

FREQUENTLY ASKED QUESTIONS

APPLICATION SUBMISSION

1. HOW AND WHERE CAN I GET INFORMATION ABOUT THIS SCHEME?

SMEDA has established helpdesks to guide applicants through the process of applications submission.

Besides, you can contact nearest branches of National Bank of Pakistan, Bank of Punjab and Bank of Khyber for guidance and assistance.

2. HOW AND WHERE CAN I GET LOAN APPLICATION FORM?

No physical application form is required. All applications have to be submitted online at the following link/ address and submit:

www.kamyabjawan.gov.pk

3. HOW CAN I APPLY FOR THIS LOAN?

Simply fill the form at the at the following link/ address and submit:

www.kamyabjawan.gov.pk

4. WHICH BANKS ARE PARTICIPATING IN THIS SCHEME?

Following three banks are designated as lead banks for this scheme:

- National Bank of Pakistan
- Bank of Punjab, and
- Bank of Khyber

5. CAN I APPLY FROM ANY BRANCH OF PARTICIPATING BANKS?

Application for loan under this scheme can only be submitted online. You only have to fill out the form at the at the following link/ address and submit.

Branch of your selected bank located nearest to your given address will be automatically selected and an SMS message will be delivered to your provided cell number with confirmation of application submission and details of your selected bank and assigned branch.

6. IS THERE ANY PROCESSING FEE TO BE PAID FOR APPLICATION?

You only have to pay Rs. 100/= (Rupees One Hundred Only) as processing fee.

7. IS THIS PROCESSING FEE REFUNDABLE?

Processing fee is non-refundable

8. WHEN AND HOW CAN I WITHDRAW MY APPLICATION?

You can withdraw your application any time before your application is approved or rejected. In case your application is approved, you can withdraw your application by rejecting the offer. In case your application is rejected, you cannot withdraw your application and the status of your application will remain as 'rejected'.

9. HOW DO I WOULD KNOW THAT MY APPLICATION HAS BEEN ACCEPTED FOR PROCESSING?

Upon submission of your application on the portal, an SMS message will be delivered to your provided cell number with confirmation of application submission and details of your selected bank and assigned branch.

10. CAN ANYBODY HELP ME IN SUBMITTING THE LOAN APPLICATION FORM?

SMEDA has established helpdesks to guide applicants through the process of applications submission.

Besides, you can contact nearest branches of National Bank of Pakistan, Bank of Punjab and Bank of Khyber for guidance and assistance.

FREQUENTLY ASKED QUESTIONS

11. DO I NEED TO GO MYSELF TO THE BRANCH TO GET THE LOAN APPLICATION FORM?

You are not required to go anywhere as there is no physical application form. All applications have to be submitted online at the following link/ address and submit:

12. ARE THESE LOAN APPLICATION FORMS AVAILABLE IN THE MARKET? CAN PHOTOCOPIES OF THESE FORMS BE USED?

There is no physical application form. All applications have to be submitted online at the following link/ address and submit:

13. WHAT IF I WRONGLY FILLED A FORM AND NEEDED A REPRINT/ ANOTHER FORM?

There is no physical form. Application forms can only be submitted online at this address: www.kamyabjawan.gov.pk

To help you check and correct or make changes, you can fill out the form at portal and save before submission for proof reading and corrections. But no corrections can be made after an application is submitted. Therefore, all applicants are advised

- ▶ to fill out the form correctly and with utmost care,
 - ▶ save the filled out form before submission
 - ▶ proof read the whole form for correctness and accuracy and then submit the form.
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14. WHAT DOCUMENTS DO I NEED TO ATTACH WITH MY LOAN APPLICATION FORM?

No documents are required at the time of online form submission

15. ARE THERE ANY BUSINESS CONSULTANTS APPOINTED TO FACILITATE APPLICANTS IN SUBMISSION OF LOAN APPLICATIONS?

This is a very simple form and requires very little information and typing. Therefore, no consultants are appointed for this purpose. However, if an applicant still needs help, he or she may still take assistance from the nearest SMEDA office, nearest branch of NBP, BOP or BOK.

16. CAN ANY BUSINESS CONSULTANT GUARANTEE THE SUCCESS OF LOAN APPLICATION?

All applicants are strongly advised to refrain from using any unethical means to influence the decision making process. This scheme is totally based on merit. No person or entity can guarantee the success or otherwise of any application submitted in this scheme. All applications complying with the terms and conditions of the scheme will be treated strictly on merit and as per the credit policies of the participating bank, SBP regulations and relevant laws and rules. Any effort to influence the decision making process will render that applicant permanently ineligible.

17. WHAT WOULD BE PARTICIPATING BANK'S RESPONSIBILITY IF AN APPLICANT PAYS FEE TO A CONSULTANT GUARANTEEING APPLICATION SUCCESS AND THE LOAN APPLICATION IS DECLINED BY THE BANK?

All applicants are strongly advised to refrain from using any unethical means to influence the decision making process. This scheme is totally based on merit. No person or entity can guarantee the success or otherwise of any application submitted in this scheme. All applications complying with the terms and conditions of the scheme will be treated strictly on merit and as per the credit policies of the participating bank, SBP regulations and relevant laws and rules. Any effort to influence the decision making process will render that applicant permanently ineligible. **NEITHER PMO NOR ANY OF THE PARTICIPATING BANKS SHALL BE RESPONSIBLE FOR ANY MONEY PAID BY THE APPLICANT TO ANY PERSON OR ENTITY FOR SECURING A FAVORABLE DECISION.**

FREQUENTLY ASKED QUESTIONS

18. CAN I SUBMIT MY LOAN APPLICATION IN A BRANCH OTHER THAN THE FORM ISSUING BRANCH?

Application for loan under this scheme can only be submitted online. You only have to fill out the form at the at the following link/ address and submit. www.kamyabjawan.gov.pk
Branch of your selected bank located nearest to your given address will be automatically selected and an SMS message will be delivered to your provided cell number with confirmation of application submission and details of your selected bank and assigned branch.

19. ARE THERE ANY FAST TRACK, SPECIAL OR HIGH SUCCESS BRANCHES AND/ OR AREAS NOMINATED FOR THIS SCHEME?

There is no fast track, special or high success branches or areas. There is a standard procedure and timeline for processing of applications for all participating banks.

APPLICANT ELIGIBILITY CRITERIA

20. WHAT IS THE MAXIMUM AND MINIMUM AGE REQUIREMENT FOR APPLICANTS?

The minimum age for the applicant under this scheme is 21 years at the time of application submission. However, it is relaxable to 18 years in case of applicants applying for IT or Computer related businesses.

The maximum age limit is 45 years at the time of application submission.

21. WHAT IF A PERSON'S AGE IS WITHIN MAXIMUM AGE LIMIT AT THE TIME OF APPLICATION SUBMISSION BUT EXCEEDS THIS LIMIT BY THE TIME LOAN IS APPROVED AND/OR DISBURSED?

Applicant is required to be 45 years or less in age at the time of application submission. If a person was 45 years of age at the time of application submission and his age exceeded 45 years before the loan was approved and/ or disbursed, this will not affect the eligibility of applicant.

22. WHAT IS THE MINIMUM EDUCATIONAL REQUIREMENT FOR AN APPLICANT?

There is no general requirement of minimum educational qualification, though it will be a favorable consideration for decision making by banks. However, in case of businesses which compulsorily require certain qualification, certifications, diplomas, authorizations or licenses, the same must be held by the applicant.

23. DOES ANY GENDER HAVE ANY PRIORITY? IF YES, WHICH GENDER?

There is no gender discrimination in this scheme and applicants of all genders are offered equal opportunities. However, considering the ground realities and to protect the fair gender, a minimum of 25% share on aggregate basis of all loans is kept for women.

24. CAN EMPLOYED PERSONS ALSO APPLY FOR THIS LOAN

Yes. Persons employed in private jobs can also apply.

25. IS THIS SCHEME ONLY FOR STARTUPS?

No. This scheme is for both startups as well as existing micro and small business enterprises.

26. CAN AN EXISTING BUSINESSMEN ALSO BENEFIT FROM THIS SCHEME?

Yes. Existing micro and small enterprises can also benefit from this scheme.

27. CAN MORE THAN ONE PERSON OF THE SAME FAMILY APPLY FOR THIS LOAN INDIVIDUALLY AND INDEPENDENTLY?

Yes.

FREQUENTLY ASKED QUESTIONS

28. CAN 2 OR MORE PERSON JOINTLY APPLY?

Yes. But they will be jointly and severally (individually) liable for the loan.

29. CAN A NON-RESIDENT PAKISTANI APPLY?

No. This scheme is only for resident Pakistanis.

30. HOW MANY LOANS CAN A PERSON AVAIL?

A person cannot avail more than one loan. However, after the repayment of his/ her first loan and issuance of clearance certificate from his/her bank, he/she may apply for second loan.

31. CAN BLOOD RELATIVES OF EMPLOYEES OF PARTICIPATING BANKS APPLY?

Blood relatives of employees of participating banks cannot apply for loans under this scheme from the banks where their blood relatives are employed. This is a necessary measure to avoid conflict of interest. However, these blood relatives may apply for loans under this scheme from banks other than those where their blood relatives are employed.

32. CAN GOVERNMENT EMPLOYEES APPLY?

No. Government employees are strictly barred from applying under this scheme.

ELIGIBLE BUSINESSES

33. WHAT TYPE OF BUSINESSES ARE ELIGIBLE UNDER THE SCHEME?

All businesses which are ethical and permitted under the law are eligible for this scheme.

34. IS THERE A POSITIVE BUSINESSES LIST?

There is no positive or negative list of businesses as such. However, applicants are advised to select businesses which are ethical, legal, commercially viable in their respective areas and for which they possess required minimum knowledge, experience, training and support.

35. IS THERE A NEGATIVE BUSINESSES LIST?

There is no positive or negative list of businesses as such. However, applicants are advised to select businesses which are ethical, legal, commercially viable, suitable for applicants' respective areas and for which applicants possess required minimum knowledge, experience, training and support.

36. HOW DO I CHOOSE A BUSINESS THAT SUITS ME?

Applicants are advised to select businesses which are ethical, legal, commercially viable, suitable for applicants' respective areas and for which applicants possess required minimum knowledge, experience, training and support.

37. IS IT MANDATORY FOR ME TO SUBMIT A SMEDA FEASIBILITY REPORT WITH MY APPLICATION?

No. SMEDA feasibility reports are for guidance of applicants only.

38. WHAT IS THE PURPOSE OF SMEDA FEASIBILITY REPORTS?

SMEDA feasibility reports are for guidance of applicants only.

39. CAN SMEDA HELP ME IN PREPARING MY BUSINESS PLAN?

Yes. You may contact your nearest SMEDA office.

40. CAN I SUBMIT MY OWN BUSINESS FEASIBILITY REPORT?

Yes. You may also contact your nearest SMEDA office for guidance in preparation of business plan.

FREQUENTLY ASKED QUESTIONS

41. WHAT FACTORS I MUST CONSIDER BEFORE SELECTING A BUSINESS?

An applicant must select business very carefully and for this purpose consideration of following factors is extremely important:

- ▶ Regional suitability and appropriateness of business
 - ▶ Applicant's own motivation and aptitude
 - ▶ Applicant's skillset, experience, education and training
 - ▶ Demand for product/ services of business and existing supply (Competition)
 - ▶ Business set up cost and gestation time
 - ▶ Minimum Fixed overheads and break-even point
 - ▶ Revenues and margins
 - ▶ Relevant Foreseeable Risks and available Mitigants
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42. CAN AN APPLICANT CHANGE HIS SELECTED BUSINESS?

No. Applicant cannot change the business he/she had selected after an application is submitted. However, applicant can withdraw his /her submitted application and apply afresh with the changed business.

SECURITY & COLLATERAL

43. IS IT MANDATORY FOR ME TO PROVIDE A SECURITY?

For loans less than or equal to Rs. 500,000 (Tier-1), no collateral is required.

For loans greater than Rs. 500,000 (Tier-2), any bankable collateral acceptable to the bank is required. The decision on collateral for tier-2 loans rests with the participating banks. However, these may include following:

- ▶ Mortgage of Applicant Property (Residential/ Commercial/ Agricultural, etc.)
- ▶ Mortgage of Third Party Property Residential/ Commercial, etc.)
- ▶ Hire purchase of vehicles (Joint registration)
- ▶ Lien on marketable securities/ certificate of deposits/ national savings certificates, etc.)
- ▶ Hypothecation of current and fixed assets including stocks and receivables
- ▶ Pledge of gold ornaments
- ▶ Registered charge on business assets in case of joint stock companies
- ▶ Third party guarantees

This is just an indicative list. The actual decision on collateral would vary from case to case and will invariably be based upon the credit policies and practices of participating banks.

44. WHAT TYPE OF SECURITY DO I NEED TO PROVIDE?

For loans less than or equal to Rs. 500,000 (Tier-1), no collateral is required.

For loans greater than Rs. 500,000 (Tier-2), any bankable collateral acceptable to the bank is required. The decision on collateral for tier-2 loans rests with the participating banks. However, these may include following:

- ▶ Mortgage of Applicant Property (Residential/ Commercial/ Agricultural, etc.)
 - ▶ Mortgage of Third Party Property Residential/ Commercial, etc.)
 - ▶ Hire purchase of vehicles (Joint registration)
 - ▶ Lien on marketable securities/ certificate of deposits/ national savings certificates, etc.)
 - ▶ Hypothecation of current and fixed assets including stocks and receivables
 - ▶ Pledge of gold ornaments
 - ▶ Registered charge on business assets in case of joint stock companies
 - ▶ Third party guarantees
-

FREQUENTLY ASKED QUESTIONS

This is just an indicative list. The actual decision on collateral would vary from case to case and will invariably be based upon the credit policies and practices of participating banks.

45. WHAT SHOULD BE THE VALUE OF COLLATERAL?

The acceptable value of the collateral would depend upon the type of collateral and the credit policies of participating banks. However, as a general rule, the Forced Sale Value of Collateral should amply cover the loan amount, markup on loan and possible foreclosure costs.

46. CAN I PROVIDE A THIRD PARTY COLLATERAL TO SECURE MY LOAN?

Yes, third party collateral is eligible under this scheme subject to acceptance of participating banks.

47. CAN I PROVIDE A THRID PARTY GUARANTEE IN LIEU OF COLLATERAL TO SECURE MY LOAN?

Yes, third party guarantee is an eligible collateral under this scheme subject to acceptance of participating banks.

48. CAN A PERSON GUARANTEEING MY LOAN, HIMSELF APPLY UNDER THIS SCHEME?

No. A person guaranteeing a loan cannot himself apply for loan under this scheme.

49. CAN MY HUSBAND/WIFE/FATHER/BROTHER/ SON/ DAUGHTER GUARANTEE MY LOAN?

No. Applicant's Husband/Wife/Father/Brother/ Son/ Daughter/ Son in law/ Daughter in law/ Father in law and Mother in Law cannot be applicant's guarantor for loan.

50. CAN THE GUARANTOR HIMSELF APPLY FOR AND OBTAIN THIS LOAN FACILITY?

No. A person guaranteeing a loan cannot himself apply for loan under this scheme.

51. HOW MANY LOANS CAN A PERSON GUARANTEE?

A person can guarantee only one loan.

52. CAN A GUARANTOR WHO HAS FAILED VERIFICATION AND/OR GUARANTOR EVALUATION ACT AS GUARANTOR FOR ANOTHER LOAN?

A guarantor who has failed verification and/or guarantor evaluation cannot act as guarantor for another loan

53. CAN A GUARANTOR WHO HAS FAILED VERIFICATION AND/OR GUARANTOR EVALUATION APPLY FOR LOAN HIMSELF?

A guarantor who has failed verification and/or guarantor evaluation cannot apply for loan himself

54. CAN A GUARANTOR WITHDRAW HIS CONSENT TO ACT AS GUARANTOR?

A guarantor can withdraw his consent to act as guarantor any time before a loan is disbursed.

55. WHEN CAN A GUARANTOR NOT BACK OUT?

A person who has consented to guarantee a loan by signing the Guarantee Form cannot back out of his liability and responsibility unilaterally after the loan is disbursed.

56. WHAT ARE THE RESPONSIBILITIES AND OBLIGATIONS OF A GUARANTOR GUARANTEEING A LOAN?

A guarantor is responsible for any and all of the following:

- ▶ Help the bank in regular periodic collection of installments/ recovery of loan amount and markup
 - ▶ Provide timely information to the bank of any event that may affect performance of loan
 - ▶ Persuade borrower to keep his/her payments regular
 - ▶ Cooperate with the bank in its efforts for collection and recovery of loan from borrower
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FREQUENTLY ASKED QUESTIONS

▶ In the event of default, repay the loan

57. CAN AN APPLICANT CHANGE THE COLLATERAL OFFERED?

Applicant cannot change the collateral offered after a loan is disbursed unilaterally and without the consent of the bank.

58. WHAT ARE THE LEGAL CHARGES AND WHO BEARS THEM?

Legal charges would depend on collateral type and may vary from bank to bank. Customers would pay these charges on cost basis.

59. WHAT ARE THE COLLATERAL VALUATION CHARGES AND WHO BEARS THEM?

Valuation charges would depend on collateral type and may vary from bank to bank. Customers would pay these charges on cost basis.

PRICING, EQUITY AND REPAYMENT TERMS

60. WHAT IS THE MARKUP RATE FOR THIS SCHEME?

For loans less than or equal to Rs. 500,000 (Tier-1), Markup rate is 6% per annum
For loans greater than Rs. 500,000 (Tier-2), Markup rate is 8%. Per annum

61. WHAT IS THE DURATION OF THIS LOAN?

The maximum duration for repayment of loan under this scheme is 8 years including a maximum of 1-year grace period. However, the exact loan duration and grace period for each loan depends on type of business and judgement and decision making of participating banks.

62. HOW MUCH EQUITY DO I NEED TO DEPOSIT/ PAY FROM MY OWN SOURCES?

For loans less than or equal to Rs. 500,000 (Tier-1), minimum equity required is 10%
For loans greater than Rs. 500,000 (Tier-2), minimum equity required is 20%

63. IS THIS EQUITY REQUIRED TO BE IN CASH ONLY?

Generally, cash is the most eligible form of equity to be furnished by the applicant. However, applicants may also provide this equity in the form of immovable property subject to acceptance of participating banks and valuation by banks' approved valuers.

64. HOW WOULD THE LOAN BE REPAYED?

Loan can be repaid in equal monthly, quarterly, bi-annually or annually installments. However, the exact repayment terms would depend upon the specific business types and banks' decision.

65. IS THERE ANY GRACE PERIOD?

Scheme allows a maximum of 1-year grace period. However, the exact grace period would depend upon the specific business types and banks' decision.

66. IS GRACE PERIOD AVAILABLE TO ALL APPLICANTS?

Scheme allows a maximum of 1-year grace period. However, the exact grace period would depend upon the specific business types and banks' decision.

67. WOULD I BE REQUIRED TO MAKE ANY PAYMENTS DURING GRACE PERIOD?

Scheme allows a maximum of 1-year grace period. However, the exact grace period would depend upon the specific business types and banks' decision. During grace period, applicants may be required to make

- ▶ Zero payments with accrued grace period markup capitalized and repaid over the tenor, or
 - ▶ Payment of markup only
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FREQUENTLY ASKED QUESTIONS

68. CAN I MAKE EARLY REPAYMENTS (BALLOON PAYMENTS) IN ADDITION TO MY CONTRACTUAL REPAYMENTS?

Yes. Applicants can make early repayments during the loan tenor which would reduce the principal portion of their liability. Minimum amount per balloon would be Rs. 25,000 for loans of Rs. 500,000 or less and Rs. 50,000 per balloon for loans of more than Rs. 500,000. There is no limit on the number of balloon payments. A borrower can make balloon payments only if the loan is regular, that is there are no overdue installments. An applicant making balloon payment has the option to reduce the loan repayment period, or have the installment reduced or opt for a combination of both of these options.

69. HOW MANY BALLOON PAYMENTS ARE ALLOWED?

There is no limit on the number of balloon payments.

70. ARE THERE ANY CONDITIONS FOR BALLOON PAYMENTS?

A borrower can make balloon payments only if the loan is regular, that is there are no overdue installments.

71. ARE THERE ANY OPTIONS IN CASE OF BALLOON PAYMENTS?

An applicant making balloon payment has the option to reduce the loan repayment period, or have the installment reduced or opt for a combination of both of these options.

72. CAN I REPAY THE LOAN IN FULL BEFORE THE CONTRACTED MATURITY PERIOD?

An applicant can repay the loan in full any time before the loan maturity date. There are no penal charges for such early repayment.

73. IS THERE ANY PENALTY FOR EARLY REPAYMENTS?

An applicant can repay the loan in full any time before the loan maturity date. There are no penal charges for such early repayment.

LOAN SANCTIONING & DISBURSEMENT

74. WHAT IS THE LOAN SANCTIONING PROCESS?

Loan sanctioning process, generally, consists of three stages: Verification, Analysis and Credit Decision. The exact process, however, may vary from bank to bank.

75. HOW MUCH TIME IS TAKEN IN DECIDING ON LOAN APPLICATION?

On the average, the fate of an application would be decided between 15-30 working days. This time starts from the day an application is transferred from PMO Portal to the applicants' selected banks.

76. WHEN DOES THIS TIME START?

On the average, the fate of an application would be decided between 15-30 working days. This time starts from the day an application is transferred from PMO Portal to the applicants' selected banks.

77. IS THERE ANY WAY I CAN FIND OUT THE STATUS OF MY LOAN APPLICATION DURING THE LOAN PROCESSING STAGE?

Yes. You can check the status of your application on the PMO portal. It is mandatory for all banks to update the status of all applications assigned to them.

78. HOW WOULD I KNOW IF MY LOAN APPLICATION HAS BEEN APPROVED OR REJECTED?

You can check the status of your application on the PMO portal. It is mandatory for all banks to update the status of all applications assigned to them.

FREQUENTLY ASKED QUESTIONS

Besides, whenever an application is approved or rejected, the bank would send an SMS to the applicant's provided cell number apprising him/her of the decision on his/her application.

79. WHERE CAN I COMPLAIN ABOUT UNNECESSARY DELAYS IN THE PROCESSING OF MY LOAN APPLICATION?

All applications are directly monitored by PMO and SBP. Any inordinate delay in the processing of any and all applications shall be immediately noted and immediately rectified in coordination with banks involved.

80. WHAT IS THE PROCESS AFTER A LOAN IS APPROVED?

After a loan is sanctioned and customer is notified through SMS and applicant has accepted the offer, following steps are required to be taken:

- ▶ Applicant has to open an account with the bank
 - ▶ Deposit required equity
 - ▶ Provide collateral, if required.
 - ▶ Execute legal forms
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81. IF A LOAN APPLICATION IS APPROVED, IS IT GUARANTEED THAT LOAN WILL BE DISBURSED TO THE APPLICANT?

Applicant has to fulfill all pre-disbursement formalities as mentioned in the Offer Letter. Loan shall not be disbursed until all formalities as required in the offer letter are completed.

82. IS IT POSSIBLE THAT A LOAN APPROVED BY BANK IS LESS THAN THE AMOUNT APPLICANT HAD APPLIED FOR?

Yes. The sanctioned amount is calculated after an extensive credit decision making process and may be less than the amount applied for by the applicant.
