

**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"> <li>▪ All farmers.</li> <li>▪ New and used Tractors &amp; Threshers (up to 3 years old) are eligible for financing.</li> <li>▪ In case of used Tractors and Threshers, valuation report from PBA approved evaluator will be required for assessing loan tenor/useful life of machinery.</li> <li>▪ Hypothecation of the asset purchased will be acceptable as collateral.</li> </ul>
9	Category-2 Harvesters, Planters and Mobile grain dryers, Solar Tube- wells	<ul style="list-style-type: none"> <li>▪ All farmers, processors, corporates engaged in agriculture crop production.</li> <li>▪ New and used Harvesters, Planters, Mobile grain dryers and Solar Tube-well (up to 3 years old) are eligible for financing.</li> <li>▪ 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.</li> <li>▪ Hypothecation /any collateral acceptable to bank as per policy.</li> </ul>
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"> <li>▪ All banks to submit their proposed credit limits to SBP within 7 days after issuance of the Circular.</li> <li>▪ 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.</li> <li>▪ The target achieved by banks under this scheme will be the part of their annual indicative agriculture credit target assigned by SBP.</li> </ul>
15	Subsidy Claims	<ul style="list-style-type: none"> <li>▪ Banks to submit subsidy claims per prescribed format (<b>Reporting Format - MSRSSF</b>) to Director DFSD, SBP BSC, Head Office Karachi on half-yearly basis for further process.</li> <li>▪ DFSD, SBP BSC upon reimbursement of subsidy claims from GoP, will credit the same in bank's account maintained with SBP BSC Karachi.</li> </ul>
16	Mechanism	<ul style="list-style-type: none"> <li>▪ Ministry of National Food Security &amp; Research (MNFSR) in collaboration with other stakeholders and banks to develop an online portal for farmers to apply for financing under this scheme.</li> <li>▪ All banks will be given access to aforementioned portal for picking up clients from the available pool.</li> <li>▪ The loans will be provided on first come first serve basis.</li> <li>▪ Banks to promote the scheme through print and digital media.</li> </ul>