

Broad Guidelines for Submission of Disbursement Claims to PFC (Rupee Term Loan to State Sector)

REQUIREMENTS TO BE COMPLETED PRIOR TO DISBURSEMENT

Complete the execution of loan documents. Ensure to comply with the following :-

- a) Submit the details of procurement of materials, works and services in the format (Disbursement Schedule) to the concerned Appraisal Unit in PFC. Format at Annexure –I.
- b) Submit the names and designations of officers who are authorised to submit the claims to PFC alongwith attested specimen signatures.
- c) Ensure the compliance of all pre-disbursement conditions as laid down under the terms and conditions of loan.
- d) Submit the quarterly drawal schedule for the entire loan amount.
- e) Ensure to clear outstanding dues , if you has been declared a defaulter by PFC.
- f) Create the security and other such requirements as per loan sanction terms and conditions..
- g) Establish the Escrow account/Letter of credit etc. as per the sanction terms.
- h) Ensure to Comply with all general and other special conditions, if any, as per the terms of sanction.

DISBURSEMENT BY PFC

PFC makes the disbursement in the following manner:

- a) Direct Payment to Supplier/contractor
 - b) Reimbursement Claim to borrower
 - c) Advance Payment to borrower
- **Direct Payment to Supplier/contractor**
 - i) **When supplier /contractor / agency / consultant is a Government Company / any other Govt. Departments / agencies.**

- Verify that equipment / materials or civil/erection work done/ services provided shown in the Bills/ Invoices are in conformity to the disbursement Schedule. PFC will not release the payment of material / work / equipment services which is not in conformity with disbursement schedule.
- Fill the required information in Form-I (Annexure-II) and get it signed by the authorized official alongwith seal.
- The Government supplier/contractor/agency will present the Form –I along with authenticated original bills/invoices to PFC.
- PFC will make the direct payment to such Company / Department / Agency on behalf of the Borrower.

ii) When supplier /contractor / agency / consultant is not a Government Company/ Departments / agencies

- Verify that equipment / materials or civil/erection work done/ services provided shown in the Bills/ Invoices are in conformity to the disbursement Schedule. PFC will not release the payment of material / work / equipment services which is not in conformity with disbursement schedule.
- Fill the required information in Form-I (Annexure-II) and get it signed by the authorized official alongwith seal.
- Give to the supplier/contractor/agency the Bills/Invoices (in original) alongwith Form-I (duly filled & signed by authorised signatory). Simultaneously, you also send an advance copy of the Form-I, without any enclosures to PFC for information.
- The supplier /contractor /Agency will present the duly passed bills/invoices and Form-I to the designated bank of PFC through their bank. A list PFC's designated bank is enclosed at Annexure –IV.
- The designated Bank of PFC will forward the Bills/Invoices alongwith Form-I (in original) to PFC.
- PFC will advise the designated Bank for making the payment to Supplier/Contractor/Agency through their bank.

• Reimbursement Claim

- Submit the claim in Form –II (Annexure-III).
- Ensure to get signed the Form by Authorised officer alongwith seal.
- Claim will be admitted in respect of the equipment/materials or the civil/erection works, which conform to the accepted disbursement schedule.

- **Disbursement of Advance**

- An advance to the extent of 15% of the sanctioned amount can be considered by PFC, as per the prevailing policy.
- Send a request for advance alongwith justifications.
- PFC will examine the request and compliance and after having satisfied , may release the advance.
- Ensure to submit the utilisation of advance in line with the terms & conditions of the Sanction Letter.
- The utilization claim will be submitted in same manner of reimbursement claim.
- PFC may adjust the reimbursement claims of the borrower against the outstanding advance in loan .

General Points

- Ensure to deposit all statutory deductions or make arrangement to deposit to the concerned authorities.
- Submit separate claims for each loan.
- Ensure not to stipulate any condition either by you or supplier which may restrain the PFC's designated bank to remit the payment.
- Ensure the compliance of relevant laws and regulations while passing the bills and authenticating the FORM-I/II.
- Ensure that the supplier/ agency/ contractor are not barred to receive the payment under any statute/law.
- Ensure that the claimed invoices were raised on or after the cut off date of expenditure as specified in the sanction terms & conditions.
- If any specific disbursement procedure is indicated in letter of sanction, terms and conditions of any loan, the same will be followed in respective loan.

Rejection/return of claim

- A claim will be rejected if it is not in conformity with the accepted disbursement schedule or the prescribed disbursement procedure.

Common mistakes which should be avoided

- Wrong reference of item in disbursement schedule.
- No reference of Item Number.
- Incomplete Form I/II or submission of claim on wrong form.
- No matching of figures / amount in Form I / II with respect to the passed bills.
- Claims for the items not included in the disbursement schedule without submission / acceptance of additional / revised schedules.
- Changes in authorized signatories without intimation to PFC.
- Form I/II is not signed by authorized person.
- Direct payment claims of private/ contractors/ suppliers are not routed through banks.
- Original invoices are not submitted.

EQUIPMENT, MATERIAL AND WORKS SCHEDULE

Name of the project:

Details of identified and order placed / to be placed Equipment, Material and Works

S. No.	Description of Equipment / Material/ Works	Order Placed (Yes/ No)	If Order Placed - Yes		Amount/ Estimated Cost (Rs. In Crores)	Quantity	Amount Accepted by PFC
			Supplier / Contractor	Order No. and Date			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TOTAL							

CERTIFICATES AND AUTHORISATIONS

- 1) Borrower hereby certifies that:
 - a) Information given in this schedule is correct as per the records maintained for the purpose.
 - b) Equipment/materials/works described in this Schedule are for this project.
 - c) Borrower hereby authorises Power Finance Corporation Limited to regulate the claims as per value identified in the Schedules and disburse the loan as per the disbursement procedure of PFC as being modified from time to time.
 - d) The advances claimed by the suppliers / contractors are as per the "Terms of the contract". (Delete if not applicable)

Date:

Signature of Authorised Signatory of borrower

**Signature of Accepting Officer in
PFC**

Note : The amount may be mentioned in Rupees crores rounded off to lakhs. The details in all the columns must be filled in. In case of non-applicability of an item 'NA' should be mentioned.

FORM – I

(Referred to in paras 2.4 of the Disbursement Procedure of PFC Loans)

(This Form to be attached to each set of Invoices/Bills)

Loan Number _____

Sl.No. of Claim _____

To

Power Finance Corporation Ltd.,
“Chandra Lok”, 36, Janpath,
New Delhi – 110 001

1. We forward herewith one set of the following Invoices/Bills:

- a) Invoice/Bill No. _____
- b) Total amount of the Invoice /Bill _____
- c) Total amount of the invoice/Bill/
(in rupees) (In case of bills/invoices
not in rupee terms attach proof of conver-
sion rate from the bankers}.
- d) Name & address of the _____
Supplier/Contractor/Agency _____
- e) Purchase order/work order No. & date
- f) Supplier's Bank Address and A/C No.
- g) Reference to Item (s) shown in the
Disbursement Schedule against which
the equipment/materials services
Shown in the Invoices/Bills are covered

2. The above Invoices/Bills have been verified by us and on that basis we hereby authorise Power Finance Corporation Ltd. to make payment to the suppliers/contributors/agencies on our behalf as admitted by us and indicated below:
- a) Total amount claimed under the Invoices/Bills indicated above
 - b) Total amount passed for payment by the borrower to be paid by PFC on its behalf
 - c) Income Tax deducted at source wherever applicable
 - d) Net amount payable to the Suppliers/ Contractors.

3. We hereby certify and agree as follow:

- a) Equipment/Materials shown in the Invoices/Materials have been supplied and found in good condition
- b) Civil/Erection works shown in the Bills/Invoices have been completed to the satisfaction of the Borrower.
- c) No claims have been submitted to PFC for payment earlier in respect of the invoices/bills being submitted for payment herewith
- d) Equipment/Materials and/or Civil/Erection works shown in the Invoices/Bills are duly covered under the disbursement schedule furnished by Borrower against the items mentioned under 1(g) above.
- j) All the statutory deductions as applicable in respect of the above invoices/bills has been recovered and remitted/will be remitted to the respective authorities.
- k) The performance bank guarantee from the supplier / agency for supplies / works as per the contract has been obtained and kept on record.
- g) Insurance cover has been obtained for the materials supplied.

Date _____

Signature of the Authorised Officer.

Encl: Invoices/ Bills

FORM NO.-II
REIMBURSEMENT CLAIM FORMAT
(Referred to in para 2.5 of the disbursement procedure of PFC Loans)

Loan No: _____

Name of the Project _____

Sl. Item No.	Name of the Party/Contractor reference of	Purchase order/ work order No. & date	Descipriton of item claimed	Invoices No and date	Invoice/Bill Amount	Quantity of equipment/ material supplied as admitted by Board	Value of work done/ equipment/material as certified & claimed	Mode of payment Cheque No./ accepted schedule	Part of payment Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

It is hereby certified that:

- a) The information given above is correct as per records maintained for the purpose
- b) The payment shown under column 8 is actually made and accepted by the supplier/contractor/agency
- c) The amount for which this claim is submitted has not been claimed earlier.
- d) Income tax and other statutory deductions to be made in respect of the above payments have been made and deposited/arrangements have been made to deposit with the concerned authorities.

- e) Materials/equipment/civil/erection works for which the above payments were made were received and found in good condition/done to the satisfaction of the Corporation.
- f) Insurance cover has been obtained for the materials supplied and paid for.

Date:

(Signature of authorised officer with seal)

List of PFC's Designated Banks

1. Mr. Rajeev Malik
The Asst. General Manager
State Bank of India
Chandralok Building,
36, Janpath,
New Delhi-110 001.
Tel. : 011-23320189, 23322276
Fax : 011-23739198

2. Mr. P.K. Bansal
AGM
Bank of India
54, Janpath,
New Delhi-110001.
Tel. : 011-23320986.

3. Mr. M.C. Gauba
Asst. General Manager
Canara Bank
74, Janpath,
New Delhi –110001.
Tel. : 011-23323583

4. Mr. R.N. Panda
Head – Trade Finance
IDBI Bank
Kailash Building, 21, K.G. Marg,
New Delhi – 110 001.
Tel. : 23710889 / 23358293

5. Mr. Rohit Chugh
Manager (Corporate Banking & Institutional Division)
ICICI Bank
9 A, Connaught Place,
New Delhi –110001.
Tel. : 011-55310334
Fax : 55310410

6. Mr. Anil Kumar
Trade Finance Department
HDFC Bank Ltd.
Kailash Building, K.G. Marg,
New Delhi-110001.
Tel. : 41699434.
Fax : 41521398, 41699450