

**OFFICE OF THE
MILITARY ACCOUNTANT GENERAL
Kashmir Road, Rawalpindi Cantt.**

No. ¹⁷⁶ /AN/0241-LXII

06 September, 2021

The Dy. MAG Rawalpindi;
All Controllers.

Subject: MARKUP SUBSIDY- RELAXATION IN SECURITY REQUIREMENTS
UNDER GOVERNMENT MARKUP SUBSIDY SCHEME FOR HOUSING
FINANCE FOR CASES UNDER EMPLOYER BANK ARRANGEMENTS

Please find enclosed herewith a copy of Naya Pakistan Housing and Development Authority (NAPHDA),s letter No.1(18)/21-MFD dated.13/08/2021, alongwith enclosure, on the above subject, received vide Ministry of Defence U.O, NO.5-1/Misc/2021/D-23 dated 02/09/2021 for information and necessary action.

It is, therefore, requested to kindly go through the proposal of State Bank of Pakistan & Draft Summary for ECC and accordingly furnish their valuable input to latest by **08th September, 2021 positively** to this office for onward submission to the Ministry of Defence for consideration.


(MUHAMMAD MUNIR)
Accounts Officer (AN-I)
Tele# 051-9270702

^{177/43}
No. /AN/0241-LXII dated. /09/2021

Copy to:-

1. The Section Officer (D-7) Ministry of Defence.
2. ✓ The Accounts Officer (Automation) Local.
3. PS to the M.A.G.
4. I.C.O to the A.M.A.G (Admn).


Accounts Officer (AN-I)

GOVERNMENT OF PAKISTAN
MINISTRY OF DEFENCE
(DEFENCE DIVISION)

MO: 11/11/21/11/11

Subject: **MARKUP SUBSIDY- RELAXATION IN SECURITY REQUIREMENTS UNDER GOVERNMENT MARKUP SUBSIDY SCHEME FOR HOUSING FINANCE FOR CASES UNDER EMPLOYER BANK ARRANGEMENTS**

Kindly find enclosed a copy of Naya Pakistan Housing and Development Authority (NAPHDA)'s letter No.1(18)/21-MFD dated 13th August, 2021 on the above cited subject, whereby necessary view / comments on the draft Summary for Economic Coordination Committee of the Cabinet (**Annex-A**), has been sought from this Ministry.

2. This may kindly be noted that to relax the condition of mortgage and to extend the facility of Housing Finance through Banks, at the subsidized interest rate, to the employees of Federal / Provincial / Local Governments / Autonomous Bodies / Pakistan Armed Forces etc., State Bank of Pakistan has floated a proposal that for security of loans, employers may be engaged in the said Housing Finance Scheme through formal agreement having the following features:-

- i. Employer will guarantee the repayment of loan in case of default, termination, resignation or death of their employee borrowing the loan.
- ii. Employer will regularly deduct the installments of the loan from the salary of employee and transfer to the lending bank.
- iii. Employer will ensure that the loan facility is properly utilized for purchase / construction/expansion of housing unit.

3. All the Executive Departments and Services HQs including Admin Wing of MoD are requested to kindly go through the aforesaid proposal of State Bank of Pakistan & Draft Summary for ECC and accordingly furnish their valuable input to the Coord Wing, MoD by 9th September, 2021 positively.

(Kishwar Sultan Ali)
Section Officer

- i. Director General ML&C Deptt, Rawalpindi
- ii. Surveyor General, Survey of Pakistan, Rawalpindi
- iii. Director General FGEI (C/G) Dte, Rawalpindi
- iv. Military Accountant General, PMAD, Rawalpindi
- v. Director General PASB, Rawalpindi
- vi. Director General PMSA, Karachi
- vii. Directorate General, ISI, Islamabad
- viii. Director Admin, JSHQs, Chaklala, Rawalpindi
- ix. SD Dte (SD-I), GHQ, Rawalpindi



- x. ACAS (Admin), AHQ, Islamabad
- xi. ASNS (Admin), NHQ, Islamabad
- xii. National Defence University, Islamabad
- xiii. DS (Admin), MoD

MoD's U.O. No 5-1/Misc/2021/D-23 dated 2nd Sept, 2021

Copy to:-

- i. Senior Executive Director (Finance), Naya Pakistan Housing and Development Authority, Islamabad (w.r.t. letter No. 1(18)/21-MFD dated 13th August, 2021)
- ii. SPS to AS-I
- iii. APS to JS-III



Secretary Divⁿ 119

No. F.1(18)/21-MFD
GOVERNMENT OF PAKISTAN
PRIME MINISTER'S OFFICE
NAYA PAKISTAN HOUSING & DEVELOPMENT AUTHORITY
(7th Floor, Kohsar Block, New Pak Secretariat, Islamabad)

AS-1
Please discuss
Immediate
20/8/21
JS-2
23/8
JS-111

13/8/21
17/8/21

Islamabad, the 13 August 2021

DRAFT SUMMARY FOR ECC OF THE CABINET

Special
Dis/c
23/8/21
23/8/21

SUBJECT: - MARK UP SUBSIDY - RELAXATION IN SECURITY REQUIREMENTS UNDER GOVERNMENT MARK UP SUBSIDY SCHEME FOR HOUSING FINANCE FOR CASES UNDER EMPLOYER-BANK ARRANGEMENTS

Enclosed please find a self-explanatory DRAFT Summary for ECC on the subject captioned above, for comments/Views as required under Rule - 8 of the Rules of Business, 1973, enabling this Authority to consolidate and finalize the Summary for consideration of the ECC.

2. An early response will be highly appreciated.

With Profound regards


Muhammad Bilal
Senior Executive Director (Finance)
Naya Pakistan Housing & Development Authority

3/9/21 JSF
20/8

4703/AS-E
20-8-21

1. Secretary, Cabinet Division, Government of Pakistan, Islamabad
2. Secretary, Establishment Division, Government of Pakistan, Islamabad
3. Secretary, Ministry of Law and Justice, Government of Pakistan, Islamabad
4. Secretary, Ministry of Defence, Government of Pakistan, Rawalpindi
5. Secretary, Finance Division, Government of Pakistan, Islamabad
6. Governor, State Bank of Pakistan, Karachi

20-8-21

21/8/20/21
28/8

6088/S
17-8-21

847/DS(CC)
23/8

Annex - A 220

No. F.1(18)/21- MFD
GOVERNMENT OF PAKISTAN
PRIME MINISTER'S OFFICE
NAYA PAKISTAN HOUSING & DEVELOPMENT AUTHORITY
(7th Floor, Kohsar Block, New Pak Secretariat, Islamabad)

DRAFT SUMMARY FOR ECC OF THE CABINET

SUBJECT: - MARK UP SUBSIDY - RELAXATION IN SECURITY REQUIREMENTS UNDER GOVERNMENT MARK UP SUBSIDY SCHEME FOR HOUSING FINANCE FOR CASES UNDER EMPLOYER-BANK ARRANGEMENTS

Honorable Prime Minister announced a special incentive package on July 10, 2020 that included, inter-alia, Mark-up Subsidy for 10 years on banks' housing finance. Pursuant to this announcement, Naya Pakistan Housing and Development Authority (NAPHDA), in consultation with State Bank of Pakistan and all other relevant stakeholders, designed the Markup Subsidy Scheme (G-MSS) for Housing Finance. However, to make G-MSS more facilitative for masses, terms and features of G-MSS were subsequently revised, again after extensive consultations with all the relevant stakeholders. Both the initial and revised versions of G-MSS were approved by the Federal Cabinet. On advice of Government, State Bank issued revised parameters of G-MSS vide its IH&SMEFD Circular No. 03 dated March 25, 2021.

2. State Bank of Pakistan, has apprised that, as of 10 August, 2021, banks have received 39,945 applications valuing Rs. 137.122 billion. Against these applications, banks have approved applications of 16,307 customers for financing of Rs. 51.187 billion. However, an amount of Rs. 8.00 billion has been disbursed so far to 2,813 customers.

3. State Bank has taken number of policy measures to improve the visibility and uptake of the scheme. These measures include amendment in existing regulatory framework, allowing acceptance of third party guarantee, waiver of regulatory requirement of maximum Debt Burden Ratio (DBR) in case of informal income, standardized loan application form and facility offer letter, mystery shopping of bank branches & call centers and rationalization of documents required for approval and disbursement of financing.

4. As a security requirement, provisions of G-MSS require banks to create mortgages on houses financed under G-MSS. State Bank of Pakistan has intimated that one of the major reasons highlighted by banks for slow disbursement of financing under G-MSS is non-availability of legally enforceable title documents of house properties especially in case of low cost houses and in case of houses located in peri-urban and rural areas. In peri-urban and rural areas, it is also difficult for banks as well as for their customers to obtain chain of title documents. Title documents are required for perfection of mortgage on houses financed by banks as per requirements of the Scheme.

5. Creation of mortgage is a risk mitigation measure as it allows the financing bank to foreclose the house property in case of default of borrower to recover its financing. Further, it also helps to avoid mis-utilization of subsidized funding by ensuring existence of house

HBL**ISLAMIC BANKING**
اسلامی بینکاری

MAX/IB/037/2021

August 9, 2021

Director,
Infrastructure Housing & SEVIE Finance Department,
State Bank of Pakistan
Karachi

Dear Sir,

Waiver of regulatory required documents for Mortgage/Home Financing

Based on the market feedback/ enquiries especially from the salaried segment where repayments are guaranteed by the employer, under low cost housing scheme we observed that easing out documentary requirements for salaried segment applicants of housing finance/mortgage facility under Low Cost Housing Scheme, can lead to boost disbursements under the said scheme.

To entice in this market segment and to boost momentum of Low Cost Housing, we hereby request to please allow waiver for regulatory required documents for those applicants who will be furnishing employer guarantee for repayment of availed housing finance/ Mortgage facility.

Sincerely Yours,



Shahid Babar

Head Governance - Planning and Initiatives



Meezan Bank
The Frontier Islamic Bank

Annex-AZ



August 09, 2021

The Director,
Infrastructure, Housing & SME Finance Department,
State Bank of Pakistan,
1-3, Chundrigar Road,
Karachi,

Dear Sir,

السلام عليكم

Relaxation in Prudential Regulations for offering housing finance under Government Subsidy Scheme

With reference to the recent joint efforts by Government of Pakistan and State Bank of Pakistan for the promotion of housing finance, we would like to thank you for introduction of Mera Pakistan Mera Ghar (MPMG) markup subsidy scheme to provide affordable housing finance for buying or constructing a house unit for the first time in Pakistan.

At Hamdullah, Meezan Bank has absorbed the scheme with full dedication and prioritize this initiative. Following is our latest performance under MPMG:

Low Cost Subsidized Housing Scheme - As of 30.09.2021					
MPMG Applications received	Approved applications	Number of beneficiaries	Amount of MPMG Subsidy	Number of beneficiaries whose disbursement is complete	Amount
7,408	10,863.00	2,855	8,432.00	248	148.00

Since we are an active player in MPMG, therefore, we have been approached by a number of public sector employees of Federal / provincial entities and corporate entities to allow them to avail scheme. While meeting with them, we came to know that properties they have selected does not have perfect titles but proves their ownership. However, their employers are comfortable to provide direct debit from their monthly salaries.

In view of above, it is requested to allow necessary relaxations in SBP Housing PRs and the security requirements as mentioned in MPMG Scheme.

Yours Sincerely,

Arshad Maleed

Arshad Maleed
Group Head Consumer Finance

CC: Irfan Siddiqui
President & CEO

Meezan Bank Ltd.

3rd Floor, Al-Karam Centre, Plot 80/Block-3, Clifton, Karachi - Pakistan.
Tel: (92-21) 9925/69-85 Fax: (92-21) 99250670 www.meezanbank.com



STATE BANK OF PAKISTAN
Infrastructure, Housing & SME Finance Department
1-1, Chundrigar Road
Karachi

August 12, 2021

IH&SMEFD.IHFD/G-MSS/2021-8923

The Chairman,
Naya Pakistan Housing & Development Authority (NAPE-IDA)
4th Floor, Prime Minister Office, Islamabad.

Dear Sir,

Proposal to revise security requirement under MPMG for employees of Federal/ Provincial government entities, armed forces, PSEs and corporate entities

The banks have been approaching State Bank highlighting difficulties in mortgaging housing properties as per the security requirement in Mera Pakistan Mera Ghar (MPMG) Markup Subsidy Scheme due to issues in availability of perfect title documents. Though, in all such cases, the available documents prove the ownership of the housing property of the borrower.

2. In view of these difficulties, the banks have requested to allow revise collateral requirements for employees of Federal/ Provincial government entities, armed forces, PSEs and corporate entities subject to employer's guarantee for repayment of financing with assurance of deducting outstanding payments/installments directly from monthly salaries of borrowing employees.

3. In order to promote housing finance under MPMG, it is proposed that NAPE-IDA may move a summary to Economic Coordination Committee (ECC) for revision of security requirement under MPMG for the cases mentioned in para 2 above. This will help promote take up in MPMG.

Sincerely yours,


(Ghulam Muhammad)
Director

End: Letters received from Meezan Bank and HBL

March 25, 2021

IHSMEFD Circular No. 03 of 2021

The Presidents/Chief Executives
All Banks/Microfinance Banks/DFIs

Dear Sir(s)/Madam(s),

Government's Mark-up Subsidy Scheme for Housing Finance

Please refer to IHSMEFD Circular No. 11 of 2020 whereby the captioned Government's Mark-up Subsidy Scheme (G-MSS) for Housing Finance was introduced.

2. In view of the feedback received from various stakeholders, Government of Pakistan (GoP) has decided to revise features of the G-MSS to align it with market dynamics. These revisions aim at significantly enhancing outreach of Scheme to the individuals and households who do not own a house. The key features of the revised G-MSS approved by the GoP are given below.

Particulars	Mark up Subsidy Program
Eligibility Criteria	<ul style="list-style-type: none"> All men/women holding CNIC First time home owner One individual can have subsidized house loan facility under this scheme only once
Tiers of the Scheme	<ul style="list-style-type: none"> Financing under Tier 0 is available through microfinance banks for financing of housing units under non-NAPHA projects. Financing under Tier 1 is available through banks for financing under NAPHA projects. Financing under Tier 2 and Tier 3 is available through banks for financing of housing units under non-NAPHA projects.
Size of Housing Unit	<p>Size of the loan is segregated into four tiers, as under:</p> <ul style="list-style-type: none"> Tier 0 (T0) - (a) House upto 125 sq yds (5 Marla) and (b) flat/apartment with maximum covered area of 1,250 sq ft. Tier 1 (T1) - (a) House upto 125 sq yds (5 Marla) with maximum covered area of 1,250 sq ft. and (b) Flat/apartment with maximum covered area of 1,250 sq ft. Tier 2 (T2) - (a) House upto 125 sq yds (5 Marla) and (b) flat/apartment with maximum covered area of 1,250 sq ft. Tier 3 (T3) - (a) House upto 250 sq yds (10 Marla) and (b) flat/apartment with maximum covered area of 2,000 sq ft.
Age of housing units	<p>Newly constructed housing units during last one year from the date of application. However, this requirement will not be applicable till March 31, 2023 under Tier 0, Tier 2 and Tier 3.</p>

- 278 -

Maximum Price of Housing Units	Maximum Price (Market Value) of a single housing unit at the time of approval of financing, as under: Tier 1 (T1) - Rs 3.5 million Tier 0 (T0), Tier 2 (T2) and Tier 3 (T3) - No cap														
Maximum Loan size	Maximum size of the loan of a single housing unit, as under: Tier 0 (T0) - Rs 2.0 million Tier 1 (T1) - Rs 2.7 million Tier 2 (T2) - Rs 6.0 million Tier 3 (T3) - Rs 10.0 million														
Loan type	Long term housing finance loans														
Loan Tenor	Minimum 5 years and maximum 20 years loan tenor, depending upon choice of customers.														
Security Requirements	As per banks' credit policy and prudential regulations for housing finance, the housing unit financed will be mortgaged in favor of financing bank.														
Allocation in Budget	Finance Division shall give authority to SBP to debit GDP account on quarterly basis for the subsidy payment to banks. Payment will be made to the banks on submission of quarterly consolidated subsidy statement as per format prescribed by State Bank.														
Pricing	<p>Pricing for Housing Loans:</p> <table border="1"> <thead> <tr> <th>Loan Tiers</th> <th>Customer Pricing</th> <th>Bank Pricing</th> </tr> </thead> <tbody> <tr> <td>Tier 0</td> <td>5% for first 5 years & 7% for next 5 years</td> <td>KIBOR+700 BPS</td> </tr> <tr> <td>Tier 1</td> <td>3% for first 5 years & 5% for next 5 years</td> <td>KIBOR+250 BPS</td> </tr> <tr> <td>Tier 2</td> <td>5% for first 5 years & 7% for next 5 years</td> <td rowspan="2">KIBOR+400 BPS (Spread may vary)</td> </tr> <tr> <td>Tier 3</td> <td>7% for first 5 years & 9% for next 5 years</td> </tr> </tbody> </table> <p>For loan tenors exceeding 10 years, market rate i.e. bank pricing will be applicable for the period exceeding 10 years.</p>	Loan Tiers	Customer Pricing	Bank Pricing	Tier 0	5% for first 5 years & 7% for next 5 years	KIBOR+700 BPS	Tier 1	3% for first 5 years & 5% for next 5 years	KIBOR+250 BPS	Tier 2	5% for first 5 years & 7% for next 5 years	KIBOR+400 BPS (Spread may vary)	Tier 3	7% for first 5 years & 9% for next 5 years
Loan Tiers	Customer Pricing	Bank Pricing													
Tier 0	5% for first 5 years & 7% for next 5 years	KIBOR+700 BPS													
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Tier 2	5% for first 5 years & 7% for next 5 years	KIBOR+400 BPS (Spread may vary)													
Tier 3	7% for first 5 years & 9% for next 5 years														
Executing Agency	All commercial banks including Islamic banks, microfinance banks and House Building Finance Company Limited (HBFCL).														
Application Form	A standardized Application Form both in English and Urdu will require minimum essential information with simple format.														

- 777 -

	The processing time will not exceed 30 days after submission of all documents by the borrower and the same will be clearly stated in the application form.
Standardized Procedures	Banks to have standardized loan documents and risk acceptance criteria
Monitoring	SBP will publish consolidated information about the loans extended under this program for information of the public on quarterly basis on its website.
Geographical distribution	Whole of Pakistan

3. The revised features are applicable with immediate effect. Accordingly, IHSMCFD Circular No. 11 of 2020 is hereby superseded. However, instructions notified vide IHSMCFD Circular No. 01 of 2021 will continue to remain applicable.

4. The banks are advised to ensure successful implementation of revised G-MSS through dissemination of necessary instructions to branches/ regions, capacity building of field staff, alignment of housing finance products and active marketing campaigns, etc.

5. Please acknowledge receipt.

Sincerely yours.

Sd/-

(Dr. Mian Farooq Haq)
Director

