post) will be up till June, 2032 whereas the hiring period for the remaining posts will be up till June, 2028.

**ANNEX-B**

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| **I.T Equipment****(Amount in Rupees)** |
| **Description** | **Qty.** | **Unit Price** | **Total** |
| Laptop | 7 | 300,000 | 2,100,000 |
| Desktop Computer | 3 | 250,000 | 750,000 |
| Scanner | 2 | 40,000 | 80,000 |
| Wireless laser jet Printer  | 4 | 200,000 | 800,000 |
| Laser jet Printer  | 6 | 150,000 | 900,000 |
| External Hard Drive | 4 | 30,000 | 120,000 |
| **Total** | **4,750,000** |
| **Office Equipment** |
| **Description** | **Qty.** | **Unit Price** | **Total** |
| Photo Copier Machine | 1 | 1,500,000 | 1,500,000 |
| **Total** | **1,500,000** |
| **Furniture & Fixture** |
| **Description** | **Qty.** | **Unit Price** | **Total** |
| Executive Table with Revolving Chair, Side Rack & 4 Visitor Chairs | 8 | 250,000 | 2,000,000 |
| Office Table with Revolving Chair, Side Rack & 2 Visitor Chairs | 2 | 230,000 | 460,000 |
| Visitors Chairs  | 20 | 15,000 | 300,000 |
| **Total** | **2,760,000** |
| **Vehicle** |
| **Description** | **Qty.** | **Unit Price** | **Total** |
| Car (1329 CC including registration charges, etc.)  | 1 | 5,200,000 | 5,200,000 |
| **Total** | **5,200,000** |

**ANNEX-C**

**OPERATIONAL EXPENSES / CONTINGENCIES**

| **Sr. No.** | **PARTICULARS** | **2024-25** | **2025-26** | **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | **2031-32** | **Total**  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | Advertisements / Media Campaign | 18.00 | 2.00 | 1.00 | 1.00 | 0.500 | 0.500 | 0 | 0 | **23.00** |
| 2 | Stationery & Printing | 0.500 | 0.700 | 0.700 | 0.700 | 0.700 | 0.700 | 0.300 | 0.300 | **4.600** |
| 3 | Repair and Maintenance of Vehicle | 0.100 | 0.200 | 0.200 | 0.200 | 0.300 | 0.300 | 0.300 | 0.400 | **2.00** |
| 4 | Repair & Maintenance of Office Equipment | 0. | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.150 | 0.150 | **0.800** |
| 5 | Repair & Maintenance of IT Equipment | 0 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | **0.700** |
| 6 | Repair & Maintenance of Furniture & Fixture | 0 | 0 | 0.100 | 0.050 | 0.050 | 0.100 | 0.100 | 0.100 | **0.500** |
| 7 | TA / DA | 0.200 | 0.300 | 0.300 | 0.300 | 0 | 0 | 0 | 0 | **1.100** |
| 8 | POL | 0.300 | 0.400 | 0.400 | 0.400 | 0.400 | 0.400 | 0.400 | 0.400 | **3.100** |
| 9 | Others / General Charges  | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | **0.800** |
| 10 | Miscellaneous / Unforeseen | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 0.400 | 0.400 | 0.300 | **3.600** |
| **TOTAL** | **19.70** | **4.40** | **3.50** | **3.45** | **2.75** | **2.7** | **1.85** | **1.85** | **40.200** |