

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 in Equipment, Material and Works Schedule Format given at PFC website.
- 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 and other 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.
- 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 sanction terms.

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 Claim Form-I and get it signed by the authorized official alongwith seal.
- The Government supplier/contractor/agency will present the Claim 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 Claim Form-I and get it signed by the authorized official alongwith seal.
- Give to the supplier/contractor/agency the Bills/Invoices (in original) alongwith Claim Form-I (duly filled & signed by authorised signatory). Simultaneously, you also send an advance copy of the Claim Form-I, without any enclosures to PFC for information.
- The supplier /contractor /Agency will present the duly passed bills/invoices and Claim Form-I to the designated bank of PFC through their bank. A list of PFC's designated banks is given at PFC Website.
- The designated Bank of PFC will forward the Bills/Invoices alongwith Claim 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 Reimbursement Claim Form-II.
- 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 is granted to the borrower, 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
- The utilization claim will be submitted in same manner as 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 Claim Form-I /Reimbursement Claim Form-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 Claim Form-I / Reimbursement Claim Form-II or submission of claim on wrong form.
- No matching of figures / amount in Claim Form-I / Reimbursement Claim Form-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.
- Claim Form-I /Reimbursement Claim Form-II is not signed by authorized person.
- Direct payment claims of private contractors/ suppliers are not routed through banks.
- Original invoices are not submitted.