

GOVERNMENT OF PAKISTAN  
MINISTRY OF COMMERCE

\*\*\*\*\*

Islamabad, the 1<sup>st</sup> July, 2016

ORDER

S.R.O. **S80** (1)/2016. - In exercise of the powers conferred by sub-section (1) of section 3 of the Imports and Exports (Control) Act, 1950 (XXXIX of 1950), the Federal Government is pleased to make the following order, namely:-

1. **Short title and commencement:** (1) This Order may be called the Technology Up-Gradation Fund Order, 2016.

1) It shall come into force at once and shall remain in force till the 30<sup>th</sup> June, 2018.

2. **Benefits.** - This Order shall provide the following benefits, namely:-

- (a) twenty per cent investment support upto a maximum of rupees one million per annum per company may be available for import of new plant and machinery; and
- (b) fifty per cent of markup support on up-gradation of technology may be provided for import of new machinery or plant, subject to a maximum of Rs. one million per annum per company.

3. **Definitions.**- In this Order, unless there is anything repugnant to the context:-

- (a) "Annex" means annexes to this Order;
- (b) "Association" means respective associations of the selected sectors duly registered with the DGTO.
- (c) "authorized dealer" means those commercial banks and their branches who have been authorized to deal in Foreign Exchange by the State Bank of Pakistan;
- (d) "BSC" means SBP-Banking Services Corporation (SBP-BSC), a wholly owned subsidiary of State Bank of Pakistan;
- (e) "DGTO" means Directorate General of Trade Organizations;
- (f) "FEOD" means Foreign Exchange Operations Department of SBP-BSC;
- (g) "manufacturer" is any person i.e. sole proprietor, partnership or company with a valid NTN and registered as such with respective association;
- (h) "nominated bank" means any of the authorized banks selected by the applicant for submission of claim under this Order; and
- (i) "SBP" means the State Bank of Pakistan.

4. **Eligibility Criteria.**- (1) The manufacturing unit shall hold a valid National Tax Number (here in after NTN) number and should have filed tax returns for the last five years immediately before the date of application.

(2) The manufacturing units which are currently beneficiary of any other financing scheme for investment in plant and machinery being administered by SBP such as long term financing facility etc. or any other similar scheme announced by Federal, Provincial or District Government shall not be eligible under technology up-gradation fund concurrently. Further, no such facility shall be available to the beneficiary of technology up-gradation fund (TUF) for the same machinery after five years of availing technology up-gradation fund. The concerned trade association shall give a certificate that the applicant is not the beneficiary of any other financing scheme.

(3) An applicant shall not be a person other than manufacturer and shall be registered with the respective trade association and should hold a valid registration number and membership status of the association.

(4) The facilities availed under this order shall be non-transferable and non-saleable for the following five years, from the date of installation. The imported items shall be hypothecated with the nominated bank.

(5) The grant facility under technology up-gradation fund shall only be available against actual import of the specified machinery and payments made there against after the date of issuance this Order.

(6) An application for grant can only be lodged if import payment has been made on letter credit.

(7) In cases where import payment is to be made in installments, the application for grant shall be submitted against each installment.

(8) Claim must be filed within one month of the import payment.

(9) Commercial importers and machinery purchased locally are not eligible for this scheme.

(10) Markup shall be reimbursed as per the repayment schedule of loan.

(11) The support shall be available for the import of new plant and machinery actually required for the technology upgradation in sectors i.e. fans, home appliances, rice, cutlery and sports goods. The plant or machinery so imported under this order shall be subject to verification by the Engineering Development Board to the extent that such Machinery is being used bonafidely in these sector under this order.

**5. Role of Association .-** (1) The association shall be responsible to authenticate the information in respect of the manufacturers as provided in Annex-I and the association shall also give a certificate that the unit is operational at the time of application for grant and is not availing any facility under any other scheme for investment in plant and machinery being administered by SBP such as long term financing facility etc., or any other similar scheme announced by Federal, Provincial or District Government under this order. The format of the association certificate is given at Annex-IV.

(2) The claim documents shall be verified by the Chairman, President or Secretary of the respective trade association. The associations will send the specimen signatures of these officials to FEOD head office Karachi duly verified by office of the DGTO. Further any changes in these office bearers must be duly updated.

(3) The authentication of claim by association shall bear a reference number.

(4) The association shall also provide list of manufacturers registered with them on the following format, namely:-

Sr. No.	NIN	Association's reference No.	Name of Company / Firm / Sole Proprietorship	Name and CNIC of CEO	Address of Company / Firm / Sole Proprietorship	Phone	E-mail
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

(5) The association's responsibility for verified claims shall continue irrespective of changes in office bearers and the association shall keep all relevant record of claims verified by them until the disbursements of claims are audited by Government Auditors.

**6. Procedure for claims.-** (1) The applicant shall submit the claim application as per format given in Annex-I for markup support and Annex-II for grant listing the machinery imported in compliance to Annex- I, along with the documents as prescribed in the Annex-II after the verification from their relevant association, to the bank nominated by it for the purpose. Format of the association certificate is as per Annex-IV.

(2) The applicant shall nominate one authorized bank to submit the claims to BSC. The applicant shall also give undertaking to the effect on the prescribed format and that the claims have not been submitted for the same machinery, through any other bank.

(3) The nominated bank shall scrutinize the application and upon verification, submit the same with an undertaking, on the format specified at Annex-III, to FEOD or to the concerned field offices of the SBP-BSC. Such applications shall be received by FEOD or the concerned field office of BSC as the case may be during working hours on all working days.

(4) The claim certified by the association shall only be allowed to be submitted to FEOD or field office of BSC located in the concerned city or adjoining areas (e.g. the claims certified by association located in Lahore will only be entertained at BSC Lahore Office). The list of field offices of BSC which shall deal with claims under this scheme is at Annex-V.

(5) The applications shall be entertained on first come first serve basis. The incomplete or incorrect claims shall be processed on the basis of the date they are re-submitted after corrections or removal of discrepancy.

FEOD, shall issue the detailed guidelines to the Banks for processing of such claims and submission to SBP-BSC.

**7. Periodic performance reports.-** (1) The applicant shall submit quarterly reports to the nominated bank and the association verifying the installation and performance of the manufacturing facility or machinery imported and installed under this order. These reports shall have to be submitted within fifteen days close of the quarter and up to five years of availing the facility.

(2) The applicant shall also submit financial statements such as income statement or balance sheet showing that imported machinery is duly accounted for to the nominated bank and the concerned association.

(3) The concerned nominated bank and association shall keep record of submission of the applications by the applicant and shall follow up for non-submission of such applications by the prescribed date. They shall forward the list of those applications who fails to provide the requisite documents to FEOD or concerned field office of BSC within one week of such default.

**8. Penalties for Contravention.-**Where any applicant is found to have filed forged documents or have concealed facts in relation to his claims under this order should be liable to such punishment and fine as provided for under the Imports and Exports (Control) Act, 1950 (XXXIX of 1950) or any other law for the time being in force.

On the Letter head of the Nominated Bank

The Chief Manager  
SBP-BSC (Bank)

Date \_\_\_\_\_

Dear Sir,

**Financial Facility Under Technology Up-gradation Fund Order**

Claim for the period from \_\_\_\_\_ to \_\_\_\_\_.

Name of Unit or Company \_\_\_\_\_ : M/S.-----

Association/Chamber' Registration:		
Number	Date	Valid up-to:

I /We hereby apply to avail the financial facility as provided under Para 1 of this order against the import of New Plant and Machinery by obtaining loan from \_\_\_\_\_ (name of commercial bank), eligible under the captioned scheme, in the name of M/s.-----, under Technology Up-gradation Fund (TUF) Scheme of the Government of Pakistan.

a.	Date and amount of loan sanctioned	Date	Amount
b.	Date & amount disbursed	Date	Amount
c.	Name of machinery items		
d.	HS Code of Machinery		
e.	Sub-sector		
f.	C & F value of eligible plant & machinery		
g.	Terms of Loan. (Please specify the benchmark rate (e.g. KIBOR) and bank's spread.		
h.	Terms of Repayment (as mentioned in sanction letter for (a) above.)	No. of installments	Amount of installment
			Due date of first installment

i.	Amount of outstanding loan as on _____ (specify the date up-to which mark-Up Facility is being availed) _____, as per original repayment schedule.			
j.	In case the loan has been fully paid, specify such date/Amount	Date	Amount	
k.	Amount of Mark-up Rate Support for above referred period (Detailed working to be attached with the Claim)			
l.	a) Amount of Support already released by the SBP-BSC, if any.	Date(s)	Amount	Sub-Sector
	b) Amount of Support now requested			
<b>Note: Attach copy of sanction letter and vouchers evidencing the disbursement of above loan</b>				

2. I /We M/s \_\_\_\_\_ certify that:

- (i) The terms and conditions contained in above referred Scheme of the Government of Pakistan have been complied with;
- (ii) All the requirements of the captioned Scheme have been fully met;
- (iii) The above claim does not include any amount of re-finance already availed under any Long Term Financing Facility of SBP or any other Support/ concession of the Government of Pakistan;
- (iv) I /We undertake and agree to pay-back any amount of Support paid to us, on the basis of this claim, along-with a fine upto 300% of amount of the Support if the SBP subsequently finds that such Support was wrongfully claimed under above arrangements;
- (v) The information/data given is complete and correct;

I. Certified copies of

- (a) Import LC(s) and evidence of retirement thereof,
- (b) Goods Declaration Form
- (c) Shipping documents; Master Bill of Lading along with House Bill of Lading if applicable
- (d) Association or Chamber's Registration Certificate and Certificate of commissioning of machines and commercial operation saren.
- (e) Names of eligible machinery items
- (f) C & F value of eligible plant & machinery
- (g) Copy of Invoice
- (i) Freight Invoice where applicable

(j) Bank Verification Certificate

(j) Loan Repayment Schedule

**Associations Verification Number:**

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Signature of the Applicant

-----  
Verified by the Chairman / President/ Secretary of  
Association

-----  
Verified by the concerned branch manager

-----  
Countersigned by Head of Compliance  
or his Regional Representative.

On the Letter head of Claimant Manufacturing Unit

The Director FEOD/Chief Manager  
SBP-BSC (Bank)

Date \_\_\_\_\_

Dear Sir,

**Application of Financial Facility Under Technology Up-Gradation Fund order  
2016 Announced vide SRO No. \_\_\_\_\_ Dated \_\_\_\_\_**

I /We hereby apply to avail the financial facility as provided under Para 1 Sub Paragraph \_\_\_\_\_ of the Technology Up-Gradation Fund Incentive Scheme against the import of New Plant and Machinery (C and F value). The necessary required particulars are as under:-

Name of the Company/Firm/Sole Proprietorship	
Address and telephone no.	
Name of the Chief Executive Officer	
NTN	
Whether Small and Medium Enterprises or Non - Small and Medium Enterprises	
Name of Association registered with	
Registration no. of the association	
Validity period of registration with the association	
Total Amount of Grant Applied For	
Financial Year under which Grant Applied	
For	
Total Amount of Grant applied previously under the scheme	
Sector of the Industry	
Details of Machinery Imported along with IIS Code (Please use additional sheet if required)	
Date(s) of import of machinery	



GD Form (Bill of Entry) Number	
Please attach copy(i.e.) of GD Form(s)	
Form-I # and Name, Branch of Bank through which payment(s) have been remitted to the machinery suppliers. Please attach copy of the Form-I	
Total C&F value of the machinery imported	
Amount of previous payments if any received under scheme	
Particulars of incentives received (if any) under any other incentive scheme administered by State Bank of Pakistan/Federal Govt./Provincial Govt./District Govt.	

#### UNDERTAKING

2. I/We M/s \_\_\_\_\_ certify that:

- (i) The terms & conditions contained in above referred Order/Scheme of the Government of Pakistan been complied with;
- (ii) All the requirements of the captioned Scheme have been fully met;
- (iii) The above import does not include any amount of re-finance already availed under any Long Term Financing Facility of SBP or any other Support/ concession of the Government of Pakistan;
- (iv) I/We understand and agree to payback any amount paid to us, on the basis of this claim, along-with a fine up to 300% of such amount if the SBP-BSC subsequently finds that such Support was wrongfully claimed under above arrangements;
- (v) I/We authorize our Nominated Bank to debit our account for the penalty amount mentioned at para 2(iv) in case SBP-BSC recovers the same from the bank.
- (vi) We understand that in case the penalty cannot be recovered from our account, we will be reported as defaulter in CIB.
- (vii) The information/data given under the claim form is complete and correct
- (viii) We have nominated \_\_\_\_\_ (bank name), \_\_\_\_\_ (branch name) for submission of claim to SBP-BSC and the claim has not been and will not be submitted for the same machinery, through any other bank.

3. The certified copies of

- (a) Import I.C(s) and evidence of retirement thereof,

- (b) Goods Declaration form (Bill of Entry)
- (c) Shipping documents: Master Bill of Lading along with House Bill of Lading if applicable
- (d) Association's Registration Certificate
- (e) Certificate of commissioning of machines and commercial operations signed by the Chief Executive Officer and endorsed by relevant Association or Chamber of Commerce.
- (f) Copy of Invoice
- (g) Freight Invoice where applicable
- (h) Bank Verification Certificate
- (i) Association Verification Certificate

**Associations Verification Number:**

-----  
Signature of the Applicant

Name

Designation

CNIC

Verified by the Chairman / President/ Secretary of

Association

Name

Designation

CNIC

-----  
Verified by the concerned Branch Manager

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Countersigned by Head of Compliance

or his regional representative of the nominated Bank.

**Bank Certificate of Verification for Technology Up-Gradation Fund Order**

In continuation of M/s \_\_\_\_\_ TUF claim dated \_\_\_\_\_ duly certified by us for Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_), this is to certify that M/s \_\_\_\_\_ bearing Registration No. \_\_\_\_\_ of \_\_\_\_\_ (Name of Association) and NTN \_\_\_\_\_ had imported machinery is eligible for technology Up-gradation Fund and \_\_\_\_\_ (Name of Association) under their unique serial number \_\_\_\_\_.

The information in the claim and claim of the applicant manufacturer is genuine and complete in all respect. It is certified that the imported machinery has been installed at the claimant's facility and is being used for Technology Up-Gradation Fund order. We undertake that in case any discrepancy is detected after payment, SBP-BSC may recover the amount of Technology Up-gradation Fund along with penalty on the claimant and on us as under:

Penalty on claimant: upto 300% of claim

Penalty on bank: rate to be determined by SBP and / or SBP-BSC which would not be at a rate less than 3 day REPO rate applicable on the date of grant of Technology Up-gradation Fund by SBP BSC. This penalty will be payable from the date of grant till the date it is recovered.

We undertake that the SBP-BSC has the right to debit our account maintained with it with the amount of Technology Up-gradation Fund claimed by us wrongfully along with the above penalties. We also undertake that the SBP and SBP-BSC has the right to verify the relevant record and machinery by it or by any of its representatives including any external auditors, remuneration for which shall be paid by our bank.

\_\_\_\_\_  
(Stamp & Signature of the Authorized Officials of nominated bank)

Countersigned by I lead of Compliance  
or his regional representative of nominated bank.

**Association Certificate of Verification for Technology Up-Gradation Fund order**

This is to certify that M/s \_\_\_\_\_ is our registered member. The company imported machinery eligible for TUF. We confirm that the unit is operational at this time and the said machinery is being used by our said member itself. The said member is not availing any facility under any other scheme for investment in plant and machinery being administered by State Bank of Pakistan such as Long Term Financing Facility etc. or any other similar scheme announced by the Federal/Provincial/District Government for this machinery concurrently. The claim of Markup Support / Grant under TUF of Rs. \_\_\_\_\_ is justified. The details of the machinery and claim are given in the claim application dated \_\_\_\_\_ duly verified under unique serial number \_\_\_\_\_.

We confirm that the information in the claim is true and in case we find out anything to the contrary, we will promptly inform SBP-BSC.

\_\_\_\_\_  
(Stamp and Signature of the President / Chairman / Secretary of Association)

**LIST OF THE SBP-BSC OFFICES DEALING  
WITH CLAIMS UNDER MINISTRY OF  
COMMERCE INCENTIVE SCHEME**

<b>Sr. No.</b>	<b>Name of Office/Department</b>
1.	Faisalabad Office
2.	Gujranwala Office
3.	Karachi (FEOD SBP BSC HOK)
4.	Lahore Office
5.	Multan Office
6.	Rawalpindi Office
7.	Sialkot Office

[F. No. 1(2)/2014-SO (TP)]

  
(Aamen Javairia)  
Section Officer