



GOVERNMENT OF THE PUNJAB
TECHNICAL EDUCATION & VOCATIONAL TRAINING AUTHORITY
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TEVTA/Fin/LP/1-6

Dated: August 01,2006

CIRCULAR

LOAN POLICY

Whereas it is expedient to facilitate the training Institutions, for promoting technical education and to provide for better equipment therewith or ancillary thereto and it is also expedient to encourage Institutions to be self reliant.

Now therefore, a policy to provide loans to the Institutions is formulated to achieve the following objectives :-

1. Self reliance
2. Reduce dependence on budgetary grants.
3. Development of skills to improve efficiency productivity and quality.
4. Encouragement of advanced technology in the Institutions.
5. Development of infrastructural facilities.

In the light of above policy objectives, TEVTA has taken following steps/measures for promotion/development of infrastructure of its Institutions.

1. **Commencement**

The loan policy shall be applicable in all Institutions of TEVTA w.e.f. 1st July,2006.

2. **Source of funds**

The loan to any Institution shall be sanctioned/disbursed out of self finance funds and TEVTA's own funds available with TEVTA.

3. **Loan Utilization**

The funds granted through Loan Policy will be utilized on the specific purpose for which loan is obtained by the Institution. The fund can be utilized for the following heads/activities e.g:-

- a) Major repair/upgradation of machinery/equipment and furniture of the Institute.
- b) Upgradation of or addition to the existing class room capacity.
- c) Purchase of transport for students.
- d) Meeting cost of training material.
- e) Improvement of library.
- f) Any other expense relating to capacity building and improvement of the Institution.

No such amount shall be utilized for investment in real estate or as bank deposit.

4. **Application for Loan.**

The loan application from an Institute shall be processed through the concerned District Manager/Zonal Manager. The application will be accompanied by the last year's audited Income and Expenditure Account and Balance Sheet of the Institute together with the Income and Expenditure Account/Balance sheet of previous two years self finance programme. The purpose, amount and duration for which loan is needed will be clearly stated in the application.

5. **Loan Processing/Sanction.**

The loan application alongwith supporting financial statements shall be processed and analyzed by the Finance Department at the TEVTA Secretariat and the case shall be submitted to the Competent Authority for final sanction/disbursement as per the following delegation of financial powers.

<u>Competent Authority</u>	<u>Extent of Loan Sanctioning Power</u>
(1) Chairman TEVTA	Full Power
(2) Secretary TEVTA	up to Rs.5,000,000/-
(3) General Manager (F&A)	up to Rs.2,000,000/-

6. **Loan Limit/Amount**

The amount of loan to be sanctioned shall generally be determined on the basis of Profit earned by the Institute and will be determined on the basis of formula given below:

Surplus for the immediate preceding year (self finance scheme) multiplied by 6. However, the Competent Authority in its sole discretion may allow any loan to any Institution to meet a specific need.

7. **Loan Disbursement**

After approval/sanction, Cross Cheque shall be issued in the name of head of Institute to be deposited in the bank account being maintained at the Institute/Centre.

8. **Fund Utilization**

The sanctioned loan shall be utilized in accordance with TEVTA approved delegation of financial powers/rules and regulations.

9. **Repayment of the Loan**

The sanctioned Loan shall be returned in annual installment as per Repayment Schedule. The first installment would be payable after 12 months of release of funds. No mark up shall be charged on the loan.

10. **Security of the Loan**

The Principal/Head of Institute shall be personally responsible for the repayment of the loan as per schedule. Non-payment of such loan will be reviewed seriously and consequently shall be deducted from the annual/quarterly grant of AR/SR.

11. **Accounting of Loan**

The loan account shall be maintained at Institute for disbursement and repayment as per separate cash book and same shall also be maintained at the District office in Accounting Software by the concerned District Accountant. The accounting record for loan utilization shall also be maintained in cash book at Institute level as well as district level.

No.Even & Date.
August 01, 2006

Khawaja Adnan Zahir
General Manager (F &A)
TEVTA Lahore.

A Copy is forwarded for information to:

- (1) All the General Managers at Tevta Secretariat Lahore.
- (2) The Zonal Managers TEVTA Lahore, Multan and Rawalpindi.
- (3) All Managers Tevta Secretariat Lahore.
- (4) All District Managers TEVTA in the Punjab with the request to circulate the same to their lower formation.
- (5) P.S. to Chairman/Secretary TEVTA Lahore.

Mirza Umar Farooq
Manager Finance