

PMYBL Quarterly Review

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Infrastructure, Housing & SME Finance Department

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Executive Summary

Under PMYBL¹ Scheme, loans up to Rs. 2,000,000 are being provided through the banking system at service charges of 8 percent per annum for borrowers, while the rate of return for banks working as Executing Agencies (EAs) for PMYBL is one year KIBOR+500 bps with KIBOR to be reset every year. Portfolio risk coverage up to 5 percent is also available under the Scheme for EAs.

PMYBL Scheme is gradually picking up pace as many private banks are also gearing up their systems including finalization of their PMYBL products, and completion of other necessary requirements such as putting in place necessary MIS, HR and their training for effective servicing of their PMYBL clients. During Jan-Mar 2015 Quarter, three more banks i.e.; Habib Bank Limited, Habib Metropolitan Bank and Sindh Bank also started financing under the Scheme. PMYBL data also indicates towards steady progress as significant number of applications was submitted to NBP and FWBL under the Scheme. As on 31st March, 2015, a total of 62,696 applications were received, which was 1 percent higher than the applications received as on 31st December, 2014. Only 4 percent of total applications received during the quarter were rejected. Significant increase was witnessed in the number of loans and amount sanctioned during this quarter. As of 31st March, 2015, cumulative amount of Rs 15,940.15 million had been sanctioned against 15,447 loans. Out of this, Rs 78.15 million was sanctioned during quarter Jan-Mar, 2015 which was 0.5 percent higher than the sanctions made during the previous quarter. National Bank of Pakistan (NBP) sanctioned Rs 75.15 million and First Women Bank Limited (FWBL) sanctioned Rs 3 million during quarter ended March, 2015.

As far as disbursements are concerned, during the quarter ending March, 2015, NBP disbursed an amount of Rs. 686.87 million while FWBL disbursed Rs. 3 million. Disbursements of NBP and FWBL during Jan-Mar' 15 quarter were 19.7 percent and 3 percent higher than the disbursements made in Oct-Dec, 2014 quarter respectively. Out of total 62,696 completed application forms received by NBP, FWBL, HBL and Sindh Bank, 86 percent were submitted by male and 14 percent by female loan applicants respectively.

¹ PMYBL: Prime Minister Youth Business Loans

Status of Prime Minister's Youth Business Loans

Prime Minister Youth Business Loans (PMYBL) Scheme is gradually picking up pace as many private banks are also gearing up their systems including finalization of their PMYBL products and completion of other necessary requirements such as putting in place necessary MIS, HR and their training for effective servicing of their PMYBL clients. During March 2015 Quarter, three more banks launched financing under the Scheme. Habib Metropolitan Bank Limited (HMBL) and Sindh Bank launched PMYBL Scheme in January 2015, while Habib Bank Limited (HBL) introduced PMYBL Scheme from February 2015. PMYBL data also indicates towards steady progress of PMYBL considering the significant number of applications received under the Scheme. As of 31st March, 2015, 62,696 application forms had been received from potential borrowers which were 1 percent higher than the applications received as of 31st December, 2014. Out of 62,696 applications, 62,225 applications were received in NBP, 460 applications were submitted in FWBL, 7 applications were received in Sindh Bank limited and 4 applications were received by HBL. However, during the quarter under review, no application was received in HMBL.

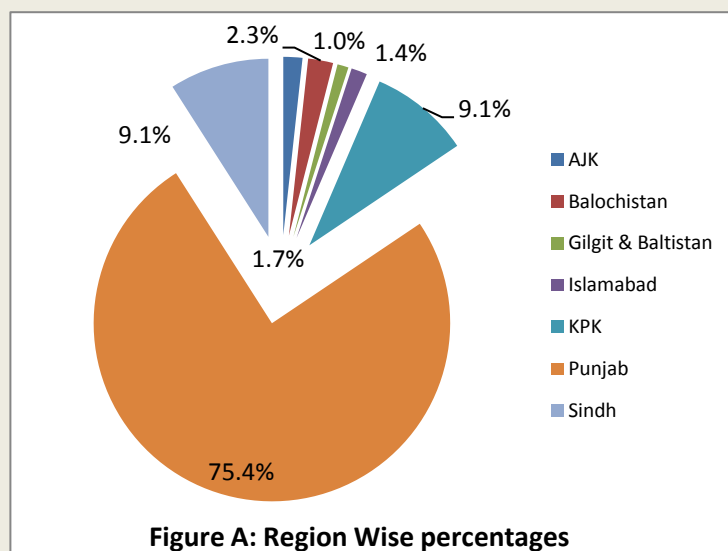
As far as rejection of the application forms is concerned, it seems that potential borrowers have developed an understanding of the application procedures very well. Banks may also be guiding their potential borrowers in effective manner. This is clearly indicated through the numbers of rejected application forms, which was 2,565 i.e.; around 4 percent of the total applications received.

Since launch of the Scheme, an aggregate amount of Rs 15,940.15 million had been sanctioned by NBP and FWBL as of March 31, 2015. However, in the quarter under review, NBP sanctioned Rs 75.15 million while FWBL sanctioned Rs 3 million only. Collectively, those sanctions were 0.5 percent higher in terms of sanctioned amount and 1 percent higher in terms of number of applications than the position as of 31st December, 2014. The other three banks did not sanction any loan during the March 15 quarter.

(Table No 1)

<i>Table No 1: Details of Loans Sanctioned</i>						
Banks	Cumulative Position Dec-14		Cumulative Position Mar-15		Percent Change	
	No. of Cases	Sanctioned Amount (Million Rs.)	No. of Cases	Sanctioned Amount (Million Rs.)	No. of Cases	Sanctioned Amount (Million Rs.)
NBP	15,249	15,679	15,332	15,754.15	1%	0.5%
FWBL	153	183	155	186	1%	2%
Sindh	-	-	-	-	-	-
HBL	-	-	-	-	-	-
HMBL	-	-	-	-	-	-
Total	15,402	15,862	15,487	15,940.15	1%	0.5%

Region Wise Position: As of 31st March, 2015, total number of applications submitted was 62,696, out of which 75.4 percent loan applications were received from Punjab, 2 percent from AJK² and Baluchistan each, 1 percent from GB³ and Islamabad (Capital Territory) each while 9 percent of applications were received from KPK⁴ and Sindh each. **(Figure A)**. As compared to previous quarter, in the quarter under review, share of applications received showed same pattern.



Gender-wise position: Out of total 62,696 completed application forms received by both NBP and FWBL, 86 percent (53,849 applications) were submitted by male and 14 percent (8,847 applications) by female **(Figure B)**. The ratio of women applicants is quite low in view of the fact that under PMYBL, 50 percent quota is allocated for women. Hence, banks may direct their sales teams to target unemployed women entrepreneurs with technical degrees to avail financing under this Scheme. When compared to previous quarter, female applicants increased by 0.8 percent. Similarly, the share of male applicants witnessed an increase of 0.5 percent during the quarter under review.

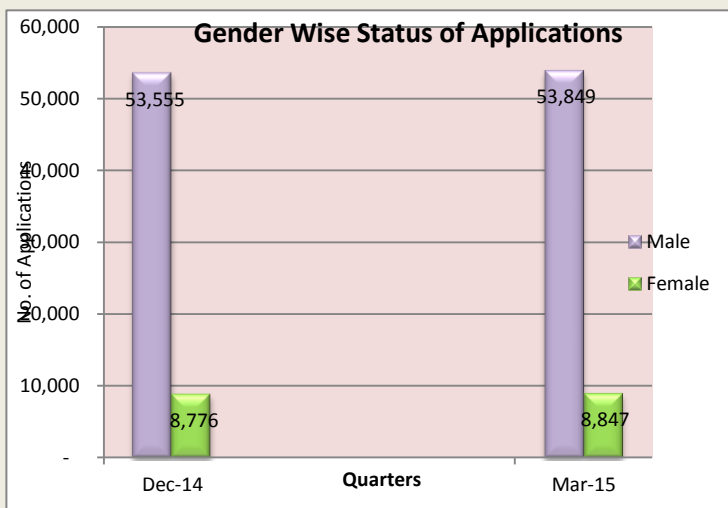
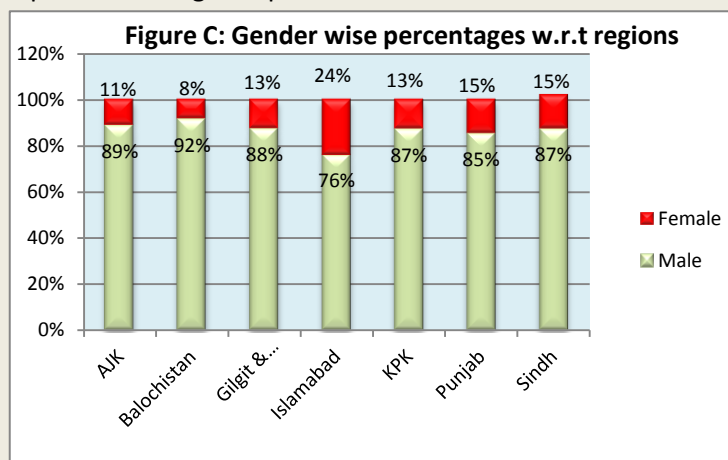


Figure C shows the gender-wise position in different regions. The maximum participation of female applicants was in Islamabad region with 24 percent, while the lowest female participation was in Baluchistan with share of 8 percent in total applications received in Baluchistan. In GB and KPK, the percentage of female participants was 13 percent



² AJK: Azad Jammu & Kashmir

³ GB: Gilgit-Baltistan

⁴ KPK: Khyber Pakhtunkhwa

while Punjab and Sindh regions stood at 15 percent each and AJK at 11 percent respectively.

Disbursements: As of March 31, 2015, PMYBL Scheme was being implemented by

five banks i.e. NBP, FWBL, HBL, Sindh Bank and HMBL. Considering, later three banks have recently launched PMYBL Scheme; the entire disbursement was made by NBP and FWBL. Total disbursements by those banks were Rs 4,271.57 million against 5,913 loans, which was 19 percent higher than the previous quarter. Out of Rs 4,271.57 million, Rs 4,152.57 million was disbursed by NBP while Rs 119 million was disbursed by FWBL. NBP disbursed Rs

*NBP has so far disbursed
Rs. 4,152.57 million
while FWBL disbursed
Rs. 119 million only by
the end of Mar, 2015.*

683.87 million during the quarter under review which was 19.7 percent higher than the disbursements of previous quarter while FWBL disbursed Rs. 3 million, which was 2.6 percent higher than the disbursements made in previous quarter. **(Table 2)**

Table No 2: Details of Disbursements under the Scheme						
Banks	Cumulative Position Dec-14		Cumulative Position March-15		Percent Change	
	No. of Cases	Disbursed Amount (Million Rs.)	No. of Cases	Disbursed Amount (Million Rs.)	No. of Cases	Disbursed Amount (Million Rs.)
NBP	5,432	3468.7	5811	4152.57	7%	20%
FWBL	102	116	102	119	0%	3%
Sindh	-	-	-	-	-	-
HBL	-	-	-	-	-	-
HMBL	-	-	-	-	-	-
Total	5,534	3,584.7	5,913	4,271.57	7%	19%

Launching of PMYBL Scheme by HMBL, Sindh Bank & HBL

Habib Metropolitan Bank launched PMYBL products from January 2015 and issued Instruction Circular countrywide, while officers have been specifically designated to handle this product. Besides, HMB has also allocated disbursement targets to the designated branches in each Zone & Area Office.

Sindh Bank also launched PMYBL scheme in January 2015. In order to bring customers towards PMYBL Scheme, Sindh Bank has advised its branches to create awareness amongst the customers in particular and the public at large. Brochures have also been printed and made available at all branches in addition to the advertisements placed in all leading newspapers of Pakistan. However, despite above, the bank has reported receiving of only seven PMYBL applications during the Q1 of 2015.

HBL introduced Prime Minister's Youth Business Loan Scheme in February 2015, through its twenty designated branches across four major cities i.e.; Karachi, Lahore, Peshawar & Quetta. So far, more than

100 queries had been received in designated HBL branches regarding this Scheme and around 10–15 applications were in the process of evaluation. However, only 4 applications complete in all respect were received by HBL during the March 15 quarter.