

**Rozgar Scheme, SBP allows disbursement of salaries before Eid**

KARACHI: In order to facilitate the businesses, the State Bank of Pakistan (SBP) has allowed disbursement of salaries for July before Eid-ul-Azha under Rozgar Scheme.

Earlier, the banks were required to disburse salaries, under the Rozgar Scheme, according to the cycle of salaries used by businesses, which is typically after the completion of the month. However, aimed to facilitate the business and ensure the timely payment of salaries in the wake of Eid-ul-Azha, the SBP has allowed banks to disburse salaries before Eid-ul-Azha to business availing financing under Rozgar Scheme.

“Businesses may avail financing under above schemes for early payment of wages/salaries for July, 2020 before Eid-ul-Azha,” the SBP said in a circular issued to banks.

The State Bank introduced a temporary refinance scheme for payment of wages and salaries to the workers and employees of the business concerns in April 2020. This scheme provides concessional loans to businesses for wages and salaries expenses provided they commit not lay off their employees for the period of the loan.

Businesses may also avail reimbursement of wages/salaries of July 2020 in case they make early disbursements from their own resources to their workers/employees due to Eid-ul-Azha.

Further, the SBP has also provided flexibility to the businesses by allowing them to avail financing from more than one bank. Some businesses were facing difficulty in availing financing from one bank due to their credit limits or other reasons. However, businesses cannot avail financing for a specific month from more than one bank.

Initially, it was available for three months, April-June 2020, but was subsequently extended for another three months till end-September 2020.

Under the scheme, uptill 17th July 2020, financing of Rs 128.6 billion has been approved by banks for 2,141 businesses covering wages and salaries of over 1.25 million employees.

With a view to incentivising banks/DFIs for financing to SMEs and non-SME corporates, government of Pakistan (GoP) introduced a Risk Sharing Facility (RSF) for SBP’s Rozgar Scheme. Under this facility, the government will bear 40 percent of the first loss on disbursed portfolio (principal portion only) for eligible borrowers.