

GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE

Islamabad, the 1st July, 2016

ORDER

S.R.O **578** (I)/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 Product Development Incentive Order, 2016.

(2) It shall come into force at once and shall remain in force till 30th June 2018.

2. **Incentive.** - This Order shall provide the incentive in shape of fifty per cent matching grant upto a maximum of five million rupees for specified plant and machinery to improve product design and encourage innovation in SMEs and export sectors specified under this order.

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

- (a) "Annex" means an annex 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 by the SBP to deal in foreign exchange;
- (d) "BSC" means SBP-Banking Services Corporation (SBP-BSC), established under the SBP Banking Services Corporation Ordinance, 2001 (LXVII of 2001);
- (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 national tax number (NTN) and registered as such with respective association;
- (h) "nominated bank" means any of the authorized dealers selected by the applicant for submission of claim under this Order;
- (i) "SBP" means the State Bank of Pakistan; and
- (j) "SME" means a small and medium enterprise.

4. **Eligibility Criteria.-** (1) The manufacturing unit shall hold valid NTN number and should have filed tax returns for the preceding last five years from 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 or Provincial or District Government shall not be eligible under this Order concurrently. Further, no such facility will be available to the beneficiary under this Order for the same machinery for five years of availing benefit. The concerned trade association shall give a certificate that the applicant is not the beneficiary of any other financing scheme.
- (3) An SME company shall not be allowed to avail this facility for more than five million rupees per financial year on matching basis. This limit for non SME applicant shall be two million Rupees per financial year.
- (4) The applicant shall be a manufacturer and shall be registered with the respective trade association and shall hold a valid registration number and membership status of the association.
- (5) The facilities so availed under this order shall be non-transferable and non-saleable for next five years from the date of installation. To ensure this the imported items shall be hypothecated with the nominated bank for five years.
- (6) The facility under this Order shall only be available against actual import of the specified machinery and payments made there against after the date of issuance this Order.
- (7) An application for this incentive may only be lodged if import payment has been made on letter credit basis through the banking channel.
- (8) In cases where import payment is to be made in installments, the application for grant shall be submitted against each installment.
- (9) Claim shall be lodged within one calendar month of the import payment.
- (10) Commercial importers and machinery purchased locally from another importer are not eligible for this scheme.
- (11) The support shall be available for the import of new plant and machinery actually required for the technology upgradation in sectors i.e. leather, pharmaceutical, fisheries and surgical instruments. 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 for carrying out authenticity of information in respect of the claim 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 or Provincial or district government under this scheme concurrently. The format of the Association certificate is given at Annex-III.

(2) The claim documents shall required to be verified by the chairman, president or secretary of the respective trade association. The associations shall send the specimen signatures of these officials to FEOD and head of Karachi duly verified by the DGTO and any changes in these office bearers shall be duly updated.

(3) The authentication of claim by association shall bear a reference number to be used for any further correspondence in this regard by banks, BSC, Ministry of Commerce or any other concerned department or agency.

(4) The association shall also provide list of manufacturers registered with them to relevant field office of BSC and FEOD, head office, Karachi on the following format, namely:-

Sr. No.	NTN	Association's reference No.	Name of Company or Firm or Sole Proprietorship	Name of and CNIC of CEO	Address of Company or Firm or Sole Proprietorship	Phone	Email
(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's auditors.

6. **Procedure for claims.-** (1) The applicant shall submit claim application as per format set out in Annex-I, along with the documents as prescribed in the Annex-I, after the verification from their relevant Association, to the bank nominated by it for the purpose. Format of the association certificate shall be as set out in Annex-III.

(2) The applicant shall nominate one authorized bank to submit the claims to SBP - BSC and shall also give undertaking to the effect that it has only nominated one bank of his choice 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-II, to FEOD or to the concerned field offices of the BSC as stipulated in Annex-IV. Such applications shall be received by FEOD or the

concerned field office of BSC as the case may be during normal 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 SBP-BSC located in the concerned city or adjoining areas (e.g. the claims certified by association located in Lahore shall only be entertained at BSC Lahore office). The list of field offices or BSC department which shall deal with claims under this scheme is at Annex-IV.

(5) The applications shall be entertained on first come first serve basis. The discrepant claims shall be processed on the basis of the date of re-submission after corrections or removal of discrepancy.

(6) FEOD, shall issue the detailed guidelines to the banks for processing of such claims and submission to BSC.

7. Periodic Performance Reports.- (1) The applicant manufacturing units shall submit, within fifteen days, quarterly reports to the nominated bank and the association verifying the installation and performance of the machinery, imported in accordance with this Order and installed. These reports shall have to be submitted within fifteen days of the close of the quarter and up to five years of availing the facility.

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

(3) The concerned nominated bank and association will maintain record of submission by the applicant of the relevant documents under this Order and shall follow up for non-submission of such documents by the prescribed date. They shall forward the list of those applicants which fail to provide the documents to FEOD or concerned field office of BSC and such list shall be forwarded within one week of the default.

8. Penalties for contravention.- Where any applicant is found to have filed forged documents or concealed facts in relation to claim under this order shall be liable to such punishment and time as provides for under the Import and Export (Control) Act, 1950 (XXXIX of 1950) or any other law for the time being in force.

On the Letter head of Claimant Manufacturing Unit

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

Date _____

Dear Sir,

**Application of Financial Facility Under Product Development Incentive
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 Product Development Incentive Order (PDIS) 2016 issued by Ministry of Commerce vide SRO . No. _____ dated _____ against the import of New Plant & Machinery (C & F value). eligible under the captioned Scheme. The necessary required particulars are as under:-

Name of the Company/Firm/Sole Proprietorship	
Address and telephone no.	
Name of the Chief Executive	
NTN number	
Whether SME or Non-SME	
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 PDIS 2016	
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(ies) of GD Form(s)

I Form # and Name, Branch of Bank through which payment(s) have been remitted to the machinery suppliers. Please attach copy of the I Form

Total C&F value of the machinery imported

Amount of previous payments if any received under PDIS 2016

Particulars of incentives received (if any) under any other incentive scheme administered by SBP/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 refinance 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 SBPBSC 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 LC(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 and endorsed by relevant Association/Chamber of Commerce.
- (f) Copy of Commercial/Custom Invoice
- (g) Freight Invoice where applicable
- (h) Bank Verification Certificate (Annex-III)
- (i) Association Verification Certificate (Annex-IV)

Associations Verification Number:

Signature of the Applicant	Verified by the Chairman / President/ Secretary of
Name	Association
Designation	Name
CNIC	Designation
	CNIC

Verified by the concerned Branch Manager

Countersigned by Head of Compliance

or his regional representative of the nominated Bank.

Bank Certificate of Verification for Product Development

In continuation of M/s _____ PDIS claim dated _____ duly certified by us for
Rs. _____ (Rupees _____) under
Ministry of Commerce SRO No. _____ dated _____ this is to certify that M/s
_____ bearing Registration No.
_____ of _____ (Name of Association) and NTN _____ had imported
machinery eligible for PDIS under the said SRO and is eligible for PDIS as certified by us 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 as per conditions of the above mentioned SRO. It is specifically certified that the imported machinery has been installed at the claimant's facility and is being used for product development. We undertake that in case any discrepancy is detected after payment, SBP BSC may recover the amount of PDIS 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 PDIS 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 PDIS 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 Head of Compliance
or his regional representative of nominated bank.

Association Certificate of Verification for Product Development

This is to certify that M/s _____ is our registered member. The company imported machinery eligible for PDIS under SRO No. ____ dated _____ of Ministry of Commerce. We confirm that the unit is operational at this time and the said machinery is being used by our said member itself as per terms of the SRO. The said member 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/district government for this machinery concurrently. The claim of PDIS of Rs. _____ is justified under the SRO. The details of the machinery and claim are given in the claim application dated _____ duly verified by us under our 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 & Signature of the President / Chairman / Secretary of Association)

**LIST OF THE SBP BSC OFFICES DEALING
WITH CLAIMS UNDER MOC INCENTIVE
SCHEME**

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

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


(Aemen Javairia)
Section Officer