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AC&MFD Circular No. 1 of 2022

February 16, 2022

The Presidents/Chief Executive Officers
All Banks/Microfinance Banks

Dear Sir/Madam,

Report on 'Indicative Credit Limits and Eligible Items for Agriculture Financing'

The indicative credit limits for agriculture financing have been revised to align the same with the agriculture input requirements. The enhanced indicative credit limits are meant to serve as a guideline for banks to assess the credit requirements of agriculture borrowers while sanctioning credit limits. Banks may, however, make adjustments on the basis of prevailing market conditions, local prices of inputs, and repayment capacity of borrowers.

2. The revised report will also facilitate provincial planning departments in estimating the total financial and credit requirements of respective provinces/regions for farm and non-farm sectors.
3. Banks are advised to circulate the above instructions to their field offices immediately for compliance.
4. Please acknowledge receipt.

Encl: Report on Indicative Credit Limits

Yours sincerely,

Sd/-

(Noor Ahmed)
Director

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AC&MFD Circular No. 03 of 2022

December 21, 2022

The Presidents/Chief Executives
All Banks/Microfinance Banks

Dear Sir/Madam,

Markup Waiver and Financing Schemes for Farmers in Rain/Flood Affected Areas Under Kissan Package- 2022

With a view to facilitate recovery of farmers from the impact of recent rains/floods, GoP has introduced the following **three schemes** for the revival of agriculture including farm and non-farm sectors in the rain/flood affected areas, as notified by National/Provincial Disaster Management Authority (NDMA/PDMA) during recent floods in 2022:

- i. Markup Waiver Scheme (MWS) for subsistence farmers against agriculture loans with outstanding balance (including markup) of up to Rs 500,000/- per loan that were regular as on June 30, 2022 (**Annexure-A**).
 - ii. GOP Markup Subsidy Scheme (GMSS) for revival of agriculture/livestock sectors against loans of up to Rs 500,000/- to subsistence farmers (**Annexure-B**).
 - iii. Interest Free Loans and Risk Sharing Scheme for Landless Farmers (IF&RSLF) up to Rs 200,000 in flood affected areas (**Annexure-C**).
2. Banks/MFBs are advised to gear up their systems for successful implementation of these schemes and to avoid any misuse.
 3. Please acknowledge the receipt.

Enclosed:

[Annexures A, B & C](#)
[Reporting formats of the schemes](#)

Yours sincerely,

Sd/-

(Noor Ahmed)
Director

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Markup Waiver Scheme (MWS) for Subsistence Farmers

- (i) MWS will be offered to the borrowers of farm sectors having subsistence landholding and to small farmers of non-farm sectors in flood affected areas as declared by NDMA/PDMA during recent floods 2022. These borrowers have been defined in SBP's Report on Indicative Credit limits and Eligible items for Agriculture Financing (<https://www.sbp.org.pk/acd/2022/CL1-Annex.pdf>).
- (ii) Banks/MFBs will waive-off the entire amount of markup due till September 30, 2022 against outstanding agriculture loans (principal plus markup) up to Rs 500,000/- that were regular as on June 30, 2022 and reschedule/restructure the principal amount of loans for up to one year in calamity-notified areas.
- (iii) 50% of the cost of above waiver of markup will be borne by the Government of Pakistan (GoP) through budgetary allocation whereas 50% will be borne by the concerned Banks/MFBs themselves. In this regard, banks/MFBs shall submit their markup subsidy claims on prescribed format (**Format-1**) duly audited by their Internal Audit Department to Director DFSD SBP BSC Head Office Karachi till **January 15, 2023**.
- (iv) DFSD, SBP BSC shall scrutinize subsidy claims of Banks/MFBs within 15 working days after receipt of complete information for onward submission to Finance Division - Ministry of Finance (MoF).

Annexure-B

GOP Markup Subsidy Scheme (GMSS) for Revival of Agriculture/Livestock Sectors

Sr. No.	Particulars	Key Features
1	Type of Financing	Short-term production/working capital loans for all crop and non-crop sectors.
2	Tenure	Maximum six (06) months
3	Participatory Financial Institutions (PFIs)	Banks and Microfinance Banks
4	Markup Rate for End-user	0% per annum
5	Maximum Loan Size	Up to Rs 500,000 per borrower
6	Eligible Crops	All crops and non-crops
7	Number of loans per borrower	Single loan facility under the scheme
8	Eligible Farmers	All existing and new subsistence* landholding farmers and new small farmers* from non-crop sector, in flood affected areas as notified by NDMA/PDMAs during June- December, 2022. *As per SBP's Report on Indicative Credit limits and eligible items for agriculture financing (https://www.sbp.org.pk/acd/2022/CL1-Annex.pdf).
9	Rate of Markup Subsidy to be provided to PFIs	<ul style="list-style-type: none">6 Month KIBOR+3% p.a. for Commercial Banks6 Month KIBOR+9% p.a. for Microfinance Banks
10	Collateral	As per banks' policy.
11	Scheme duration	Six months from the launch of the scheme
12	Allocation of Budget	<ul style="list-style-type: none">Finance Division shall allocate budget for the markup subsidy and upon receipt of consolidated claims from SBP, it will make payment to SBP.
13	Subsidy Claims	<ul style="list-style-type: none">PFIs will submit their subsidy claims as per prescribed format (Format-2) duly audited by their Internal Audit Department to the Director, DFSD, SBP BSC, Head Office Karachi on quarterly basis for reimbursement of the subsidy claims from GoP.

Interest Free Loans and Risk Sharing Scheme for Landless Farmers (IF&RSLF)

S.No.	Particulars	Key Features
1	Type/Purpose of financing	Production/working capital loans for purchase of input supplies, rentals of farm implements etc.
2	Tenure	The loan tenor is based on cropping cycle up to a maximum period of six (06) months, in flood affected areas.
3	Participatory Financial Institutions (PFIs)	Banks and Microfinance Banks
4	Markup rate for End user	0% p.a.
5	Maximum Loan Size	Rs 200,000 per borrower
6	Sectors	Crop and Non-crop Sectors
7	Eligible Farmers	<ul style="list-style-type: none">Small and marginalized landless farmers/tenants in flood affected areas cultivating with (i) 5 acres for irrigated land or (ii) 10 acres for rain-fed land.
8	Rate of Markup Subsidy to be provided to PFIs	<ul style="list-style-type: none">6 Month KIBOR+3% p.a. for Commercial Banks6 Month KIBOR+9% p.a. for Microfinance Banks
9	Collateral	No collateral.
10	Risk Sharing/Credit Guarantee for PFIs	The scheme provides credit risk coverage of 50% of outstanding loans (principal) in case of non-repayments, after being classified as 'SUBSTANDARD' (as per the classification criteria laid down in Prudential Regulations for both Agriculture Financing and Microfinance banks).
11	Scheme Expiry	Six months after issue
12	Allocation of Budget	GoP (Finance Division) shall allocate budget for the Scheme
13	Subsidy Claims	In addition to process adopted for reimbursement of loss claims to PFIs as per limits allocated, PFIs will submit markup subsidy claims to SBP (Format-3) on half-yearly basis for reimbursement.



Name of Bank.....

FORMAT-1

Consolidated Statement of Agriculture Loans Valuing Upto Rs 500,000 (Including Markup)
Under Markup Waiver Scheme (MWS) for Subsistence Farmers in Flood Affected Areas
 For the period ending on Sep 30, 2022

A) Agricultural Credit to Farm Sector:

Rs in Million

Sr. #	Name of District	Name of the Borrower	CNIC #	Date of Loan Sanction	Amount of Loan Sanctioned	Date of Disbursement	Amount of Loan Disbursed	Loan Expiry Date	Amount of Loan Outstanding as on September 30, 2022	Markup Due till Sep 30, 2022	Total Amount of Loan Outstanding (Principal+Markup)*	Markup Subsidy Cost borne by the Bank/MFB (50% of total Markup)	50% Markup Subsidy Claimed from GOP (50% of total Markup)	Time period of Rescheduling/ Restructuring of Loan
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	12 (10+11)	(13)	(14)	(15)
Total														

B) Agricultural Credit to Non-Farm Sector:

Rs in Million

Sr. #	Name of District	Name of the Borrower	CNIC #	Date of Loan Sanction	Amount of Loan Sanctioned	Date of Disbursement	Amount of Loan Disbursed	Loan Expiry Date	Amount of Loan Outstanding	Markup Due till Sep 30, 2022	Total Amount of Loan Outstanding (Principal + Markup)*	Markup Subsidy Cost borne by the Bank/MFB (50% of total Markup)	50% Markup Subsidy Claimed from GOP (50% of total Markup)	Time period of Rescheduling/ Restructuring of Loan
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	12 (10+11)	(13)	(14)	(15)
Total														

Grand Total (A+B)

It is certified that the information given above is correct to the best of our knowledge.

(Authorized Signatures of Agri Head with name & designation)

(Authorized Signatures of Compliance Head with name & designation)



Name of Bank.....

Format -2

Consolidated Statement for Agriculture Loans up to Rs 500,000
Under GOP Markup Subsidy Scheme (GMSS) for Revival of Agriculture/Livestock Sectors
 For half-yearly period ending on _____

A) Agricultural Credit to Farm Sector:

Rs in Million

Sr. #	Name of District	Name of the Borrower	Existing /New	CNIC #	Date of Loan Sanction	Amount of Loan Sanctioned	Date of Disbursement	Amount of Loan Disbursed	Date of Loan Expiry	Amount of Loan Outstanding on quarterly ending on	Markup Due till quarterly ending on	Markup Subsidy Claimed from GoP quarterly
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total												

B) Agricultural Credit to Non-Farm Sector:

Rs in Million

Sr. #	Name of District	Name of the Borrower	Existing /New	CNIC #	Date of Loan Sanction	Amount of Loan Sanctioned	Date of Disbursement	Amount of Loan Disbursed	Date of Loan Expiry	Amount of Loan Outstanding quarterly ending on	Markup Due till quarterly ending on	Markup Subsidy Claimed from GoP for quarterly
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total												

Grand Total (A+B)		XXXX		
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It is certified that the information given above is correct to the best of our knowledge.

(Authorized Signatures of Agri Head with name and designation)

(Authorized Signatures of Compliance Head with name & designation)



Name of Bank.....

For half-yearly period ending on _____

Format-3

Consolidated Statement of Agriculture Loans up to Rs 200,000
Under Interest Free Loans and Risk Sharing Scheme for Landless Farmers (IF&RSLF)

A) Agricultural Credit to Farm Sector:

Rs in Million

Sr.#	Name of District	Name of the Borrower	Existing /New	CNIC #	Date of Loan Sanction	Amount of Loan Sanctioned	Date of Loan Disbursed	Amount of Loan Disbursed	Date of Loan Expiry	Amount of Loan Outstanding on half-yearly ending on	Markup Due till Half-yearly ending on	Markup Subsidy Claimed from GoP for half-yearly
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total												

B) Agricultural Credit to Non-Farm Sector:

Rs in Million

Sr. #	Name of District	Name of the Borrower	Existing /New	CNIC #	Date of Loan Sanction	Amount of Loan Sanctioned	Date of Loan Disbursed	Amount of Loan Disbursed	Date of Loan Expiry	Amount of Loan Outstanding on half-yearly ending on	Markup Due till Half-yearly ending on	Markup Subsidy Claimed from GoP for half-yearly
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total												

Grand Total (A+B)		XXXX		
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It is certified that the information given above is correct to the best of our knowledge.

(Authorized Signatures of Agri Head with name and designation)

(Authorized Signatures of Compliance Head with name & designation)



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Circulars/Notifications / Agricultural Credit & Microfinance Department

AC&MFD Circular No. 04 of 2022

December 21, 2022

The Presidents/Chief Executives
All Banks/Islamic Banks

Dear Sir/Madam,

Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM)

In order to enhance agriculture productivity and food security in the country, Government of Pakistan (GoP) has introduced a markup subsidy and risk sharing scheme for farm mechanization under the PM's Kissan Package- 2022. Under this scheme, the cost of markup subsidy and risk sharing will be borne by GoP. Key features of the scheme are enclosed as [Annexure - A](#).

Banks are advised to ensure successful implementation of the Scheme through dissemination of necessary instructions to branches and capacity building of field staff, development/alignment of financing products and marketing campaigns etc.

Please acknowledge the receipt.

Enclosed:

1. [Annexure- A](#)
2. [Reporting format](#)

Yours sincerely,

Sd/-

(Noor Ahmed)
Director



Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM)

Sr. No.	Particulars	Features
1	Eligibility	All farmers Processors and corporates engaged in agriculture crop production
2	Purpose	For purchase of following new/used farm machinery (i) Tractor (ii) Thresher (iii) Harvester (iv) Planters (v) Mobile Grain Dryers (vi) Solar Tube-wells
3	Validity of Scheme	Scheme will be valid for 1 Year i.e. from the date of issuance of Circular
4	Maximum Loan Size	Rs 30 million
5	Loan Tenor	Up to 7 years inclusive of 01-year grace period, however, bank may decide the actual tenor based on useful life of machinery/equipment.
6	End User Markup Rate	7% per annum
7	Bank Pricing	KIBOR (6 month offer) + 3% p.a. Government will pay the difference of the cost i.e. (KIBOR+3%) - 7% p.a
8	Category-1 Tractor & Thresher	<ul style="list-style-type: none"> ▪ All farmers. ▪ New and used Tractors & Threshers (up to 3 years old) are eligible for financing. ▪ In case of used Tractors and Threshers, valuation report from PBA approved evaluator will be required for assessing loan tenor/useful life of machinery. ▪ Hypothecation of the asset purchased will be acceptable as collateral.
9	Category-2 Harvesters, Planters and Mobile grain dryers, Solar Tube- wells	<ul style="list-style-type: none"> ▪ All farmers, processors, corporates engaged in agriculture crop production. ▪ New and used Harvesters, Planters, Mobile grain dryers and Solar Tube-well (up to 3 years old) are eligible for financing. ▪ In case of used Harvesters, Planters, Mobile grain dryers, Solar Tube-well, valuation report from PBA approved evaluator will be required for assessing loan tenor/useful life of machinery. ▪ Hypothecation /any collateral acceptable to bank as per policy.
10	Debt Equity Ratio	75:25 (Farmers share 25% as equity and the rest 75% through bank financing)
11	Risk coverage	GoP will bear 25% first loss on disbursed portfolio (principal portion only) for eligible borrowers as per Prudential Regulations for Agriculture Financing.
12	Participatory Banks	All commercial banks including Islamic banks
13	Mode of Loan Disbursement	The payment against purchase of farm machinery/equipment will be directly made in the name of supplier/vendor/owner.

14	Allocation of Targets	<ul style="list-style-type: none"> ▪ All banks to submit their proposed credit limits to SBP within 7 days after issuance of the Circular. ▪ SBP will assign credit limits to banks and allocate credit disbursement targets to banks in view of banks' previous performance, their penetration among farmers and budgetary allocation made by the GoP and communicate the same to banks. ▪ The target achieved by banks under this scheme will be the part of their annual indicative agriculture credit target assigned by SBP.
15	Subsidy Claims	<ul style="list-style-type: none"> ▪ Banks to submit subsidy claims per prescribed format (Reporting Format - MSRSSF) to Director DFSD, SBP BSC, Head Office Karachi on half-yearly basis for further process. ▪ DFSD, SBP BSC upon reimbursement of subsidy claims from GoP, will credit the same in bank's account maintained with SBP BSC Karachi.
16	Mechanism	<ul style="list-style-type: none"> ▪ Ministry of National Food Security & Research (MNFSR) in collaboration with other stakeholders and banks to develop an online portal for farmers to apply for financing under this scheme. ▪ All banks will be given access to aforementioned portal for picking up clients from the available pool. ▪ The loans will be provided on first come first serve basis. ▪ Banks to promote the scheme through print and digital media.



Name of Bank-----
Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM)
Subsidy Claim for the period from _____ to _____

Rs. in Millions

Name of District	Name of Customer	CNIC of Customer	Loan Category (1 or 2)	Type of Machinery	Date of Loan Sanction	Amount of Loan Sanctioned	Date of Disbursement	Amount Disbursed	Expiry of loan	Outstanding Principal as at Reporting period	Markup				Risk Subsidy on Principal Outstanding to be claimed by bank	Risk Subsidy on Principal Outstanding Already Claimed by Bank
											Total Markup Payable	Markup Payable by Borrowers	Mark up Subsidy	Recovered Mark up		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

(Authorized Signatures of Agri Head with name and designation)

(Authorized Signatures of Compliance Head with name & designation)

Definitions:

Loan Category (1 or 2)	Category-1: Tractor & Thresher Category-2: Harvesters, Planters and Mobile grain driers, Solar Tube-wells
Type of Machinery	1. Tractors (Local) 2. Threshers (Local) 3. Combined Harvesters (Local/Imported) 4. Planters (Local/Imported) 5. Mobile Grain Dryers 6. Solarization of Tube-wells
Risk Subsidy	25% first loss on disbursed portfolio (principal portion only)


[Circulars/Notifications](#) / Infrastructure, Housing & SME Finance Department

Dec 12, 2022

IH&SMEFD Circular No. 12 of 2022

The Presidents / CEOs
All Banks/DFIs/MFBs

Dear Sirs/Madams,

Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS)

- Please refer to IH&SMEFD Circular No. 08 of 2019 dated July 11, 2019 and subsequent instructions issued from time to time regarding Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme (PMKJ-YES).
- Government of Pakistan has approved revisions in the key features of PMKJ-YES with a view to make it more purposeful and beneficial for small businesses and agriculture. The new components of interest free microloans and agriculture loans have been added in the scheme. Moreover, the scheme has been renamed as Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS). The key features of PMYB&ALS approved by the Government of Pakistan are reproduced below:

S. No	Particulars	Key Features of PMYB&ALS
1	Eligibility Criteria	<ul style="list-style-type: none"> i. All citizens of Pakistan holding CNIC, aged between 21 and 45 years with entrepreneurial potential are eligible ii. For IT/E-Commerce related businesses, the lower age limit will be 18 years and at least matriculation or equivalent education will be required. Above age limit condition is applicable on individuals and sole proprietors. In case of all other forms of business including partnerships and companies, only one of the owners, partners or directors must be in the age bracket prescribed above. iii. Small and Medium Enterprises (startups and existing businesses) owned by youth as per above mentioned age brackets are also eligible iv. In case of agriculture, farmers' classification as per SBP's "Indicative Credit Limits & Eligible Items for Agriculture Financing 2020" will be applicable.
2	Loan size	Size of loan is segregated into 3 tiers, as under: Tier 1 (T1): Upto Rs 0.5 million Tier 2 (T2): Above Rs 0.5 million and upto Rs 1.5 million Tier 3 (T3): Above Rs 1.5 million and upto Rs 7.5 million
3	Loan type	Term loans/ working capital loans including murabaha and leasing/financing of machinery and locally manufactured vehicles for commercial use. Only one vehicle per borrower is allowed. A borrower in food franchise and distribution business may avail financing for more than one vehicle. Upto 65% of total financing limit can be availed for Civil Works. For agriculture, production and development loans are eligible.
4	Loan Tenor	T1: Upto 3 years and repayment will be in equal monthly installments. However, in case of crop loan, tenor will be upto 1 year and repayment will be lump sum on or before maturity, tied-up with the crop cycle. T2 & T3: Upto 8 years for long term/development loans with maximum grace period of upto one year. For working capital/production loans and murabaha under T2 and T3, tenor will be upto 5 years. Banks will have the option to lend working capital/production loans wherein only markup will be payable during first 2 years and thereafter both principal along with the markup will be paid in next 3 years making it total repayment period of upto 5 years.
5	Debt: Equity ratio	

		<p>For New Businesses:</p> <p>T1 & T2 - 90:10 T3 - 80:20</p> <p>The Borrower's contribution of equity would be in the form of cash or immovable property and will be required after approval of loan.</p> <p>For Existing Businesses: Nil for all tiers.</p>
6	Bank rate	<p>T1: KIBOR+9% which includes wholesale lenders margin of KIBOR+1% and Microfinance Banks (MFBs)/Microfinance Institutions (MFIs) margin of 8%. T2 & T3: KIBOR+3% Six months KIBOR offer will be used for calculation of mark-up subsidy.</p>
7	End user rate	<p>T1: 0% T2: 5% T3: 7%</p>
8	Security Requirements	<p>Security arrangement will be as under:</p> <p>T1: Clean (secured only by personal guarantee of the borrower). In addition, rules & regulations of SECP/SBP shall be complied with by MFBs/MFIs T2: Clean (secured only by personal guarantee of the borrower). T3: As per banks policy. Vehicle(s) financed under T1, T2 & T3 to serve as collateral.</p>
9	Risk Mitigation	<p>Government will bear credit losses (principal portion only) on the disbursed portfolio of the banks as under:</p> <p>T1: Upto 50% which includes 40% for wholesale lenders on pari-passu basis and 10% for MFBs/MFIs on first loss basis T2: Upto 25% on first loss basis T3: Upto 10% on first loss basis</p>
10	Number of loans per borrower	<p>A customer may avail maximum two loans (including one long term and one short term loan) within overall maximum financing limit of Rs 7.5 million.</p> <p>In case of agriculture, a customer may avail one production loan and one development loan within overall maximum financing limit of Rs 7.5 million.</p>
11	Sectors and Products	<p>All sectors and products. Moreover, in case of agriculture, all crop and non-crop sectors (including crop production, livestock, poultry, fishery, dairy etc.) are also eligible.</p>
12	Executing Agency (EA)	<p>All commercial and Islamic banks are advised to come on board.</p> <p>Banks/DFIs are encouraged to participate as wholesale lenders for providing liquidity to MFBs/MFIs for onward lending under T1.</p> <p>The loan applications processing and disbursement under T1 will only be made through MFBs/MFIs to be selected by the respective wholesale lenders.</p>
13	Focus on Women	<p>25% of the loans will go to women borrowers.</p>
14	Allocation in Budget	<p>Finance Division shall allocate funds in each fiscal year's budget as per estimates provided by SBP. Payment will be made on submission of consolidated claims of all banks by the SBP on quarterly basis.</p>
15	Online Application Form on PM Youth Portal	<p>For effective monitoring, online application form is prescribed through PM Youth Program (PMYP) Portal. The Form would be both in English and Urdu as provided on the portal.</p> <p>The purpose of the portal is to provide a centralized platform through which applicants would be able to apply directly to the relevant</p>

		<p>banks. The portal will be hosted and controlled by National Information Technology Board, Ministry of IT and Telecommunication.</p> <p>Only authorized stakeholders for specific purposes will have an access to the portal e.g. individuals for the purpose of applying for loans; banks for the purpose of receiving applications; SMEDA for providing their hand-holding/guidance support wherever necessary and PM Youth Office for retrieving information for monitoring purpose.</p> <p>Moreover, external audit of the portal from expert IT auditors will be conducted on annual basis to ensure that online portal is used by the concerned stakeholders for intended purpose only and unauthorized use of the online portal, if any, is identified in a timely manner.</p>
16	Turn Around Time	The processing time will not exceed 45 days and will be stated clearly in the application form. Non-refundable form processing fee will be Rs. 100/- inclusive of NADRA online CNIC verification fee.
17	Monitoring	<p>SBP will devise a mechanism in conjunction with Finance Division and banks on monitoring the subsidy budget and setting triggers.</p> <p>SBP will also publish consolidated information about the loans extended under the scheme for information of the public on quarterly basis on its website.</p>
18	Geographical distribution	Whole of Pakistan. In case of Balochistan, at least one branch of NBP will be designated per Division.
19	Additional Measures	<p>Executing Agencies should ensure following additional measures:</p> <ul style="list-style-type: none"> Criteria for assessing entrepreneurial potential should be developed and implemented. In case of loan for existing businesses, a robust independent verification mechanism may be introduced to ensure proper utilization of loans. For new businesses, a robust mechanism for ongoing monitoring of the loans' utilization should be developed and implemented. A comprehensive monitoring and evaluation framework may be developed to measure the impact of the scheme, particularly direct jobs created by the beneficiaries. The Prime Minister (Youth Affairs) Office may hire a firm for audit, evaluation and monitoring of the scheme.

3. The banks/DFIs/MFBs are advised to gear up their systems for successful implementation of this scheme and to avoid any misuse of the scheme. Eligible borrowers may apply for loans on PM Youth Portal immediately after formal launch of the scheme by the Prime Minister's Office.

Yours sincerely,

Sd/-

(Dr. Mian Farooq Haq)
Director

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