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IH&SMEFD Circular No. 2 of 2018

May 22, 2018

The Presidents / CEOs,
All Banks / Development Finance Institutions (DFIs)

Technology Upgradation Fund (TUF) Order 2016 for Textile Sector

Dear Sir /Madam,

Ministry of Textile Industry had issued Technology Upgradation Fund (TUF) Order 2016 for the Textile Sector, vide notification No. 3(19)TID/15-RDA dated 3rd October, 2016. In terms of the said Order, the Federal Government may provide one time "financial support" per annum to the manufacturers in textile sector for import and installation of new machinery, as per the rates and limits specified in schedule-I enclosed with the Order / Scheme. A copy of the notification, containing the eligibility criteria and the terms and conditions of the Scheme, is enclosed for information and compliance.

2. Now, Ministry of Commerce and Textile (MOC & Textile) (Textile Division) has informed us that Finance Division has released funds to make following payments during current financial year under above scheme of the Government of Pakistan:

- Letter of Credits (LCs) retired during the period from 01-07-2016 to 30-06-2017 for import of new machinery

3. Accordingly, banks / DFIs may process the requests for financial support of the eligible units of Textile Sector duly registered with the MOC & Textile (Textile Division), strictly in compliance with the terms and conditions prescribed in the Scheme. In this regard, it is advised that:

(i) Banks/DFIs may submit the claims for "financial support" only against the machinery imported during the period mentioned in Para 2 above and keeping in view the terms & conditions of Scheme. **Duly completed claims as per formats attached with this circular, may be lodged with the concerned offices of SBP-BSC up-to June 20, 2018.**

(ii) Claims duly completed in all respects shall be processed by the offices of SBP-BSC subject to the condition that documents / papers as mentioned in the Scheme notified vide Ministry's notification No. 3(19)TID/15-RDA dated 3rd October, 2016 and prescribed form (format attached) have been enclosed with the claims.

(iii) Attested copies of MOC & Textile (Textile Division) certificate and report of PBA's approved surveyors and original certificate of the internal audit of bank, confirming that the support claim is within the terms & conditions laid down in the Scheme, should also accompany the claims.

(iv) Subject to the availability of budgetary allocations, eligible amount of support shall be released to the banks / DFIs through credit to their accounts maintained with the office of SBP-BSC. The banks / DFIs will pay the amount to the respective units within one working day after receiving credit into their accounts under intimation to the concerned office.

(v) Banks/DFIs should ensure as per their own arrangements that the facilities are not availed in duplication i.e. plants, machinery & equipment financed under SBP's Long Term Re-finance Facilities or any other support or concession of Government of Pakistan, shall not be eligible for the support under this Scheme. The units availing this facility cannot apply for the LTFF or any other support for the same plant, machinery and technology. The banks/DFIs should also take an undertaking from the beneficiary of the Scheme that after availing this support, they shall not apply for LTFF or any other support, against the same plant, machinery and technology.

(vi) **Banks/DFIs will ensure that no loan of any beneficiary falls under the category of NPLs as on the date of submission of claim to the office of SBP BSC as well as till the time of payment by SBP BSC.**

(vii) Any violation of the terms and conditions of the Scheme shall attract the fine prescribed in the Scheme.

4. In case of any query or clarification related to the terms & conditions of the Scheme, Ministry of Commerce and Textile (Textile Division), Government of Pakistan may be contacted.

5. Banks / DFIs may bring above Scheme to the notice of all their branches / other relevant stakeholders.

Attachments:

- [1. TUF Order 2016 for Textile Sector - Attachment to IHnSMEFD Cir 02 of May 2018.pdf](#)
- [2. Claim Form-TUF Scheme 2016- Attachment to IHnSMEFD Cir 02 of May 2018.docx](#)

Yours truly,

Sd/-

(Ghulam Muhammad)
Director

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