



# Government Markup Subsidy Scheme (G-MSS)

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Government of Pakistan has Markup Subsidy Scheme to provide concessional housing finance thereby promoting home ownership. State Bank of Pakistan has issued necessary instructions to all commercial banks, microfinance banks and HBFCL (Executing Agencies (EAs) through IH&SMEFD Circular No. 03 dated March 25, 2021 and revised instructions thereof issued from time to time. All loans disbursed under the subject scheme shall be reported to SBP under housing finance.

## What is MPMG scheme?

"Mera Pakistan Mera Ghar" is a housing scheme initiated by the Government of Pakistan to provide affordable housing to low-income and middle-income individuals and families. The scheme aims to address the housing shortage in the country by facilitating access to housing for those who may not have the financial means to afford a house through traditional means.

Under the "Mera Pakistan Mera Ghar" scheme, the government offers various incentives and financial support to eligible applicants, including subsidies and low-interest loans. The program is intended to promote home ownership and improve living conditions for a broader segment of the population.

## Mechanism for payment of markup subsidies

As per SBP Regulations, WLS shall appoint external audit firm for the verification of subsidy claims.

Payment of subsidy to EAs will be made through SBP's operational arm viz. Development Finance Support Department (DFSD), SBP BSC, Head Office, Karachi.

EAs shall prepare and submit claims on quarterly basis to DFSD for receiving government markup subsidy on outstanding principal amount of their performing housing finance portfolio up to expiry of each individual loan.

DFSD, SBP BSC shall scrutinize subsidy claim of EAs within 15 working days after receipt of complete information from EAs.

## Procedure for loans disbursements and availing markup subsidy

Executive Agencies (EAs) shall evaluate financing applications of customers as per parameters of the Markup Subsidy Scheme for Housing Finance approved by the Federal Cabinet and circulated by the State Bank of Pakistan to all banks/DFIs vide IH&SMEFD Circular No. 03 dated March 25, 2021, and revised from time to time. The financing facility for a borrower shall be sanctioned and disbursed by the EA after the completion of documentation formalities. This financing shall be entitled for markup subsidy as prescribed above. No further evaluation on the eligibility of borrowers would be conducted by the State Bank of Pakistan.

## How can BDO help?

The scope of work/terms of reference of the external audit firms shall broadly cover certification of;

- Accuracy of subsidy & loan loss calculations. EAs/WLS shall provide information to external audit firm regarding subsidy claims on the format prescribed by SBP.
- Compliance of each subsidy & loan loss claim as per approved parameters of PMYB&ALS and relevant regulations of SBP and SECP.
- Documentation Review
- Sampling and Testing
- Compliance Check etc.

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