

GOVERNMENT OF PAKISTAN
MINISTRY OF TEXTILE INDUSTRY

Islamabad, the 4th August, 2006

ORDER

S.R.O 803(I)/2006.- In pursuance of entry 7 of item 29A of Schedule II to the Rules of the Business, 1973, in order to encourage research and development in the value added textile sectors and to allow and regulate research and development support in the home textiles, dyed and printed cloth manufacturing-cum-exporting units, the Federal Government is pleased to make the following order, namely:

1. Short title and commencement.—

- (1) This Order may be called the Research and Development Support Order, 2006.
- (2) It shall come into force at once and shall be deemed to have taken effect on the 1st July, 2006.

2. Procedure and conditions:— (1) The research and development support shall be provided to the home textiles, dyed and printed fabrics manufacturing-cum-exporting units under Chapters 52, 55, 63 and 94 of the Pakistan Customs Tariff at the specified rate of FOB value of export as below:-

- | | | |
|-----|---|------|
| (a) | Dyed and Printed Fabrics
(under Chapters 52 and 55). | =3% |
| (b) | Home Textiles(under Chapters 63 and 94). | |
| | (i) White | = 3% |
| | (ii) Dyed/Printed | = 5% |

Note: All kinds of towels (unstitched) are not allowed

Explanation:-

List of value added textiles products (Fabrics bedlinen made ups and towels along with Chapters and H.S. code Nos. is at Annexure-III).

(2) The research and development support-

shall be available only to manufacturing-cum-exporting units with in-house dyeing and printing facility.

(3) The research and development support shall be available for export to the following countries and regions:-

USA, EU, CANADA, AUSTRALIA, JAPAN, NEWZEALAND, SWITZERLAND, MALAYSIA, INDONESIA, PEOPLE'S REPUBLIC OF CHINA, SOUTH AMERICA, MEXICO, SOUTH AFRICA, CIS COUNTRIES (RUSSIAN FEDERATION, UZBEKISTAN, TURKMENISTAN, KYRGHISTAN, KAZAKHISTAN, TAJIKISTAN, AZERBAIJAN, UKRAINE, BELARUS, GEORGIA, ARMENIA and MOLDAVIA).

(4) The unit availing the facility shall be a member of any one of the following associations registered with the Director Trade Organizations, Ministry of Commerce, namely:-

- (a) All Pakistan Bedsheets & Upholstery Manufacturers Association (APBUMA);
- (b) All Pakistan Textile Mills Association (APTMA);
- (c) Pakistan Bed Wear Exporters Association (PBEA);

- (d) Pakistan Textile Exporters Association (PTEA);and
- (e) Towel Manufacturers Association (TMA).

- (5) The unit shall spend the amount received as research and development support from the Federal Government on the following activities, namely:-
- (a) Product development;
 - (b) Skill development and Training;
 - (c) Up gradation of information Technology;
 - (d) Professional Consultancy;
 - (e) Market research;
 - (f) Technical up gradation of production lines;
 - (g) Environment improvement;
 - (h) Resource conservation ;
 - (i) Production efficiencies; and
 - (j) Participation in Exhibitions.
- (6) The expenditure on the activities referred to in sub-paragraph (5) shall be reflected in the annual accounts and balance sheets of the exporting unit.
- (7) The unit shall lodge its claims for research and development support payment with field offices of SBP-Banking Services Corporation through his Authorized Dealers in the form as set out in Annexure-1 to this Order duly supported by the documents as mentioned therein within thirty days of the date of realization of export proceeds.
- (8) Certification for research and development carried out by the unit shall be issued by any one of the Associations specified in sub-paragraph (4) of which the unit is a member, in the form as set out in Appendix-III to this Order. Before verifying the claims, the relevant Association shall carry out due diligence to ensure that the claim of the unit is based on facts.
- (9) Before submitting the claims, the authorized dealers shall scrutinize the applications carefully and submit the same duly certified by them as an undertaking in the form as set out in Annexure-II to this Order, to the field offices of the SBP-Banking Services Corporation. Such applications shall be received by the said field offices up to 11.00 A.M. on all working days.
- (10) The admissible research and development support payment as approved by the field office of the SBP-Banking Services Corporation shall be made by crediting the account of the concerned authorized dealer, who shall pay the amount to the unit within twenty-four hours of receipt of credit in their account.
- (11) In order to avoid delay or rejection of the research and development support claim, the authorized dealers at the time of certification of the E-Form, shall see that the description of the commodity is properly given in the E-Form and the invoices, are in accordance with the nomenclature given in Chapters 52, 55, 63 and 94 of the Pakistan Customs Tariff.

- (12) Authorized dealers, while forwarding applications for payment of research and development support shall invariably and prominently rubber stamp at the top of the triplicate copy of the relevant E-Form with the following narration namely:-

“Applications for Research and Development Support of
Rs. _____ Submitted to field office, SBP-Banking
Services Corporation vide Forwarding Schedule No.
Dated _____ at Serial No. _____”.

- (13) The unit shall rubber stamp at the top of the copy of the Goods Declaration Form (containing examiner’s report and MR date) prescribed under the Customs Act.1969 (IV of 1969), the following narration, namely:-

“Research and development support as notified shall be claimed for this consignment.”

- (14) In case the unit’s consignment includes items other than those falling under Chapters 52, 55, 63 and 94 of the Pakistan Customs Tariff a separate E-Form and shipping bill will be made for such items and commodities.

- (15) Applications containing discrepancies shall be returned to the Authorized Dealers within two working days between 2.30 P.M. and 3.30 P.M. for re-submission duly rectified within the period as indicated in sub- paragraph (6). While re-submitting the applications, authorized dealers shall quote the reference of the “forwarding schedule” under which the application was originally submitted.

- (16) No remittance on account of foreign importer’s subsequent claims for refund of money on account of quality or short quantity etc., shall be allowed, unless proportional amount of Research and Development Support is refunded.

- (17) In case of exports against advance payments, claim for research and development support may be lodged once the shipment of the goods has been made, against which advance payment has been received.

- (18) Applications for research and development support relating to zero period i.e. for the shipments made between the 1st July, 2006, and the date of issuance of this Order shall also be submitted by the Authorized Dealers as per the procedure given in this Order. Authorized Dealers are advised to bring the provisions of this Order to the notice of their constituents.

3. **Periodical audit** – The Federal Government reserves the right to conduct periodical, random, on-the-spot checks and audits to verify the proper usage, disbursement and claim of research and development support claimed under this Order.

4. **Fraud and penalty** – In case any fraud is detected in claiming the research and development support under this Order, the Textile Commissioner shall be the competent authority to levy fine and penalty up to 300% of the fraudulently claimed amount. The Appellate Authority in this case shall be the Secretary, Ministry of Textile Industry.

5. **Monthly reports** – Associations mentioned in sub-paragraph (4) A paragraph (2), shall submit to the Ministry of Textile Industry and the Textile Commissioner's Organization, a statement on a monthly basis giving details of export consignments certified by them, for the purpose of research and development support, giving description of goods with H.S. Codes, amounts, quantities and destinations.
6. **Modifications** – The Federal Government reserves the right to make any change including additions, deletions and modifications in the scheme under this Order which it may consider necessary or to withdraw the scheme under this Order altogether at any time.
7. **Contravention-** The Ministry of Textile Industry reserves the right to investigate and levy fine and penalty against any action taken in contravention of this Order.
8. **Interpretations** – Any interpretation or clarification required regarding the application of this Order shall be made by the Ministry of Textile Industry.
9. **Order to stand rescinded-** This order shall remain in force till the 30th June, 2007 and the aforesaid date shall stand rescinded.

Subject: - **Application for Payment of Research and Development Support on Export of Home textiles and Dyed and Printed Fabrics**

Dear Sir,

We, M/s. _____ having NTN
No. _____ (Name & address of the manufacturing-cum-exporting unit)
hereby apply for payment of Research and Development Support of
Rs. _____ (Rupees
_____ only) against shipments made
by us to M/s. _____ as per following
details:

(Name and address of the importer abroad)

i.	E Form No. & date	:	_____
ii.	Date of shipment	:	_____
iii.	Description of goods exported alongwith their HS Codes under: the Pakistan Customs Tariff.	:	_____
iv.	Value realized	:	FCY: _____ Equiv _____ PKR: _____
v.	Freight paid	:	_____
vi.	Insurance premium paid	:	_____
vii.	Commission paid	:	_____
viii.	Net FOB value realized (iv)-(v) (vi) – (vii).	:	_____
ix.	Amount of Research and Development Support claimed.	:	_____

We further enclose the following documents in support of our claim:

- (a). Triplicate copy of E-Form duly endorsed.
- (b). Copy of Goods Declaration Form (containing examiner's report and MR date) prescribed under the Customs Act, 1969 (iv of 1969).
- (c). Copy of certified invoice.
- (d). Copy of B/L / Airway Bill.
- (e). Bank's Export Proceeds Realization Certificate. (Appendix-I)
- (f). Customs Certificate for Research and Development. (Appendix-II)
- (g). Commission Paid Certificate.
- (h). Insurance Premium Paid Certificate (in case of CIF Exports).
- (i). Research and Development Certification from relevant Association (Appendix-III)

Certified that the goods of the following descriptions have been examined and shipped on

(date)

(i) Exporting unit's name and address.	_____
(ii) Exporting unit's NTN	_____
(iii) Goods Declaration Form	No. _____
	Date. _____
(iv) E Form	No. _____
	Date. _____
(v) Description of goods along- with H.S. Codes.	_____
(vi) Quantity	_____
(vii) Value	FCY _____
	PKR _____

(Stamp & signature of Customs with Code Number)

Annexure-II
[See paragraph 2 (9)]

Subject: **Bank certificate for Research and Development Support on export of value added Dyed and/ Printed Fabrics & Home Textiles**

We _____ the banker of M/s. _____
(Name of the Bank) (Name of the manufacturing -cum-exporting unit)

undertake that we have verified the above particulars and found them in order. Research and Development support works out to Rs. _____ (Rupees

_____ only) on the above shipments which may please be credited to our account for payment to M/s.

(Name of the manufacturing -cum-exporting unit)

If any discrepancy is detected subsequently, the SBP may debit the amount involved to our account along with penal interest @ _____ % p.a.

Your faithfully,

(Stamp and Signature of the authorized dealer)

Annexure-III
[See paragraph 2(1)]

	<u>LIST OF VALUE ADDED DYED/PRINTED FABRIC & HOME TEXTILES</u>		
	ITEM	H S CODE	H S CODE
		SUB HEADING	NO.
FABRIC COTTON	UNDER CHAPTER 52		
	Fabrics of Dyed Cotton not more than 200 g/m2	52.08	5208.3900
	Fabrics of Printed Cotton not more than 200 g/m2	52.08	5208.5900
	Fabrics of Dyed Cotton more than 200 g/m2	52.09	5209.3900
	Fabrics of Printed Cotton more than 200 g/m2	52.09	5209.5900
FABRIC BLEND	UNDER CHAPTER 55		
	Fabrics of Dyed Poly Cotton not more than 170 g/m2	55.13	5513.3900
	Fabrics of Printed Poly Cotton not more than 170 g/m2	55.13	5513.4900
	Fabrics of Dyed Poly Cotton more than 170 g/m2	55.14	5514.3900
	Fabrics of Printed Poly Cotton more than 170 g/m2	55.14	5514.4900
BEDLINEN	UNDER CHAPTERS 63		
	Bed linen, Table linen, Toilet linen & Kitchen linen	63.02	
	Bedlinen knitted or crocheted:		
	Bed Sheets	63.02	6302.1010
	Pillow Covers	63.02	6302.1020
	Other	63.02	6302.1090
	Other bed linen, printed		
	Of cotton	63.02	6302.2100
	Of man-made fibers	63.02	6302.2200
	Of other textile materials	63.02	6302.2900
	Table Linen, knitted or crocheted	63.02	6302.4000
	Other table linen:		
	Of cotton:		
	Other	63.02	6302.5190
	Curtains (including drapes) and interior blinds;	63.03	
	Curtains or bed valances		
	Knitted or crocheted:		
	Of cotton	63.03	6303.1100
	Of synthetic fibres	63.03	6303.1200
	Of other textile materials	63.03	6303.1900
	Other furnishing articles, excluding those of heading 94.04	63.04	
	Bedspreads		
	Knitted or crocheted	63.04	6304.1100
	Other	63.04	6304.1900
	Other:		
	Knitted or crocheted:		
	Cushions	63.04	6304.9110
	Other	63.04	6304.9190
	Not knitted or crocheted, of cotton	63.04	6304.9200
	Not knitted or crocheted, of synthetic fibers	63.04	6304.9300

	Not knitted or crocheted, of other textile materials	63.04	6304.9900
TOWELS	TOILET LINEN-KITCHEN LINEN UNDER CHAPTER 63		
	Of other textile materials	63.02	6302.5900
	Toilet linen and kitchen linen of terry toweling or similar terry		
	Fabrics of cotton		
	Towels, mill-made		6302.6010
	Other		6302.6090
	Other		
COMFORTER & CUSHION	UNDER CHAPTER 94		
	Mattress supports; articles of bedding and similar furnishing	94.04	
	(for example, mattresses, quilts, eiderdowns, cushions,		
	pouffes and pillows) fitted with springs or stuffed or internally		
	fitted with any material or of cellular rubber or plastics,		
	whether or not covered.		
	Other	94.04	9404.9000

Export Proceeds Realization Certificate

This to certify that the following export bill (s) drawn by M/s. _____
has been negotiated and collected by us and the proceeds will be repatriated / has been
repatriated to Pakistan.

- (i) Bill No. _____
 - (ii) E-Form No. _____
 - (iii) Date of Negotiation/Realization: _____
 - (iv) Amount Negotiated/Realized: _____
2. The triplicate copy of E-Form has been, will be, sent to the State Bank of
Pakistan with our monthly returns _____
for the period ended on _____.

(Stamp & signature of authorized dealer)

**Customs' Certificate for Research and Development Support on
Exports of Home textiles & Fabrics**

Running Serial No. _____

Certified that the goods of the following descriptions have been examined and shipped
on _____
(date)

(i) Exporter's name and address. _____

(ii) Exporter's NTN. _____

(iii) Goods Declaration Form. No. _____
Date: _____

(iv) E-Form. No. _____
Date: _____

(v) Description of goods along-
with H.S codes. _____

(vi) Quantity _____

(vii) Value FCY _____
PKR _____

(Stamp & Signature of Customs with Code Number)

RESEARCH AND DEVELOPMENT CERTIFICATE

This is to certify that the claim of Messers _____ for
Rs. _____ against Form 'E' # _____ is verified as eligible under
the terms of SRO # _____ Research and Development support.

(Stamp & Signature of the Authorized Official)

(Stamp/Seal of Association Containing Date)

[F.No.8 (102) TID/06-Project]

(Teepu Mahabat Khan)
Joint Secretary