CIRCULAR YEAR BOOK

1991 - 1999

STATE BANK OF PAKISTAN

BANKING SUPERVISION DEPARTMENT

CENTRAL DIRECTORATE

KARACHI

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Foreward

The Banking Supervision Department formerly Banking Policy and Regulations Department as a part of its regulatory and supervisory responsibilities issues instructions from time to time through various circulars. To facilitate the availability of such circulars for convenience of banks and other users all circulars from 1981 to 1990 were published in a booklet form.

In the current edition of circular year book, circular issues by Banking Supervision Department, State Bank of Pakistan from 1991 to 1999 have been compiled in the book form to further facilitate the users.

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CIRCULARS OF 1996:

CIRCULARS OF 1998:

CIRCULARS OF 1999:

Issue of Guarantee by Banks

1/1991 Please refer to BCD Circular No. 1 dated 8th March, 1988 read with BCD Circular No. 11 dated the 26th September, 1989.

With a view to providing further encouragement to the domestic Engineering Industry, it has been decided that margin requirements for the issue of performance bonds/bid bonds and guarantees issued for mobilisation advances on behalf of the manufacturers of engineering may be left to be determined by the bank concerned on the merit of each cases. For the purpose of this relaxation, the term "engineering goods" shall have the meaning as given to locally manufactured machinery under the State Bank of Pakistan Scheme for Financing Locally Manufactured Machinery.

Longer Term Trade Financing Scheme of Islamic Development Bank

2/1991 In continuation of our BCD Circular No. 13 dated the 18th April, 1990 regarding above, we have to advise that.

The Board of Executive Directors of Islamic Development Bank in its meeting held during April 28—30, 1991 has decided to reduce the rate of Mark up on LTTFS operations from 8% to 7.5% per annum. Taking into account the rate of rebate at 15% of the current rate of mark up for repayment made on or before the stipulated dates of repayment the effective rate of mark up will be reduced to 6.375% per annum.

Holding of Government Paper of more than One Year

3/1991 As you are aware that the Government has started auctioning of short dated and long dated Paper. One of the objectives of the new scheme is to develop an active secondary market. Two auctions of Federal Investment Bonds have already been made. It is hoped that the primary dealers have already started publishing their bid and offer rates and marketing efforts to help achieve the objective in view. In order that no tendency develops in the banks to hold on to long dated paper of the Government which would discourage the development of the secondary market it has been decided that no bank shall at any point of time hold Government paper of more than one year in excess of 15% of its demand and time liabilities. In cases your holding of such paper exceeds the said limit you are advised to adjust your position immediately but in any case not later than 15th August, 1991. Please note that any holding in excess of the said limit shall attract penalty as for breach of credit ceiling.

Panel of Auditors

4/1991 Further to our BCD Circular No. 14 dated the 22nd April, 1990 it has since been decided to include the name of the under noted firm in the panel of auditors circulared vide BCD Circular No. 41 dated the 17th December, 1985 in terms of Section 35(1) of Banking Companies Ordinance, 1962 as amended by Banking

Companies (Amendments) Act, 1972 (No. XXX of 1972):—

Name of the Firm:-	Tanzeem & Co., Chartered Accountants,
Address:-	28, Al-Amna Plaza, 2nd Floor, Opp: Capri Cinema, M.A. Jinnah Road, Karachi.

Quarterly Statement of Capital Financing.

5/1991 Please refer to para 10 of BCD Circular No. 20 dated the 4th September, 1969 read with BCD Circular letter No. 7/900—76 dated the 5th May, 1976 regarding submission of quarterly statement showing Capital Financing provided by the banks through their term loans and/or investments in stock and shares, debentures etc. (other than Approved Securities).

The form of statement circulated vide BCD Circular letter No. 7/900—76 dated the 5th May, 1976 has since been revised. You are requested to please send the quarterly statement in the enclosed form effective from the quarter ending 30th June, 1991. The statements may please be submitted by the 15th of the month succeeding the quarter to which it relates. Delayed submission of the statement will attract fines under the Banking Companies Ordinance, 1962.

QUARTERLY STATEMENT OF CAPITAL FINANCING PROVIDED BY BANKS THROUGH TERM LOANS AND/OR INVESTMENT IN STOCKS AND SHARES, PTCs, TFCs, BONDS, BRIDGE FINANCING AND OTHERS DURING THE QUARTER ENDED...

POSITION AS ON...(LAST THURSDAY OF THE QUARTER)

(Rupees in million)

Name of Financing	Private Sector		Public Sector		Total	
	Amount Dis-bursed during the quarter	Cumulative Outstanding as on last Thursday of the quarter	Amount Dis-bursed during the quarter	Cumulative outstanding as on last Thursday of the quarter	Column 2+4	Column 3+5
1.	2.	3.	4.	5.	6.	7.
1. Investment in Shares & Securities						
(a) Stocks & shares						
(b) Participation Term Certificates (PTCs)						
(c) Terms Finance Certificates (TFCs)						
(d) Bonds						
(e) Others						
Sub Total (a+b+c+d+e)						
Term Loans**						
Bridge Financing						
Grand Total						

* Financing means grant of term loans as also investment in newly floated shares & debentures (PTCs) for the purpose of establishment of new manufacturing units and extention, balancing and modernisation of the existing manufacturing units.

** Loans granted for a period of one year and above for the purpose of acquisition of plant and machinery.

Foot-Note to the Weekly Statement of Position—Holding of Government Papers of Remaining Maturity of more than One year.

6/1991 In pursuance to the decision conveyed vide BCD Circular Letter No. 3 and 8 dated the 16th May and 11th June, 1991 respectively on the captioned subject, the banks are directed that effective from 15th August, 1991, the amount of their investments in Government Securities with remaining maturity of more than one year shall be separately indicated in the Foot note to the Weekly Statement of Position as per following format:—

(Rs. in million)

	Code No.	Amount
40. Total Holding of Government Papers	70.00	————
(i) Total amount of Holding of Government Papers with remaining maturity of more than one year as on date	70.01	————
(ii) Total amount of holding of Government Papers with remaining maturity of less than one year.	70.02	————

Holding of Government Papers of more than One Year Maturity.

7/1991 Please refer to BCD Circular No.3 dated 16th May, 1991.

The matter has been reviewed in the light of developments and it has decided to withdraw the restrictions stipulated in the said circular with immediate effect.

Maintenance of Special Cash Deposit with the State Bank against Outstanding Credit.

8/1991 In terms of powers vested in the State Bank under the Banking Companies Ordinance, 1962, all commercial banks are directed to maintain at all time with the State Bank a special cash deposit equivalent to 7% of their total outstanding credit. The special cash deposit will be in addition to the Cash Reserve maintained by banks under Section 36 of the State Bank of Pakistan Act, 1956. For the purpose of maintaining special cash deposit, total outstanding credit shall mean and include all loans, advances and finances, including inland bills, import bills, foreign bills purchased and discounted, extended by a bank to public and private sectors under whatever name. The requirement has to be met latest by October, 24, 1991. These deposits shall be remunerated at the maximum rate of 10% on annual basis out of the profits earned by the State Bank.

Default in maintaining the prescribed amount of special cash deposit with the State Bank shall render the bank liable to fine at the rates as are applicable in case of breach of credit ceilings.

9/1991 Please refer to BCD Circular No. 33 dated 26th November, 1984.

Temporary liquidity shortages.

As from October 10, 1991 the facilities provided by the State Bank for meeting temporary liquidity shortages shall be remunerated by banks at the minimum rate of 13% on annual basis out of the profits earned by banks.

10/1991 It has been decided that the procurement of cotton shall from now on be financed by banks exclusively from their own resources. According the financing facilities presently available to the banks for the purpose under the Bills Rediscounting Scheme shall no longer be provided by the State Bank with effect from 10th October, 1991.

Rediscounting of Bills and Grant of Advances against them under the Bills Rediscounting Scheme of the State Bank of Pakistan.

Banks are directed to adjust their outstanding borrowing, if any, with the State Bank of Pakistan under the Bills Rediscounting Scheme within three days from the date of issue of this Circular.

11/1991 In exercise of the powers vested in it under the Banking Companies Ordinance, 1962, State Bank is pleased to direct that with immediate effect no member of the Board of Directors of a banking company holding 5 per cent or more of the paid-up capital of the banking company either individually or in concert with close relatives or concern/companies in which he/she has the controlling interest, shall be appointed in the bank in any capacity say as the chief executive of the bank (which should not exceed one in any case and that no payment shall be made or perquisites provided to any such directors other than travelling and daily allowances for attending meetings of the Board of Directors or its Committees. Provided further that not more than 25% of the total directors can be paid executives of the bank.

Management.

The above directives supersede BCD Circular No. 8 dated 31-5-1972. Any violation or circumvention of the directive shall attract penalties as provided for in the Banking Companies Ordinance, 1962 from time to time.

12/1991 Please refer to BCD Circular No. 11 dated the 18th December, 1991 on the above noted subject.

Management.

The words "close relatives" appearing in para 1 of above referred circular may be substituted by the words "family members". The term "family members" shall have the same meaning as given in the Banking Companies Ordinance, 1962.

1 1992 The existing prudential regulations in respect of various aspects of operations of commercial banks have been reviewed in the light of the on-going process of changes in the financial sector. Now, therefore, with a view to providing for the continued health and viability of the financial system, the following prudential regulations are being issued to all banks, which will come into force with effect from 1st January, 1992. The transformation and conformity of the existing operation of banks shall be completed in accordance with the time frame specified in the regulations. The Prudential Regulations do not supersede margin restrictions and other directives issued by the State Bank from time to time in respect of areas not covered by these Regulations:—

Prudential Regulations for Banks.

REGULATION—I

LIMIT OF BANK'S EXPOSURE TO A SINGLE PERSON

(1) The total outstanding financing facilities by a banking company to any single person shall not at any point of time exceed 30 per cent of the Bank's unimpaired capital and reserves subject to the condition that the maximum outstanding against fund based financing facilities do not exceed 20% of the unimpaired capital and reserves. In the case of branches of foreign banks operating in Pakistan, the maximum exposure limit of 30% shall be calculated on the basis of their assigned capital maintained under Section 13(3) of the Banking Companies Ordinance, 1962 free of all losses and provisions, provided that maximum exposure on the basis of fund-based facilities shall be 20% of the capital maintained under Section 13(3) of the Banking Companies Ordinance, 1962, or Rs. 12 million which ever is higher.

(2) No bank shall provide any accommodation fund based or otherwise to any member of its Board of Directors, its Chief Executive and its shareholders holding 5(five) per cent or more of the share capital of the bank, including their spouses, parents, and children or to firms and companies in which they are interested as partners, directors or shareholders holding 5(five) per cent or more of the share capital of that concern.

(3) The term 'person' shall include any individual, or association or body of individuals, firm, or company whether incorporated or not and any other juridical Person.

(4) For the purposes of para 1 & 2 above accommodation shall mean and include:

(a) any form of loans and advances or credit facilities including bills purchased and discounted;

(b) any loans and advances, or bills purchased or discounted extended to another person on the guarantee of the person;

(c) Subscription to or investment in shares, Participation Term Certificates/Term Finance Certificate or any other commercial paper by whatever name called (at book value) issued or guaranteed by the person;

(d) any financing obligation undertaken on behalf of the person under a letter of credit including a stand-by letter of credit, or similar instrument;

(e) loan repayment guarantees issued on behalf of the person;

(f) any obligations undertaken on behalf of the person under any other guarantee;

(g) acceptance/endorsements made on account; and

(h) any other liability assumed on behalf of the client to advance funds pursuant to a contractual commitment.

BUT SHALL NOT INCLUDE:

(i) Loans and advances given to the Federal or Provincial Government or any of their agencies under the commodity operations programme of the Government.

(ii) Loans and advances (including bills purchased and discounted) given to Federal/Provincial Government, or guaranteed by the Federal Government.

(iii) Pre-shipment/Post shipment credit provided to finance exports of goods covered by confirmed irrevocable letters of credit upto the amount for which such credit has been established.

(iv) Letters of credit established for the import of plant and machinery for setting up of new industrial projects in the rural areas.

(v) Obligations under Letters of Credit and Letters of guarantee to the extent of the cash margin retained by the bank.

(vi) Letters of credit which do not create any obligation on the part of the bank to make payments on account of imports.

(5) Banks are directed to complete the regularisation of their portfolios in accordance with the above regulations latest by 30-6-1993.

REGULATION—II

LIMIT ON BANK'S EXPOSURE AGAINST CONTINGENT LIABILITIES

(1) Contingent liabilities of a bank shall not exceed at any point of times10 times of its paid up capital and general reserves free of losses. In case of branches of foreign banks operating in Pakistan, capital will mean capital maintained under Section 13(3) of the Banking Companies Ordinance, 1962.

(2) Exposure limit on contingent liabilities shall come into effect on Ist July, 1993.

REGULATION—III

LIMIT ON BANK'S EXPOSURE AGAINST UNSECURED ADVANCES

(1) Banks may grant financing facilities on unsecured basis upto a maximum of Rs. 50,000/- to any one borrower for agricultural, commercial and industrial purposes, provided the aggregate exposure of the bank against all its unsecured assets does not at any point of time exceed the amount of the bank's capital (free of all losses) and general reserves.

(2) Banks shall regularise their existing exposure against unsecured advance latest by 30-6-1993.

REGULATION—IV

LINKAGE BETWEEN A BORROWER'S EQUITY & TOTAL BORROWING FROM BANKS

(1) While granting any accommodation, banks shall ensure that the total accommodation availed by any borrower from banks/financial institutions does not exceed 10 times of the capital and reserves (free of losses) of the borrower as disclosed in its Audited accounts. Every bank shall, as a matter of rule, obtain copy of accounts relating to the business of each of its borrower for analysis and record in the following manner. (For the purposes of this regulation, accommodation shall have the same meaning as in Regulation I above).

(a) Where the bank's does not exceed Rs. 2 million.	Accounts duly signed by the borrower.
(b) Where the exposure exceeds Rs. 2 million but	Accounts duly signed by the borrower and counter signed

does not exceed Rs. 10 million.	by the internal auditor of the Bank or Chartered Accountant.
(c) Where the exposure exceeds Rs. 10 million.	Accounts duly audited by the practising Chartered Accountant.

(2) Banks shall strictly observe the regulation in respect of credit facilities that bank may sanction or renew on or after the date of the issue of these Prudential Regulations.

(3) The position of existing facilities may be regularised latest by 30-6-1993.

REGULATION—V

MAINTENANCE OF DEBT-EQUITY RATIO

(1) Banks shall ensure that:

(a) Current liabilities of the borrower do not exceed his Current Assets.

(b) the total long term debt equity ratio of the borrower does not exceed 60:40 except in cases where a different debt equity ratio hasbeen specified by the Government/State Bank of Pakistan.

(2) Banks shall regularise the existing portfolio in accordance with the prescribed debt equity ratio latest by 30-6-1993.

REGULATION—VI

FINANCING FACILITIES AGAINST SHARES

(1) No bank shall provide unsecured credit to finance subscription towards floatations of share capital of public limited companies.

(2) No banks shall allow financing facilities whether fund-based or non-fund based against the shares or companies not listed on the stock exchange.

(3) Facilities against the share off other listed companies shall be subject to the following margin:

(a)	Whether market value does not exceed the face value.	20%
(b)	Where market value exceeds the face value but does not exceed twice the face value.	40%
(c)	Where market value exceeds twice the face value.	50%

(4) The regulation will come into force with immediate effect. The prescribed margin requirement may be completed before the close of the financial year ending 31-12-1992.

REGULATION—VI I

DEALING WITH DIRECTORS, MAJOR SHARE-HOLDER AND EMPLOYEES OF THE BANKS

(1) Banks shall not without the prior approval in writing of the State Bank of Pakistan enter into leasing, renting and sale/purchase of any kind with their directors, officers, employees or persons who either individually or in concert with family members beneficially own 10 per cent or more of the equity of the Bank.

(2) The regulation will come into force with immediate effect.

REGULATION—VIII

CLASSIFICATION AND PROVISIONING FOR LOSS AND OTHER ASSETS

Every bank shall observe prudential guidelines-given hereunder in the matter of classification of its assets and provisioning there against:

(i) Guidelines for Classification of Short Term Facilities

Classification	Determinant	Treatment of of Income	Provision to be made
(1)	(2)	(3)	(4)
1. OAEM (other Assets Especially Mentioned).	Where mark-up/ interest or prin-cipal is overdue (Past due) by 90 days from the due date.	Unrealised mark up/interest to be put in Sus-pense Account and not to be credited to Income Account.	Provision of 20% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realisable with-out recourse to a Court of Law.
2. Substandard	Where mark-up/ interest or principal is is over-due by 180 days or more from the due date.	As above.	Provision of 25% of the difference resulting from the outstanding balance of principal less the amount of liquid assets reliable without recourse to a Court of Law.
3. Doubtful.	Where mark-up/ interest or principal is over-due by one year or more from the due date.	As above.	Provision of 50% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realiable without recourse to a Court of Law.
4. Loss.	(a) Where mark-up/ interest or principal is over-due beyond two years from the due date.	As above.	Provision of 100% of the outstanding balance of principal.
	(b) Where Trade Bills (import, export or inland bills) are not paid/adjusted within 180 days of the due date.	As above.	As above.

(ii) Guideline for Classification of Long Term Facilities

1.	OAEM (Other Assets Especially Mentioned).	Where installments of principal or interest/mark-up is overdue (past due) by 180 days or more from the due date.	Unrealised mark-up/interest to be put in Suspense Account and not to be credited to Income Account.	Provision of 2% of the difference resulting from the outstanding balance of principal less the amount of liquid assets reliable without recourse to a Court of Law.
2.	Substandard.	Where instalment of principal or interest/mark-up is overdue by one year or move.	As above.	Provision of 25% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realisable without recourse to a Court of Law.
3.	Doubtful.	Where installment of principal or interest/mark-up is overdue by two years or more.	As above.	Provision of 50% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realiable without recourse to a Court of Law.
4.	Loss.	Where installment of principal or interest/mark-up is overdue by three years or more.	As above.	Provision of 100% of the outstanding balance of principal.

Regulation will come into force with effect from 30-12-1992.

REGULATION—IX

MANAGEMENT

(1) No member of the Board of Directors of a banking company holding 5 per cent or more of the paid-up capital of the banking company either individually or in concert with family members or concerns/ companies in which he/she has the controlling interest, shall be appointed in the bank in any capacity save as the chief executives of the bank (which should not exceed one in any case) and that no payment shall be made or perquisites provided to any such directors other than travelling and daily allowances for attending meetings of the Board of Directors or its Committees. Provided further that not more than 25% of the total directors can be paid executives of the bank.

(2) The regulation shall come into force with immediate effect in respect of all banks other than owned, controlled and managed by the Government.

REGULATION—X

BANK CHARGES

(1) All commercial banks shall be free to determine the rates of charges in respect of various services that they may provide to their constituents.

(2) It shall be mandatory for each commercial bank to fix its rates of charges on half-yearly basis in advance for the half year January-June and July-December. Each bank shall get its schedule of charges printed and so notified as to be available to its constituents at least 7 days before the commencement of the half year during which the rates shall remain in force at all places of business. The bank shall be required to provide a copy of the printed schedule of charges to the Banking Control Department of State Bank of Pakistan before the commencement of the related half year.

The regulation shall come into force with immediate effect.

REGULATION—XI

OPENING OF ACCOUNTS

Banks shall make all reasonable efforts the assigned as the true identity of every would-be account holder. Towards this end, banks shall institute effective from new customers.

REGULATION—XII

PREVENTION OF CRIMINAL USE OF BANKING CHANNELS
FOR THE PURPOSE OF MONEY LAUNDERING AND
OTHER UNLAWFUL TRADE

(1) The following guidelines are issued to safeguard banks against their involvement in money laundering activities, and other unlawful trades. These will add to or reinforce the precautions, banks may have been taking in this regard.

(a) Before extending banking services, banks shall make reasonable efforts to determine the true identity of customer. Particular care should be taken to identify ownership of all accounts and those using safe-custody facilities. Effective procedures should be instituted for obtaining identification from new customers. An explicit policy should be devised to ensure that significant business transactions are not conducted with customers who fail to provide evidence of their identity

(b) Banks shall ensure that banking business is conducted in conformity with high ethical standards and that banking laws and regulations are adhered to. It is accepted that banks normally do not have effective means of knowing whether a transaction stem from or forms part of wrongful activity. Similarly in an international context it may be difficult to ensure that cross border transactions on behalf of customers are in compliance with the regulations of another country. Nevertheless banks should not set out to offer services or provide active assistance in transactions which in their opinion are associated with money derived from illegal activities.

(c) Specified procedures be established for ascertaining customer status and his source of earnings, for monitoring of accounts on a regular basis, for cheching identities and bonafides of remitters and beneficiaries, for retaining internal record of transactions for future reference. The transactions which are out of character with the normal operation of the account involving heavy deposits/withdrawal/transfers should be viewed with suspicion and properly investigated.

(d) For an effective implementation of Banks' policy and procedures, suitable training be imparted to members of staff and they be informed of their responsibility in this regard.

(e) Banks may-make arrangements for setting up an internal audit system in order to establish an effective means of testing/ checking compliance with the Bank Policy and procedures established by it.

(2) Keeping in view the above principles, banks shall issue necessary instructions for guidance and implementation by staff members.

REGULATION—XIII

SERVICES CHARGES ON PLS DEPOSITS ACCOUNTS

(1) No bank shall levy any charge, in any form, on the credit balances held by it on PLS basis in customers deposits accounts.

(2) The regulation shall come into force with immediate effect.

REGULATION—XIV

PAYMENT OF DIVIDEND

(1) No bank shall pay any dividend on its shares unless and until:

(a) All its capitalised expenses (including preliminary expenses, organisation expenses, share selling commission/brokerage, amount of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off; &

(b) All bad and doubtful debts and other classified assets have been fully and duly provided for in accordance with the prudential regulations of and to the satisfaction of the State Bank of Pakistan.

(2) The regulation shall come into force with immediate effect.

REGULATION—XV

UNDERTAKING OF CASH PAYMENTS OUTSIDE THE BANK'S AUTHORISED PLACE OF BUSINESS

(1) The banks are prohibited from undertaking any business of cash payments at any place other than the authorised place of business except through the installation of Authorised Teller Machines(ATM).

(2) The regulation shall come into force with immediate effect.

REGULATION—XVI

WINDOW DRESSING

(1) All banks are directed to refrain from adopting any measures or practices whereby they would either artificially or temporarily show

an ostensibly improved position of banks accounts as given in their Balance Sheets and Profit & Loss Accounts specially in relation to its deposits and profit. Particular care shall be taken in showing inter-branch and inter-bank accounts accurately and strictly according to their true nature.

(2) The regulation shall come into force with immediate effect.

The above Prudential Regulations are issued under the powers vested in State Bank under the Banking Companies Ordinance, 1962. All banks are mandated to observe, in letter and spirit, the prudential regulations so issued by the State Bank failing which they shall render themselves liable to penalties in terms of the provisions of the Banking Companies Ordinance, 1962.

2/1992 We enclose for information and necessary action a copy of Bank (Nationalisation) (Third Amendment) Act, 1991 (ACT NO. XII OF 1991).

Amendments in the Banks (Nationalisation) Act, 1974

AMENDMENTS IN BANKS (NATIONALISATION) ACT, 1974

The following amendments shall be made in the banks (Nationalisation) Act, 1974, namely:-

1. Short title and commencement.—(1) This Act may be called the Banks (Nationalisation) (Third Amendment) Act, 1991.

(2) It shall come into force at once and sections 2, 3, 4, 5, 6, and 7 shall be deemed to have taken effect on the thirtieth day of June, 1990.

2. Amendment of section 3, Act XIX of 1974.—In the Banks (Nationalisation) Act, 1974 (XIX of 1974), hereinafter referred to as the said Act, in section 3:—

(1) After clause(1), the following new clause shall be inserted, namely:-

"(1A) "Board" means Board of Directors constituted, under this Act," and

(2) For clause (4) the following shall be substituted, namely:-

"(4) "Executive Committee" means the Executive Committee of a Board constituted under this Act,".

3. Insertion of new sections 5A and 5B, Act XIX of 1974.—In the said Act, after section 5, the following new sections shall be inserted, namely:-

"5A. Sale of shares.—(1) Notwithstanding with anything contained in this Act or any other law for the time being in force, the Federal Government or a corporation owned or controlled by the Federal

Government may, from time to time sell all or any of its shares of a bank and transfer management and control of a bank other than the State Bank, to such persons, and on such terms and conditions, as the Federal Government may determined; and

(a) where not less than twenty-six per cent of the shares in the capital of a bank are so sold, the application of the provision of this Act, other than this sub-section, including provisions relating to ownership of shares and management and control of banks, to such bank shall stand suspended for such period, and on such terms, including terms guaranteeing the security of deposits and terms relating to sound management of the bank, as the Federal Government may, by notification in the official Gazette, specify;

(b) where not less than fifty-one per cent of the shares are so sold, the provisions of this Act shall cease to apply to such bank.

(2) The Federal Government shall have, and be deemed always to have had, the power to determine and lay down the terms and conditions subject to which shares in the capital of a bank are to be sold and its management and control is to be transferred to any person under sub-section (1).

(3) The power referred to in sub-section (1) may be exercised by the Federal Government at any time either before or after a decision is taken by the Federal Government to sell the shares and transfer the Federal Government of a bank as aforementioned, and the Federal Government shall be competent to vary, modify, review or annual any or all of the terms and conditions referred to in sub-section (2) at any time it deems fit to do so in the public interest, until the sale of the shares and transfer of management and control are completed, and such variation, modification, review or annulment shall not be called in question in any Court, or before any authority, on any ground whatsoever.

"5B. Section 5A to have effect notwithstanding any other law, etc.— The provisions of section 5A shall have effect notwithstanding anything contained in this Act or any other law for the time being in force, any agreement of contract, or any judgement of any Court".

4. Amendment of section 9, Act XIX of 1974.—In the said Act, in Section 9,—

(1) in sub-section (2), in clause (iv),—

(a) after the word "three", the words "full time" shall be inserted;

(b) for the colon at the end a full stop shall be substituted and

(c) the proviso shall be omitted.

(2) for sub-section (4) the following shall be substituted, namely:—

"(4) The functions of the Council shall be:—

(i) laying down guidelines and performance criteria and formulating performance targets for banks and development financing institutions controlled by the Federal Government, hereinafter referred to as the said institutions;

(ii) monitoring progress made by banks and the said institutions in achieving performance targets, profitability and efficiency and advising the Boards for taking corrective action;

(iii) period evaluation of the achievements of banks and submission of evaluation of the Board, the State Bank and the Federal Government;

(iv) requiring banks to formulate annual budgets, expenditure regulations and procedures relating to sanction of fund based and non-fund based facilities with the approval of their Boards;

(v) monitoring the cost of operations of banks;

(vi) acting as arbitrator in the settlement of inter-bank disputes and disputes between the said institutions.

(vii) watching the progress of implementation of the rulings and recommendations and removal of objections made in the State Bank's Inspection Reports and remedial and corrective measures taken by the banks;

(viii) assisting the State Bank in establishing a Credit Information Bureau;

(xi) conducting such surveys, inquiries and appraisals as may be necessary for the purpose of this Act or as may be required by the Federal Government;

(x) making recommendations to the Federal Government for framing policy for recruitment of officers for banks and the Council on competitive basis;

(xi) establishing a Central Training Institute for advances specialised training of officers at management level;

(xii) formulating scheme under section 15;

(xiii) carrying out inspection of the banks including subsidiaries as may be necessary;

Provident that inspection of branches or subsidiaries of a bank located in a foreign country shall be carried out in keeping with the laws of that country;

(xiv) Advising banks and the said institution, on the following matters without in any interfering in their management by their respective Boards namely:-

(a) area of co-ordination between banks and the said institutions and planning their operations;

(b) appointment of lead banks and the apportionment of share of advance amongst the banks in respect of consortium loans, keeping in view the resource availability of each bank or as may be directed by the Federal Government;

(c) removal of imbalances in banking facilities provided to customers both with regard to commodities as well as regions;

(d) development of management information system and schemes for modernization of banks including installation of computers, telefax and other modern technology;

(e) establishment of a research department;

(f) devising policy for pre-service and in-service training of the personnel of banks; and

(g) devising policy for promotion, incentives and salary structure for officers; and

(xv) exercising and performing such powers and functions of the Federal Government under this Act, and such other functions as the Federal Government may, from time to time, assign to the Council".

(3) after sub-section (4), substituted as aforesaid, the following new sub-section shall be inserted, namely:-

"(4A) When the Council advises a bank or one of the said institutions on any matter, the President of the bank or, as the case may be, the head of the institution shall promptly place such advice before the Board of Executive Committee for consideration", and

(4) after sub-section (5) the following new sub-section shall be inserted, namely:-

"(5A) In the discharge of its functions, the Council shall act on sound business principles and be guided by such directives in matters of policy involving the public interest as may be given to it by the Federal Government which shall be the sole judge as to whether or not any matter is a matter of policy involving the public interest".

5. Substitution of section 11, Act XIX of 1974.—In the said Act, for section 11 the following shall be substituted, namely:-

"**11. General provisions pertaining to management of banks:-** A bank shall have a Board of Directors consisting of the President and six other members to be nominated by the Federal Government.

(2) The general direction and superintendence of the affairs and business of a bank, and overall policy making in respect of its operations, shall vest in its Board which may exercise all such powers and do all such acts, deeds and things as the bank was competent, immediately before the commencing day, to exercise or do in a meeting of the Board of Directors.

(3) A bank shall have an Executive Committee consisting of the President and four other members being executives of the bank to be nominated by the Board, and the Executive Committee shall conduct the day-to-day affairs and business of the Bank under the guidance and supervision of the Board.

(4) A bank shall have an Evaluation Committee consisting of the President and such members as may be appointed by the Board from amongst such of its members as are not executives of the bank; and the Evaluation Committee shall:-

(a) recommend to the Board the criteria that should be laid down for different categories of employees for carrying out a fair assessment of the merit of the executives and other employees; and

(b) monitor and assess the performance of the employees of the bank, other than the President, and report its findings to the Board.

(5) The President shall be the Chief Executive of a bank and shall preside at the meetings of the Board, the Executive Committee and the Evaluation Committee and direct, manage and control the affairs of the bank.

(6) The Chairman and members of the Council, and the President and members of the Boards, shall be appointed by the Federal Government and shall held office during the pleasure of the Federal Govern-

ment on such terms and conditions as may be approved by it.

(7) No person shall be eligible for appointment as the Chairman or a member of the Council, or the President or a member of the Board or the Executive Committee, if:-

(i) he is or has at any time been adjudged an insolvent, or has suspended payment or has compounded with his creditors; or

(ii) he is a minor or is found lunatic or of unsound mind; or

(iii) he is not a citizen of Pakistan; or

(iv) he was at any time in the service of the Federal Government or a corporation or Board owned or controlled by any such Government or in the service of a bank and was dismissed; or

(v) he is a person against whom any action has been taken or any proceedings are pending under section 412 of the Companies Ordinance, 1984 (XLVII of 1984), or section 83 of the Banking Companies Ordinance, 1962 (LVII of 1962); or

(vi) he is or has been convicted of any offense of tax evasion under any law for the time being in force:-

Provided that the Federal Government shall, before appointing any person, satisfy itself that the person will have no such financial or other interest as is likely to effect prejudically the performance by him of the functions of the office to which he is being appointed.

(8) The Chairman and a members of the Council and the President and a member of the Board and the Executive Committee shall be liable to such disciplinary action and penalties, to be awarded in such manner and by such authorities, as may be prescribed.

(9) In the discharge of their function, the President and members of the Board and the members of the Executive Committee shall act on sound business principles and be guided by such directives in matters of policy involving the public interest as may be given to the bank by the Federal Government, which will be the sole judge as to whether or not any matter is a matter of policy involving the public interest.

(10) In the exercise of their powers, the Board of Directors, the Executive Committee and the President of a bank incorporated by or under any special law shall not be subject to any restrictions which do not apply to the Board of Directors, the Executive Committee or the President

of a bank registered under the Companies Ordinance, 1984 (XLVII of 1984).

(11) The banks shall furnish to the Council such information, returns or reports as may be required of them.

(12) Except as provided in sub-section (3) of section 12, the Federal Government, the Council, the President, the Board or the Executive Committee shall not issue any directive or take any decision in contravention of the provisions of the State Bank of Pakistan Act, 1956 (XXXIII of 1956), or the Banking Companies Ordinance, 1962 (LVII of 1962).

(13) The Federal Government may constitute such consultative bodies at the Provincial and other levels as may, in its opinion, be necessary for gathering information from the public to identify areas of improvement in service and facilities to customers and the public, including measures for meeting regional credit requirements".

6. Amendment of section 12, Act XIX of 1974.—In the said Act in Section 12:-

(i) in sub-section (1), for the words "members of its board of management" the words and commas "the President, members of the Board, and members of the Executive Committee" shall be substituted;

(ii) in sub-section (2), for the words "members of the board of management" the words and commas "the President, members of the Board and members of Executive Committee" shall be substituted; and

(iii) after sub-section (2), amended as aforesaid, the following new sub-section shall be added, namely:—

"(3) Notwithstanding anything contained in sub-section (1) and (2), every balance sheet and profit and loss account prepared by a bank under any law for the time being in force shall include a statement in the form and manner specified by the State Bank of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person.

"(4) Notwithstanding anything contained in sub-section (1) and (2), the State Bank shall prepare, and submit to the Federal Government, a special report every year on cases of write off of loans, mark-up and other dues, or financial relief through rescheduling and restructuring of loans and subsidized loans provided by the nationalised commercial banks, in which established banking practices or authorised procedures have been departed from with a view to causing wrongful loss to the bank or conferring" wrongful gain on any constituent or such departure has caused wrongful loss to the bank or conferred wrongful gain on any constituent. If the matter raised in the report relates to public interest, to the Parliament or to the standing committee or a House of Parliament dealing with Finance".

7. Amendment of section 18, Act XIX of 1974.—In the said Act, in section 18, for the words "members of the Executive Board" the words and commas" or members of the Board, or members of the Executive Committee, of a bank" shall be substituted.

8. Repeal.—Section 14 of the Finance Act, 1990 (VII of 1990), is hereby repealed and shall be deemed to have been so repealed on the thirtieth day of June, 1990.

9. Validation.—Any action taken, contract executed, agreement entered into, offer made and accepted or instrument issued, any invitation or offer published or notified or order made, by the Federal Government on or after the thirtieth day of June, 1990, in respect of the sale of any shares in the capital of a bank, or transfer of management and control of any bank, to any person, and all other acts incidental thereto or dealing with matters ensuing as a consequence of such sale of shares and transfer of management and control, are, notwithstanding anything contained in the said Act, or Any other law or instrument having the force of law for the time being in force or any decision of any court, hereby declared to have been, and shall be deemed always to have been, validity taken executed, entered into, made and accepted, issued, published, sold, transferred or made and shall not be called in question in any Court on any ground whatsoever.

Credit Expansion by Banks.

3
1992 It has been decided that with effect from the financial year 1992-93 beginning Ist July, 1992 credit by any bank shall not exceed 65% of its deposit at the close of business on any day. Effective from the same date the Scheme of credit ceilings as in vogue at present shall be discontinued.

2. The definition of credit for the purpose of calculation of credit-deposit ratio shall be as under:-

(i) Credit shall include loans, advances and other cash finance facilities.

(ii) Inland bills purchased and discounted.

(iii) Loans an advances to banks.

(iv) All investments.

BUT EXCLUDING:

(a) Investment in Government securities.

(b) Advances to Central & Provincial Governments and their agencies for commodity operation purposes excluding advances to Government sponsored autonomous corporations.

(c) Foreign bills purchased and discounted.

3. Deposits shall include only deposits general.

Maintenance of Special Cash Deposit with the State Bank against Outstanding Credit.

4/1992 Please refer to BCD Circular No. 8 dated the 9th October, 1991 on the above subject.

The matter has been reviewed in the light of emerging developments and it has been decided to withdraw the requirements of Special Cash Deposit against outstanding credit. The Special Cash Deposits presently maintained with the State Bank shall be refunded to banks on Saturday the 18th January, 1992.

Long Term Trade Financing Scheme of Islamic Development Bank.

5/1992 In continuation of our BCD Circular No. 2 dated the 7th May, 1991, we have to advise that:-

The Board of Executive Directors of Islamic Development Bank (IDB) at the 129th meeting of Board of Executive Directors held in the week ended 18th December, 1991 approved a reduction in the mark-up for operations under the Longer Term Trade Financing Scheme of the IDB. The new rate of Mark-up is 6.5% per annum.The rebate of 15% on the mark-up for prompt payments continues, which will further reduce the effective rate of mark-up for 6.5% to 5.25% per annum. The new mark-up is applicable for operations approved at the 129th meeting of the Board of Executive Directors and for subsequent approval of operations.

Prudential Regulations for Banks.

6/1992 Please refer to BCD Circular No.1 dated the 7th January, 1992. In pursuance of the meeting held with the bankers on the subject, following modification/clarifications are issued.

REGULATION—I

PRUDENTIAL REGULATIONS FOR BANKS
LIMIT OF BANK'S EXPOSURE TO A SINGLE PERSON

1. The single person limit does not apply to facilities provided to banks.

2. In arriving at exposure per person weightage of 50% shall be given to.

   (a) documentary credits opened by banks and

   (b) guarantees/bonds other than repayment guarantees.

3. In arriving at per party exposure, 80% of (a) deposits of the party with

the bank under lien and

(b) face value of FIBs lodged by the party as collateral shall be deducted.

REGULATION—II

LIMIT ON BANKS EXPOSURE AGAINST CONTINGENT LIABILITIES

Following shall not constitute contingent liabilities for the purpose of this regulation.

(a) Bills for collection and

(b) Forwarded foreign exchange contracts. Weightage of 50% shall be given to bid/mobilization advance/performance bonds.

REGULATION—IV

LINKAGE BETWEEN BORROWERS EQUITY AND TOTAL BORROWINGS FROM BANKS

(a) The regulation shall not apply to loans not exceeding Rs. 500,000/- per borrower.

(b) Compliance with this regulation shall be judged on the basis of written statement filed by borrower.

TIME FRAME FOR ENFORCING REGULATIONS

(a) The regulations shall come into force w.e.f. Ist July, 1992.

(b) Regularisation of the existing position shall be completed by 30th June, 1993.

(c) The banks would however endeavour to undertake transactions in line with the prudential regulations with immediate effect wherever feasible. However, it will become mandatory w.e.f. Ist July, 1992. The process of regularisation shall commence with immediate effect and completed as quickly as possible but not later than 30th June, 1993.

Prudential Regulations-XVII

7/1992 Banks are directed not to issue any guarantee or letter of comfort nor assume any obligation whatsoever in respect of deposits, sale of investment certificates, issue of commercial papers, or borrowings of any non-bank financial institution. In other words, banks shall not assume any obligation on behalf of any financial institution including investment banks, leasing companies, modarabas and development finance institutions, etc. in respect of any resources mobilised by them.

Some of the banks are providing fund management facilities (FMF) to their clients. In all such cases of fund management, banks must have a written contracts with the persons on whose behalf fund management is being undertaken which agreement must, interalia, clearly state that the bank assumes no liability of any kind on account of such funds. Such funds shall not form part of bank's time and demand liabilities.

Panel of Auditors—Section 35(1) of Banking Companies Ordinance, 1962.

8/1992 Further to BCD Circular No. 4 dated the 15th June, 1991, it has been decided to include the name of the undernoted firm in the panel of auditors circulated vide BCD Circular No. 41 dated the 17th December, 1985:—

Name of the Firm:—	Tahir Moochhala & Co. <u>Chartered Accountants</u>
Address:—	309, 3rd Floor, International Auto Parts Market, Marrston Road, Karachi-3.

Panel of Auditors—Section 35(1) of Banking Companies Ordinance, 1962.

9/1992 Further to BCD Circular No. 8 dated the 19th May, 1992, it has been decided to include the name of the under noted firm in the panel of auditors circulated vide BCD Circular NO. 41 dated the 17th December. 1985:—

Name of the Firm:—	Saeed Kamran & Co. <u>Chartered Accountants</u>
Addresses:—	1. 311-C Ist Mezzanine floor, Upper Mall, Lahore. 2. Chughtai Plaza, 35—West, Blue Area, Islamabad.

Demand Loan T.T./D.D. Discounting Facilities against Government Approved Securities.

10/1992 Please refer to BCD Circular No. 33 dated the 26th November, 1984 and BCD Circular No. 9 dated the 9th October, 1991.

The facilities provided by the State Bank for meeting temporary liquidity shortages shall hence-forth be remunerated by banks at the minimum rate of 14% on annual basis out of the profits earned by them.

Prudential Regulations for Banks.

11/1992 Please refer to BCD Circular No. 1 & 6 dated 7-1-1992 and 4-2-1992 respectively. The regulations have been reviewed in consultation with trade, industry and banks and the following further modification/clarifications are issued:-

REGULATION—I

LIMIT OF BANKS EXPOSURE TO A SINGLE PERSON

1. Para 4(iii) on page 3 of BCD Circular No. 1 dated 7-1-1992 has been modified to read as under—
"(iii) Pre-shipment/post-shipment credit provided to finance exports of goods covered by letters of credit/firm contracts."
2. Para 4(iv) of BCD Circular No. 1 dated 7-1-1992 has been modified to

read as under:-
"Letters of credit established for import of plant and machinery."

REGULATION—IV

LINKAGE BETWEEN A BORROWER'S EQUITY AND
TOTAL BORROWINGS FROM BANKS

1. Paras 2 and 3 on page 4 of BCD Circular No. 1 dated 7-1-1992 are substituted by the following paragraph:-

   (a) "Banks shall strictly observe the regulation when sanctioning fresh/additional credit facilities. Following relaxation is hereby granted upto 30-6-1996 for renewing existing facilities:-
   Total accommodation availed by a borrower from banks/ financial institutions may exceed 10 times of the capital and reserves (free of losses) of the borrower provided the borrower injects additional equity during each year (92-93, 93-94, 94-95 & 95-96) an amount equal to 1/4th of the difference between the equity prescribed by this Regulation and the existing equity.

<u>**Example**</u>

(i)	Limit proposed to be renewed	—	100
(ii)	Prescribed Equity (i) + 10	—	10
(iii)	Actual Equity (say)	—	6
(iv)	Difference between the prescribed equity and the existing equity (ii) — (iii)	—	4
(v)	Additional equity required to be injected in 92 — 93 (iv) + 4	—	1

   (b) "Export finance and finance provided to ginning and rice husking factories and finance provided on the basis of lien on foreign currency deposits shall be excluded from the borrowings when determining linkage between equity and borrowing for the purpose of this Regulation. The borrowers availing this relaxation shall plough back 20% of the net profit each year until such time that they are able to borrow without this relaxation."

2. For the purpose of this Regulation sub-ordinated loans shall be counted as equity.

REGULATION—V

MAINTENANCE OF DEBT-EQUITY RATIO

Para 1 and 2 of Regulation V on page 4 of BCD Circular No. 1 dated 7-1-1992 are substituted by the following:-

"(1) Banks shall ensure that:

(a) Current assets to current liability ratio of the borrower does not fall below the minimum indicated hereunder:-

(i)	Upto 31-12-92	— 0.7 : 1
(ii)	From 1-1-93 to 30-6-93	— 0.8 : 1
(iii)	From 1-7-93 to 31-12-93	— 0.9 : 1
(iv)	from 1-1-94	— 1 : 1

Current matutities of long term debt not yet due for payment may be excluded from the current liabilities for the purpose of calculating these ratios.

(b) Fresh/additional accommodation in the form of long term debts shall be provided on the basis of a debt equity ratio not exceeding 60:40. The position of existing facilities may be regularised by 30-6-1996. The borrowers shall inject during each year (92-93, 93-94, 94-95 & 95-96) an amount equal to 1/4th of the difference between the required equity and the existing equity. Provided that where a different debt equity ratio has been laid down by the Government. The ratio laid down by the government shall apply.

REGULATION—VI

FINANCING FACILITIES AGAINST SHARES

Para 3 of the Regulation VI on page 5 of BCD Circular No. 1 dated 7-1-1992 is substituted by the following paragraph:-

"Facilities against the shares of listed companies shall be subject to the following minimum margins:

(a) Where the market value does not exceed the preceding 12 months average market value. 20%

(b) Where market value exceeds the

preceding 12 months average market value but does not exceed twice the preceding 12 months average market value. 40%

(c) Where the market value exceeds twice the preceding 12 months average market value. 50%

Maintenance of Liquid Assets by Banks in Relation to their PLS Liabilities.

12/1992 Please refer to BCD Circular No. 27 dated 24th December, 1980.

According to the instructions contained in BCD Circular referred to above, banks' advances [illegible] entities specified therein were allowed to be treated as approved securities for the purpose of section 29 of the Banking Companies Ordinance, 1962 subject to a maximum of 30 per cent of their PLS liabilities. In view of the total switch-over of the banking transaction on PLS basis, there is no base to continue with the above facility. It has, therefore, been decided to withdraw the said facility with immediate effect. No. bank, as such, will henceforth include any part of its lending to the said entities in its approved securities for the purpose of section 29 of the Banking Companies Ordinance, 1962.

Maintenance of Liquid Assets in Pakistan

13/1992 The Federal Government, in exercise of its powers conferred by the proviso to sub-section (1) of the Section 29 of the Banking Companies Ordinance, 1962, has issued a Notification raising with effect from 13th August, 1992 the minimum liquidity ratio from 35% to 40% of the total demand and time liabilities of every banking company in Pakistan.

Supply of Prescribed Data to Credit Information Bureau (CIB)-Imposition of Fines under the Banking Companies Ordinance, 1962.

14/1992 Please refer to CIB Circular dated 12th January, 1992.

As you are aware, the banks are under obligation to furnish the State Bank with the data as per prescribed formats. It has been observed that while some banks do not take due care to furnish the prescribed information on time, in certain cases the information is either incomplete, or some items of information are not furnished at all in the statements. This state of affairs obstructs the Bureau from producing correct output reports on time. The attention of the banks was drawn to the said irregularities vide our Circular referred to above. With a view to ensure that CIB is able to produce its output reports on time and in the desired form so as to be useful for the banks, it has been decided that the defaults in the matter of furnishing of prescribed information shall be penalised under the provisions of the Banking Companies Ordinance, 1962.

Now, therefore, by virtue of the powers conferred under section 83 of the Banking Companies Ordinance, 1962, banks are directed to ensure that the information/statements prescribed by CIB are furnished to them within the prescribed time frame and strictly in the manner laid down for the purpose.

Failure to comply with this directive shall render the banks liable to fines under section 83(5) of the Banking Companies Ordinance. The directive will be applicable in respect of the statements to be received for the quarter ended 30th June, 1992, and all subsequent statements that CIB may lay down from time to time.

15/1992 Please refer to BCD Circulars Nos. 1, 6, 7, & 11 of 1992 on the captioned subject. **Prudential Regulations**

The uptodated version of the existing Prudential Regulations consolidating therein all the amendments issued from time to time has been prepared and issued herewith for ease of reference.

REGULATION—I

LIMIT OF BANK'S EXPOSURE TO A SINGLE PERSON

1. The total outstanding financing facilities by a banking company to any single person shall not at any point of time exceed 30 per cent of the bank's unimpaired capital and reserves subject to the condition that the maximum outstanding against fund based financing facilities do not exceed 20% of the unimpaired capital and reserves. In the case of branches of foreign banks operating in Pakistan, the maximum exposure limit of 30% shall be calculated on the basis of their assigned capital maintained under Section 13(3) of the Banking Companies Ordinance 1962 free of all losses and provisions, provided that maximum exposure on the basis of fund-based facilities shall be 20% of the capital maintained under Section 13(3) of the Banking Companies Ordinance, 1962, or Rs 12 million which-ever is higher.

2. No bank shall provide any accommodation fund based or otherwise to any member of its Board of Directors, its Chief Executive and its shareholders holding 5(five) per cent or more of the share capital of the bank, including their spouses, parents, and children or to firm and companies in which they are interested as partners, directors, or shareholders holding 5(five) per cent or more of the share capital of that concern.

3. The term person' shall include any individual, association or body of individuals, firm, or company whether incorporated or not and any other juridical person.

4. For the purposes of para 1 & 2 above accommodation shall mean and include:-_

   (a) any form of loans and advances or credit facilities including bills purchased and discounted;

(b) any loans and advances, or bills purchased or discounted extended to another person on the guarantee of the person;

(c) subscription to or investment in shares, participation Term Certificates, Term Finance Certificates or any other commercial paper by whatever name called (at book value) issued or guaranteed by the person;

(d) any financing obligation undertaken on behalf of the person under a letter of credit including a stand-by letter of credit, or similiar instrument;

(e) loan repayment guarantees issued on behalf of the person;

(f) any obligations undertaken on behalf of the person under any other guarantee;

(g) acceptance/endorsements made on account; and

(h) any other liability assumed on behalf of the client to advance funds pursuant to a contractual commitment.

(i) In arriving at exposure per person weightage of 50% shall be given to—

  (a) documentary credits opened by banks; and

  (b) guarantee/bonds other than repayment guarantees.

(j) In arriving at per party exposure, 80% of

  (a) deposits of the party with the bank under lien and

  (b) face value of FIBs lodged by the party as collateral shall be deducted.

BUT SHALL NOT INCLUDE:

(i) Loans and advances given to the Federal or Provincial Governments or any of their agencies under the commodity operations programme of the Government.

(ii) Loans and advances including bills purchased and discounted given to Federal/Provincial Government, or guaranteed by the Federal Government.

(iii) Pre-shipment/post-shipment credit provided to finance exports of goods covered by letters of credit/firm contracts.

(iv) Letters of credit established for the import of plant and machinery.

(v) Obligations under letters of credit and letters of guarantee to the extent of the cash margin retained by the bank.

(vi) Letters of credit which do not create any obligation on the part of the bank to make payments on account of imports.

(vii) The single person limit does not apply to facilities provided to banks.

5. Banks are directed to complete the regularisation of their port-folios in accordance with the above regulations latest by 30-6-1993.

REGULATION—II

LIMIT ON BANK'S EXPOSURE AGAINST CONTINGENT LIABILITIES

1. Contingent liabilities of a bank shall not exceed at any point of time 10 times of its paid up capital and general reserves free of losses. In case of branches of foreign banks operating in Pakistan, capital will mean capital maintained under Section 13(3) of the Banking Companies Ordinance, 1962. Following shall not constitute contingent liabilities for the purpose of this regulation.

   (a) Bills for collection and

   (b) Forward foreign exchange contracts, Weightage of 50% shall be given to bid/mobilization advance/performance bonds.

2. Exporsure limit on contingent liabilities shall come into effect on 1st July, 1993.

REGULATION—III

LIMIT ON BANK'S EXPOSURE AGAINST UNSECURED ADVANCES

1. Banks may grant financing facilities on unsecured basis upto a maximum of Rs. 50,000/- to any one borrower for agricultural, commercial and industrial purposes, provided the aggregate exposure of the bank-against all its unsecured assets does not at any point of time exceed the amount of the bank's capital (free of all losses) and general reserves.

2. Banks shall regularise their existing exposure against unsecured advance latest by 30-6-1993.

REGULATION—IV

LINKAGE BETWEEN A BORROWER'S EQUITY AND TOTAL BORROWING FROM BANKS

1. While granting any accommodation, banks shall ensure that the total accommodation availed by any borrower from banks/financial institutions does not exceed 10 times of the capital and reserves (free of losses) of the borrower as disclosed in its Audited Accounts. Every bank shall, as a matter of rule, obtain copy of accounts relating to the business of each of its borrower for analysis and record in the following manner: (For the purpose of this regulation, accommodation shall have the same meaning as in Regulation I above).

(a)	Where the bank's exposure does not exceed Rs. 2 million.	Accounts duly signed by the borrower.
(b)	Where the exposure exceed Rs. 2 million but does not Rs. 10 million.	Accounts duly signed by the borrower and countersigned by the Internal Auditor of the bank or a Chartered Accountant.
(c)	where the exposure exceed Rs. 10 million.	Accounts duly audited by the practising Chartered Accountant.

(d) The regulation shall not apply to loan not exceeding Rs. 500,000/- per borrower.

(e) Compliance with this regulation shall be judged on the basis of written statement filed by borrower.

2. (a) Banks shall strictly observe the regulation when sanctioning fresh/additional credit facilities. Following relaxation is hereby granted upto 30-6-1996 for renewing existing facilities:-
Total accommodation availed by a borrower from banks/financial institutions may exceed 10 times of the capital & reserves (free of losses) of the borrower provided the borrower injects additional equity during each year (92-93, 93-94, 94-95 & 95-96), an amount equal to 1/4th of the difference between the equity prescribed by this Regulation and the existing equity.

Example

(i)	Limit proposed to be renewed.	100
(ii)	Prescribed Equity (i) : 10.	10

(iii)	Actual Equity (say).	6
(iv)	Difference between the prescribed equity and the existing equity (ii) — (iii)	4
(v)	Additional equity required to be injected in 92-93 (iv) + 4	1

(b) Export finance and finance provided to ginning and rice husking factories and finance provided on the basis of lien on foreign currency deposits shall be excluded from the borrowings when determining linkage between equity and borrowing for the purpose of this Regulation. The borrowers availing this relaxation shall plough back 20% of the net profit each year until such time that they are able to borrower without this relaxation.

3. For the purpose of this Regulation sub-ordinated loans shall be counted as equity.

REGULATION—V

MAINTENANCE OF DEBT-EQUITY RATIO

(1) Banks shall ensure that:-

(a) Current assets to current liability ratio of the borrower does not fall below the minimum indicated hereunder:-

(i)	Upto 31-12-1992	0.7 : 1
(ii)	From 1-1-1993 to 30-6-1993	0.8 : 1
(iii)	From 1-7-1993 to 31-12-1993	0.9 : 1
(iv)	From 1-1-1994	1 : 1

Current maturities of long term debt not yet due for payment may be excluded from the current liabilities for the purpose of calculating these ratios.

(b) Fresh/additional accommodation in the form of long term debts shall be provided on the basis of a debt equity ratio not exceeding 60:40. The position of existing facilities may be regularised by 30-6-1996. The borrowers shall inject during each year (92-93, 93-94, 94-95 & 95-96) an amount equal to 1/4th of the difference between the required equity and the existing equity. Provided that where a different debt equity ratio has been laid down by the Government the ratio laid down by Government shall apply.

REGULATION—VI

FINANCING FACILITIES AGAINST SHARES

1. No bank shall provide unsecured credit to finance subscription towards flotations of shares capital of public limited companies.

2. No bank shall allow financing facilities whether fund-based or non-fund based against the shares of companies not listed on the stock exchange.

3. Facilities against the shares of listed companies shall be subject to the following minimum margin:-

(a)	Where the market value does not exceed the preceding 12 months average market value.	20%
(b)	Where market value exceeds the preceding 12 months average market value but does not exceed twice the preceding 12 months average market value.	40%
(c)	Where the market value exceeds twice the preceding 12 months average market value.	50%

4. The regulation will come into force with immediate effect. The prescribed margin requirement may be completed before the close of the financial year ending 31-12-1992.

REGULATION—VII

DEALING WITH DIRECTORS, MAJOR SHARES-HOLDERS AND EMPLOYEES OF THE BANKS

1. Banks shall not without the prior approval in writing of the State Bank of Pakistan enter into leasing, renting and sale/purchase of any kind with their directors, officers, employees or persons who either individually or in concert with family members beneficially own 10 per cent or more of the equity of the bank.

2. The regulation will come into force with immediate effect.

REGULATION—VIII

CLASSIFICATION AND PROVISIONING FOR LOSS AND OTHER ASSETS

Every bank shall observe prudential guideline given hereunder in the matter of classification of its assets and provisioning thereagainst:-

(i) Guidelines for Classification of Short Term Facilities.

Classification	Determinant	Treatment of income	Provisions to be made
(1)	(2)	(3)	(4)
1. OAEM (other Assets Especially Mentioned).	Where mark-up/ interest or principal is overdue (Past due) by 90 days from the due date.	Unrealised mark up/interest to be put in Suspense Account and not to be credited to Income Account.	Provision of 2% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realisable without recourse to a Court of Law.
2. Substandard.	Where mark-up/ interest or principal is over due by 180 days or more from the due date.	As above.	Provision of 25% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realisable without recourse to a Court of Law.
3. Doubtful	Where mark-up/ interest or principal is over due by one year or more from the due date.	As above.	Provision of 50% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realisable without recourse to a Court of Law.
4. Loss.	(a) Where mark-up/interest or principal is overdue beyond two years from the due date.	As above.	Provision of 100% of the outstanding balance of principal.
	(b) Where Trade Bills (import, export or inland bills) are not paid/adjusted within 180 days of the due date.	As above	As above.

(ii) Guidelines for Classification of Long Term Facilities.

1.	OAEM (other Assets Especially Mentioned).	Where instalments of principal or interest/ mark up is overdue (past due) by 180 days or more from the due date.	Unrealised mark-up/interest to be put in Suspense Account and not to be credited to Income Account.	Provision of 2% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realisable without recourse to a Court of Law.
2.	Substandard.	Where instalment of principal or interest/mark-up is overdue by one year or more.	As above.	Provision of 25% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realisable without recourse to a Court of Law.
3.	Doubtful.	Where instalment of principal or interest/mark-up is overdue by two years or more.	As above.	Provision of 50% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realisable without recourse to a Court of Law.
4.	Loss.	Where instalment of principal or interest/mark-up is overdue by three years or more.	As above.	Provisions of 100% of the outstanding balance of principal.

The regulation will come into force with effect from 30-12-1992.

REGULATION—IX

MANAGEMENT

1. No member of the Board of Directors of a banking company holding 5 per cent or more of the paid-up capital of the banking company either individually or in concert with family members or concerns/

companies in which he/she has the controlling interest, shall be appointed in the bank in any capacity save as the chief executive of the bank (which should not exceed one in any case) and that no payment shall be made or perquisites provided to any such directors other than travelling and daily allowances for attending meetings of the Board of Directors or its Committees. Provided further that not more than 25% of the total directors can be paid executives of the bank.

2. The regulation shall come into force with immediate effect in respect of all banks other than banks owned, controlled and managed by the Government.

REGULATION-X

BANK CHARGES

1. All commercial banks shall be free to determine the rates of charges in respect of various services that they may provide to their constituents.

2. It shall be mandatory for each commercial bank to fix its rates of charges on half-yearly basis in advance for the half year January-June and July-December. Each bank shall get its schedule of charges printed and so notified as to be available to its constituents at least 7 days before the commencement of the half year during which the rates shall remain in force at all places of business. The bank shall be required to provide a copy of the printed schedule of charges to the Banking Control Department of State Bank of Pakistan before the commencement of the related half year.

3. The regulation shall come into force with immediate effect.

REGULATION-XI

OPENING OF ACCOUNTS

Banks shall make all reasonable efforts to determine the true identity of every would-be account holder. Towards this end, banks shall institute effective procedure and methods for obtaining proper identification from new customers.

REGULATION-XII

PREVENTION OF CRIMINAL USE OF BANKING CHANNELS
FOR THE PURPOSES OF MONEY-LAUNDERING AND
OTHER UNLAWFUL TRADES

1. The following guidelines are issued to safeguard banks against their involvement in money-laundering activities, and other unlawful trades. These will add to or reinforce the precautions, banks may have been taking in this regard;

(a) Before extending banking services, bank shall make reasonable efforts to determine the true identity of customer. Particular care should be taken to identify ownership of all accounts and those using safe-custody facilities. Effective procedures should be instituted for obtaining identification from new customers. An explicit policy should be devised to ensure that significant business transactions are not conducted with customers who fail to provide evidence of their identity.

(b) Banks shall ensure that banking business is conducted in conformity with high ethical standards and that banking laws and regulations are adhered to. It is accepted that banks normally do not have effective means of knowing whether a transaction stem from or forms part of wrongful activity. Similarly in an international context it may be difficult to ensure that cross border transactions on behalf of customers are in compliance with the regulations of another country. Nevertheless banks should not set out to offer services or provide active assistance in transactions which in their opinion are associated with money derived from illegal activities.

(c) Specific procedures be established for ascertaining customer status and his source of earnings, for monitoring of accounts on a regular basis, for checking identities and bonafides of remitters and beneficiaries, for retaining internal record of transactions for future reference. The transactions which are out of character with the normal operation of the account involving heavy deposits/ withdrawal/transfers should be viewed with suspicion and properly investigated.

(d) For an effective implementation of Banks' policy and procedures, suitable training be imparted to members of staff and they be informed of their responsibility in this regard.

(e) Banks may make arrangements for setting up an internal audit system in order to establish an effective means of testing/ checking compliance with the Bank Policy and procedures established by it.

2. Keeping in view the above principles, banks shall issue necessary instructions for guidance and implementation by staff members.

REGULATION-XIII

SERVICE CHARGE ON PLS DEPOSIT ACCOUNTS

1. No bank shall levy any charge, in any form, on the credit balances held by it on PLS basis in customers deposit accounts.

2. The regulation shall come into force with immediate effect.

REGULATION-XIV

PAYMENT OF DIVIDEND

1. No bank shall pay any dividend on its shares unless and until:

   (a) All its capitalised expenses (including preliminary expenses, organisation expenses, share selling commission/brokerage, amount of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off; &

   (b) All bad and doubtful debts and other classified assets have been fully and duly provided for in accordance with the prudential regulations of and to the satisfaction of the State Bank of Pakistan.

2. The regulation shall come into force with immediate effect.

REGULATION-XV

UNDERTAKING OF CASH PAYMENTS OUTSIDE THE BANK'S AUTHORISED PLACE OF BUSINESS

1. The banks are prohibited from undertaking any business of cash payments at any place other than the authorised place of business except through the installation of Automated Teller Machines (ATM).

REGULATION-XVI

WINDOW DRESSING

1. All banks are directed to refrain from adopting any measures or practices where by they would either artificially or temporarily show an ostensibly improved position of banks accounts as given in their Balance Sheets and Profit and Loss Accounts specially in relation to its deposits and profit. Particular care shall be taken in showing inter-branch and inter-bank accounts accurately and strictly according to their true nature.

REGULATION-XVII

Banks are directed not to issue any guarantee or letter of comfort nor assume any obligation whatsoever in respect of deposits, sale of investment certificates, issue of commercial papers, or borrowings of any non bank financial institution. In other words, banks shall not assume any obligation on behalf of any financial institution including investment banks, leasing companies, modarabas and development finance institutions, etc. in respect of any resources mobilised by them.

Some of the banks are providing fund management facility (FMF) to their clients. In all such cases of fund management, banks must have a written contract with the persons on whose behalf fund management is being undertaken which agreement must, interalia, clearly state that the bank assumes no liability of any kind on account of such funds. Such funds shall not form part of bank's time and demand liabilities.

The above Prudential Regulations are issued under the powers vested in State Bank under the Banking Companies Ordinance, 1962. All banks are mandated to observe, in letter and spirit, the prudential regulations so issued by the State Bank failing which they shall render themselves liable to penalties as prescribed.

Banking Control Department—Change of Nomenclature.

16/1992 This is notified for the information of all concerned that the nomenclature of this Department stands changed from "BANKING CONTROL DEPARTMENT" to "BANKING REGULATION DEPARTMENT" with effect from 17th October, 1992. All communications shall henceforth be addressed accordingly.

Terms and Conditions for Grant of Financing Facilities by State Bank.

17/1992 It has been decided that the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall, with effect from 6th December, 1992 be renumerated by the recipients at a minimum rate of 15% on annual basis.

This supercedes BCD Circular No.10 dated the 10th June, 1992.

Default in Maintenance of Statutory Cash Reserve and Liquid Assets by Banks—Scale of Fine.

18/1992 Please refer to BCD Circular No.19 dated 7th May, 1985.

By virtue of the powers conferred under State Bank of Pakistan Act, 1956 and the Banking Companies Ordinance, 1962 State Bank is pleased to direct that the scale of fine to be applied in respect of defaults in the maintenance of Statutory Cash Reserve under Section 36 of State Bank of Pakistan Act, 1956 and Liquid Assets under Section 29 of Banking Companies Ordinance, 1962, shall, with effect from 6th December, 1992, be as under:-

A. STATUTORY CASH RESERVE

(1) If at the close of business on any day, the balance held at the State Bank by any scheduled bank is below the minimum fixed under Section 36 of the State Bank of Pakistan Act, 1956, such scheduled bank shall render itself liable to pay to the State Bank a fine at the rate of Rs.55/- for every rupees one hundred thousand or part thereof per day on the amount by which the balance with the State Bank falls short of the fixed minimum; and

(ii) Where the balance held with the State Bank falls short of the fixed minimum during the subsequent weeks or thereafter, the bank shall render itself liable to pay to the State Bank a further fine @25% of the rate mentioned in A(i) above.

B. LIQUID ASSETS

Where a scheduled bank makes default in compliance with the requirement of sub-section (1) of Section 29 of Banking Companies Ordinance, 1962, it shall, in respect of every day of default, pay to the State Bank on demand a fine @Rs.69 for every rupees one hundred thousand or part thereof per day on the amount by which the Liquid Assets falls short of the fixed minimum.

Default, if any, in the maintenance of Cash Reserve or Liquid Assets by a bank, shall be deemed by the State Bank, default regarding to the bank's time and demand liabilities on profit and loss sharing basis.

Maintenance of Liquid Assets in Pakistan.

19/1992 The Federal Government, in exercise of the powers conferred by the proviso to sub-section (1) of the Section 29 of the Banking Companies Ordinance, 1962 has issued a notification raising with effect from 19th December, 1992 the minimum liquidity ratio from 40% to 45% of the total demand and time liabilities of every banking company in Pakistan.

Panel of Auditors—Section 35(1) of Banking Companies Ordinance, 1962.

20/1992 Further to our BCD Circular No.9 dated the 27th May, 1992 it is advised that consequent upon merger of M/s. Khalid Majid & Co. and Shah Rahman & Co. (previously changed to Hussain Shah Rahman & Co. by the Institute of Charterd Accountants of Pakistan), the name of newly emerged firm has been included in the name and style as detailed below in the panel of auditors circulated vide BCD Circular No.41 dated the 17th December, 1985.

Name of the Firm:	Khalid Majeed Hussain Shah Rahman & Co. Chartered Accountants
Address:	1. 9th Floor, State Life Building No.2, Wallace Road, I.I. Chundrigar Road, Karachi.
	2. 2nd Floor, Al-Malik Centre, 70 West F-7/G-7, Blue Area, Islamabad.
	3. 2-Punj Mahal Road, Lahore.

The names of M/s. Khalid Majeed & Co., and M/s. Shah Rahman & Co. Chartered Accountants stands deleted from the panel of auditors maintained by State Bank of Pakistan.

Unclaimed Deposits— Section 31 of BCO, 1962.

21/1992 Please refer to our BCD Circular No.BCD(1)30/64-68 dated the 9th October, 1968 on the above subject.

As you are aware Section 31 of BCO, 1962 provides that if a deposit, a dividend, bonus, profit or other sum of money, a cheque, draft, bill of exchange has remained unclaimed for a period of ten years the banking company concerned shall give a three months' notice in writing by registered post acknowledgement due to the creditors or the beneficiary of the instruments. If on the expiry of three months' period no acknowledgement or reply is received from the addressee, the banking company shall pay as the case may be to the State Bank an amount equal to the amount, owing by the banking company in respect of the debt or to the amount that would be owing if the instrument had been presented for payment, including interest, if any, in accordance with the terms of the debt or instrument.

In view of the above statutory requirements you are directed to pay or transfer the unclaimed amounts as per statutory provisions lying with you to the State Bank as envisaged in Section 31 of BCO, 1962.

Further, an annual return is required to be submitted to the State Bank as per Form XI (Rule 17) of Banking Companies Rules, 1963. All Banks are advised to ensure meticulous compliance of the instructions referred to above failing which they will render themselves liable for penal action under BCO, 1962.

1/1993 Please refer to BCD Circular letter No.BCD(NBFI)14/682-90 dated the 17th November, 1990 (copy enclosed) directing the financial institutions to stop the issuance of Bearer Certificates of Investment/Deposit.

Issuance of Bearer/ Registered Instruments–Directive under Section 41 of the Banking Companies Ordinance, 1962.

It has come to our notice that some financial institutions are still issuing bearer instruments for mobilisation of resources from the market. Now by virtue of the powers conferred upon State Bank under the provisions of the Banking Companies Ordinance, 1962 it is hereby directed that no financial institution shall, with effect from 10th January, 1993 issue bearer instruments of the above kind.

You are further required to furnish us with data in respect of your outstanding liabilities against bearer and registered instruments in separate statements as per proformae enclosed. The two statements must reach us latest by 14th January, 1993.

NAME OF FINANCIAL INSTITUTION:

ENCLOSURE: TO B.R.D.
CIRCULAR NO. 1 OF 1993

STATEMENT—B

STATEMENT SHOWING OUTSTANDING AMOUNT OF REGISTERED INSTRUMENTS OF DEPOSITS AS ON 31-12-1992

PARTICULAR OF INSTRUMENTS	AMOUNT OUTSTANDING	AMOUNT MATURING ON OR BEFORE				
		31-3-1993	30-6-1993	30-9-1993	31-12-1993	LATER
1	2	3				

NAME OF FINANCIAL INSTITUTION:

ENCLOSURE: TO B.R.D.
CIRCULAR NO. 1 OF 1993

STATEMENT—A

STATEMENT SHOWING OUTSTANDING AMOUNT OF BEARER INSTRUMENTS OF DEPOSITS AS ON 31-12-1992

PARTICULAR OF INSTRUMENTS	AMOUNT OUTSTANDING	AMOUNT MATURING ON OR BEFORE				
		31-3-1993	30-6-1993	30-9-1993	31-12-1993	LATER
1	2	3				

Statement of Liabilities and Assets—Monthly

2/1993 It has been decided to introduce a new monthly return statement of liabilities and assets which may subsequently substitute most of the returns being submitted by the scheduled banks for the purpose of monetary statistics. The format of the return alongwith the annexure relating to classification of "Other Private Sector Advances and Bills Purchased & Discounted", explanation of accounts and definitions is enclosed.

2. The return will be submitted by the Head Offices of Scheduled Banks showing the position as on last working day of the month. The return should reach the Director, Statistics Department, SBP: CD: Karachi by the 20th of the following month to which it relates. The return for the month of March, 1993 should, however, be submitted by the 2nd May, 1993. Further, for the purpose of reference, the pertinent return for the month of June, 1992 may also be submitted preferably with the return of May, 1993 but not latter than 30th June, 1993.

3. A four digit code vide appendix 1d is also enclosed for coding the name of bank and month ended. The period code i.e. January, February may be coded as 01, 02 and so on and year 1993, 1994 may be shown as 93, 94 and so on.

4. To reduce the reporting burden on banks and to ensure timely submission of the monthly return, it has been decided to change the frequency of quarterly returns being submitted by banks vide Statistics Department Circular No.DS.BS.1(4)/82-3543 dated the 13th May, 1982 from quarterly to half yearly basis i.e. June and December each year. Accordingly the above mentioned quarterly return for the quarter ending 31st March, 1993 will no longer be required. However, for half-year reporting purposes, the revised system will be advised shortly.

5. For any clarification on the subject, banks may contact the Director, Statistics Department, SBP: CD: Karachi. Please ensure strict compliance and observance of the above directives and time schedule.

MONTHLY RETURN FOR SCHEDULED BANKS
STATEMENT OF LIABILITIES AND ASSETS

M M Y Y

Month ended ....

Name of Bank ....

LIABILITIES	Code	Amount Billion	Million	Thousand
Account				
1. Capital and reserves	010000			
a. Paid-up capital	011000			
b. Reserves	012000			
c. Unappropriated profit or loss	013000			
d. Provisions	014000			
i. for bad and doubtful loans and advances	014100			
ii. For other purposes	014200			
2. Demand deposits in Pakistan Rs.	020000			
a. From scheduled banks	021000			
b. From others	022000			
i. Federal Govt.	022100			
ii. Provincial Govt.	022200			
iii. NFPSEs	022300			
iv. NBFIs	022400			
– Depository NBFIs and the HBFC	022410			
– Other NBFIs	022420			
v. Other private sector	022500			
3. Other demand liabilities	030000			
4. Savings deposits in Pakistan Rs.	040000			
a. From scheduled banks	041000			
b. From others	042000			
i. Federal Govt.	042100			
ii. Provincial Govt.	042200			
iii. NFPSEs	042300			
iv. NBFIs	042400			
– Depository NBFIs and the HBFC	042410			
– Other NBFIs	042420			
v. Other private sector	042500			

	Account	Code	Amount Billion	Million	Thousand
5.	Time Deposits in Pakistan Rupees	050000			
	a. From scheduled banks	051000			
	b. From others	052000			
	i. Federal Govt.	052100			
	ii. Provincial Govt.	052200			
	iii. NFPSEs	052300			
	iv. NBFIs	052400			
	- Depository NBFIs and the HBFC	052410			
	- Other NBFIs	052420			
6.	Other time liabilities	060000			
7.	Foreign currency deposits	070000			
	a. Demand deposits	071000			
	i. Resident	071100			
	ii. Non-resident	071200			
	b. Saving deposits	072000			
	i. Resident	072100			
	ii. Non-resident	072200			
	c. Time deposits	073000			
	i. Resident	073100			
	ii. Non-resident	073200			
8.	Borrowings from:	080000			
	a. Federal Govt.	081000			
	b. State Bank of Pakistan	082000			
	c. Scheduled banks	083000			
	d. NBFIs	084000			
	e. Financial institutions abroad	085000			
	i. Short term	085100			
	ii. Long Term	085200			
9.	Money at call in Pakistan	090000			
	a. From scheduled banks	091000			
	b. From NBFIs	092000			
10.	Other liabilities	100000			
	a. Head Office inter-branch sdj.(net)	101000			
	b. Suspended income	102000			
	c. Income account	103000			
	d. Suspense items	104000			
	e. Sundry items	105000			
	TOTAL LIABILITIES	110000			
11.	(Liabilities as per contra)	120000			
	a. Bank guarantees	121000			
	i. Loan repayment guarantees	121100			
	ii. Other guarantees	121200			
	b. Letters of credit including stand-by letter of credit	122000			

Account	Code	Amount Billion	Million	Thousand
c. Forward exchange transaction	123000			
d. Acceptances	124000			
e. Foreign bills for collection	125000			
i. Export bills	125100			
ii. Others	125200			
TOTAL LIABILITIES INCLUDING LIABILITIES AS PER CONTRA	130000			

Monetary return for scheduled banks
Statement of liabilities and assets

ASSETS

Account	Code	Amount Billion	Million	Thousand
21. Cash in Pakistan rupees	210000			
a. Bank notes	211000			
b. One rupee notes/coins and subsidiary coins	212000			
22. Foreign currency notes and coins	220000			
23. Balance with:	230000			
a. State Bank of Pakistan	231000			
b. National Bank of Pakistan	232000			
c. Other scheduled banks in Pakistan	233000			
d. NBFIs	234000			
24. Balance held abroad	240000			
25. Money at call in Pakistan	250000			
a. To scheduled banks	251000			
b. To NBFIs	252000			
26. Advances	260000			
a. Advances to schedules banks	261000			
b. Advances other than to scheduled banks	262000			
i. Advances to non-residents	262800			
ii. Advances to residents	262200			
- Federal Governments	262210			
- Commodity operations	262211			
- Others	262212			
- Provincial Governments	262220			
- Commodity operations	262221			
- Others	262222			
- NEPSEs	262230			
- Cotton Exports Corp: (CEC)	262231			
- National Fertilizer Corporation (NFC)	262232			
- Oil & Gas Development Corporation (OGDC)	262233			

		Amount		
Account	Code	Billion	Million	Thousand
- Pakistan Telecommunication Corporation (PTC)	262234			
- Pakistan Television Corporation (PTV)	262235			
- Water and Power Development Authority (WAPDA)	262236			
-Other	262237			
- NBFIS	262240			
- Depository NBFIs and the HBFC	262241			
-Other NBFIs	262242			
- Other Private Sector	262250			
- Corporate Sector	262251			
- Unincorporated enterprises and individuals	262252			
27. Bills purchased and discounted	270000			
a. Foreign Bills	271000			
b. Inland Bills	272000			
i. NFPSEs	272100			
ii. NFPSEs	272200			
iii. Other private sector	272300			
28. Investment in securities issued by:-	280000			
a. Non-residents	281000			
b. Residents	282000			
i. Federal Government	282100			
- Treasury Bills	282110			
- Federal investment bonds	282120			
- Other Government loans	282130			
- Federal Government loans	282140			
- Other	282150			
ii. Provincial Governments	282200			
iii. NFPSEs	282300			
iv. NBFIs	282400			
- Depository NBFIs and the HBFC	282410			
- Other NBFIs	282420			
v. Other private sector	282500			
29. Other assets	290000			
a. Fixed assets	291000			
b. Furniture, fixtures, office equipment vehicles, stationary and stamps	292000			
c. Investment in joint ventures and subsidiaries	293000			
d. Accrued income	294000			
e. Pre-payments	295000			
f. Head office/inter-branch adjustment (net)	296000			

Account	Code	Amount: Billion	Million	Thousand
g. Expenditure account	297000			
h. Suspense items	298000			
i. Sundry items	299000			
TOTAL ASSETS	300000			
30. Assets as per contra)	400000			
a. Bank guarantees	401000			
i. Loan repayment guarantees	401100			
ii. Other guarantees	401200			
b. letters of credit including stand by letter of credit	402000			
c. Forward exchange transactions	403000			
d. Acceptances	404000			
e. Foreign bills for collection	405000			
i. Export bills	405100			
ii. Others	405200			
TOTAL ASSETS INCLUDING ASSETS AS PER CONTRA	500000			

Abbreviations

HBFC	House Building Finance Corporation
NBFIs	Non-bank financial institutions
NFPSES	Non-financial public sector enterprise

Memorandum item—Foreign currency deposits

Foreign currency deposits
(in thousand of units of currency)

Code		British Pounds	German Marks	Japanese Yen	U.S. Dollar
070000	Foreign currency/ deposits				
071000	Demand Deposits				
071100	Resident				
071200	Non-resident				
072000	Savings deposits				
072100	Resident				
072200	Non-resident				
073000	Time deposits				
073100	Resident				
073200	Non-resident				

ANNEXURE-I

CLASSIFICATION OF OTHER PRIVATE SECTOR ADVANCES AND BILLS PURCHASED AND DISCOUNTED BY SCHEDULED BANKS IN PAKISTAN

Month ended ....

Name of Bank ....

Account	Code	Amount: Billion	Amount: Million	Amount: Thousand
1. Export financing	100000			
a. Export Finance Scheme	110000			
b. Other	120000			
2. Government self employment Scheme	200000			
a. Unemployed persons	210000			
b. Public transport	220000			
3. Small Loans	300000			
a. Agriculture	310000			
b. Business	320000			
c. Industry	330000			
4. Agriculture—other than small loans for agriculture	400000			
5. Manufacturing	500000			
a. Locally manufactured machinery (LMM)	510000			
b. Manufacturing—other than LMM & Small loans for Industry	520000			
i. For fixed investment	521000			
ii. For working capital	522000			
- Automobiles	522100			
- Cement manufactures	522200			
- Fertilizer manufactures	522300			
- Sugar manufactures	522400			
- Textile manufactures	522500			
- Other manufactures	522600			
6. Wholesale & retail trade—other than small loans for business	600000			
7. Other activities not described above	700000			
TOTAL OTHER PRIVATE SECTOR (1)	800000			

(1) Total other private sector should equal the sum of codes 262250 and 272300 on the monthly statement of liabilities and assets of scheduled banks in Pakistan.

Explanation of Accounts of the Monthly Return for Scheduled Banks

A. LIABILITIES

Code	Account	Explanation
1.	Capital and reserves	
1.1	Paid-up capital	
1.2	Reserves	All reserves created out of profits.
1.3	Unappropriated profit or loss	
1.4	Provisions	
1.41	For bad and doubtful loans and advances	
1.42	For other purposes	
2.	Demand deposits in Rs.	All current and call deposit accounts.
2.1	From scheduled banks	Current and all deposit accounts from scheduled banks. See Appendix I.d.
2.2	From others	Current and call deposits accounts other than from scheduled banks.
2.21	Federal government	See Appendix I.a.
2.22	Provincial governments	See Appendix I.b.
2.23	NFPSEs	See Appendix I.c.
2.24	NBFIs	See Appendix I.e.
2.241	Depository NBFIs and the HBFC	See Appendix I.e.
2.242	Other NBFIs	See Appendix I.e.
2.25	Other Private sector	
3.	Other demand liabilities	Includes credit balances in the cash credit and overdraft accounts, overdue fixed deposits unclaimed balances, and other deposits payable on demand including outstanding bills, payment orders, TTs, MTs, outstanding drafts, drafts payable, demand drafts, Hajj deposits, certificates and bills payable, margin on L/cs and on guarantees, locker key security deposits, unclaimed dividends payable, and security deposits accounts.
4.	Saving deposits in PRs	All saving account.
4.1	From scheduled banks	Savings accounts from scheduled bank. See Appendix I.d.
4.2	From others	Saving accounts other than from scheduled banks.
4.21	Federal government	See Appendix I.a.
4.22	Provincial Governments	See Appendix I.b.
4.23	NFPSEs	See Appendix I.c.
4.24	NBFI	See Appendix I.e.
4.241	Depository NBFIs and the HBFC	See Appendix I.e.
4.242	Other Private sector	

Code	Account	Explanation
5.	time deposits in PRs	All fixed, special notice, and short term deposits.
5.1	From scheduled banks	Fixed, Special notice, and short term deposits from other than scheduled bank. See Appendix I.d.
5.2	From others	Fixed, special notice, and short term term deposits from other than scheduled banks.
5.21	Federal government	See Appendix I.a.
5.22	Provincial Governments	See Appendix I.b.
5.23	NFPSEs	See Appendix I.c.
5.24	NBFIs	See Appendix I.e.
5.241	Depository NBFIs and the HBFC	See Appendix I.e.
5.242	Other NBFIs	See Appendix I.e.
5.25	Other private sector	
6.	Other time liabilities	Includes Employees Provident Fund accounts, staff pension funds, employees security deposits, staff guarantee fund, insurance funds, credit balance and adjustment accounts, and other liabilities payable on notice.
7.	Foreign currency deposits	Pakistan rupee equivalent of the amount of foreign currency surrendered to the SBP, If residency cannot be determined by the guidelines in Appendix II, it should be determined on the basis of the address of the account holder.
7.1	Demand deposits	
7.11	Resident	
7.12	Non-resident	
7.2	Saving deposits	
7.21	Resident	
7.22	Non-resident	
7.3	Time deposits	
7.31	Resident	
7.32	Non-resudent	
8.	Borrowings from:	
8.1	Federal government	For on-lending purposes. See Appendix I.a.
8.2	State Bank of Pakistan	
8.3	Scheduled banks	See Appendix I.d.
8.4	NBFIs	See Appendix I.e.
8.5	Financial institutions abroad	
8.51	Short-term	Loans having an original maturity of less than a year.
8.52	Long-term	Loans having an original maturity of one year or more.
9.	Money at call in Pakistan	
9.1	From scheduled banks	See Appendix I.d.
9.2	From NBFIs	From authorised institutions only.

Code	Account	See Appendix I.e. Explanation
10.	Other liabilities	
10.1	Head Office inter-branch adjustment (net)	
10.2	Suspended income	Mark-up on non-performing advances and investments.
10.3	Income account	
10.4	Suspense items	
10.5	Sundry items	Includes returns due but not paid.
11.	(Liabilities as per contra)	
11.1	Bank guarantees	
11.11	Loan repayment guaranrtees	
11.12	Other guarantees	
11.2	Letters of credit including stand-by letters of credit Forward exchange transactions	
11.3	Forward exchange transactions	
11.4	Acceptances	
11.5	Foreign bills for collection	
11.51	Export bills	
11.52	Others	

B. ASSETS

21.	Cash in Pakistan rupees	
21.1	Banknotes	Pakistani currency notes of Rupees two and above.
21.2	One rupees notes/coin and subsidiary coin	Rupees one notes/rupee coins and subsidiary coins.
22.	Foreign currency notes and coins	
23.	Balance with:	
23.1	State Bank of Pakistan (SBP)	Statutory and other balances held at the State Bank of Pakistan including balances in transit.
23.2	National Bank of Pakistan (NBP)	Balance held at the NBP as an agent of the SBP.
23.3	Other scheduled banks in Pakistan	Balances held with other scheduled banks. See Appendix I.d.
23.4	NBFIs	Balances with institutions other than 23.1-23.3. See Appendix I.e.
24.	Balances held abroad	Balances held abroad including barter trade.
25.	Money at call in Pakistan	
25.1	To scheduled banks	See Appendix I.d.
25.2	To NBFIs	To authoresed institutions only. See Appendix I.e.
26.	Advances	All outstanding advances including import bills, term finance certificates, and mark-up debited and taken into income account.

Code	Account	Explanation
26.1	Advances to scheduled banks	See Appendix I.d.
26.2	Advances to other than scheduled banks	
26.21	Advances to non-residents	To non-residents in Pakistan. See Appendix II.
26.22	Advances to residents	To residents in Pakistan. See Appendix II.
26.221	Federal governments	See Appendix I.a.
26.2211	Commodity operations	Advances extended for procurement of commodities by the Federal Government.
262212	Provincial governments Commodity operations	See Appendix I.b. Advances extended for procurement of commodities by the Provincial governments.
26.2222	Others	Advances to Provincial governments for purposes other than commodity operations.
26.223	NFPSEs	See Appendix I.c.
262231	Cotton Export Corporation (CEC)	
26.2232	National Fertilizer Corporation (NFC)	
26.2233	Oil and Gas Development Corporation (OGDC)	
26.2234	Pakistan Telecommunication Corporation (PTC)	
26.2235	Pakistan Television Corporation (PTV)	
26.2236	Water and Power Development Authority (WAPDA)	
26.2237	Other	
26.224	NBFIs	See Appendix I.e.
26.2241	Depository NBFIs and the HBFC	See Appendix I.e.
26.2242	Other NBFIs	See Appendix I.e.
26.225	Other Private sector	
26.2251	Corporate sector	Privately awned and /or controlled enterprises principally engaged in non-financial activities including corporations and joint stock companies registered under company laws/ acts/regulations and recognized as legal entities apart from their owners.
26.2252	Unincorporated enterprises and individual	Includes private unincorporated enterprises in duals agriculture, trade, and industry and individuals/ person.
27.	Bills purchased and discounted	Commercial paper and bills purchased and discounted by scheduled banks.

Code	Account	Explanation
27.1	Foreign bills	Export bills and others.
27.2	Inland bills	
27.21	NFPSEs	See Appendix I.c.
27.22	NBFIs	See Appendix I.e.
27.23	Other private sector	
28.	Investments in securities by:	Includes investments issued in commercial paper, bonds and debentures, shares, participation certificates, and other investments.
28.1	Non-residents	Investments in non-resident institutions. See Appendix II..
28.2	Residents	Investments in institutions located in Pakistan. See Appendix II.
28.21	Federal government	See Appendix I.a.
28.211	Treasury bills	
28.212	Federal Investment bonds	
28.213	Other government bonds	
28.214	Federal government loans	
28.215	Other	Investments other than in 28.211-28.214.
28.22	Provincial governments	
28.23	NFPSEs	See Appendix I.c.
28.24	NBFIs	See Appendix I.e.
28.241	Depository NBFIs and the HBFC	See Appendix I.e.
28.242	Other NBFIs	See Appendix I.e.
28.25	Other private sector	
29.	Other assets	
29.1	Fixed assets	Land and building.
29.2	Furniture, fixtures, office equipment, vehicles, stationery, and stamps.	
29.3	Investment in joint ventures and subsidiaries	
29.4	Accrued income	Includes accrued income on investment, advances, and ommission.
29.5	Pre-payments	Advances for which work is in progress or to be undertaken including prepaid leases, rents, salaries and taxes.
29.6	Head Offices/inter-branch adjustment (net)	
29.7	Expenditure account	
29.8	Suspense items	
29.9	Sundry items	
30.	(Assets as per contra)	
30.1	Bank guarantees	
30.11	Loan repayment guarantees	
30.12	Other guarantees	

Code	Account	Explanation
30.2	Letters of credit including stand-by letters of credit	
30.3	Forward exchange transactions	
30.4	Acceptances	
30.5	Foreign bills for collection	
30.51	Export bills	
30.52	Others	

Abbreviations

HBFC	House Building Finance Corporation
NBFIs	Non-bank financial institutions
NFPSEs	Non-financial public sector enterprises
PRs	Pakistan rupees

APPENDIX I

CLASSIFICATION OF ACCOUNTS BY RESIDENCE AND INSTITUTIONAL SECTOR

For purposes of analyzing economic and financial developments, it is essential to distinguish among sectors of the economy according to the economic and financial behavior of the transactors. According to the United Nations' A system of National Accounts (SNA), the classification of the economy by sectors divides entities into groups that are homogeneous and share common characteristics and motives for transacting.

The primary distinction in relation to the sectorization of the economy is between residents and non-residents.

The sectors and sub-sectors used in this classification are:

Federal Governments	Appendix I.a.
Provincial Governments	Appendix I.b.
Non-financial public enterprises	Appendix I.c.
Scheduled banks	Appendix I.d.
Non-bank financial institutions	Appendix I.e.
Depository	
Other	
Private sector	
Enterprises	
Individual	

APPENDIX—I.a.

LIST OF MINISTRIES/DIVISIONS/DEPARTMENTS OF THE FEDERAL GOVERNMENT

1. CABINET SECRETARIAT:
   - (i) Cabinet Division
   - (ii) Inter Provincial Co-ordination Division
   - (iii) Establishment Division
   - (iv) Management Services Division
2. MINISTRY OF COMMERCE
3. MINISTRY OF COMMUNICATIONS:
   - (i) Pakistan Post Office Department
   - (ii) Department of Shipping Control and Mercantile Marine
4. MINISTRY OF CULTURE AND TOURISM:
   - (i) Culture and Sports Division

(ii) Youth Affairs Division
(iii) Tourism Division

5. MINISTRY OF DEFENCE:
   (i) Defence Division
   (ii) Aviation Division
   (iii) Defence Production Division
6. MINISTRY OF EDUCATION:
7. MINISTRY OF FINANCE AND ECONOMIC AFFAIRS:
   (i) Finance Division
   (ii) Economic Affairs Division
   (iii) Statistics Division
8. MINISTRY OF FOOD AND AGRICULTURE AND CO-OPERATIVES:
   (i) Food and Agriculture Division
   (ii) Agriculture Research Division
   (iii) Zoological Survey Department
   (iv) Livestock Division
9. MINISTRY OF FOREIGN AFFAIRS
10. MINISTRY OF HEALTH, SPECIAL EDUCATION AND SOCIAL WELFARE:
   (i) Health Division
   (ii) Special Education and Social Welfare Division
11. MINISTRY OF HOUSING AND WORKS:
   (i) Environment and Urban Affairs Division
   (ii) Works Division
12. MINISTRY OF INDUSTRIES:
   (i) Department of Investment Promotion and Supplies
13. MINISTRY OF INFORMATION AND BROADCASTING:
   (i) Press Information Department
14. MINISTRY OF INTERIOR:
   (i) Interior Division
   (ii) Narcotics Control Division
15. MINISTRY OF LAW, JUSTICE AND PARLIAMENTARY AFFAIRS:
   (i) Law and Justice Division
   (ii) Parliamentary Affairs Division
16. MINISTRY OF LABOUR, MANPOWER AND OVERSEAS PAKISTANIS:
   (i) Labour Division
   (ii) Manpower and Overseas Pakistanis Division
17. MINISTRY LOF LOCAL GOVERNMENT AND RURAL DEVELOPMENT:
18. NATIONAL ASSEMBLY AND SENATE
19. MINISTRY OF PETROLEUM AND NATURAL RESOURCES
20. MINISTRY OF PLANNING AND DEVELOPMENT:
   (i) Planning and Development Division
   (ii) Population Division
21. MINISTRY OF PRODUCTION
22. MINISTRY OF RAILWAYS
23. MINISTRY OF RELIGIOUS AFFAIRS
24. MINISTRY OF MINORITIES AFFAIRS
25. MINISTRY OF SCIENCE AND TECHNOLOGY
26. MINISTRY OF STATES AND FRONTIER REGIONS AND KASHMIR AFFAIRS:
   (i) States and Frontier Regions Division
   (ii) Kashmir Affairs and Northern Affairs Division

27. MINISTRY OF WATER AND POWER
28. MINISTRY OF WOMEN'S DEVELOPMENT

APPENDIX—I.b.

LIST OF DEPARTMENTS OF THE PROVINCIAL GOVERNMENTS

1. Excise and Taxation Department
2. Forestry, Wild Life, Fisheries and Tourism Department
3. Irrigation & Power Department
4. Law and Parliamentary Affairs Department
5. Home Department
6. Local Government and Rural Development Department
7. Finance Department
8. Planning and Development Department
9. Information Department
10. Communication & Works Department
11. Education Department
12. Health Department
13. Labour Department
14. Housing, Physical & Environmental Planning Department
15. Social Welfare and Zakat Department
16. Auqaf Department
17. Agriculture Department
18. Food Department
19. Livestock & Diary Development Department
20. Co-operative Department
21. Industries & Mineral Development Department
22. Transport Department
23. Provincial Assembly Department
24. Services and General Administration Department

APPENDIX —I.c.

LIST OF NON-FINANCIAL PUBLIC SECTOR ENTERPRISES (NFPSEs)

Agricultural Marketing & Storage (Private) Limited	AMS
Attock Refinery Limited	ARL
Carrier Telephone Industries (Private) Limited	CTI
Cotton Export Corporation of Pakistan (Private) Limited	CEC
Federal Chemical and Ceramics Corporation (Private) Limited	FCCCL
Ittehad Chemicals	IC
Ittehad Pesticides	IP
Nowshera DDT Factory	NDDTF
Nowshera PVC Company (Pvt.) Ltd.	NPVC
Ravi Rayon Limited	RRL
Ravi Engineering Limited	REL
Swat Ceramics Company (Pvt.) Ltd.	SCCL
Swat Elutriation Plant	SEP
Gemstone Corporation of Pakistan Limited	GEMCP
Ghee Corporation of Pakistan (Pvt.) Limited	GCP
A & B Oil Industries Limited	ABOI
E.M. Oil Mills & Industries Limited	EMOML
Kohinoor Oil Mills Limited	KOML

Maqbool Company Limited	MCL
Marafco Industries Limited	MIL
Pakistan Edible Oil Corporation (Pvt.) Limited	PEOC
The Punjab Vegetable Ghee & General Mills Limited	PVGGM
Universal Oil & Vegetable Ghee Mills Limited	UOVGM
Investment Advisory Centre of Pakistan	IACP
Karachi Electric Supply Corporation Limited	KESC
Karachi Shipyard and Engineering Works Limited KSEW	KSEW
National Book Foundation	NBP
National Construction Company (Pakistan) Limited	KSEW
National Fertilizer Corporation of Pakistan (Pvt.) Limited	NFC
Lyallpur Chemicals and Fertilizers Limited	LCFL
Pak-American Fertilizers Limited	PAMFL
Pak-Arab Fertilizers (Pvt.) Limited	PARFL
Pak-Saudi Fertilizers Limited	PSFL
National Film Development Corporation Limited	NAFDEC
National Power Construction Corporation (Pvt.) Limited	NPCCL
National Tubewell Construction Corporation (Pvt.) Limited	NTCC
Northern Areas Transport Corporation (Pvt.) Limited	NATC
Oil and Gas Development Corporation	OGDC
Pirkoh Gas Company (Pvt.) Limited	PGC
Overseas Employment Corporation (Pvt.) Limited	OEC
Pak-Arab Refinery Limited	PARL
Pakistan Agricultural Storage and Services Corporation Limited	PASSCO
Pakistan Automobile Corporation Limited	PACO
Bela Engineering Limited	BEL
Domestic Appliances (Pvt.) Limited	DAL
Pakistan Motorcar Company (Pvt.) Limited	PMC
Republic Motors (Pvt.) Limited	RML
Suzuki Motorcycles Pakistan Limited (formerly Mack Trucks)	SMC
Trailor Development Corporation (Pvt.) Limited	TDC
Pakistan Broadcasting Corporation	PBC
Pakistan Environmental Planning & Agricultural Consultants (Private) Limited	PEPAL
Pakistan Industrial Development Corporation (Private) Limited	PIDCS
Dir Forest Industries Complex (Private) Limited	DFIC
Harnai Woollen Mills Limited	HWM
PIDC Cotton Ginning Factory (Private) Limited	PIDCCGF
Larkana Sugar Mills (Private) Limited	LSM
Shahdadkot Textile Mills (Private) Limited	STM
Pakistan International Airlines Corporation	PIAC
Duty Free Shops (Private) Limited	DFSL
International Advertising (Private) Limited	IAL
Midway House Limited	MHL
PIA Hotel Limited	PIAHL
PIA Shaver Poultry Breeding Farms Limited	PIASPBF
Skyrooms (Private) Limited	SKYL
Pakistan Mineral Development Corporation (Private) Limited	PMDC
Attock Chemicals Limited	ACL
Pakistan Petroleum Limited	PPL
Pakistan Security Printing Corporation (Private) Limited	PSPS
Pakistan State Oil Company Limited	PSO
Aremai Petroleum (Private) Limited	APL
Auto Oils (Private) Limited	AOL

Pakistan Steel Mills Corporation Limited	PASMIC
Pakistan Steel Fabricating Company Limited	PSFC
Pakistan Telecommunication Corporation Limited	PTC
Pakistan Television Corporation Limited	PTV
Pakistan Tourism Development Corporation Limited	PTDC
Printing Corporation of Pakistan (Private) Limited	PCPL
Resources Development Corporation (Private) Limited	RECP
Rice Export Corporation of Pakistan (Private) Limited	RECP
Doaba Rice Mills Limited	DRM
Pakistan National Produce Company Limited	PNPC
Security Papers Limited	SPL
Shalimar Recording Company Limited	SRC
State Cement Corporation of Pakistan (Private) Limited	SRC
Associated Cement Company	ACC
General Refractories Limited	GRL
Javadan Cement Limited	JCL
State Engineering Corporation of Pakistan (Private) Limited	SEC
Heavy Foundry & Fore Engineering (Private) Limited	HFFE
Heavy Mechanical Complex (Private) Limited	HMC
Pakistan Engineering Company Limited	PECO
Pakistan Machine Tool Factory (Private) Limited	PMTF
Quality Steel Works Limited	QSW
Textile Machinery Company (Private) Limited	TMC
State Petroleum Refining Petrochemical Corporation (Private) Limited	PERAC
Enar Petrotech Services (Private) Limited	EPS
National Petroleum Limited	NPL
National Refinery Limited	NRL
Sui Northern Gas Pipelines Limited	SNGPL
Sui Southern Gas Company Limited	SSGC
Telephone Industries of Pakistan (Private) Limited	TIP
Trading Corporation of Pakistan (Private) Limited	TCP
Utility Stores Corporation of Pakistan (Private) Limited	USC
Water and Power Development Authority	WAPDA

APPENDIX—I.d.

LIST OF SCHEDULED BANKS
PAKISTANI BANKS

1.	Allied Bank of Pakistan Ltd.	1114
2.	Habib Bank Ltd.	1154
3.	Muslim Commercial Bank Ltd.	1162
4.	National Bank of Pakistan	1170
5.	United Bank Limited	1186
6.	First Women Bank Ltd.	1147
7.	Askari Commercial Bank Ltd.	1117
8.	Bank Al-Habib Ltd.	1123
9.	Bolan Bank Ltd.	1125
10.	Habib Credit & Exchange Bank Ltd.	1153
11.	Indus Bank Ltd.	1157
12.	Mehran Bank Ltd.	1163
13.	Metropolitan Bank Ltd.	1164
14.	Prime Commercial Bank Ltd.	1177
15.	Soneri Bank Ltd.	1185

16.	Union Bank Ltd.	1187
17.	Agriculture Development Bank of Pakistan (ADBP)	1210
18.	Federal Bank for Co-operatives Ltd. (FBC)	1244
19.	Industrial Development Bank of Pakistan (IDBP)	1258
20.	The Punjab Provincial Co-operative Bank Ltd. (PPCB)	1279
	FOREIGN BANKS	
21.	ABN Amro Bank N. V.	2150
22.	Albaraka Islamic Investment Bank B.S.C. (E.C.)	2116
23.	American Express Bank Ltd.	2118
24.	ANZ Grindlays Bank plc	2152
25.	Bank of America	2122
26.	Bank of Oman Ltd.	2128
27.	Banque Indosecz	2123
28.	Citi Bank N. A.	2146
29.	Deutsche Bank	2142
30.	Doha Bank Ltd.	2145
31.	Emirates Bank International Ltd.	2184
32.	Faysal Islamic Bank of Bahrain (E.C.)	2160
33.	Habib Bank A.G. Zurich	2155
34.	International Finance Investment & Commerce Bank Ltd.	2159
35.	Pan African Bank Ltd.	2176
36.	Rupali Bank Ltd.	2181
37.	Societe Generale the French & International Bank	2180
38.	Standard Chartered Bank	2138
39.	The Bank of Tokyo Ltd.	2130
40.	The Hong Kong & Shanghai Corporation Ltd.	2156
41.	The Chase Manhattan Bank N.A.	2183
42.	State Bank of India	2182
43.	The Bank of India	2126
44.	The Central Bank of India Ltd.	2134
45.	The Punjab National Bank Ltd.	2178
46.	The Oriental Bank of Commerce Ltd.	2174
47.	The United Commercial Bank Ltd.	2190

APPENDIX—I

LIST OF NON-BANK FINANCIAL INSTITUTIONS

A. 1. **DEPOSITORY NBFIs and the HBFC**

I. Development Finance Institutions (DFIs)

i. Bankers Equity Limited
ii. Investment Corporation of Pakistan
iii. National Development Finance Corporation
iv. National Investment Trust
v. Pakistan Industrial Credit & Investment Trust
vi. Pak Kuwait Investment Company Ltd.
vii. Regional Development Finance Corporation

II. House Building Finance Corporation

III. Investment Banks (IBs)

i. Al-Towfeek Investment Bank Ltd.
ii. Atlas BOT Investment Bank Ltd.
iii. Al-Faysal Investment Bank Ltd.

v. First International Investment Bank Ltd.
vi. Fidelity Investment Bank Ltd.
vii. Islamic Investment Bank Ltd.
viii. Prudential Investment Bank Ltd.
ix. Security Investment Bank Ltd.

IV. Co-operative Banks

i. Azad Kashmir Co-operative Bank Ltd.
ii. Baluchistan Provincial Co-operative Bank Ltd.
iii. Frontier Provincial Co-operative Bank Ltd.
iv. Northern Area Provincial Co-operative Bank Ltd.
v. Sindh Provincial Co-operative Bank Ltd.

B. OTHER NBFIs

I. Development Finance Institution (DFIs)

i. Equity Participation Fund
ii. Pak Libya Holding Company
iii. Small Business Finance Corporation
iv. Saudi Pak Industrial & Agricultural Investment Company

II. Leasing Companies (LCs)

All Companies

III. Discount Houses (DHs)

i. First Credit & Discount Corporation
ii. Prudential Discounting & Guarantee House

IV. Housing Finance Companies (HFCs)

Citi Bank Housing Co. Limited

V. Modaraba Companies

All Companies

APPENDIX—II

RESIDENCE

For the purpose of compilation of monetary statistics, the return make a distinction between residents and non-residents of Pakistan. The following rules determine whether a person or body is a Pakistani resident or a non-resident.

1. Individuals

The resident individuals of Pakistan comprise (a) all persons permanently living in Pakistan (b) visitors or temporary residents who have stayed, or who intend to stay, in Pakistan for a year or more, excluding official and diplomatic representatives and members of the armed forces of other countries serving in Pakistan and (c) members of the Pakistani government or the armed forces working overseas.

2. Enterprises

Resident enterprises (including banks) are the units that engage in the production of goods and services in Pakistan, including overseas enterprises' branches and subsidiaries located and operating in Pakistan, but excluding branches and subsidiaries of Pakistani enterprises located and operating abroad.

3. Government

The government agencies that are residents of an economy include all departments, establishments and bodies of its central, provincial, and local governments, located in its territory and the embassies, consulates, military establishments and other entities of its government located abroad.

Embassies, consulates and military establishments of a foreign government are to be considered as non-resident entities in the countries where they physically located.

4. Foreign currency deposits

The above mentioned rules should be followed to breakdown currency deposits between those held by non-residents and residents. However, if the residency of the account holder is not clearly known to the banks, the address of the account holder should be used by the bank to make the distinction between residents and non-residents. This is a pragmatic approach which can be used in those cases where the exact residency of the account holder is not known.

EXPLANATION TO ANNEXURE-I

I. Definition of Small Loans

a. For Businessmen

The loans given to individuals and firms for business purpose upto a limit of Rs.3 lacks fall under the definition of Small Loans for businessmen.

b. For Industries

Industries with fixed assets (excluding land & building) the original value of which does not exceed Rs.20 million qualify for small loans.

c. For Agricultural Production on Mark-up Basis

Loans and advances, including bills purchased and discounted, whether clean or secured, given to farmers holding land not exceeding the subsistence holding as defined for various provinces by law (Punjab and NWFP 12.5 acres, Sindh 16 acres and Baluchistan 32 acres) for meeting their agricultural production requirements defined as Small Loans for agricultural production. The limit for small farmers operative at present is Rs.2,000 per acre per year with ceiling of Rs.25,000.

per acre per year with ceiling of Rs.25,000.

II. Financing under the Locally Manufactured Machinery (LMM) Scheme

Finance under the scheme is provided for:-

i. Such locally manufactured plant and machinery, including accessories thereof, as are used in the manufacturing process in the manufacturing industries excluding locally manufactured machinery plan and accessories thereof for sugar projects.

ii. Such locally manufactured machinery, including accessories thereof, as are used in the mining and tourism industries;

iii. Locally manufactured cargo vessels and ships.

State Bank provides refinance facility under this scheme to approved DFIs/Banks upto 1000 per cent of the finance which it provides for purchase of locally manufactured machinery if covered under the covenants of the scheme.

The State Bank's rate of return in respect of local sales under LMM has remained two per cent below the lending rate of approved financial institutions which is currently 8 per cent. However, prior to 10.6.1974 and since inception of the scheme the refinance was provided at Bank rate against finance provided by the authorised institutions at 1% below the F.C. loan rate.

Export Sales

The concessional financing facility under Part-B (Export Sales) is available to only those plants, machinery, equipment, transport equipment, cargo vessels, ships, fixtures, fittings, accessories and consumer durables which are to be used for industrial application and which undergo processing in Pakistan subject to the conditions that the financial assistance will not be available for the imported components used in the locally manufactured machinery. As compared to Local Sales the facility under Part-B Export Sales is more liberal in order to boost the export of the indigenous machinery and to provide a better financial edge to our exporters to compete in the World Market. The facility under Part-B Export Sales of the Scheme is admissible both for preshipment and postshipment purposes through all Schedules Banks, NDFC and BEL. Pre-shipment Export Finance can be provided to the exporters upto the date of delivery/shipment. Preshipment finance is also available to the suppliers of machinery against International Tender. Finance to borrowers is available at 8% p.a. State Bank provides refinance at 6%.

An exporter who has entered into a contract with a foreign buyer for the export of locally manufactures machinery on deferred payment basis is also eligible to avail post-shipment refinance from the State Bank through an approved financial institution subject to fulfilment of the requirements and submision of prescribed documents. The facility of deferred payment is available to foreign buyers of the machinery for a maximum period of 12-1/2 years, including a maximum grace period of 2-1/2 years depending upon the value of exports and term and conditions of the contract. Refinance is permissible for an amount not exceeding the discounted value of the relevant invoice as under:-

If importer does not pay interest separately from the invoice value at 8% p.a. viz. the minimum rate prescribed for post-shipment Export Finance.

In case if the importer is paying interest separately from invoice value at a rate less than 8% p.a. discounting is done at differential rate i.e. 8% - Actual Rate.

No discounting is done in case if the importer is paying interest separately from the invoice value at a rate of 8% or more.

Financial institutions may provide a post-shipment finance at 8% to the exporters and may obtain refinance at 5.5% p.a.

III. Finance under the Export Finance Scheme

Export of items, other than those mentioned below, qualify for Export Finance under the Export Finance Scheme. Presently finance under this scheme is provided at a concessional rate of 8% upto a maximum period of 150 days. While banks provide finance at 8%, refinance is provided by the State Bank at 5%. Finance for eligible items, should be classified and shown against the head "Export Finance Scheme". Any finance not covered under the scheme needs be shown against Export finance for 'others'.

List of Commodities NOT ELIGIBLE for concessionary Export Finance under the Export Finance Scheme

1. Raw Cotton
2. Cotton Yarn (excluding Cotton Sewing Thread)
3. Fish other than frozen and preserved
4. Mutton and Beef (excluding frog legs)
5. Petroleum products
6. Crude vegetable materials n.e.s. (excluding Rose Buds/Flower, Guar Gum Exporters/Guar Protein, Floricultural and Horticultural Products).
7. Wool & Animal Hair (excluding wool tops)
8. Crude Animal Material
9. Feed Stuff for Animals
10. All Grains including Grain Flour
11. Stone, Sand and Gravel
12. Waste & Scrape of all kinds
13. Fertilizer Crude
14. Oil Seeds, Nut & Kernels
15. Jewellery exported under the Entrustment Scheme
16. Live Animals
17. Hides & Skins
18. Leather Wet Blue
19. Inorganic elements Oxides etc.
20. Crude Minerals (excluding Refined/Treated Slat)
21. Works of Art and Antiques
22. All Metals (excluding Specified items)
23. For skins
24. Wood in rough or Squared

IV. Self Employment Scheme

i. For unemployed person

Under the scheme the designated banks/non-bank viz. HBL, NBP & SBFC provide small, medium and large loans upto a maximum of Rs.0.3 million to unemployed persons to generate business activity at the mark up rate of 15% p.a. and at a minimum debt/equity ratio of 90:10. The application disposal time is 7-15 days.

ii. Public Transport

Under the Prime Minister's Self employment scheme in the field of Public transport, loans are provided by nationalised commercial banks at the mark up rate of 15% p.a. for a maximum period of 5 years and 7 years (as the case may be) and at a maximum debt/equity ratio of 90:10. Application disposal time is 15 days.

III. Fixed Industrial Investment

Financing for fixed industrial investment means grant of term loans as also investment in newly floated shares, PTCs, TFCs and Bonds for the purpose of establishment of new manufacturing units and extension, balancing and modernisation of the existing manufacturing units.

V. Wholesale & Retail Trade

i. Wholesale Trade

The resale (sale without transformation) of goods to business units and to institutions and government. Importers and exporters; manufactures' sales offices and agents; commission merchants and commodity brokers; commodity exchange, petroleum bulk statistics; assemblers and buyers of farm products and cooperative agricultural marketing associations. To include the resale of industrial and construction materials, machinery and equipment, farm machinery, implementation supplies, and business and professional equipment. Warehousing, grading and sorting, breaking bulk and re-pacing, except in airtight containers, which is associated with re-selling is also included.

ii. Retail Trade

The re-sale (sale without transformation) of goods for personal or household consumption or utilisation; included are gasoline (petrol) filling statistics and retail motor vehicle dealers; hawkers and peddlers; and consumer co-operatives.

VI. Manufacture of Textiles

Manufactures engaged in processing textile fibres to prepare them for spinning; manufacturing yarn, thread, woven fabrics, knitted fabrics, braids, laces, carpets and rugs; manufacturing garments in knitting mills; dyeing and finishing yarn and fabrics; manufacturing oil cloth, linoleum and artificial leather; coating and waterproofing fabrics; manufacturing cordage, rope and twine.

3/1993 Shipping companies have represented that ships should be eligible as collateral for accommodation from banks. It is clarified that State Bank has no objection to banks accepting ships as collateral at their discretion.

Panel of Auditors— Section 35(1) of the Banking Companies Ordinance, 1962.

4/1993 Further to BRD Circular No.20 dated the 17th December, 1992 it has been decided to include the name of the under noted firm in the panel of auditors circulated vide BCD Circular No.41 dated the 17th December, 1985.

Name of the Firm:-	Jawaid, Qadeer, Rashid & Co. Chartered Accountants
Addresses:-	1. Fateh Mansion, Bank Road, Rawalpindi 2. 70 East, 3rd Floor, Blue Area, A.A. Plaza, P.O. Box No.1234, Islamabad.

Selective Credit Control

5/1993 Please refer to BCD Circular No.11 of 19th March, 1990 regarding withdrawal of margin requirements for opening Import letters of credit.

It has since been decided that a mandatory minimum margin requirement of 30% shall be applicable for opening of Letters of Credit for Import of all commodities except the following items:-

(i) Fertilizers
(ii) P.O.L.
(iii) Pharmaceuticals
(iv) Food Items including edible oils
(v) Import by Public Sector Enterprises

The above instructions shall come into force with immediate effect.

Elimination of 'Riba' from the Banking System—Rates of Profit in case of trade-related modes of Financing

6/1993 Please refer to Para 2(IV) of BCD Circular No.23 dated the 25th May, 1985.

With effect from 16th August, 1993 and until further instructions the maximum annual rate of profit earned by a bank/development finance institution in respect of trade related modes of financing for other purposes has been raised from 20% to 22%.

Terms and Conditions for Grant of Financing Facilities by State Bank

7/1993 It has been decided that the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall, with effect from 16th August, 1993 be remunerated by the recipients at a minimum rate of 17% on annual basis.

This supersedes BPRD Circular No.17 dated the 5th December, 1992.

Selective Credit Control

8/1993 Please refer to BRD Circular No.5 dated the 14th July, 1993 and BRD Circular letter No.7/121-00-93 dated the 19th August, 1993 prescribing margin requirements for opening of import Letters of Credit.

It has now been decided to withdraw, with immediate effect, mandatory minimum margin requirement of 30% for opoening of Letters of Credit for import of all commodities.

Panel of Auditors

9/1993 Please refer to BCD Circular No.41 dated the 17th December, 1985 with which a panel of auditors was last circulated in terms of Section 35(1) of the Banking Companies Ordinance, 1962 as amended by Banking Companies (Amendment) Act, 1972 (No.XXX of 1972). As there have been further additions and alterations in the names of auditors, we are enclosing a revised and upto-date panel of auditors which supersedes all previous panels.

PANEL OF AUDITORS MAINTAINED BY STATE BANK OF PAKISTAN UNDER SECTION 35 (1) OF BANKING COMPANIES ORDINANCE, 1962.

HYDERABAD

1. Shah & Co., Room No.10, 3rd Floor, Manzoor Chambers, Qazi Abdul Qayoom Road.
   Garikhata, Hyderabad.

2. A.J. Kazi & Co., Room No.10, 3rd Floor, Manzoor Chambers, Qazi Abdul Qayoom Road, Garikhata, Hyderabad.

KARACHI

1. A.B. Bhura & Co., 21 & 38 Mian Chamber, Opp: Sindh Madrassa-tul-Islam, Shahrah-e-Liaquat, Karachi.

2. A.D. Akhawala & Co., 321, Third Floor, Uni Centre, I.I. Chundrigar Road, Karachi.

3. A.F.Ferguson & Co., State Life Building No. 1-C, Off: I.I. Chundrigar Road, P.O. Box No.4716, Karachi.

4. A.J. Kazi & Co., 301, Qamar House, M.A. Jinnah Road, Karachi.

5. A.M. Gangat & Co., Opp. Light House Conema, M.A. Jinnah Road, Karachi.

6. A.M. Laliwala & Co.,206, Japan Plaza,Opp: Tibet Centre, M.A. Jinnah Road,Karachi.

7. A.R. Diwan & Co., 2-37, Arkey Square, Shahrah-e-Liaquat, Karachi-0202.

8. A.R. Khan & Co., 4th Floor, 407-8 Commerce Centre, Hasrat Mohani Road, Karachi.

9. A. Razzaq & Co., 1015, Uni Plaza, 10th Floor, I.I. Chundrigar Road, Karachi.

10. Abdul Rahman & Co., 415, Press Centre,
Shahrah-e-Kamal Ataturk, Karachi-74200.

11. Abdul Wahid & Co., 127 Maqboole Aaun Society,
Alamgir Road, Karachi-5.

12. Abdullah & Co., 4th Floor, Jubilee Insurance House,
I.I. Chundrigar Road, Karachi.

13. Ahmed B. Khan & Co., Shaikha House, M.A. Jinnah Road,
Denso Hall, Karachi.

14. Akbar G. Merchant & Co., 3rd Floor, Emirates Bank Building,
Annexe Merweather Tower,
Stock Exchange Road, Off. I.I. Chundrigar Road, Karachi.

15. Amanullah & Co., 504, Uni Centre, I.I. Chundrigar Road,
Karachi.

16. Amirbhai & Co., Al-Yusuf Chambers, 5th Floor, Room No. 21-22,
Sharah-e-Liaquat, New Challi, Karachi.

17. Amjad Ali & Co., 10 Rehman Court, Grieg Street,
Plaza Quarters, Karachi.

18. Anjum Asim Shahid & Co., 6-A, Kehkashan Town Houses,
Steel Centre, Plot F1-2, KehkashanClifton, Karachi.

19. Atiq Faizi & Co., 811 Uni Centre, 8th Floor, I.I. Chundrigar Road,
Karachi.

20. Avais Siddiqui, 1-Mono Arcade, B.C. 10, Block 9, Kehkashan Clifton,
Karachi.

21. Bilwani & Co., 12, Idrees Chambers, Talpur Road,
Opp: NBP Head Office, Karachi.

22. Chamdia & Co., 732, Stock Exchange Building, Stock Exchange Road,
P.O. Box No.4939, Karachi.

23. Daudally Lalani & Co., Room No.507, 5th Floor, Panorama Centre,
Raja Ghazanfar Ali Road, Karachi.

24. Ebrahim & Co., Variava Building, I.I. Chundrigar Road,
Karachi.

25. F.H. Khan & Co., 10-A/11, 9th Central Street,
Phase-II Defence Housing Authority, Karachi.

26. F. Ahmad & Co., No.10/4, Bank House No.1, Habib Square, M.A. Jinnah Road, Karachi.

27. F.R. Merchant & Co., 601, Muhammadi House, I.I. Chundrigar Road, Karachi.

28. Fakhruddin Yousuf Ali & Co., 601 Muhammadi House, I.I. Chundrigar Road, Karachi.

29. Faruq Ali & Co., First Floor, Insurance House No.2; Habib Square, M.A. Jinnah Road, Karachi.

30. Feroze Sharif & Co., 7-G, Block-6, P.E.C.H.S.,Karachi.

31. Feroze Sharif Tariq & Co., 4-N/4, Block 6, P.E.C.H.S., Karachi.

32. Feroze Sons & Co., 87-Motan's Building, M.A. Jinnah Road, Karachi.

33. Fida Ali Q. Adeeb & Co., 10-A, Fidvi Chambers, Opp: Laxmi Building, Near Boultan Market M. A. Jinnah Road , Karachi-74400.

34. Foizul Alam, Office No.4, 4th Floor, Dean Arcade Block 8. Kehkashan Clifton, Karachi.

35. Ford, Rhodes, Robson, Morrow, 1st Floor, Finlay House. P.O. Box 4719, I.I. Chundrigar Road, Karachi.

36. Gangat & Co., Oosman Chambers, Abdullah Haroon Road, Karachi.

37. Gangat & Masud, Office No. 8, G/1, Hamilton Court Complex, Main Clifton Road, Karachi.

38. Gardezi & Co., Standard Insurance House, I.I. Chundrigar Road, Karachi.

39. Gul Ahmad & Co., Room No.7, 3rd Floor, Arkay Square, Shahrah-e-Liquat, City P.O. Box No. 13322,

40. Hafizullah Siddiqui & Co., Nelson Chambers, I.I. Chundrigar Road, Karachi.

41. Haider Ali & Co., 105/701, Al-Flah Court, I.I. Chundrigar Road, Karachi.

42. Haider Shamsi & Co., B-1, Arika 80's Apartments, 25-B, Sindhi Muslim Cooperative Housing Society, Karachi.

43. Hameed Chaudhri & Co., 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

44. Hamid Sherwani & Associates, 406, 4th Floor, Kashif Centre, Daudpota Road, Karachi.

45. Haroon Karim & Co., 2/35, Arkay Square, (Main Shahrah-e-Liaquat), Karachi-74000.

46. Haroon Sharif Gogan & Co., Room No.31, Naz Chambers, 1st Floor, Shahrah-e-Liaquat, Karachi.

47. Hashmi & Co., Room No. 508, 5th Floor, Panorama Centre II, Raja Ghanzanfar Ali Road, Karachi.

48. Hyder & Co., 5/2, S.C. 34 Chandni Chowk, Stadium Road,Karachi.

49. Hyder Bhimji & Co., 2nd Floor, Standard Insurance House, I.I. Chundrigar Road, Karachi.

50. Ibrahim Shaikh & Co., 259-260, Panorama Centre, Fatima Jinnah Road, Karachi.

51. Ilyas Saleem & Co., 602, Al-Flah Chambers, Abdullah Haroon Road, Karachi.

52. Iqbal & Co., 325, Bihar Muslim Cooperative Hosuing Society, Near T.V. Station, Karachi.

53. Iqbal Usman & Co., 3-Ebrahimji Hakimji Building, Opp: Mereweather Tower, Laxmidas Street, Karachi.

54. Islamuddin Rehman & Co., D-132, Block-7, Gulshan-e-Iqbal, Karachi.

55. Jamal Ahmad & Co., 227-228, Al-Hayat, M.A. Jinnah Road, Karachi.

56. Jalis Ahmad & Co., 50, Old Ralli Building, Talpur Road, Karachi.

57. Kanwer Furqan Ali & Co., 5th Floor, Spotlit Chambers, Near Daily Jang Building, Off. I.I. Chundrigar Road, Karachi.

58. Khairullah & Co., 704, Muhammadi House, I.I. Chundrigar Road, Karachi.

59. Khalid Majid Husain Shah Rahman, 1st Floor, Modern Motors House, P.O. Box 4335, Beamont Road, Karachi-75530.

60. Khan H.R. & Co., 328, Muhammadi House, 3rd Floor, I.I. Chundrigar Road, Karachi.

61. Kodvavi & Co., 25, Ali Bhai Centre, Shahrah-e-Quaideen, 233-A, Block No. 2, P.E.C.H.S., Karachi.

62. M.B. Mana & Co., Standard Insurance House, I.I. Chundrigar Road, P.O. Box No.4741, Karachi-2.

63. M.H. Sabir & Co., SD-18, Block 'A', North Nazimabad, Karachi-33.

64. M.Z. Ali & Co., 10-A, Writers Chambers, Mumtaz Hassan Road, P.O. Box No.6306, Karachi.

65. M. Yousuf Adil & Co., A-35, Cavish Court, Block 7 & 8, KCHSU, Shahre-Faisal, Karachi.

66. Mahmood Akhtar & Co., 142, Al-Amna Plaza, Opp: Capri Cinema, M.A. Jinnah Road, Karachi.

67. Mahmood Zuberi & Co., 142, Al-Amna Plaza, Opp: Capri Cinema, M.A. Jinnah Road, Karachi.

68. Minoo N. Bamjee & Co., Variawa Building, I.I. Chundrigar Road, Karachi.

69. Mir S. Ali Associates, P.O. Box No.7587, 312, Burhani Chambers, Abdullah Haroon Road, Karachi.

70. Muhammad Ismail & Co., Beauty House, 1st Floor, Abdullah Haroon Road, Saddar Karachi.

71. Muhammad Nasim & Co., 127-Maqboole Aam Society, Alamgir Road, Karachi.

72. Moosa & Co., 23, Memon Masjid Building, New Neham Road, Karachi.

73. Mufti & Co., 46-Farid Chambers, 4th Floor, Abdullah Haroon Road, P.O. Box No. 7789, Karachi.

74. Muhammad Farooq & Co., 2nd Floor, Dada Chambers, M.A. Jinnah Road, Near M.W. Tower, Karachi.

75. Munaf Yusuf & Co., 710, Stock Exchange Building, Karachi-74000.

76. Muniff Ziauddin & Co., 5-Victoria Chambers No.1, Abdullah Haroon Road, Karachi.

77. Murad & Co., Office No.1006, Trade Centre, I.I. Chundrigar Road, Karachi.

78. Mushtaq & Co., 4th Floor, 407-408, Commerce Centre, Hasrat Mohani Road, Karachi.

79. Mustafa Ahmad & Co.,1st Floor, PIDC House, Dr. Ziauddin Ahmad Road, Karachi.

80. Muzaffar Hasan Hydrie & Co., 11-D, 4/8, Nazimabad, Karachi-74600.

81. N.G. Hashmi & Co., 10/4, Bank House No.1, Habib Square, M.A. Jinnah Road, Karachi.

82. Nasim Akhtar & Co., 348, Al-Noor Chambers, Plaza Square, M.A. Jinnah Road, Karachi.

83. Panjwani & Co., 25-A, Second Floor, Arkay Square, New Challi, Karachi.

84. Pervez Sufi & Co., 27-B, Fourth Floor, Writers Chambers, Mumtaz Hasan Road, Off: I.I. Chundrigar Road, Karachi.

85. Pir Muhammad & Co., 2/1, Arkay Square, Shahrah-e-Liaquat, P.O. Box No. 6264, Karachi-74000.

86. Qavi & Co., 33-Rehman Court, Plaza Square, Off: M.A. Jinnah Road, Karachi.

87. R.G. Dossa Associates, 5-A, Lakson Square Building No.1, Sarwar Shaheed Road, Karachi-74200.

88. R.M. Billimoria & Co., Nelson Chambers, I.I. Chundrigar Road, Karachi.

89. Rafique & Co., 25-B, 4th Floor, Textile Plaza, M.A. Jinnah Road, Karachi.

90. Rahim Iqbal Rafiq & Co., 4th Floor, Room No.2, Bank House No.2, Habib Square, M.A. Jinnah Road, Karachi.

91. Rahim Jan & Co., Nelson Chambers, I.I. Chundrigar Road, Karachi.

92. Rao & Co., 4, Karachi Chambers, Hasrat Mohani Road, Karachi.

93. Rahman Sarfraz & Co., First Floor, Avenue Centre, 264-Stratchen Road, P.O.Box No. 1023, GPO, Karachi.

94. Rauf Ayoob & Co., Room No.20-21-22, Sindhi Market, 2nd Floor, M.A. Jinnah Road, Karachi.

95. Riaz Ahmad & Co., 409-412, Cotton Exchange Building, 4th Floor, I.I. Chundrigar Road, Karachi.

96. Rizwani & Co., 19-22, Al-Hamra Centre, D-6, Block 7 & 8, Shaheed-e-Millat Road, Karachi.

97. S.H. Siddiqui & Co., 1st Floor, Avenue Centre, 264-Stratchen Road, P.O. Box No.1023, GPO, Karachi.

98. Saghir Ahmad & Co., Room No.310, Shams Chambers, Shahrah-e-Liaquat, Karachi.

99. Sajjad Safri & Co., 37, Rawalpindiwala Building, Nicol Road, Karachi.

100. Salman & Co., Office No. 8, G/1, Hamilton Court Complex, Main Clifton Road, Karachi.

101. Sandhu & Co., State Life Building, Wallace Road, Off: I.I. Chundrigar Road, Karachi.

102. Shahani Associates, Sarnagati, Pakistan Chowk, Karachi-1.

103. Shahid Sami & Co., 133 Hotel Metropole, Club Road, Karachi.

104. Shakir & Co., Jubilee Insurance House, 4th Floor, I.I. Chundrigar Road, Karachi.

105. Sidat Hyder Aslam & Co., Al-Farid Centre, Moulvi Tamizuddin Khan Road, Karachi.

106. Siddiq Munaver & Co., 7/39, Zamindar Building, Compbell Street, Karachi.

107. Syed Mahmud & Co., Marvi Building (2nd Floor), Adj. Lighthouse, M.A. Jinnah Road, Karachi.

108. Taher Moochhala & Co., 309, 3rd Floor, International Auto Parts Market, Marston Road, Behind Rimpa Plaza, Karachi.

109. Tanzeem & Co., 5, Al-Amna Plaza, 2nd Floor, Opp: Campri Cinema, M.A. Jinnah Road, Karachi.

110. Taseer Hadi Khalid & Co., 1-C, State Life Building, I.I. Chundrigar Road, P.O. Box No. 5249, Karachi.

111. Umar Siddiqui & Co., 330, Muhammadi House, I.I. Chundrigar Road, Karachi.

112. Viqar Ahmed & Co., 253, 2nd Floor, Panorama Centre, Fatima Jinnah Road, Karachi.

113. Waqar Ahmed Khan & Co., 187/1-F, Ground Floor, Block No.2, P.E.C.H.S., Karachi.

114. Yaqoob Ali & Co., 2/2, Al-Yusuf Chambers, Shahrah-e-Liaquat, Karachi.

115. Z.A. Shaikh & Co., 259-260, Panorama Centre, Fatima Jinnah Road, Karachi.

116. Z. Lakhani & Co., 241-3-B/2, P.E.C.H.S., Shahrah-e-Quaideen (Nursery), Karachi.

117. Zahoor & Co., 1, 1st Floor, Rabia Manzil, KEB-12, Behind S.M. College, for Arts and Commerce, Stratchen Road, Karachi-75400.

118. Zakaria Loya & Co., 3/17, Al-Yusuf Chambers, Shahrah-e-Liaquat, Karachi.

119. Zaman & Co., 1-Mono Arcade, B.C.10, Block-9, Clifton, Kehkashan, Karachi.

FAISALABAD

1. Akbar & Co., 169/X, Madina Town, (Near Rao Liberty Market), Faisalabad.

2. Akbar & Co., 169/X, Madina Town, (Near Rao Liberty Market), Faisalabad.

3. Habib Aslam & Co., P-145, Kashmir Mansion, Circular Road, Opp. Distt. Account Office, Faisalabad.

4. M. Yousuf Adil & Co., 136-138 Regency Arcade, The Mall, Faisalabad.

5. Raja Salim & Co., 2nd floor, Taj Plaza, Kotwali Road, Faisalabad.

6. Riaz Ahmad & Co., 560-F, Raja Road, Gulistan Colony, Faisalabad.

7. Tariq Rashid & Co., 2nd floor, Asad No. 2, Near Akkas Studio, Faisalabad.

8. Zahid Jamil & Co., Muslim Commercial Bank Building, 4th Floor, Circular Road, Faisalabad.

GUJRANWALA

1. M. A. Chaudhri & Co., 2/C Trust Plaza, G. T. Road, Gujranwala.

ISLAMABAD

1. Abdul Qadir & Co., 70 East, 3rd floor, Blue Area, A. A. Plaza, P.O. Box No. 1234, Islamabad.

2. Amin Ijaz & Co., House No. 31 Street No. 28, Islamabad.

3. Anjum Asim Shahid & Co., Flat No. 7 Qadoos Plaza, Block No. 13-E, 2nd floor Markaz F-7, Islamabad.

4. Avais Siddiqui, 32, Block 8, School Road, Super Market, Islamabad.

5. Ford, Rhodes, Rbson, Morrow, No. 5, Group B, Block D-12, Jinnah Kandan Plaza, Markaz F-7, P.O. Box No. 2388, Islamabad.

6. Ibrahim Sheikh & Co., 12-Abpara Market, Islamabad.

7. Jawaid, Qadeer, Rashid & Co., 70 East, 3rd floor, Blue Area, A.A. Plaza, P.O. Box No. 1234, Islamabad.

8. Khalid Majid Husain Shah Rahman, 2nd floor, Al-Malik Centre, 70-West, F-7/G-7, Blue Area, Islamabad.

9. Munif Ziauddin & Co., 14-B, Awan Plaza, Markaz G-8, Islamabad.

10. Saeed Kamran & Co., Ist Mezzanine floor, Chughtai Plaza, 35, West Blue Area, Islamabad.

11. Sidat Hyder Aslam & Co., 2nd floor, Nasr Chambers, Block 19, Markaz F/Z, Islamabad.

12. Taseer Hadi Khalid & Co., 6th floor, State Life Building, P.O. Box No. 1323, Blue Area, Islamabad.

LAHORE

1. A.F. Ferguson & Co., 505-509, 5th Floor, Al-Falah Building, Shahrah-e-Quaid-e-Azam, P.O. Box 39, Lahore.

2. A.S. Sheikh & Co., 226, Abid Market, 38-Queens Road, Lahore.

3. A. Aziz Chaudhry & Co., 38, Shahrah-e-Quaid-e-Azam, Lahore.

4. A. Razzaq & Co., 1st Floor, Naqi Market, 75-Shahrah-e-Quid-e-Azam, Lahore.

5. Ahmed Mushir & Co., 16-Bank Square, Lahore.

6. Aftab Nabi & Co., 25-26, Al-Shajar Chowk, Nila Gumbad, Lahore.
7. Akbar & Co., Amin Building, 65, Shahrah-e-Quaid-e-Azam, Lahore.

8. Amin & Co., 1-Turner Road, Lahore.

9. Amin Ijaz & Co., Gardee Trust Building, Ist Floor, Napier Road, Lahore.

10. Anjum, Asim, Shahid & Co., Al-Jannat Building, Roberts Road, Nila Gumbad, Lahore.

11. Anwar & Co., 25 C.G. Gulberg-3, Lahore-11.

12. Arif Chaudhry & Co., 203-204, Manzoor Market, 10-X Ewing Road, Nila Gumbad, Lahore.

13. Arman & Co., Room No.7, 4th Floor, Rafi Plaza. 27 Hali Road, Lahore-6.

14. Asad Ali Khan & Co., Abacus House, 11-E/2, Gulberg-II, Gulberg Road, Lahore-11.

15. Aslam Malik & Co., Al-Noor Building, 43, Bank Square, Lahore.

16. Avais Siddiqi, 4th Floor, Nizam Chambers, 7-Shahrah-e-Fatima Jinnah, Lahore.

17. Ayyub Moin & Co., 147-Shadman-1, Lahore.

18. Azhar Iqbal & Co., S-15, 2nd Floor, Al-Hafeez Centre, Main Boulevard, Gulberg III, Lahore.

19. Eshai & Co., 32, B-2, Main Gulberg, Lahore.

20. F. Majeed & Co., 7-Farid Kot Link Road, Lahore.

21. F.R. Merchant & Co., P.O. Box 1036, Al-Karim Building, 65, Shahrah-e-Quaid-e-Azam, Lahore.

22. Fakharuddin Yousafali Co., P.O. Box 1036, Al-Karim Building, 65, Shahrah-e-Quaid-e-Azam, Lahore.

23. Fazal Mahmood & Co., 147, Shadman Colony-1, Lahore-3.

24. Fazal Moin & Co., 147, Shadman Colony-1, Lahore-3.

25. Ford, Rhodes, Robson, Morrow, 2nd Floor, Waseem Centre, 23, Block-A, Gulberg II, P.O. Box 104, Lahore.

26. Gardezi & Co., Amin Building, 65-Shahrah-e-Quaid-e-Azam, Lahore.

27. Hafiz Rashid & Co., 156-B, Shah Jamal, Lahore-54600.

28. Hameed Chaudhry & Co., P.O. Box 386, HM HOuse, 7-Bank Square, Lahore.

29. Haroon ur Rashid & Co., 40-Jail Road, Lahore.

30. Hashmi & Co., Office No.9, First Floor, Al-Qurtaba Complex, 8-Jail Road, Lahore.

31. Hassan Rehman & Co., 44, Warris Road, Lahore.

32. Hyder Bhimji & Co., Amin Building, 65-The Mall, Lahore.

33. Ilyas Saleem & Co., Apartment 18, 3rd Floor, Auriga Complex, Gulberg-II, Lahore.

34. Imran & Co., 25-Ganga Ram Mansion, Shahrah-e-Quaid-e-Azam, Lahore.

35. Irtiza Rasool & Co., 72, J Block, Model Town, Lahore.

36. Jameel Rehman & Co., 90A2, Canal Park, Gulberg-2, Lahore-54660.

37. Javed & Co., F-2/3, Queens Centre, 33 Shahrah-e-Fatima Jinnah, Lahore.

38. Kaleem & Co., Hafeez Chambers, 3rd Floor, 85, Shahrah-e-Quaid-e-Azam, Lahore.

39. Kamran & Co., Apt.3-B, Ingola Apartments, 24-Jail Road, Lahore.

40. Khalid Majid Husain Shah Rahman, 3rd Floor, Ijaz Arcade, 3-E Main Market, Gulberg II, Lahore.

41. Khawaja Tanawwur & CO., 17-Patiala Grounds, Lahore.

42. M. Almas & Co., Block 24, 1st Floor, Mian Chambers, 3-Temple Road, Lahore.

43. M.A. Chaudhry & Co., 2nd Floor, Syed Plaza, 30 Ferozepur Road, Lahore.

44. M.A. Malik & CO., 15, Roberts Road, Nila Gumbad, Lahore.

45. M.A. Tabassum & Co., S-8, Ahmed Arcade, 161-Ferozepur Road, (Near Canal Bridge), Lahore.

46. M. Yousuf Adil & Co. 304, Awami Complex, 1-4 Usman Block, New Garden Town, Lahore-54600.

47. M. Hussain Chaudhury & Co., 49-Shahrah Quaid-e-Azam, Lahore-54000.

48. M/s. Mohammad Arif, Chartered Accountant, 44-Masson Road, Lahore.

49. Malik & Co., Gardee Trust Building, Thornton Road, Lahore-6.

50. Manzoor Hussain Mir & Co., Al-Noor Building, 43, Bank Square, Lahore.

51. Masha Allah & Khan & Co. Insha Allah Khan Building, Thornton Road, Lahore.

52. Mian & Co., 304 Awami Complex, 1-4 Usman Block, New Garden Town, Lahore-54600.

53. M/s. Mohammad Iqbal Butt, 96/B-1, Gulberg III, Lahore.

54. Mohammad Naeem & Co., 87, Shahrah-e-Quaid-e-Azam, Lahore-54000.

55. Mohammad Nasim & Co., 38-3-B Jail Road, Lahore.

56. Muhammad Akram & Co., 33-Shahrah-e-Quaid-e-Azam, Off. Mall Mansion, Lahore-3.

57. Muniff Ziauddin & Co., Room Nos.43/44, 3rd Floor, Sadiq Plaza, Shahrah-e-Quaid-e-Azam, Lahore.

58. Mushtaq & Co., 19-B, Block-G, Gulberg-III, Lahore.

59. Nadeem Yusaf & Associates, Nawa-i-Qaqt Building, 4, Shahrah-e-Fatima Jinnah, Lahore.

60. Najem Toor & Co., Sharif Chambers, 68-Mozang Road, Lahore.

61. Nazir Chaudhri & Co., 2-Gardee Trust Building, Napier Road, Lahore.

62. Pir S.M. Ilyas & Co., Apartment 18, 3rd Floor, Auriga Complex, Gulberg II, Lahore.

63. Qadeer & Co., Room No.9, 2nd Floor, Taj Arcade, 73 Jail Road, Lahore.

64. Qamar-ul-Islam & Co., 39-Farid Kot House Scheme, Link Farid Kot Road, Near A.G. Office, Lahore-54000.

65. Qavi & Co., 1-E-1, Gulberg III, Lahore.

66. R.H. & CO., 2nd Floor, Manzoor Market, 19-Ewing Road, Nila Gumbad, Lahore.

67. Rahim Iqbal Rafiq & Co., 10-A, Fane Road, Lahore.

68. Rahim Jan & Co., 2 Panjmahal Road, Mozang, Lahore.

69. Rahman Sarfaraz & Co., 2nd Floor, Nawai Qaqt Building, 4, Shahrah-e-Fatima Jinnah, P.O. Box 51, Lahore.

70. Rai & Co., 2nd Floor, Manzoor Market, 10-Ewing Road, Nila Gumbad, Lahore.

71. Rashid & Co., 2nd Floor, Block No.10, Main Chambers, 3. Temple Road, Lahore.

72. Riaq & Co., Flat No.7, Huma Block No.1, Near Allama Iqbal Medical College Hostels, Allama Iqbal Town, Lahore.

73. Riaz Ahmad & Co., 8-Mall Mansion, 30-Shahrah-e-Quaid-e-Azam, Lahore.

74. S.A. Salam & Co., 1st Floor, Salam Chambers, 22-Link McLeod Road, Patiala Grounds, GPO Box 354, Lahore-7.

75. S.B. Khalid & CO., 6th Floor, Nizam Chambers, Shahrah-e-Fatima Jinnah, Lahore.

76. S.M. Masood & Co., Empire Centre, Main Boulevard, Gulberg-II, Lahore-54660.

77. S. Zafar Shah & Co., 63, Shahrah-e-Quaid-e-Azam, Lahore.

78. S.P. Amjad & Co. 7-8 Naqi Arcade, 2nd Floor, 71, The Shahrah-e-Quaid-e-Azam, Lahore.

79. Saeed Kamran & Co., 311-C, Upper Mall, Lahore.

80. Saeed Rana & Co., 38-3-B Jail Road, Lahore.

81. Sarwar Awan & CO., Awan House, 23-Jail Road, Lahore.

82. Sarwars, 3-F, Meer House, 25-A, Davis Road, Lahore.

83. Shamim A. Syed & Co., Universal Insurance House, 63, Shahrah-e-Quaid-e-Azam, Lahore.

84. Sheikh & Co., 270-Badar Block, Iqbal Town, Lahore.

85. Sheikh & Chaudhry, 2-Punj Mahal Road, Off. Mozang Road, Lahore.

86. Sher Muhammad Khan & Co., 9-A, (3rd Floor), Imtiaz Plaza, Shahrah-e-Quaid-e-Azam, Lahore.

87. Suleman Chaudhry & Co., Akram Mansion, Bank Square, Lahore-2.

88. Talat Mahmood & Co., 6-F, Gulberg-2, Lahore-54666.

89. Tariq Ayub Anwar & Co., Nairobi Mansion, 31-Napier Road, Lahore-7.

90. Taseer Hadi Khalid & Co., 65/3, Maratib Ali Road, FCC Gulberg, Lahore.

91. Tufail Mohammad & Co., 16, Bank Square, Post Box 1345, Lahore.

92. Z.A. Mehr & Co., Rooms 301-302, Qadri Chambers, 5, McLeod Road, Lahore.

93. Zahid Jamil & Co., Room No.47, 3rd Floor, Sadiq Plaza, Shahrah-e-Quaid-e-Azam, Lahore.

94. Ghazi & Co., near .....

MULTAN

1. Ghazi & Co., Lateef Manzil, near Yadgar Joudat Kamran, Katchery Road, Multan.

2. M.A. Hadi Co., 1st Floor, Zubair Manzil, Kutchery Road, Multan.

3. Mahboob Sheikh & Co., 1st Floor, Habib Bank Building, LMQ Road, Multan.

4. R.H. & Co., 1st Floor, Habib Bank Building, L.M.Q. Road, Multan.

RAHIM YAR KHAN

1. Rao & Co., 1-B/D-2, Zamindara Colony, P.O. Box No.10, Rahim Yar Khan.

RAWALPINDI

1. A.D. Mohammad & Co., Room No.33, Abbas Market, Adamjee Road, Rawalpindi.

2. A.F. Ferguson & Co., 1st Floor, State Life Building, Shahrah-e-Shershah, P.O. Box 90, Rawalpindi.

3. Amir Alam Khan & Co., 55/1, Bank Road, Rawalpindi.

4. Ilyas Saleem & Co., 18-D, 6th Road, Satelite Town, Rawalpindi.

5. Jawaid Anwar & Co., Fateh Mansion, Bank Road, Rawalpindi.

6. Jawaid, Qadeer, Rashid & CO., Fateh Mansion, Bank Road, Rawalpindi.

7. Khalid Majid Husain Shah Rahman, 2nd Floor, National Bank Building, Bank Road, P.O. Box 597, Rawalpindi.

8. M. Hussain Chaudhury & Co., 53/8, Haider Road, Rawalpindi.

9. Muniff Ziauddin & Co., M/40-E, Bank Road, Rawalpindi.

10. Rahman Sarfaraz & Co., 307-Poonch House Complex, Adamjee Road, P.O. Box 1742, Rawalpindi.

11. Riaz Ahmad & Co., 12-Rawalpindi Club, New Building, The Mall, Rawalpindi.

12. Saleem & Co., 18-D, 6th Road, Satellite Town, Rawalpindi.

SIALKOT

1. Anjum, Asim, Shahid & Co., 1st Floor, Al-Falah Electronics, Naseer Hayat Market, Ram Talai Road, Sialkot.

PESHAWAR

1. Akhtar Naqvi & Co., Samdani Street, 132-Saddar Road, Peshawar Cantt.

2. Alvi & Co., Falak Sair Cinema Bldg., Saddar Road, Peshawar.

3. Rafaqat Babar & Co., Greens Hotel Building, Saddar Road, P.O. Box No.1384, Peshawar - Cantt.

4. Sajjad Ahmad & Co., Peer Buksh Building, Khyber Bazar, Peshawar.

5. Shahid Sami & Co., 4-B, Haroon Mansion, Khyber Bazar, P.O. Box 341, Peshawar.

6. Tariq Ayub Anwar & CO., 14-A, Haroon Mansion, Khyber Bazar, Peshawar.

Amendment in the Banks (Nationalisation Act, 1974.

10/1993 We enclose for information and necessary action a copy of the notification embodying the Banks (Nationalization) Amendment Ordinance, 1993 (Ordinance No.XIX of 1993).

GOVERNMENT OF PAKISTAN
MINISTRY OF LAW AND PARLIAMENTARY AFFAIRS
(LAW & JUSTICE DIVISION)

Islamabad, the 27th August, 1993

No. F.2(I)/93-Pub.–The following Ordinance made by the President is hereby published for general information:-

ORDINANCE NO.XIX OF 1993
AN
ORDINANCE

further to amend the Banks (Nationalization) Act, 1974

WHEREAS it is expedient further to amend the Banks (Nationalization)

Act, 1974 (XIX of 1974), for the purpose hereinafter appearing:-

AND WHEREAS the National Assembly is not in session and the President is satisfied that circumstances exist which render it necessary to take immediate action:

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President is pleased to make and promulgate the following Ordinance:-

1. **Short title and commencement.** (1) This Ordinance may be called the Banks (Nationalization) (Amendment) Ordinance, 1993.

(2) It shall come into force at once.

2. **Amendment of section 12, XIX of 1974.**–In the Banks (Nationalization) Act, 1974 (XIX of 1974), in section 12, after sub-section (4), the following new sub-section shall be added, namely:-

> "(5) Notwithstanding anything in sub-sections (1) to (4) or any other law for the time being in force, the Council shall, for the 1993 general elections, publish a list of persons from whom loans amounting to one million rupees or more obtained from a bank, financial institution, cooperative society or corporate body, either in their own names or in the names of their spouses, dependents or business concerns mainly owned (fifty-one per cent or more shares) by them were due and have not been paid back for more than one year till the date of filling of nomination papers, or such loans were written off after the twenty-third day of March, 1985."

Sd/-
(WASIM SAJJAD)
ACTING PRESIDENT

Sd/-
(AMJAD ALI)
Draftsman/Additional Secretary

11/1993 In continuation of our BCD Circular No.5 dated the 16th January, 1993 we have to advise that the Board of Executive Directors of the Islamic Development Bank (IDB) at their 143rd meeting held on 21st June, 1993 approved a reduction in the mark up for the operation under the Longer Term Trade Financing Scheme of IDB as under:-

Longer Term Trade Financing Scheme of Islamic Development Bank.

> "From 6.50 percent to 5.50 percent per annum where financing period is upto 2 years and the rate has been reduced to 6 per cent where the financing period is in excess of 2 years.

The rebate at 15 percent on the mark up continues to be applicable provided repayments for operations are made on or before the due dates. The net effective rate of LTTF Scheme if repayments are made on time will accordingly be as under:-

> 4.675 percent if the financing period is upto 2 years and 5.10 percent if the financing period is in excess of 2 years."

Maintenance of Liquid Assets in Pakistan.

12/1993 In exercise of the powers conferred upon State Bank of Pakistan under Section 29 of the Banking Companies Ordinance, 1962, as amended vide Banking Companies (Amendment) Ordinance, 1993, it is hereby notified that every banking company shall maintain liquid assets in Pakistan–valued in the manner as provided for under the said section–of an amount which shall not at the close of business on any day be less than 35% of the total of its time and demand liabilities in Pakistan.

2. The requirements prescribed in para 1 shall come into force with immediate effect.

Overdues and Defaults—Recovery Thereof

13/1993 State Bank of Pakistan has taken a serious view of the increasing level of overdues and defaults by borrowers of banks and financial institutions. While the ultimate responsibility in respect of the non-performing loans lies with the respective Boards of Directors of the banks, the State Bank has decided, and accordingly directs as follows:-

(1) Every bank will furnish the State Bank with a list of defaulters* having aggregate borrowing of Rs.1 million and above as per the format at Annexure-I, on quarterly basis. The first of such statements shall be furnished within 15 days of the issue of this circular. The subsequent quarterly statements shall be furnished within a fortnight of the close of the quarter. A list of rescheduled and restructured loans would also be submitted to State Bank in the similar manner as per the format at Annexure-II.

(2) Besides, the measures presently instituted by each bank, the banks will lay down, within 15 days from the date of the issue of the circular quarterly recovery targets as a percentage of the overdue obligations for their respective banks and also for each branch or zone or PHQ/Region, as the case may be, initially for three quarters starting from 31st January, 1994. Thereafter recovery targets would be fixed for each quarter beginning from 1.10.1994 and the same communicated to the State Bank of Pakistan within a fortnight of the beginning of the respective quarter. Any default in compliance with this directive shall attract penal action under the Banking Companies Ordinance, 1962.

(3) A progress report on the recovery in relation to the targets shall be submitted to the State Bank on quarterly basis beginning from April, 1994. The banks will also be required to explain deficiency

if any, in meeting the targets and the strategies evolved with a view to ensuring achievement of subsequent targets.

(4) Wherever considered legally appropriate by the bank, cases of default may be referred to the Revenue Authorities for recovery as arrears of land revenue. The list of such cases and progress in recovery shall be sent to the State Bank on a quarterly basis.

(5) The State Bank would soon send special inspection teams to the banks with large defaults. The Head Office of each bank shall at all times maintain necessary record of all defaulters of Rs.10 million and above, and shall make it available to the special inspection teams of the State Bank as and when they visit the bank for the purpose.

(6) Each bank shall nominate one Liason Officer at Head Office and one each at the Provincial/Regional Head quarters who will serve as a contact point for the State Bank in respect of all matters relating to the defaults and recoveries. The name and telephone numbers of the Liaison Officers shall be intimated to the State Bank as early as possible.

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*A person, whether natural or juridicial, shall be deemed to be a defaulter if he (or his dependent family members or concerns owned or controlled by him or concerns in which he or his dependent family members are major shareholders) has failed to pay off or liquidate any fiduciary obligation towards any banking company or a legitimate financial institution in Pakistan as was agreed upon or required under the terms and conditions of availment of the financing facility or to do or perform an act agreed to or undertaken in writing to be done or performed by him and such failure has continued for a period of 365 days from the date on which he was required to make the payment or to do or perform the act.

ANNEXURE-I

STATEMENT OF DEFAULTERS OF RS.ONE MILLION AND ABOVE

AS ON ....

Bank ....
Branch ....

Sr. No.	Name of Borrower	Names of Directors/ Partners	Disbursement		Name of Sanctioning Authority*	Security Held		Amount of Default	
			Date	Amount		Nature	Value	Principal	Interest & other charges
						Aggregate			

*In case of sanction by Committee/Board, Names of all the Directors/Executives be given.
Note:- To be submitted to Director Banking Regulation Department, State Bank of Pakistan, Central Directorate, Karachi (Phone No.2717871) alongwith branch wise consolidated summary position.

ANNEXURE-II

STATEMENT OF RE-SCHEDULED/RE-STRUCTURED LOANS OF RS.1.0 MILLION AND ABOVE

FOR THE QUARTER ENDED ....

Bank ....
Branch ....

Sr. No.	Name of the Borrower	Disbursement		Name of the sanctioning authority	Security held		Default		Date of Rescheduling, etc.	Terms of Re-scheduling, etc.	Repayment(s) after Resch-eduling, etc.
		Date	Amount		Nature	Value	Amount	Date			
	Aggregate				Aggregate						

Note: To be furnished to Director, Banking Policy & Regulations Department, State Bank of Pakistan, Central Directorate, Karachi (Phone No.2417871) alongwith branchwise consolidated summary position.

Prudential Regulation-XVIII

(14/1993) Please refer to BRD Circular No.15 dated the 29th August, 1992 containing up-dated version of consolidated Prudential Regulations

PRUDENTIAL REGULATION NO. XVIII
MINIMUM CONDITIONS FOR GRANT OF FINANCE FACILITIES

Each bank is mandated to institute such systems or procedures or take such steps as it deems fit to ensure that defaulters are not accommodated. Every bank is therefore required to obtain information about the total outstanding liabilities to banks and financial institutions (from Credit Information Bureau of the State Bank) of any applicant seeking financial accommodation involving a sum of Rs. 0.5 million or more before approving any lending. In case of those who are reportedly in default no fresh accommodation whether fund based or otherwise would be allowed unless rescheduling or restructuring of outstanding liabilities is done to the satisfaction of lending banks by the respective borrower. If in exceptional circumstances, a bank decides to provide such financing to any person, firm or company who is reportedly a defaulters* as per information supplied by the Credit Information Bureau or any other bank/DFI, it shall place on record circumstances or reasons necessitating grant of any accommodation in such cases. The State Bank may as necessary undertake special inspection of such exceptions.

Explanation:

(i) *A person, whether natural or juridical, shall be deemed to be a defaulter for the purposes of Prudential Regulations, if he (or his dependent family members or concerns owned or controlled by him or concerns in which he or his dependent **family members are ***major shareholders) has failed to pay off or liquidate any fiduciary obligation towards any banking company or a ligitimate financial institution in Pakistan as was agreed upon or required under the terms and conditions of availment of the financing facility or to do or perform an act agreed to or undertaken in writing to be done or performed by him and such failure has continued for a period of 365 days from the date on which he was required to make the payment or to do or perform the act.

(ii) **Family members mean family members as defined in the Banking Companies Ordinance, 1962.

(iii) ***Major shareholding in the context of explanation (1) above, would mean 10% or more holding in the shares of a particular enterprise by a person or his dependent family members or concerns owned or controlled by him or his dependent family members.

2. Any bank whose aggregate overdues position (including defaulters against Contingent Liabilities) hereafter would register persistent deterioration shall submit quarterly review of its infected portfolio to State Bank which should spell out the reasons for such deterioration, and remedial measures to address and

reverse the trend. Failure to reverse the trend would lead to special inspection by the State Bank with a review to taking appropriate action.

3. The banks would scrupulously scrutinise professional management and staff placing and ensure that officers responsible for imprudent lending are dealt with seriously.

4. Banks will set out clear procedures and regulations for processing of loans. The banks would ensure strict adherence thereto. A copy of these regulations and procedures would be supplied to the State Bank of Pakistan.

5. Any bank or financial institution, or its Chief Executive Officer (by whatever name called) or Director or any other Officer who is guilty of violating or disregarding the provisions of this Regulation shall render itself./himself liable for penalties and without prejudice to action as to penalties to other actions provided for under the Banking Companies Ordinance, 1962 as amended from time to time.

Statement of Liabilities and Assets—Monthly

15/1993 Please refer to BRD Circular No. 2 dated 16-03-1993 relating to monthly statement of liabilities and assets.

It has been decided to collect the Provincial Governments deposits with the scheduled banks separately for Balochistan, NWFP, Punjab, Sindh and Azad Kashmir as an Annexure—II to the above statement from November, 1993 onwards on regular basis.

For the purpose of reference, the pertinent information from June, 1993 to October, 1993 may also be sent preferably with the return of November, 1993 but not later than 31st December, 1993 to the Director, Statistics Department, State Bank of Pakistan, Karachi.

In case of any clarification on the subject, banks may contact the Director, Statistics Department, State Bank of Pakistan, Central Directorate, Karachi.

ANNEXURE—II

BREAK-UP OF PROVINCIAL GOVERNMENT DEPOSITS WITH SCHEDULED BANKS

	M	M	Y	Y
MONTH ENDED ————				
NAME OF BANKS ————				

(Thousand Rs.)

	Demand Deposits 2b(ii) Code No. 022200	Saving Deposits 4b(ii) Code No. 042200	Time Deposits 5b(ii) Code No. 052200
I	II	III	IV
Balochistan			
N.W.F.P.			
Punjab			
Sindh			
Azad Kashmir			
Total:			

Total of Col. I, III, & IV of Annixure-II should equal the sum of codes 022200, 042200 and 052200 respectively on the monthly statement of liabilities and assets of scheduled banks in Pakistan.

Statement of Deposits

1/1994 In exercise of the powers conferred upon State Bank of Pakistan under Section 32 of the Banking Companies Ordinance 1962, all banks are directed to furnish the State Bank with a statement showing size-wise position of deposits as per the enclosed format on calendar quarterly basis. The information must reach the Director, Banking Regulation Department within one month of the close of the concerned quarter. The first of the prescribed statement shall be as of 30th December, 1993 which may be furnished within 30 days from the date of issue of this circular.

ANNEXURE-I

BRD CIRCULAR NO. 1 DATED 28-2-1994

QUARTERLY STATEMENT SHOWING SIZE WISE POSITION OF BANKS DEPOSITS
(INCLUDING FOREIGN CURRENCY DEPOSITS)

	Individuals		Others		Total	
A.Pakistani Branches	No. of Depositors	Amount	No. of Depositors	Amount	No. of Depositors	Amount
Deposits upto Rs. 100,000/-						
Deposits over Rs.100,000 but upto Rs.500,000/-						
Deposits over Rs.500,000/- but upto Rs.1,000,000/-						
Deposits over Rs.1,000,000/-						
Sub-total:-						
B. Overseas branches of Banks incorporated in Pakistan.						
Deposits upto Rs.100,000/-						
Deposits over Rs.100,000 but upto Rs.500,000/-						
Deposits over Rs.500,000/- but upto Rs.1,000,000/-						
Deposits over Rs.1,000,000/-						
Sub-total:-						
Grand Total:-						

Maintenance of Liquid Assets in Pakistan

2/1994 In exercise of the powers conferred upon State Bank of Pakistan under Section 29 of the Banking Companies Ordinance 1962, it is hereby notified as follows:-

That effective from 1st March, 1994, every banking company shall maintain in Pakistan in cash (excluding Statutory Cash Reserve maintained under section 36(a) of State Bank of Pakistan Act, 1956), gold or unencumbered approved securities to be valued in a manner as provided for under the said section, an amount which shall not at the close of business on any day be less than 25 per cent of the total of its time and demand liabilities in Pakistan.

Cash Reserve of Scheduled Banks with State Bank

3/1994 It is notified that in terms of Section 36(1) of State Bank of Pakistan Act, 1956 every scheduled bank shall maintain with State Bank a balance the amount of which shall not at the close of business on any day be less than 5 per cent of total of its demand and time liabilities in Pakistan.

Terms and Conditions for Grant of Financing Facilities by State Bank

4/1994 It has been decided that the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall, with effect from 1st March, 1994 be remunerated by the recipients at a minimum rate of 15% on annual basis.

This supersedes BRD Circular No. 7 dated 15th August, 1993.

Rates of Profit under Trade Related Modes of Financing

5/1994 In supersession of the instructions issued from time to time on the subject, it is decided that effective 1st March, 1994 the annual rate of return to be derived by a bank/DFI in respect of trade related modes of financing shall be within ranges indicated below:-

		Range of profit	
		Minimum	Maximum
(i)	For export under the Export Finance Scheme.	Nil	12%
(ii)	For part-I (local sales) of the Scheme for financing locally manufactured machinery.	Nil	12%
(iii)	For Part-II (Export Sales) of the Scheme for financing locally manufactured machinery.	Nil	12%
(iv)	For other purposes for which no specific instructions have been issued separately.	10%	19%

The above rates for financing covered under (i), (ii) and (iii) of para 1 above will be applicable to finances provided by banks/DFIs after 1st of March, 1994.

Statement of Liabilities and Assets - Monthly

6/1994 Please refer to BRD Circular Nos. 2 & 15 dated the 16th March, 1993 and 2nd December, 1993 respectively on the above noted subject.

With a view to simplify the return and also to reduce the extra reporting burden; the Banks are advised to send the return, as per revised format enclosed, to the Director, Statistics Department, State Bank of Pakistan, Central Directorate, Karachi as usual by the due date i.e. 20th of the following month to which it relates.

The above return may be sent from the month of May, 1994.

The submission of Annexure-II vide BRD Circular No.15 dated 2nd December, 1993, therefore, may please be discontinued from May, 1994.

Other instructions on the subject will remain unchanged.

STATEMENT OF LIABILITIES AND ASSETS

MONTH ENDED	M	M	Y	Y
NAME OF BANK				

LIABILITIES

ACCOUNT	CODE	AMOUNT BIL	MIL	THS
1. Capital and reserves	010000			
(a) Paid-up Capital	011000			
(b) Reserves	012000			
(c) Unappropriated profit or loss	013000			
(d) Provisions	014000			
(i) For bad and doubtfull loans and advances	014100			
(ii) For other purposes	014200			
2. Demand deposits in Pakistan	020000			
(a) From scheduled banks	021000			
(b) From others	022000			
(i) Federal Government	022100			
(ii) Provincial Governments	022200			
— Balochistan	022210			
— N.W.F.P.	022220			
— Punjab	022230			
— Sindh	022240			
— Azad Kashmir	022250			
(iii) NFPSES	022300			
(iv) NBFIs	022400			
— Depository NBFIs and HBFC	022410			
— Other NBFIs	022420			
(v) Other private sector	022500			
3. Other demand liabilities	030000			
4. Savings deposits in Pakistan	040000			
(a) From scheduled banks	041000			
(b) From others	042000			
(i) Federal Government	042100			
(ii) Provincial Governments	042200			

ACCOUNT	CODE	AMOUNT BIL MIL THS
— Balochistan	042210	
— N.W.F.P.	042220	
— Punjab	042230	
— Sindh	042240	
— Azad Kashmir	042250	
(iii) NFPSES	042300	
(iv) NBFIs	042400	
— Depository NBFIs and HBFC	042410	
— Other NBFIs	042420	
(v) Other private sector	042500	
5. Times deposits in Pakistan	050000	
(a) From scheduled banks	051000	
(b) From others	052000	
(i) Federal Government	052100	
(ii) Provincial Governments	052200	
— Balochistan	052210	
— N.W.F.P.	052220	
— Punjab	052230	
— Sindh	052240	
— Azad Kashmir	052250	
(iii) NFPSES	052300	
(iv) NBFIs	052400	
— Depository NBFIs and HBFC	052410	
— Other NBFIs	052420	
(v) Other private sector	052500	
6. Other time liabilities	060000	
7. Foreign Currency deposits	070000	
(a) Demand deposits	071000	
(i) Residents	071100	
(ii) Non-residents	071200	
(b) Savings deposits	072000	
(i) Residents	072100	
(ii) Non-residents	072200	
(c) Time deposits	073000	
(i) Residents	073100	
(ii) Non-residents	073200	

ACCOUNT	CODE	AMOUNT BIL MIL THS
8. Borrowings from	080000	
(a) Federal Government	081000	
(b) State Bank of Pakistan	082000	
(c) Scheduled Banks	083000	
(d) NBFIs	084000	
(e) Financial institutions abroad	085000	
(i) Short-term	085100	
(ii) Long-term	085200	
9. Moneyat Call in Pakistan	090000	
(a) From Scheduled Banks	091000	
(b) From NBFIs	092000	
10. Other Liabilities	100000	
(a) Head office inter-branch adjustment (net)	101000	
(b) Suspended income	102000	
(c) Income account	103000	
(d) Suspense items	104000	
(e) Sundry items	105000	
TOTAL LIABILITIES	**110000**	
11. Liabilities as per contra	120000	
(a) Bank Guarantees	121000	
(i) Loan repayment guarantees	121100	
(ii) Other guarantees	121200	
(b) Letters of credit including stand-by letters of credit	122000	
(c) Forward exchange transactions	123000	
(d) Acceptances	124000	
(e) Foreign bills for collection	125000	
(i) Export bills	125100	
(ii) Others	125200	
TOTAL LIABILITIES INCLUDING LIABILITIES AS PER CONTRA	**130000**	

ASSETS

ACCOUNT	CODE	AMOUNT BIL MIL THS
21. Cash in Pak rupees	210000	
(a) Bank notes	211000	
(b) One rupee notes/coins and subsidiary coins	212000	
22. Foreign Currency notes and coins	220000	
23. Balances with;	230000	
(a) State Bank of Pakistan	231000	
(b) National Bank of Pakistan	232000	
(c) Other scheduled banks in Pakistan	23300-	
(d) NBFIs	234000	
24. Balances held abroad	240000	
25. Money at call in Pakistan	250000	
(a) To scheduled banks	251000	
(b) To NBFIs	252000	
26. Advances to	260000	
(a) Scheduled banks	261000	
(b) Other than scheduled banks	262000	
(i) Non -residents	262100	
(ii) Residents	262200	
— Federal Government	262210	
— Commodity operations	262211	
— Others	262212	
— Provincial Governments	262220	
— Commodity operations	26221	
— Others	262222	
— NFPSEs	262230	
— Cotton Export Corp. (CEC)	262231	
— National Fertilizer Corp. (NFC)	262232	
— Oil and Gas Dev. Corp. (OGDC)	262233	
— Pakistan Telecommunication Corporation (PTC)	262234	
— Pakistan Television Corp. (PTV)	262234	
— Water and Power Development Authority (WAPDA)	262236	
— Others	262237	
— NBFIs	262240	
— Depository NBFIs and HBFC	262241	
— Other NBFIs	262242	

ACCOUNT	CODE	AMOUNT BIL MIL THS
Other Private Sector	262250	
— Corporate Sector	262251	
— Un-corporated enterprises & individuals	262252	
27. Bills purchased & discounted	270000	
(a) Foreign bills	271000	
(b) Inland bills	272000	
(i) NFPSEs	272100	
(ii) NBFIs	272200	
(iii) Other Private Sector	272300	
28. Investment in securities issued by:-	280000	
(a) Non-resident	281000	
(b) Residents	282000	
(i) Federal Government	282100	
— Treasury bills	282110	
— Federal investment bonds	282120	
— Other Government loans	282140	
— Others	282150	
(ii) Provincial Governments	282200	
(iii) NFPSEs	282300	
(iv) NBFIs	282400	
— Depository NBFIs and HBFC	282410	
— Other NBFIs	282420	
(v) Other private sector	282500	
29. Other assets	290000	
(a) Fixed Assets	291000	
(b) Furniture, fixture, office equipment, vehicles, stationary and stamps.	292000	
(c) Investment in joint ventures and subsidiaries	293000	
(d) Accrued income	294000	
(e) Pre-payments	295000	
(f) Head Office/inter-branch adjustment (net)	296000	
(g) Expenditure account	297000	
(h) Suspense items	298000	
(i) Sundry items	299000	
TOTAL ASSETS	**300000**	

ACCOUNT	CODE	AMOUNT BIL MIL THS
30. Assets as per contra	400000	
(a) Bank guarantees	401000	
(i) Loan repayment guarantees	401100	
(ii) Other guarantees	401200	
(b) Letters of credit including stand-by letters of credit	402000	
(c) Foreign exchange transactions	403000	
(d) Acceptances	404000	
(e) Foreign bills for collection	405000	
(i) Export bills	405100	
(ii) Others	405200	
TOTAL ASSETS INCLUDING ASSETS AS PER CONTRA	**500000**	

ABBREVIATIONS

HBFC	House building finance corporation
NBFIs	Non-ban financial institutions
NFPSEs	Non-financial public sector enterprises

Memorandum item — Foreign Currency Deposits

(in thousands of units of currency)

Code	Account	British Pounds	German Marks	Japanese Yen	US Dollars
070000	Foreign Currency Deposits				
071000	Demand Deposits				
071100	Resident				
071200	Non-resident				
072000	Savings Deposits				
072100	Resident				
072200	Non-resident				
073000	Time Deposits				
073100	Resident				
073200	Non-resident				

ANNEXURE-I

CLASSIFICATION OF OTHER PRIVATE SECTOR ADVANCES AND BILLS PURCHASED AND DISCOUNTED BY SCHEDULED BANKS IN PAKISTAN

MONTH ENDED ______________________ | M | M | Y | Y |

NAME OF BANK ______________________ | | | | |

ACCOUNT	CODE	AMOUNT BIL MIL THS
1. Export financing	100000	
(a) Export Finance Scheme	110000	
(b) Other	120000	
2. Government self employment scheme	200000	
(a) Unemployed persons	210000	
(b) Public Transport	220000	
3. Small Loans	300000	
(a) Agriculture	310000	
(b) Business	320000	
(c) Industry	330000	
4. Agriculture — other than small loans for agriculture	400000	
5. Manufacturing	500000	
(a) Locally manufactured machinery (LMM)	510000	
(b) Manufacturing — other than LMM & Small loans for Industry	520000	
(i) For fixed investment	521000	
(ii) For working capital	522000	
— Automobiles	522100	
— Cement manufactures	522200	
— Fertilizer manufactures	522300	
— Sugar manufacture	522400	
— Textile manufactures	522500	
— Other manufactures	522600	
6. Wholesale & retail trade — other than small loans for business	600000	
7. Other activities not described above	700000	
TOTAL OTHER PRIVATE SECTOR (1)	800000	

(1) Total other private sector should equal the sum of codes 262250 and 272300 on the monthly statement of liabilities and assets of scheduled banks in Pakistan.

Banking Regulations Department Change of Nomenclature

7/1994 This is notified for the information of all concerned that the nomenclature of this Department stands changed from "BANKING REGULATION DEPARTMENT" to "BANKING POLICY AND REGULATIONS DEPARTMENT" with immediate effect. All communication shall henceforth be addressed accordingly.

Office and Business Hours

8/1994 In pursuance of the Cabinet decision as contained in Ministry of Interior, Government of Pakistan, Islamabad Notification No.3/1/04-PUBLIC dated the 25th May, 1994 for adoption of five days working week, the following Office/ Business Hours will be observed by the Central Directorate and offices of the State Bank of Pakistan with effect from 3rd June, 1994:-

	Office Hours	Business Hours
Sundays to Thursdays	9.00 A.M. to 5.00 P.M. (with half and hour break for prayer and lunch)	9.00 A.M. to 1.35 P.M.

In terms of the above Government's Notification banking system is to be so adjusted that they remain open for utility bills for four hours on Saturdays. Accordingly necessary arrangements may please be made to keep the concerned banks' branches/booths opened from 9.00 A.M. to 1.00 P.M. on Saturdays for collection of utility bills.

Office and Business Hours

9/1994 In pursuance of the Cabinet decision, the State Bank has adopted five days working week and office hours and business hours as circulated vide Circular No.8 dated the 31st May, 1994 issued by the Banking Policy and Regulations Department. Certain queries have been received in this connection which are clarified as under:-

(i) A licensed branch of a banking company can conduct evening banking also for any number of hours determined by the banking company itself, without any clearance from the State Bank of Pakistan, as already advised vide BCD Circular No.17 dated the 23rd July, 1984.

(ii) Any banking company is free to decide for itself the question of opening of all or any of its branches on Saturdays.

Panel of Auditors— Section 35(1) of Banking Companies Ordinance, 1962.

10/1994 Further to BRD Circular No.9 dated the 19th September, 1993 it has been decided to include the name of the undernoted firm in the panel of auditors circulated vide BRD Circular referred to above:-

Name of the firm:	Tanvir & Co., Chartered Accountants
Address:	C-12, Block No.8, Kehkashan, Clifton Karachi.

Statement of Loans Disbursements during the Month

11/1994 Please refer to BPRD Circular No.6 dated the 3rd May, 1994 relating to monthly statement of liabilities and assets.

It has been decided to collect the information from the Head Offices of the scheduled banks regarding disbursements of loans during the month classified under different rates of financing.

A four digit code vide Appendix-I is enclosed for coding the name of bank and month. The period (month and year) code i.e. January, February may be coded as 01,02 and so on and year, 1994, 1995 may be shown as 94, 95 and so on.

The first of the requisite statement will be for the month of September, 1994. Further, the statement for the months of July and August, 1994 may also be sent preferably with the returns of November, 1994 but not later than 31st December, 1994.

The returns should reach the Director, Statistics Department, State Bank of Pakistan, Central Directorate, Karachi by the 20th of the month following the month to which it relates.

For any clarification on the subject, banks may contact the Director, Statistics Department, State Bank of Pakistan, Central Directorate, Karachi.

STATEMENT OF LOANS DISBURSEMENT
DURING THE MONTH ....

NAME OF BANK ____________________ ☐☐☐☐

AND ADDRESS ____________________

MONTH ____________________ ☐☐☐☐

LOANS DISBURSED DURING THE MONTH

RATES OF MARK-UP/OTHER MODES	AMOUNT Billion.	Million	Thousand
00.00			
00.25			
00.50			
01.00			
01.25			
01.50			
01.75			
02.00			
02.25			
02.50			
02.75			
03.00			
03.25			
03.50			
03.75			
04.00			
04.25			
04.50			
04.75			
05.00			
05.25			
05.50			
05.75			
06.00			
06.25			
06.50			
06.75			
07.00			
07.25			
07.50			
07.75			
08.00			
08.25			
08.50			

RATES OF MARK-UP/OTHER MODES	AMOUNT Billion.	Million	Thousand
08.75			
09.00			
09.25			
09.50			
09.75			
10.00			
10.25			
10.50			
10.75			
11.00			
11.25			
11.50			
11.75			
12.00			
12.25			
12.50			
12.75			
13.00			
13.25			
13.50			
13.75			
14.00			
14.25			
14.50			
14.75			
15.00			
15.25			
15.50			
15.75			
16.00			
16.25			
16.50			
16.75			
17.00			
17.25			
17.50			
17.75			
18.00			
18.25			
18.50			
18.75			
19.00			
19.25			
19.50			
19.75			
20.00 & over			
TOTAL:-			

APPENDIX-I

LIST OF SCHEDULED BANKS

Sr. No.	PAKISTAN BANKS	CODE NO.
1.	Allied Bank of Pakistan	1114
2.	Habib Bank Limited	1154
3.	Muslim Commercial Bank Limited	1162
4.	National Bank of Pakistan	1170
5.	United Bank Limited	1186
6.	First Women Bank Limited	1147
7.	Askari Commercial Bank Limited	1117
8.	Bank Al-Habib Limited	1123
9.	Bolan Bank Limited	1125
10.	Habib Credti & Exchange Bank Limited	1153
11.	Indus Bank Limited	1157
12.	N.B.P.	1163
13.	Metropolitan Bank Limited	1164
14.	Prime Commercial Bank Limited	1177
15.	Schon Bank Limited	1175
16.	Soneri Bank Limited	1185
17.	Union Bank Limited	1187
18.	Agricultural Development Bank of Pakistan (ADBP)	1210
19.	Federal Bank for Co-operatives (FBC)	1244
20.	Industrial Development Bank of Pakistan (IDBP)	1258
21.	The Punjab Provincial Co-operative Bank Ltd (PPCB)	1279
	FOREIGN BANKS	
22.	ABN Amro Bank N.V.	2150
23.	Al-Baraka Islamic Investment Bank B.S.C. (E.C.)	2116
24.	American Express Bank Limited	2118
25.	ANZ Grindlays Bank plc.	2152
26.	Bank of America	2122
27.	Bank of Oman Limited	2128
28.	Banque Indosuez	2132
29.	Citibank N.A.	2146
30.	Deutsche Bank	2142
31.	Doha Bank Limited	2145
32.	Emirates Bank International Limited	2184
33.	Faysal Islamic Bank of Bahrain (E.C.)	2160
34.	Habib Bank A.G. Zurich.	2155
35.	International Finance Investment & Commerce Bank Limited	2159
36.	Pan African Bank Limited	2176
37.	Rupali Bank Limited	2181
38.	Societe General the French & International Bank	2180
39.	Standard Chartered Bank	2138
40.	The Bank of Tokyo Limited	2130
41.	The Hong Kong & Shanghai Banking Corporation Limited	2156

12/1994 It is advised that the committee set up by the State Bank for identifying problems faced by the users of banking services has, inter-alia, made the following recommendations:-

1. Money transfer through TT from one city to another city at the major branches shall normally be paid within 24 hours time.

2. Payment of Pay Order presented at the issuing branch shall be made forthwith.

3. Payment of pay order payable at main branches but presented at another branch of the issuing bank in the same city shall normally be made within 24 hours but not later than 48 hours.

4. Some branches of banks take 10-15 days in advising telegraphic L/Cs to far flung area branches. The time taken should ordinarily not be more than 3 days.

5. Banks usually consider only initial working capital in the project cost for determining the total financial assistance. When the project is ready to commence production, the borrowers have to arrange short term financing from some other banks which are usually not interested in providing short term financing to these newly established units or ask for pari passu charge to which the bank financing the project do not easily agree.

   While situation may differ from case to case, the banks may accommodate request for pari passu charge made by another bank provided their own interest is fully safeguarded and security with them is not diluted below the desired level.

6. Even when importers establish L/Cs by cable or by full telex, banks some times, delay actual transmission to the suppliers and the copies of the established L/Cs are not delivered promptly to the importers. L/Cs established by cable or by full telex should be transmitted the same day or latest by next working day and copy delivered to the importers.

7. Foreign banks/ new private commercial banks should take care of the credit requirements of small borrowers.

Necessary steps to implement the above recommendations may be taken immediately.

Audit of the Balance Sheet and Profit and Loss Account

13/1994 Please refer to the guidelines issued in terms of Section 35(3) of the Banking Companies Ordinance, 1962 vide Banking Inspection Department Circular 5 dated 19th December, 1972 and subsequent instructions on the subject.

In addition to the items being presently covered in the special report submitted by auditors of banks to State Bank, the auditors may be requested to pay special attention to the requirement under Prudential Regulations relating to the provisions for bad and doubtful debts and record their observations on them in their report.

A copy of this circular may be delivered to auditors of your bank. They may be requested to acknowledge its receipt directly.

Prudential Regulations—Grant of Relaxation

14/1994 Trade and Industry faced difficult circumstances during the years 1992-93 and 1993-94 some of them on account of circumstances beyond their control such as successive cotton crop failures on the domestic front and recessionary trend in international markets. Due to adverse implications of the phenomenon some industrial/business concerns have not been able to comply with the Prudential Regulations. Their problems are being examined by their bankers/PBC through case by case scrutiny for restructuring/re-scheduling/settlement. Although considerable work has been done by Pakistan Banking Council and several cases have been settled, this process will take time for completion. In the meantime and with a view to providing adequate time to banks and their constituents to finalise their restructuring/rescheduling/settlement process, it has been decided to allow banks to provide financial accommodation to their constituents even if they have failed to comply with the Prudential Regulations provided they did not default in meeting their financial obligations to banks/DFIs as on 1-1-1992. The relaxation is applicable to disbursements during the year 1994-95 only, during which time the banks and their constituents should resolve their problems through restructuring/rescheduling/settlement. The banks would need to get a clearance from NBP, HBL, UBL, MCB, ABL, NDFC, PICIC, BEL & IDBP that the party which is being exempted from the application of Prudential Regulations in 1994-95 did not default upto 1-1-1992.

Prudential Regulation—XVIII

15/1994 Please refer to BRD Circular No.14 dated 30th November, 1993. Following instructions supersede the contents of the above referred circular.

When considering proposals for fund based/non-fund based accommodation banks should give due weightage to credit report relating to the borrower and his group obtained from Credit Information Bureau of the State Bank. If the credit report indicates over-exposure/default in meeting the obligations and in the opinion of the bank the default/over-exposure is wilful or the unit is no longer viable further accommodation may be denied. However if the default/over-exposure is due to circumstances beyond the control of the borrower and further accommodation would put the borrower back on track and enable it to regularise the position, the bank may consider extending accommodation as it may deem fit.

Rates of Profit under Trade Related Modes of Financing

16/1994 In supersession of the instructions issued from time to time on the subject, it has been decided that the annual rate of return to be derived by a bank/NBFIs (DFIs, Investment Banks, Modarabas, Leasing Companies, Housing Finance

Companies etc.) in respect of trade related modes of financing shall be within ranges indicated below:-

		Range of profit Minimum	Maximum
(i)	For export under the Export Finance Scheme.	No Minimum	13%
(ii)	For part-I (local sales) of the Scheme for financing locally manufactured machinery.	-do-	13%
(iii)	For Part-II (Export Sales) of the Scheme for financing locally manufactured machinery.	-do-	13%
(iv)	For other purposes for which no specific instructions have been issued separately.	13%	17.5%

2. The rates for financing covered under (i), (ii), (iii) and (iv) of para 1 above will be applicable to finances provided by banks and the rates provided under item (iv) of Para I to NBFIs (DFIs, Investment Banks, Modarabas, Leasing Companies, Housing Finance Companies etc.) on or after 13th November, 1994.

3. The above instructions are being issued under the Banking Companies Ordinance, 1962.

Elimination of 'RIBA' from the Banking System—Rates of Profit in the Case of Investment Type Modes of Financing

17/1994 With effect from 13th November, 1994 and until further instructions, the minimum annual rate of profit which a bank may keep in view while considering proposals for provision of finance and the maximum annual rate of profit that they may earn on the basis of investment modes of financing shall be as indicated below:-

		Range of profit Minimum	Maximum
(i)	For export under the Export Finance Scheme.	No Minimum	13%
(ii)	For part-I (Local Sales) of the Scheme for financing locally manufactured machinery.	-do-	13%
(iii)	For Part-II (Export Sales) of the Scheme for financing locally manufactured machinery.	-do-	13%

(iv) For other purposes for which no specific instructions have been issued separately. 13% 17.5%

The above instructions are being issued under Banking Companies Ordinance, 1962.

18/1994 Please refer to Banking Policy and Regulations Department Circular No.17 dated 13th November, 1994. It is clarified that the ceiling of 17.5% rate of profit is not applicable in the case of finances provided for Fixed Industrial Investment.

Holding of Federal Investment Bonds

19/1994 It has since been decided to restrict banks' holding of Federal Investment Bonds to 15% of their demand and Time Liabilities on any day or the amount of their holding of such bonds as on 22nd December, 1994 whichever is higher.

Relief for Textile Sector

1/1995 With a view to improving the liquidity position of the Textile Sector it has been decided as under:-

1. The banks, in respect of their borrowers who have defaulted in repayments, may consider swapping debt with equity on case to case basis as per guidelines circulated vide Circular letter No.BID(Gen)2470/601-04-90 dated the 17th June, 1990.

2. Spinning Sector may be allowed to import cotton irrespective of the default for circumstantial reasons in terms of our circular No.14 dated the 25th October, 1994.

3. Shuttleless Loom Sector has been exempted from the application of Prudential Regulations for banks financing if their debt servicing was regular upto 31-12-1990 subject to stipulations in BPRD Circular No.14 dated the 25th October, 1994.

Advances Against Essential Commodities

2/1995 With a view to curbing hoarding and improving availability of essential commodities at reasonable prices it has been decided that banks should get all advances allowed to importers/millers/dealers of esential commodities adjusted quickly. You are directed to implement the decision and apprise us about the progress made in this behalf by 7th of February, 1995.

Maintenance of Special Cash Deposit with the State Bank of Pakistan Against Time and Demand Liabilities

3/1995 In exercise of the powers vested in the State Bank of Pakistan under the Banking Companies Ordinance, 1962 all commercial banks are directed to maintain at all times with the State Bank a Special Deposit equivalent to 1.5% of their total time and demand liabilities in Pakistan, till further orders. The requirement has to be met latest by 9th February, 1995. These special cash deposits shall be remunerated by the State Bank of Pakistan at the maximum rate of 11.50% on annual basis out of the profits earned by the State Bank of Pakistan. The Special Cash Deposit will be in addition to the cash reserve of 5 per cent maintained by banks under Section 36(1) of State Bank of Pakistan Act, 1956.

Default in maintaining the prescribed amount of Special Cash Deposit with the State Bank shall render the bank liable to pay fine at the rates as are applicable in the case of breach of cash reserve to be kept with the State Bank.

Rates of Profit Under Trade Related Modes of Financing

4/1995 Please refer to our Circular No.16 dated 13th November, 1994.

It has been decided that the annual rate of return to be derived by a bank/

NBFIs (DFIs, Investment Banks, Modarabas, Leasing Companies etc.) in respect of trade related modes of financing shall be within ranges indicated below:-

		Range of Profit	
		Minimum	Maximum
(i)	For exports under the Export Finance Scheme.	No minimum	13%
(ii)	For Part-I (Local Sales) of the Scheme for Financing Locally Manufactured Machinery.	—do—	13%
(iii)	For Part-II (Export Sales) of the Scheme for Financing Locally Manufactured Machinery.	—do—	13%
(iv)	For other purposes for which specific instructions have not been issued separately.	13%	No maximum

The above instructions are being issued under the Banking Companies Ordinance, 1962 and shall come into effect immediately.

Elimination of 'Riba' from the Banking System-Rate of Profit in Case of Investment Type Modes of Financing:

5/1995 Please refer to our Circular No. 17 and 18 dated 13th November, 1994 and 22nd December, 1994 respectively.

It has been decided that with effect from the 26th March, 1995 and until further instructions, the minimum annual rate of profit which a bank may keep in view while considering proposals for provision of finance and the maximum annual rate of profit that they may earn on the basis of investment modes of financing shall be as indicated below:-

		Range of Profit	
		Minimum	Maximum
(i)	For exports under the Export Finance Scheme.	No minimum	13%
(ii)	For Part-I (Local Sales) of the Scheme for Financing Locally Manufactured Machinery.	—do—	13%
(iii)	For Part-II (Export Sales) of the Scheme for Financing Locally Manufactured Machinery.	—do—	13%
(iv)	For other purposes for which specific instructions have not been issued separately.	13%	No maximum

The above instructions are being issued under Banking Companies Ordinance, 1962.

6/1995 Please refer to BPRD Circular No:11 dated the 13th September, 1994 relating to loans disbursements during the month.

Statement of Loans Disbursements During the Month

In view of deregulation of lending rates vide BPRD Circular Nos. 4 & 5 dated the 26th March, 1995, it has been decided to amend the existing format of reporting of rates of profit under trade related modes of financing/investment modes of financing from 20 percent and above to 25 percent and above with an interval of 0.25 percent as per revised format enclosed.

The above instructions will come into force with effect from the returns for the month of March, 1995.

As already advised vide BPRD Circular No:11 dated the 13th September, 1994 the due date of receipt of captioned statement is 20th of the following month to which it relates.

STATEMENT OF LOANS DISBURSEMENTS
DURING THE MONTH________________

NAME OF THE BANK:________________________________

ADDRESS:____

MONTH:____

RATE OF MARK UP/ OTHER MODES:	AMOUNT		
	BILLION	MILLION	THOUSAND
00.00			
00.25			
00.50			
00.75			
01.00			
01.25			
01.50			
02.00			
02.25			
02.50			
02.75			
03.00			
03.25			
03.50			
03.75			
04.00			
04.25			
04.50			
04.75			
05.00			
05.25			
05.50			
05.75			
06.00			
06.25			
06.50			
06.75			
07.00			
07.25			
07.50			
07.75			
08.00			
08.00			
08.25			
08.50			
08.75			

RATE OF MARK UP/ OTHER MODES:	AMOUNT		
	BILLION	MILLION	THOUSAND
09.00			
09.25			
09.50			
09.75			
10.00			
10.25			
10.50			
10.57			
11.00			
11.25			
11.50			
11.75			
12.00			
12.25			
12.50			
12.75			
13.00			
13.25			
13.50			
13.75			
14.00			
14.25			
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15.25			
15.50			
15.75			
16.00			
16.25			
16.50			
16.75			
17.00			
17.25			
17.50			
17.75			
18.00			
18.25			
18.50			
18.75			
19.00			
19.25			
19.50			
19.75			
20.00			
20.25			

RATE OF MARK UP/ OTHER MODES:	AMOUNT		
	BILLION	MILLION	THOUSAND
20.50			
20.75			
21.00			
21.25			
21.50			
21.75			
22.00			
22.25			
22.50			
22.75			
23.00			
23.25			
23.50			
23.75			
24.00			
24.25			
24.50			
24.75			
25.00 & OVER:			
TOTAL:-			

7/1995 With a view to ensuring that only persons of unquestion-able integrity having clean track record of fulfilling their obligations in respect of loans and taxes secure the position of a director in a financial institution, it has been decided that all NCBs, privatised and private banks and NBFIs should henceforth furnish to the State Bank of Pakistan information about any change in the board of directors whether brought about by election by shareholders or by co-option by board of directors or otherwise alongwith a declaration signed by the incoming director in the enclosed proforma for our scrutiny, within fifteen days from the date of such change.

Change in the Board of Directors

Please acknowledge receipt.

Enclosure to BPRD Circular No. 17 dated 16-4-1995.

DECLARATION BY THE INCOMING DIRECTOR

1.
   (a) Name of the Director

   (b) Occupation/profession/trade

   (c) Please attach C.V.

2. Has the Director been associated with any illegal activity, specially banking bsiness, deposits taking, financial dealings and other business? Yes/No.

3. (a) Has the Director or firms or private limited companies with which he/she is or has been associated failed to meet his/her obligations to banks and other financial institutions? Yes/No.

   (b) Give the following particulars:-

Name of the Director and firms and private limited companies with which he/she is has been associated	Name of the bank and non-bank financial institution alongwith the name of the branch with which Director or firms or private limited companies with which he/she is or has been associated.	Account Number
(1)	(2)	(3)

4. (a) Has the Director or firms or private limited company with which he/she is or has been associated defaulted in payment of taxes? Yes/No

(b) Give the following particulars:-

Name of the Director and firms and private limited companies with which he/she is or has been associated.	Tax Number
(1)	(2)

5. Is the incoming Director already a Director of a bank/NBFI? Yes/No

SIGNATURE OF THE DIRECTOR..

Advances Against Textile Quotas to Textile Industry

8/1995 Textile Quota Entitlements can be treated as collateral for allowing working capital finances to textile industry. This facility may be provided subject to the following:-

(a) Facility will be available only for those quota categories whose fill in percentage in the preceding year was 75% or more.

(b) Till the loan is discharged the quotas which are being hypothecated will remain non-transferable.

(c) Only 1/10th of the value of the highest premium in the last official auction conducted by the Textile Quota Management Directorate will be extended as loan.

Necessary certification and assistance may be sought from the Textile Quota Management Directorate.

The banks would develop their own mechanism to protect themselves against risk exposure on account of this facility.

List of Approved Firms of Chartered Accountants for the Purpose of Revaluation of Assets

9/1995 Please refer to annexure to BCD Circular No.15 dated 29th August, 1992. In terms of Regulation IV(3) subordinated loans are counted as equity for the purpose of the said Regulation.

It has now been decided that Revaluation Reserves determined by approved firms of Chartered Accountants in accordance with International Accounting Standards would also count as equity for the purpose of the above referred regulation. The Revaluation Reserves so determined are required to be reflected in the balance sheets of the borrowers which are required to be duly audited by the approved firms. Names and addresses of the firms approved for the purpose are given hereunder:-

S.No.	Name of the Firm & Address
1.	M/s. A.F. Ferguson & Co. State Life Building No.1-C, Off. I.I. Chundrigar Road, P.O. Box No.4716, Karachi.
2.	M/s. Ford Rhodes, Robson, Morrow P.O. Box No.4719, 1st Floor, Finlay House, I.I. Chundrigar Road, Karachi.
3.	M/s. Khalid Majid Hussain Shah Rahman 1st Floor, Modern Motors House, Beaumont Road, P.O. Box No.4335, Karachi-75530.

4. M/s. Taseer Hadi Khalid & Co.
1-C State Life Building,
I.I. Chundrigar Road,
P.O. Box No.5249
Karachi-74200.

5. M/s. M. Yousuf Adil & Co.
136-138 Regency Arcade,
The Mall,
Faisalabad.

6. M/s. Ilyas Saleem & Co.
602 Al-Falah Chambers,
Abdullah Haroon Road,
Karachi.

7. M/s. Sidat Hyder Aslam & Co.
Al-Farid Centre,
Molvi Tamizuddin Khan Road,
Karachi-4.

Advances Against Potatoes

10/1995 With a view to ensure availability of 'POTATOES' at reasonable prices in the market it has been decided that banks should make suitable arrangements with the borrowers to get advances allowed against potatoes adjusted.

Prudential Regulations

11/1995 In terms of Prudential Regulations issued by the State Bank on 7-1-1992 banks were allowed to continue to accommodate their customers to the extent of facilities already availed by them prior to the date of issue of the above referred circular and the borrowers were given certain time frame to regularise their position so that they are in full compliance with the Prudential Regulations.

2. Some borrowers, especially Sick Units, were facing difficulties in regularising their position within the time frame referred to in para 1 above. They sought relaxation in the Prudential Regulations, specially where the lending banks had agreed to restructure/re-schedule the loans, through their bankers and Pakistan Banking Council. The nature and volume of such cases called for a review and general relaxation in Prudential Regulations as opposed to case by case approach.

3. In view of the position stated in para 2 above the State Bank conducted a thorough review of the Prudential Regulations in consultation with the representatives of banks and trade and industry and issued instructions extending the period for regularising the position upto 30-6-1998 (vide BPRD Circular letter No.10/121.04-95 & 14/121.04-95 dated 2-5-95 and 3-5-95 respectively).

4. In view of the relaxation referred to in para 3 above there is no need for relaxation through Pakistan Banking Council on a case by case basis. The borrowers should, as a matter of rule, be able to adhere to the revised Prudential Regulations. Exceptions, if any, could sparingly be made by the Boards of

Directors of the concerned banks only in special cases where regularisation period is longer than that referred to in para 3 above is fully justified in order to help in rehabilitating the Sick Unit and recovering the advances made by the bank.

Rates of Profit Under Trade Related/Investment Type Modes of Financing

12/1995 It may be recalled that at the time of removing the cap on the lending rates (in terms of BPRD Circulars No.4 and 5 dated the 26th March, 1995) that can be charged by banks on the finances provided by them to their customers, the Governor had held a meeting with the bankers in which he had emphasized that lifting of the cap should not automatically lead to increase in the rate structure. At the same time he had clarified that any genuine increase in the average lending rate that may take place should reflect itself in a higher rate of return on deposits and that intermediation cost particularly administrative expenditure, should not be allowed to increase.

Statistics relating to rate structure since collected by the State Bank indicate that generally bankers have acted on the Governor's advice in so far as the average lending rate is concerned. However, some instances of exorbitant increase in rate by some banks have been brought to the notice of the State Bank.

It is once again emphasized that banks should refrain from making upward adjustments in their lending rates without justification and moreover, attempts should be made not to allow the spread between the maximum lending rate and the average lending rate to rise. Additionally, any increase in the average lending rate must be reflected in a similar increase in the average rate of return on deposits.

The State Bank will continue to watch the rate structure as also the movement in establishment expenses of banks with a view to ensuring that lifting of the cap on rate structure is not used to charge exorbitant rates and that any change in the average lending rate is fully reflected in the average rate of return on deposits.

Adjustment in the rates of profit on financing should culminate in improvement of rates of return offered to the depositors.

13/1995 As you are aware cap on lending rate was removed in terms of BPRD Circulars No.4&5 both dated 26th March, 1995 giving freedom to banks to determine their own rate of profit on financing. We would appreciate if you please furnish us with copies of instructions/circulars issued by you relating to the subject matter.

You would agree that any upward adjustment in the rates of profit on financing should culminate in improvement of rates of return offered to the depositors. we would be grafteful to receive information on your plans to make an upward adjustment in rates tentatively offered on deposits.

You are also advised to furnish us rate-wise break up of the total advances of the bank as of 31st May, 1995 in the attached proforma.

Annexure to BPRD
Circular No.13
dated 6-6-1995

Lending Rate	Amount outstanding as on 31st May, 1995.
At less than 13%.	
At 13% and above but not exceeding 14%.	
At 14% and above but not exceeding 15% and so on.	
Total advances of the bank outstanding on 31st May,	

1.5% Special Cash Deposit

14/1995 In terms of BPRD Circular No.3 dated 1st February, 1995 banks were mandated to make a special deposit equivalent to 1.5% of their time and demand liabilities with effect from 9th February, 1995. This amount was neither counted towards cash reserve nor liquidity of the concerned bank and carried a remuneration of 11.50% p.a.

With a view to enabling banks to earn current market rate of profit being offered in the Open Market Operations of the State Banke of pakistan, it has been decided to give an option to the banks to enter into any of the following types of Repo transactions in the market related six months Treasury Bills with State Bank of Pakistan:-

(a) On month Repo at annual yield of 12.50%
(b) Three months Repo at annual yield of 12.60%
(c) Five months Repo at annual yield of 12.70%

Interested banks may contact Director, Securities Department for entering into Repo transactions during June 18-22, 1995. The Treasury Bills so sold will be kept in the custody of State Bank of Pakistan and will neither count towards Liquidity nor Cash Reserve as was the case with the Special Deposit.

Preparation of the Balance Sheet and Profit and Loss Account of Banks and Their Audit

15/1995 In terms of instructions contained in BCD Circular No.8 dated the 19th May, 1977, banks were advised that where staff provident fund was held by a Trust as a distinct and separate entity from the bank, the Trust was to be treated like any other customer and balance maintained by it was to be shown by the bank under the appropriate deposit classification. It has now been decided that balance mainatained in staff gratuity fund held in Trust as a separate entity from bank may be given similar treatement by the bank and shown as deposit in its balance sheet and in weekly statement submitted to State Bank of Pakistan.

Please supply a copy of this Circular to your auditors for information and necessary action.

Advances Against Edible Oil

16/1995 With a view to curbing hoarding and improving availability of edible oil at reasonable prices it has been decided that banks should get all advances allowed to Importers/manufactureers/traders and dealers of Edible Oil adjusted quickly. You are directed to implement the decision and apprise us about the progress made in this behalf by 29th June, 1995.

Maintenance of Special Cash Deposit with the State Bank of Pakistan Against Time and Demand Liabilities

17/1995 Please refer to BPRD Circular No.3 dated the 1st February, 1995 on the captioned subject.

It has been decided to dispense with the requirement in respect of maintenance of Special Deposit equivalent to 1.5% of time & demand liabilities in Pakistan with immediate effect.

The banks are free to withdraw their Special Cash Deposit as also treasury bills kept with State Bank.

18/1995 In continuation of BID Circular No.5 dated 19-12-1972, BCD Circular No.36 dated 06-08-1985 and BPRD Circular No. 13 dated 19-09-1994 giving guide lines in connection with the audit of the Balance Sheet & Profit and Loss Account of banks, the following further guide lines are issued.

Audit of the Balance Sheet and Profit & Loss Account of Banks

In exercise of the powers vested in the State Bank vide Section 35(3) of the Banking Companies Ordinance, 1962 the State Bank of Pakistan is pleased to direct that henceforth the auditors appointed by the banks for the audit of their Balance Sheet and Profit and Loss Account for the year 1995 onwards shall among other things conduct an audit of the reconciliation of pak/Head Office/ Main Office/General/Inter branch Accounts and settlement of suspense Account for the purpose of identification of unreconciled and unsettled entries and precise nature thereof. The above guidelines are in addition to those, issued regarding audit of Balance Sheet and Profit & Loss Account of Banks from time to time.

19/1995 It has come to our notice that Officers/Staff of a bank have been involved in duplicating encashment certificates of Foreign Exchange Bearer Certificates (FEBC). This was discovered by the concerned bank when the holders of duplicate encashment certificates which they had purchased from the market approached the bank seeking authentication of the encashment certificates.

Foreign Exchange Bearer Certificates-Formation of Internal Control System in Banks to Guard Against the posibilities of irregularities.

Banks are advised to devise and implement Internal Control Systems to Guard against the possibility of such irregularities being committed by their employees.

20/1995 With a view to enforcing credit discipline it has been decided that during the year ending 30th June, 1996 no bank will allow its aggreagate credit to the public sector corporations to exceed the aggregate amount outstanding as on 30th June, 1995. Banks would, however, be free to accommodate individual corporations on the merits of each case provided the aggregate credit to all the public sector corporations does not exceed the level as on June 30, 1995. Aggregate credit outstanding against public sector corporations will be shown in the weekly statement of affairs under a separate head of account and credit outstanding as on 30th June, 1995 may be indicated by way of a footnote.

Aggregate Credit

21/1995 As you are aware accounting practices relating to charging of interest/ mark-up on advances vary from bank to bank. The State Bank is interested to know the amount of interest/mark-up debited to the borrowers' accounts during the course of the year and the head of account to which this amount is credited. To this and banks would, henceforth indicate in their weekly statement of affairs by way of a footnote accumulated amount of interest/mark-up debited to the borrowers' accounts on or after 1st July preceding the date of the weekly statement and also state the head of account in which the corresponding entry apears.

Charging of Interest/ Mark-up on advances-Quarterly Statements of position.

22/1995 Banks are advised to project their income on account of interest/mark-up on advances for the year ending 30th June, 1996 and indicate the heads of accounts in which debit and credit entries would be made to reflect this income.

Banks Income.

The information is required for planning and monitoring credit expansion through commercial banks during 1995-96.

Credit Deposit Ratio

23/1995 The State Bank has decided to abolish forthwith credit-deposit ratio as an instrument of credit control. The abolition of credit-deposit ratio should, however, not be misconstrued as a signal for expansion of credit beyond the limits set in the Credit Plan. What it means is that henceforth credit to the private sector would be regulated through market-basad instruments, such as open market operations and changes in liquid assets and cash reserve requirements. It may be added that expansion in credit to the private sector would have to be curtailed in 1995-96 well below that in 1994-95 in order to make, in combination with restrain on borrowings by the public sector, a dent on mounting damand pressures.

While moving towards market-based management of credit, the State Bank expects the commercial banks to respond properly and promptly to its initiatives to keep credit expansion within safe limits. In particular, they are requested to adopt a constructive approach in their responses to open market operations. In addition, they should ensure observance of the earlier directives with regard to public sector corporations and treatment of mark-up rates, and provide correct and timely credit data to the State Bank of Pakistan. The State Bank would monitor bank-wise situation and overall credit expansion on a weekly basis and take prompt steps to ensure the observance of credit discipline.

Maintenance of Records.

24/1995 The Cabinet in its meeting held on 21st August, 1995 considered the cover story on "Cyber War" published in the Time Magazine dated the 21st August, 1995 and took the following decision:-

> "Pakistan Telecommumication Corporation, State Bank of Pakistan, Commercial Banks and Stock Exchanges should keep written records in addition to computerized records".

Banks and financial institutions are advised to implement the above Cabinet decision.

Panel of Auditors

25/1995 Please refer to BRD Circular No.9 dated the 19th September, 1993 under cover of which a panel of Auditors maintained under Section 35 of the Banking Companies Ordinance, 1962 was last circulated. The said panel of Auditors has been re-arranged in terms of their size etc. The Banks/DFIs &/NBFIs shall engage any of the auditors from the panel as indicated below:-

(i) Allied Bank of Pakistan Limited, Habib Bank Limited, United Bank Limited, Muslim Commercial Bank Limited, & National Bank of Pakistan, may engage any of the auditors listed at Serial No.1 to 11.

(2) NDFC, PICIC, ADBP, IDBP and HBFC, may engage any of the auditors listed at Serial No.1 to 19.

(3) Other commercial banks, Investment Banks and other DFIs may engage any of the auditors listed at Serial No.1 to 45.

(4) Other financial institutions including Leasing Companies, Modarabas, Housing Finance Companies and Discount Houses will be free to engage any of the auditors from the panel.

These instructions supersede instructions issued from time to time in the past.

PANEL OF AUDITORS MAINTAINED BY STATE BANK OF PAKISTAN UNDER SECTION 35 (1) OF BANKING COMPANIES ORDINANCE, 1962.

Messrs

1. A.F.Ferguson & Co.,
   State Life Building No. 1-C,
   Off: I.I. Chundrigar Road,
   P.O. Box No.4716,
   Karachi.

2. Anjum Asim Shahid & Co.,
   6-A, Kehkashan Town Houses,
   Steel Crete, Plot F1-2,
   Kehkashan Clifton,
   Karachi.

3. Ford, Rhodes, Robson, Morrow,
   1st Floor, Finlay House,
   P.O. Box 4719,
   I.I. Chundrigar Road,
   Karachi.

4. Hameed Chaudhri & Co.,
   5th Floor,
   Karachi Chambers,
   Hasrat Mohani Road,
   Karachi.

5. Ilyas Saleem & Co.,
   602, Al-Flah Chambers,
   Abdullah Haroon Road,
   Karachi.

6. Khalid Majid Husain Shah Rahman,
   1st Floor, Modern Motors House,
   P.O. Box 4335,
   Beaumont Road,
   Karachi.

7. Muniff Ziauddin & Co.,
   5-Victoria Chambers No.1,
   Abdullah Haroon Road,
   Karachi.

8. M. Yousuf Adil & Co.,
   A-35, Cavish Court,
   Block 7 & 8, KCHSU,
   Shahre-Faisal,
   Karachi.

9. Riaz Ahmad & Co.,
409-412 Cotton Exchange Building,
4th Floor,
I.I. Chundrigar Road,
Karachi.

10. Sidat Hyder, Qamar Maqbool & Co.,
Al-Farid Centre,
Moulvi Tamizuddin Khan Road,
Karachi.

11. Taseer Hadi Khalid & Co.,
1-C, State Life Building,
I.I. Chundrigar Road,
P.O. Box No. 5249,
Karachi.

12. Avais Siddiqui,
1-Mono Arcade,
B.C. 10, Block 9,
Kehkashan Clifton,
Karachi.

13. Ebrahim & Co.,
Variava Building,
I.I. Chundrigar Road,
Karachi.

14. Gardezi & Co.,
Standard Insurance House,
I.I. Chundrigar Road,
Karachi.

15. M. Hussain Chaudhury & Co.,
49-Shahrah Quaide Azam,
Lahore.

16. Mushtaq & Co.,
4th Floor,
407-408, Commerce Centre,
Hasrat Mohani Road,
Karachi.

17. Rahim Iqbal Rafiq & Co.,
4th Floor,
Room No.2, Bank House No.2,
Habib Square,
M.A. Jinnah Road,
Karachi.

18. Rahman Sarfraz & Co.,
First Floor,
Avenue Centre,
264-Stratchen Road,
P.O. Box 1023, GPO,
Karachi.

19. S.M. Masood & Co.,
Empire Centre,
Main Boulevard,
Gulberg II,
Lahore.

20. Ahmad Mushir & Co.,
16-Bank Square,
Lahore.

21. Amin & Co.,
1-Turner Road,
Lahore.

22. Amin Ijaz & Co.,
Gardee Trust Building,
1st Floor,
Napier Road,
Lahore.

23. Amir Alam Khan & Co.,
55/1, Bank Road,
Rawalpindi.

24. Fakhruddin Yousuf Ali & Co.,
601 Muhammadi House,
I.I. Chundrigar Road,
Karachi.

25. Faruq Ali & Co.,
First Floor,
Insurance House No.2; Habib Square,
M.A. Jinnah Road,
Karachi.

26. F.R. Merchant & Co.,
601, Muhammadi House,
I.I. Chundrigar Road,
Karachi.

27. Hafizullah Siddiqui & Co.,
Nelson Chambers,
I.I. Chundrigar Road,
Karachi.

28. Hashmi & Co.,
Room No. 508, 5th Floor,
Panorama Centre II,
Raja Ghanzanfar Ali Road,
Karachi.

29. Hyder Bhimji & Co.,
2nd Floor,
Standard Insurance House,
I.I. Chundrigar Road,
Karachi.

30. Ibrahim Shaikh & Co.,
259-260, Panorama Centre,
Fatima Jinnah Road,
Karachi.

31. Jalis Ahmad & Co.,
50, Old Ralli Building,
Talpur Road,
Karachi.

32. Jawaid, Qadeer, Rashid & Co.,
Fateh Mansion,
Bank Road,
Rawalpindi.

33. M.A. Chaudhry & Co.,
2nd Floor, Syed Plaza,
30 Ferozepur Road,
Lahore.

34. Muhammad Nasim & Co.,
127-Maqboole Aam Society,
Alamgir Road,
Karachi.

35. Nadeem Yousuf & Associates,
Naiwa-e-Waqt Building,
4, Shahrah-e-Fatima Jinnah,
Lahore.

36. Pervez Sufi & Co.,
27-B, Fourth Floor,
Writers Chambers,
Mumtaz Hasan Road,
Off: I.I. Chundrigar Road,
Karachi.

37. Qavi & Co.,
33-Rehman Court,
Plaza Square,
Off: M.A. Jinnah Road,
Karachi.

38. Rahim Jan & Co.,
Nelson Chambers,
I.I. Chundrigar Road,
Karachi.

39. Rao & Co.,
4, Karachi Chambers,
Hasrat Mohani Road,
Karachi.

40. R.H. & Co.,
2nd Floor,
Manzoor Market,
10-Ewing Road,
Nila Gumbad,
Lahore.

41. Sajjad Ahmad & Co.,
Peer Buksh Building,
Khyber Bazar,
Peshawar.

42. Sandhu & Co.,
State Life Building,
Wallace Road,
Off: I.I. Chundrigar Road,
Karachi.

43. Sarwar Awan & Co.,
Awan House,
23rd Jail Road,
Lahore.

44. Shahid Sami & Co.,
133 Hotel Metropole,
Club Road,
Karachi.

45. Zahid Jamil & Co.,
Muslim Commercial Bank Building,
4th Floor,
Circular Road,
Faisalabad.

46. A.B. Bhura & Co.,
21 & 38 Mian Chamber,
Opp: Sindh Madrassa-tul-Islam,
Shahrah-e-Liaquat,
Karachi.

47. A.D. Akhawala & Co.,
321, Third Floor,
Uni Centre,
I.I. Chundrigar Road,
Karachi.

48. A.J. Kazi & Co.,
301, Qamar House,
M.A. Jinnah Road,
Karachi.

49. A.M. Gangat & Co.,
Opp. Light House Cinema,
M.A. Jinnah Road,
Karachi.

50. A.M. Laliwala & Co.,
206, Japan Plaza,
Opp: Tibet Centre,
M.A. Jinnah Road,
Karachi.

51. A.R. Diwan & Co.,
2-37, Arkey Square,
Shahrah-e-Liaquat,
Karachi-0202.

52. A.R. Khan & Co.,
4th Floor,
407-8 Commerce Centre,
Hasrat Mohani Road,
Karachi.

53. A, Razzaq & Co.,
1015, Uni Plaza, 10th Floor,
I.I. Chundrigar Road,
Karachi.

54. Abdul Rahman & Co.,
415, Press Centre,
Shahrah-e-Kamal Ataturk,
Karachi-74200.

55. Abdul Wahid & Co.,
127 Maqboole Aam Society,
Alamgir Road,
Karachi-5.

56. Abdullah & Co.,
4th Floor,
Jubilee Insurance House,
I.I. Chundrigar Road,
Karachi.

57. Ahmed B. Khan & Co.,
Shaikha House,
M.A. Jinnah Road,
Denso Hall,
Karachi.

58. Akbar G. Merchant & Co.,
3rd Floor, Emirates Bank Building,
Annexe Merweather Tower
Stock Exchange Road,
Off: I.I. Chundrigar Road,
Karachi.

59. Amanullah & Co.,
504, Uni Centre,
I.I. Chundrigar Road,
Karachi.

60. Amirbhai & Co.,
Al-Yusuf Chambers,
5th Floor, Room No.21-22,
Sharah-e-Liaquat,
New Challi,
Karachi.

61. Amjad Ali & Co.,
10 Rehman Court,
Grieg Street,
Plaza Quarters,
Karachi.

62. Atiq Faizi & Co.,
811 Uni Centre, 8th Floor,
I.I. Chundrigar Road,
Karachi.

63. Akbar & Co.,
169/X, Madina Town,
(Near Rao Liberty Market)'
Faisalabad.

64. Abdul Qadeer & Co.,
70 East, 3rd Floor,
Blue Area, A.A. Plaza,
P.O. Box No. 1234,
Islamabad.

65. Amin Ijaz & Co.,
House No.31, Street No.28,
Islamabad.

66. A.S. Sheikh & Co.,
226, Abdi Market,
38 Queens Road,
Lahore.

67. A. Aziz Chaudhry & Co.,
38-Shahrah Quaid-e-Azam,
Lahore.

68. Aftab Nabi & Co.,
25-26, Al-Shajar Chowk,
Nila Gumbad,
Lahore.

69. Akbar & Co.,
Amin Building,
65 Shahrah Quaid-e-Azam,
Lahore.

70. Anwar & Co.,
25 C. 1 Gulberg-3,
Lahore.

71. Arif Chaudhry & Co.,
203-204 Manzoor Market,
10 Ewing Road,
Nila Gumbad,
Lahore.

72. Arman & Co.,
Room No.7, 4th Floor,
Rafi Plaza, 27 Hali Road,
Lahore.

73. Asad Ali Khan & Co.,
Abacus House,
11-E/2, Gulberg-II,
Gulberg Road,
Lahore.

74. Aslam Malik & Co.,
Al-Noor Building,
43-Bank Square,
Lahore.

75. Ayyub Monir & Co.,
147, Shadman-I,
Lahore.

76. Azhar Iqbal & Co.,
S-15, 2nd Floor,
Al-Hafeez Centre,
Main Boulevard,
Gulberg-III,
Lahore.

77. A.D. Muhammad & Co.,
Room No.33, Abbas Market,
Adamjee Road,
Rawalpindi.

78. Akhtar Naqvi & Co.,
Samdani Street,
132 Saddar Road,
Peshawar Cantt.

79. Alvi & Co.,
Falak Sair Cinema Building,
Saddar Road,
Peshawar.

80. Bilwani & Co.,
12, Idrees Chambers,
Talpur Road,
Opp: NBP Head Office
Karachi.

81. Chamdia & Co.,
732, Stock Exchange Building,
Stock Exchange Road,
P.O. Box No.4939,
Karachi.

82. Daudally Lalani & Co.,
Room No.507, 5th Floor,
Panorama Centre,
Raja Ghazanfar Ali Road,
Karachi.

83. Eshai & Co.,
32, B-2, Main Gulberg,
Lahore.

84. F.H. Khan & Co.,
10-A/11, 9th Central Street,
Phase-II Defence Housing Authority,
Karachi.

85. F. Amad & Co.,
No.10/4, Bank House No.1,
Habib Square,
M.A. Jinnah Road,
Karachi.

86. Feroze Sharif Tariq & Co.,
4-N/4, Block 6,
P.E.C.H.S.,
Karachi.

87. Feroze Sons & Co.,
87-Motan's Building,
M.A. Jinnah Road,
Karachi.

88. Fida Ali Q. Adeeb & Co.,
10-A, Fidvi Chambers,
Opp: Laxmi Building,
Near Boultan Market
M.A. Jinnah Road,
Karachi.

89. Foizul Alam,
Office No.4, 4th Floor,
Dean Arcade Block 8,
Kehkashan Clifton,
Karachi.

90. F. Majeed & Co.,
7-Farid Kot Link Road,
Lahore.

91. Fazal Mahmood & Co.,
147, Shadman Colony-1,
Lahore.

92. Fazal Monir & Co.,
147, Shadman Colony-1,
Lahore.

93. Gangat & Co.,
Oosman Chambers,
Abdullah Haroon Road,
Karachi.

94. Gul Ahmad & Co.,
Room No.7, 3rd Floor,
Arkay Square, Shahrah-e-Liquat,
City P.O. Box No. 13322,
Karachi.

95. Gangat & Masud,
Office No. 8,
G/1, Hamilton Court Complex,
Main Clifton Road,
Karachi.

96. Gardezi & Co.,
Standard Insurance House,
I.I. Chundrigar Road,
Karachi.

96-A. Ghazi & Co.,
Lateef Manzil,
Near Yadgar Joudat Kamran,
Katchery Road,
Multan.

97. Haider Ali & Co.,
105/701, Al-Flah Court,
I.I. Chundrigar Road,
Karachi.

98. Haider Shamsi & Co.,
B-1, Arika 80's Apartments,
25-B, Sindhi Muslim Cooperative
Housing Society,
Shahrah-e-Faisal,
Karachi.

99. Hamid Sherwani & Associates,
406, 4th Floor,
Kashif Centre,
Daudpota Road,
Karachi.

100. Haroon Karim & Co.,
2/35, Arkay Square,
(Main Shahrah-e-Liaquat),
Karachi-74000.

101. Haroon Sharif Gogan & Co.,
Room No.31, Naz Chambers,
1st Floor,
Shahrah-e-Liaquat,
Karachi.

102. Hyder & Co.,
5/2, S.C. Chandni Chowk,
Stadium Road,
Karachi.

103. Habib Alam & Co.,
P-145, Kashmir Mansion,
Circular Road,
Opp: Distt. Account Office,
Faisalabad.

104. Hafiz Rashid & Co.,
156-B, Shah Jamal,
Lahore-54600.

105. Haroon-ur-Rashid & Co.,
40-Jail Road,
Lahore.

106. Hassan Rehman & Co.,
44, Warris Road,
Lahore.

107. Iqbal & Co.,
325, Bihar Muslim Cooperative
Hosuing Society,
Near T.V. Station,
Karachi.

108. Iqbal Usman & Co.,
3-Ebrahimji Hakimji Building,
Opp: Mereweather Tower,
Laxmidas Street,
Karachi.

109. Islamuddin Rehman & Co.,
B-132, Block-7,
Gulshan-e-Iqbal,
Karachi.

110. Imran & Co.,
25-Ganga Ram Mansion,
Shahrah-e-Quaid-e-Azam,
Lahore.

111. Irtiza Rasool & Co.,
72, J Block, Model Town,
Lahore.

112. Jamal Ahmad & Co.,
227-228, Al-Hayat,
M.A. Jinnah Road,
Karachi.

113. Jawaid, Qadeer, Rashid& Co.,
70, East, 3rd Floor, Blue Area,
A.A. Plaza, P.O. Box No.1234,
Islamabad.

114. Jameel Rehman & Co.,
90 A2, Canal Park,
Gulberg-2,
Lahore-54600.

115. Javed & Co.,
F-2/3, Queecns Centre,
33, Shahrah-e-Fatima Jinnah,
Lahore.

116. Jawaid Anwar & Co.,
Fateh Mansion,
Bank Road,
Rawalpindi.

117. Kanwer Furqan Ali & Co.,
5th Floor, Spotlit Chambers,
Near Daily Jang Building,
Off: I.I. Chundrigar Road,
Karachi.

118. Khairullah & Co.,
704, Muhammadi House,
I.I. Chundrigar Road,
Karachi.

119. Khan H.R. & Co.,
328, Muhammadi House,
3rd Floor,
I.I. Chundrigar Road,
Karachi.

120. Kodvavi & Co.,
25, Ali Bhai Centre,
Shahrah-e-Quaideen,
233-A, Block No. 2,
P.E.C.H.S.'
Karachi-75400.

121. Kaleem & Co.,
Hafeez Chambers,
3rd Floor,
85, Shahrah-e-Quaid-e-Azam,
Lahore.

122. Kamran & Co.,
Apt. 3-B, Ingola Apartments,
24-Jail Road,
Lahore.

123. Khawaja Tanawwur & Co.,
17-Patiala Grounds,
Lahore.

124. M.B. Mana & Co.,
Standard Insurance House,
I.I. Chundrigar Road,
P.O. Box No.4741,
Karachi-2.

125. M.H. Sabir & Co.,
SD-18, Block 'A',
North Nazimabad,
Karachi-33.

126. M.Z. Ali & Co.,
10-A, Writers Chambers,
Mumtaz Hassan Road,
P.O. Box No.6306,
Karachi.

127. Mahmood Akhtar & Co.,
142, Al-Amna Plaza,
Opp: Capri Cinema,
M.A. Jinnah Road,
Karachi.

128. Mahmood Zuberi & Co.,
142, Al-Amna Plaza,
Opp: Capri Cinema,
M.A. Jinnah Road,
Karachi.

129. Minoo N. Bamjee & Co.,
Variawa Building,
I.I. Chundrigar Road,
Karachi.

130. Mir S. Ali Associates,
P.O. Box No.7587,
312, Burhani Chambers,
Abdullah Haroon Road,
Karachi.

131. Muhammad Ismail & Co.,
Beauty House, 1st Floor,
Abdullah Haroon Road Saddar,
Karachi.

132. Moosa & Co.,
23, Memon Masjid Building,
New Neham Road,
Karachi.

133. Mufti & Co.,
46-Farid Chambers,
4th Floor,
Abdullah Haroon Road,
P.O. Box No. 7789,
Karachi.

134. Muhammad Farooq & Co.,
2nd Floor, Dada Chambers,
M.A. Jinnah Road,
Near M.W. Tower,
Karachi.

135. Munaf Yusuf & Co.,
710, Stock Exchange Building,
Karachi-74000.

136. Murad & Co.,
Office No.1006, Trade Centre,
I.I. Chundrigar Road,
Karachi.

137. Mustafa Ahmad & Co.,
1st Floor, PIDC House,
Dr. Ziauddin Ahmad Road,
Karachi.

138. Muzaffar Hasan Hydrie & Co.,
11-D, 4/8, Nazimabad,
Karachi-74500.

139. M. Almas & Co.,
Block No.24, 1st Floor,
Mian Chambers,
3-Temple Road,
Lahore.

140. M.A. Malik & Co.,
15, Roberts Road,
Nila Gumbad,
Lahore.

141. M.A. Tabussum & Co.,
S-8, Ahmed Arcade,
161, Ferozpur Road,
Near Canal Bridge,
Lahore.

142. Muhammad Arif,
44-Masoom Road,
Lahore.

143. Malik & Co.,
Gardee Trust Building,
Thornton Road,
Lahore.

144. Manzoor Hussain Mir & Co.,
Al-Noor Building,
43-Bank Square,
Lahore-6.

145. Masha Allah Khan & Co.,
Insha Allah Khan Building,
Thorton Road,
Lahore.

146. Mian & Co.,
304, Awami Complex,
1-4, Usman Block,
New Garden Town,
Lahore-54600.

147. Muhammad Iqbal, Butt,
96/B-1, Gulberg-III,
Lahore.

148. Mohammad Naeem & Co.,
87-Shahrah-e-Quaid-e-Azam,
Lahore-54000.

149. Muhammad Akram & Co.,
33-Shahrah-e-Quaid-e-Azam,
Off: Mall Mansion,
Lahore-3.

150. M.A. Hadi & Co.,
1st Floor, Zuberi Manzil,
Katchery Road,
Multan.

151. Mahboob Sheikh & Co.,
1st Floor, Habib Bank Building,
LMQ Road,
Multan.

152. N.G. Hashmi & Co.,
10/4, Bank House No.1,
Habib Square,
M.A. Jinnah Road,
Karachi.

153. Nasim Akhtar & Co.,
348, Al-Noor Chambers,
Plaza Square,
M.A. Jinnah Road,
Karachi.

154. Najem Toor & Co.,
Sharif Chambers,
68-Mozang Road,
Lahore.

155. Nazir Choudhry & Co.,
2-Gardee Trust Building,
Napier Road,
Lahore.

156. Panjwani & Co.,
25-A, Second Floor,
Arkay Square,
New Challi,
Karachi.

157. Pir Muhammad & Co.,
2/1, Arkay Square,
Shahrah-e-Liaquat,
P.O. Box No. 6264,
Karachi-74000.

158. Pir S.M. Ilyas & Co.,
Apartment 18, 3rd Floor,
Auriga Complex,
Gulberg-II,
Lahore.

159. Qadeer & Co.,
Room No.9, 2nd Floor,
Taj Arcade,
73, Jail Road,
Lahore.

160. Qamar-ul-Islam & Co.,
39, Farid Kot House Scheme,
Link Farid Kot Road,
Near A.G. Office,
Lahore-54000.

161. R.G. Dossa Associates,
5-A, LaksonSquare Building No.1,
Sarwar Shaheed Road,
Karachi-74200.

162. R.M. Billimoria & Co.,
Nelson Chambers,
I.I. Chundrigar Road,
Karachi.

163. Rafique & Co.,
25-B, 4th Floor,
Textile Plaza,
M.A. Jinnah Road,
Karachi.

164. Rauf Ayoob & Co.,
Room No.20-21-22,
Sindhi Market, 2nd Floor,
M.A. Jinnah Road,
Karachi.

165. Rizwani & Co.,
19-22, Al-Hamra Centre,
D-6, Block 7 & 8,
Shaheed-e-Millat Road,
Karachi.

166. Raja Salim & Co.,
2nd Floor, Taj Plaza,
Kotwali Road,
Faisalabad.

167. Rai & Co.,
2nd Floor, Manzoor Market,
10-Ewing Road,
Nila Gumbad,
Lahore.

168. Rashid & Co.,
2nd Floor, Block-10,
Mian Chambers,
3, Temple Road,
Lahore.

169. Riaz & Co.,
Flat No.7, Huma Black No.1,
Near Allama Iqbal Medical College,
Hostels, Allama Iqbal Town,
Lahore.

170. Rafaqat Babar & Co.,
Green Hotel Building,
Saddar Road,
P.O. Box No. 1384,
Peshawar.

171. S.H. Siddiqui & Co.,
1st Floor, Avenue Centre,
264-Stratchen Road,
P.O. Box No.1023, GPO,
Karachi.

172. Saghir Ahmad & Co.,
Room No.310,
Shams Chambers,
Shahrah-e-Liaquat,
Karachi.

173. Sajjad Sharif & Co.,
37, Rawalpindiwala Building,
Nicol Road,
Karachi.

174. Salman & Co.,
Office No. 8,
G/1, Hamilton Court Complex,
Main Clifton Road,
Karachi.

175. Shahani Associates,
Sarnagati,
Pakistan Chowk,
Karachi-1.

176. Shakir & Co.,
Jubilee Insurance House,
4th Floor,
I.I. Chundrigar Road,
Karachi.

177. Siddiq Munaver & Co.,
7/39, Zamindar Building,
Compbell Street,
Karachi.

178. Syed Mahmud & Co.,
Marvi Building (2nd Floor),
Adj. Lighthouse,
M.A. Jinnah Road,
Karachi.

179. Shah & Co.,
Room No.10, 3rd Floor,
Manzoor Chambers,
Qazi Abdul Qayum Road, Garikhata,
Hyderabad.

180. S.A. Salam & Co.,
1st Floor, Salam Chambers,
22-Link Mcload Road,
Patiala Grounds,
G.P.O. Box No. 354,
Lahore-7.

181. S.B. Khalid & Co.,
6th Floor, Nizam Chambers,
Shahrah-e-Fatima Jinnah,
Lahore.

182. S. Zafar Shah & Co.,
63, Shjahrah-e-Quaid-e-Azam,
Lahore.

183. S.P. Amjad & Co.,
7-8, Naqi Arcade, 2nd Floor,
71, The Shahrah-e-Quaid-e-Azam,
Lahore.

184. Saeed Kamran & Co.,
311-C, Upper mall,
Lahore.

185. Saeed Rana & Co.,
38-3-B, Jail Road,
Lahore.

186. Sarwars,
3-F, Meer House,
25-A, Davis Road,
Lahore.

187. Shamim A. Syed & Co.,
Universal Insurance House,
63-Shahrah-e-Quaid-e-Azam,
Lahore.

188. Sheikh & Co.,
270, Badar Block,
Iqbal Town,
Lahore.

189. Sheikh & Chaudhry,
2-Punj Mahal Road,
Off: Mozang Road,
Lahore.

190. Sher Muhammad Khan & Co.,
9-A (3rd Floor), Imtiaz Plaza,
Shahrah-e-Quaid-e-Azam,
Lahore.

191. Suleman Chaudhry & Co.,
Akram Mansion,
Bank Square,
Lahore-2.

192. Saleem & Co.,
18-D, 6th Road,
Satellite Town,
Rawalpindi.

193. Saeed Kamran & Co.,
1st Kamran & Co.,
Chughtai Plaza,
35, West Blue Area,
Islamabad.

194. Taher Moochhala & Co.,
309, 3rd Floor,
International Auto Parts Market,
Marston Road, Behind Rimpa Plaza,
Karachi-3.

195. Tanzeem & Co.,
5, Al-Amna Plaza,
2nd Floor,
Opp: Capri Cinema,
M.A. Jinnah Road,
Karachi.

196. Tariq Rashid & Co.,
1st Floor, P-14/4,
Allama Iqbal Road,
Faisalabad.

197. Talat Mahmood & Co.,
6-F, Gulberg-2,
Lahore-54666.

198. Tariq Ayub Anwar & Co.,
Nairobi Mansion,
31-Napier Road,
Lahore-7.

199. Tanvir & Co.,
C-12, Block No.8,
Kehkashan Clifton,
Karachi.

200. Tafail Muhammad & Co.,
16, Bank Square,
Post Box No. 1345,
Lahore.

201. Umar Siddiqui & Co.,
330, Muhammadi House,
I.I. Chundrigar Road,
Karachi.

202. Viqar Ahmed & Co.,
253, 2nd Floor, Panorama Centre,
Fatima Jinnah Road,
Karachi.

203. Waqar Ahmed Khan & Co.,
187/1-F, Ground Floor,
Block No.2, P.E.C.H.S.,
Karachi.

204. Yaqoob Ali & Co.,
2/2, Al-Yusuf Chambers,
Shahrah-e-Liauqat,
Karachi.

205. Yaqub & Co.,
2nd Floor, Asad Arcade,
Circular Road No.2,
Near Akkas Studio,
Faisalabad.

206. Z.A. Shaikh & Co.,
259-260, Panorama Centre,
Fatima Jinnah Road,
Karachi.

207. Z. Lakhani & Co.,
241-3-B/2, P.E.C.H.S.,
Shahrah-e-Quaideen (Nursery),
Karachi.

208. Zahoor & Co.,
1, 1st Floor, Rabia Manzil,
KEB-12, Behind S.M. College,
for Arts and Commerce,
Stratchen Road,
Karachi.

209. Zakaria Loya & Co.,
3/17, Al-Yusuf Chambers,
Shahrah-e-Liaquat,
Karachi.

210. Zaman & Co.,
1-Mono Arcade,
B.C.10, Block-9,
Clifton, Kehkashan,
Karachi.

211. Z.A. Mehr & Co.,
Rooms 301-302,
Qadri Chambers,
5-Mcleod Road,
Lahore.

212. Zahid Jamil & Co.,
Room No.47, 3rd Floor,
Sadiq Plaza,
Shahrah-e-Quaid-e-Azam,
Lahore.

26/1995 Please refer to BPRD Circular No.23 dated 30th September, 1995 in terms of which, while lifting credit deposit ratio, banks were advised that henceforth the State Bank would achieve the objective of keeping credit within safe limits through indirect instruments of monetary management. For this purpose it has become imperative to ascertain projected movements in credit level during October - June, 1995-96. Banks are advised to furnish this data month-wise for each month falling during October, 1995-June, 1996 in the format enclosed with this circular by the end of october, 1995. **Credit Deposit Ratio.**

(Enclosure to BPRD Cir:No.26
Dated 12th October, 1995).

MONTH-WISE PROJECTIONS OF OUTSTANDING CREDIT
FOR THE NINE MONTHS ENDING 30TH JUNE, 1996

COMMODITY OPERATIONS	WAPDA, OGDC, NFC, PTV& PTC.	PUBLIC SECTOR	PRIVATE SECTOR
1.	2.	3.	4.

Credit outstanding as on 30-9-1995.

Add (a) projected disbursements during October, 1995

(b) projected interest/ return on advances Deduct

Deduct (c) projected recoveries during october, 1995

(d) Projected write-offs during october, 1995

Projected outstanding as on 31-10-1995.

(27/1995) please refer to BPRD Circular No.4 dated 26th March, 1995.

Rates of Profit Under Trade Related Modes of Financing

It has been decided that the annual rate of return to be derived by a bank/ NBFIs (DFIs, Investment Banks, Modarabas, Leasing Companies etc) in respect of trade related modes of financing shall be within ranges indicated below:-

		Range of Profit	
		Minimum	**Maximum**
(i)	For export under the Export Finance Scheme.	No Minimum	13%
(ii)	For Part-I (Local Sales) of the Scheme for financing locally manufactured machinery.	No Minimum	14%
(iii)	For Part-II (Export Sales) of the Scheme for financing locally manufactured machinery.	No Minimum	13%
(iv)	For other purposes for which no specific instructions have been issued separately.	14%	No Maximum

The above instructions are being issued under the Banking Companies Ordinance, 1962 and shall come into effect immediately.

(28/1995) Please refer to BPRD Circular No.5 dated 26th March, 1995.

Elimination of 'RIBA' from the Banking System - Rate of Profit in the case of Investment Type Modes of Financing

It has been decided that with effect from 29th October, 1995 and until further instructions, the minimum annual rate of profit which banks may keep in view while considering proposals for provision of financing and the maximum annual rate of profit that they may earn on the basis of investment type modes of financing shall be as indicated below:-

		Range of Profit	
		Minimum	**Maximum**
(i)	For export under the Export Finance Scheme.	No Minimum	13%
(ii)	For Part-I (Local Sales) of the Scheme for financing locally manufactured machinery.	No Minimum	14%
(iii)	For Part-II (Export Sales) of the Scheme for financing locally manufactured machinery.	No Minimum	13%
(iv)	For other purposes for which specific instructions have not been issued separately.	14%	No Maximum

The above instructions are being issued under the Banking Companies Ordinance, 1962.

Terms and Conditions for Grant of Financing Facilities by State Bank

29/1995 It has been decided that the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall, with effect from 29th October, 1995 be remunerated by the recipients at a minimum rate of 16.5% on annual basis.

This supersedes BRD Circular No.4 dated 1st March, 1994.

Payment of Return to Depositors

30/1995 It has been observed that some banks inordinately delay payment of return on deposits. This is detrimental to the interest of depositors and also gives rise to speculations.

Boards of Directors and Chief Executives of banks are advised to make arrangements with a view to ensuring that returns on deposits are declared and paid within 20 days of the closing of the half year to which they relate.

Publication of Annual Accounts

31/1995 In terms of Banking Companies Ordinance, banks are required to publish their annual accounts within 3 months of the closing of the accounting year. It has been observed that some banks have consistently not been complying with this requirement. This amounts to denying information to owners, depositors, creditors and others to which they are legally entitled.

Boards of Directors and Chief Executives of banks are hereby advised to make arrangements with a view to ensuring that under no circumstances the publication of their accounts is delayed beyond time frame stipulated above.

Relief Measures to Revive the Textile Sector.

32/1995 The Cabinet in its meeting held on 2nd october, 1995 has approved a proposal for giving relief to the Textile Sector, The propsal approved is reproduced below for your information:-

> "Banks who have extended loans to the spinning and weaving mills may at their own determine the reduced rates of interest or freeze the payable interest to review the project where it is basically viable".

Maintenance of Special Cash Deposit with the State Bank of Pakistan Against time and demand Liabilities.

33/1995 In exercise of the powers vested in the State Bank of Pakistan under the Banking Companies Ordinance, 1962 all commercial banks are directed to maintain at all times with the State Bank a Special Deposit equivalent to 3.50% of their total time and demand liabilities in Pakistan excluding those on account of foreign currency deposits till further orders. The requirement has to be met latest by 19th December, 1995. These special cash deposits shall be remunerated by the State Bank of Pakistan at the maximum rate of 9.20% on annual basis out of the profits earned by the State Bank of Pakistan. The Special Cash Deposit will be in addition to the cash reserve of 5 per cent maintained by banks under Section 36(1) of State Bank of Pakistan Act, 1956.

Default in maintaining the prescribed amount of Special Cash Deposit with the State Bank shall render the bank liable to pay fine at the rates as are applicabale in the case of breach of cash reserve to be kept with the State Bank.

Schedule of Charges - Foreign/ Local Currency Accounts

34/1995 It has been brought to the State Bank's notice that some of the banks have adopted a practice of debiting the customers' deposit accounts-both local or foreign currency in case the balances therein fall below a certain minimum.

Banks are advised that unless and until the depositor has agreed in writing to the payment of such charges, and the rate of charge has been declared in the Schedule of Charges required to be printed on half-yearly basis, no such recoveries shall be made from such accounts.

Terms and Conditions for Grant of Financing Facilities by State Bank.

35/1995 It has been decided that the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall, with immediate effect be remunerated by the recipients at a minimum rate of 17% on annual basis.

This supersedes BPRD Circular No.29 dated 29th October, 1995.

Maintenance of Special Cash Deposit with the State Bank of Pakistan against Time and Demand Liabilities.

36/1995 In terms of BPRD Circular No.33 dated 11th December, 1995 banks were mandated to make a special deposit equivalent to 3.5% of their time and demand liabilities in Pakistan excluding those on account of foreign currency deposits. This amount was neither counted towards cash reserve nor liquidity of the concerned bank and carried a remuneration of 9.20% p.a.

With a view to enabling banks to earn current market rate of profit being offered in the Open Market Operations of the State Bank of Pakistan, it has been decided to give an option to the banks to enter into any of the following types of Repo transactions in the market related six months Treasury Bills with State Bank of Pakistan:-

(a) Three months Repo at annual yield of 12.60%

(b) Five months Repo at annual yield of 12.70%

Interested banks may contact Director, Securities Department for entering into Repo transactions during December 21st-December 26th, 1995. The Treasury Bills so sold will not count towards Liquidity or Cash Reserve.

Panel of Auditors - Section 35(1) of Banking Companies Ordinance, 1962.

37/1995 Please refer to BPRD Circular No.25 dated the 10th October, 1995 under cover of which a panel of auditors maintained under Section 35(1) of the Banking Companies Ordinance, 1962 was last circulated.

It has since been decided to include the names of the under-noted firms in the above panel of auditors for the purpose of audit of Institution/DFIs as indicated against item No.(4) of the Circular referred to above.

(1) M/s. Tariq & Co.,
Chartered Accountants,
4/N/4, Block No.6,
PECHS Society,
Karachi.

2. M/s. Saleem Ahsan & Co.,
   Chartered Accountants,
   Saleemi Chamber,
   Ground Floor,
   Syed Moaj Darya Road (Edward Road),
   Lahore.

3. M/s. Syed Ahmed & Co.,
   Chartered Accountants,
   Rustamjee Lane,
   Off: Jinnah Road,
   Quetta.

1/1996 Further to our Circular No.37 dated the 27th December, 1995 it has since been decided to include the name of the under-noted firm in the panel of auditors circulated vide BPRD Circular No.25 dated the 10th October, 1995, for the purpose of audit of Institutions/DFIs as indicated against item NO.(4) of the Circular.

Panel of Auditors-Section 35(1) of Banking Companies Ordinance, 1962

M/s. Mansha Mohsin Dossani Khan & Co., Chartered Accountants, 8-D-11, Model Town Lahore.

2/1996 It has come to the notice of State Bank of Pakistan that some traders/exporters have been found indulging in hoarding etc. of rice. Banks are advised that they should cancel limits for such traders/exporters whose stocks are showing no movement and they should also obtain data on movement of rice from those traders/exporters whose limits are not cancelled.

Advances to Private Exporters for Procurement of Rice

3/1996 It is notified for information that the Industrial Credit Department has since been merged with the Banking Policy and Regulation Department with immediate effect and henceforth shall function as Industrial Credit Division headed by Joint Director under the charge of the Director, Banking Policy and Regulation Department. As a consequence thereof, all correspondence intended for the former Industrial Credit Department may now be addressed to the Director, (Industrial Credit Division), Banking Policy & Regulation Department, State Bank of Pakistan, Central Directorate Karachi.

Re-Merger of the Industrial Credit Department with Banking Policy & Regulation Department.

4/1996 At the time of abolition of credit deposit ratio and movement towards market based credit management, as well as in several subsequent meetings with banks, the State Bank had explained the role and responsibility of banks for a successful transition to market based monetary management without undermining financial discipline. It is regrettable that inspite of the available safe, liquid and profitable investment outlet through open market operations, several banks have chosen to defy the State Bank guidelines and have not participated in open market operations. They have instead chosen to expand credit beyond safe limits to their favourite clients even when aware of high risks of loan defaults. Some of them have expanded credit while not even meeting the statutory requirements with regard to cash reserves and liquid assets.

Credit Discipline

As some of the banks have not acted in a responsible and rational manner, the State Bank has today issued specific directives to them to meet cash and liquidity requirements on a regular basis and adhere to the guidelines on credit expansion given to them.

In the above context, all banks are hereby directed to meet at all times the cash and liquid assets requirements and also to adhere to the credit expansion guidelines given to them by the State Bank of Pakistan.

Failure to act on this directive will attract a prompt and decisive action against the defaulting banks as has been done today in the case of some of them.

This circular has been issued in exercise of the powers vested in the State Bank under the Banking Companies Ordinance, 1962.

5/1996 During recent inspection of the banks it has been observed that the instructions/directives issued by the State Bank from time to time are not complied with meticulously by some banks. Not in frequently banks are found

Violation of Prudential Reg. and other directives

violating instructions/guidelines contained in Prudential Regulations. The State Bank has taken a serious view of the casual response to the State Bank instructions.

2. Banks are, therefore, advised to take suitable measures to rectify the irregularities committed by them as pointed out by the Inspection Teams in the inspection reports and avoid recurrence of such lapses in future. Disciplinary action against those who deviated from the SBP directives/rules and terms of sanction of the bank should be taken under advice to State Bank of Pakistan.

3. Banks are also advised to make sure that the contents of State Bank Prudential Regulations and other directives are well understood by the concerned staff/officers to be able to comply with the some in letter and spirit.

Bank Charges

6
1996
Please refer to BCD Circular No.7 dated the 28th March,1984 on the captioned subject in terms of which banks have been made free to fix their rate(s) of charges except the rate applicable to home remittances.

The matter has been reconsidered in the State Bank of Pakistan and in exercise of the powers conferred on it under the Banking Companies Ordinance, 1962 the banks are directed to follow the following ranges for rates of charges relating to Exports with effect from 12th February,1996:-

Sr. No.	Exports	Minimum	maximum
1.	Processing charges for Export Registration	Rs 150/-	Rs.200/-
2.	<u>Letters of Credit</u>		
	(a) Advising	250	350
	(b) Amendment Advising	200	250
	(c) Negotiation of Rupee Bills under Export L/Cs	200	0.25%
	(d) Confirmation	250	0.25% per quarter or part thereof
	(e) Transfer of Export L/Cs.	250	350
	(f) Reimbursement payment to other Local banks from non Resident Rupee Account.	250	350
3.	If the documents are sent to other banks for negotiation under restricted L/Cs.	Rs.250/-	Rs.350/-
4.	Collections		
	I. Clean	Rs.75/-	Rs.100/-
	II. Documentary (on which banks do not earn any exchange difference)	Rs.150/-	Rs.200/-

5. Handling of Duty Draw Back Claims.	To be notified later on	To be notified later on
6. Service charges against export documents sent on collection basis where payment cover is already received in bank" Foreign Currency Account	Paisa 10 per Rs.100/- or Re.1/- per mille.	Paisa 13 per Rs.100/- or Rs.1.30 per mille.

The banks are further advised not to recover any charges other than those mentioned above in respect of export business.

Other instructions on the subject remain unchanged. Prudential Regulations No. X stands amended accordingly.

Export Finance Scheme.

7
1996

Please refer to the captioned Scheme circulated vide BCD Circular NO.29 dated the 11th October. 1977 read with subsequent amendments made from time to time.

It has been decided to make the following amendments in the Export Finance Scheme:-

(1) Export Finance under Part-I of the Scheme shall be available for a period of 180 days instead of 150 days for 1995-96 and 1996-97 in respect of :-

I. Hand Knotted Carpets and Rugs.

II. Garments made of cotton excluding cloth, Towels, Bed sheets etc. (Garments made from fabric which contain a mixture of two or more textile materials are to be classified, as made of cotton if cotton components is more than 50% by weight).

III. Leather manufactures excluding finished/tanned leather.

IV. Engineering and Electronic goods.

V. Cutlery; and

VI. Sports goods.

1 The required level of performance in respect of the above categories under Part-II of the Scheme has also been reduced from 2.4 times to 2.0 times for 1995-96 and 1996-97.

2 The Export Finance Limit to the exporters of the above sectors under Part-II of the Scheme has also been enhanced from 5/12 to 1/2 time for 1995-96 and 1996-97.

In addition to above the following relaxations have also been granted with immediate effect:-

(a) The rate of fine of Rs.110/- per Rs 1,000/ - or part thereof on account of non-shipment or short shipment under Part-I of the Scheme has been reduced to Rs. 100/- per Rs.1000/- or part thereof.

(b) The rate of fine of Paisa 60 per day for Rs. 1000/- or part thereof on account of delay in shipment under Part-I of the Scheme has been reduced to Paisa 50 per day per Rs. 1000/- or part thereof.

(c) In case an exporter who has obtained refinance under Part-II of the Scheme fails to match his borrowings by his export performance, he shall be subjected to a fine of Paisa 50 per Rs. 1000/- or part thereof., of the short fall in the total daily product of exports undertaken by him instead of Paisa 60 per Rs. 1000/- or part thereof as at present.

X 1996 The State Bank remains deeply concerned about imprudent lending, amounting loan defaults and excessive administrative costs of the Nationalised Commercial Banks and Development Finance Institutions. With a view to intensifying its efforts to effect improvement in these areas, the State Bank has decided to take several new initiatives. Top priority is being given to controlling administrative cost. For this purpose the Nationalized banks and Development Finance Institutions are directed to provide information covering some of the areas of administrative costs mentioned in the attachment.

1 All the information should be sent to the State Bank not later than March 8,1996. Failure to provide the information by the above deadline or supply of inaccurate information would invoke the relevant provisions of the Banking Ordinance, 1962.

2. This circular has been issued under the powers vested in the State Bank of Pakistan by the Banking Companies Ordinance, 1962.

ANNEXURE-J

OFFICE WISE DISTRIBUTION OF VEHICLES IN USE IN THE RECORD OF YOUR BANKS/INSTITUTIONS

1. Number of vehicles in the use of the bank/institution as on 31-12-1995

   (a) Owned
   (b) Leased
   (c) Total

2. No. of Cars in Personal use of Officers as per their entitlement

3. No. of Residual cars and their use.

   (a) Staff
   (b) Protocol
   (c) Other specify the use.

4. NO. of drivers in the bank/institution in relation to cars

5. Average expenditure per car including maintenance insurance petrol etc.

6. Average expenditure per driver

   Salary
   Overtime

7. Of the total vehicle distribution in the following categories.

Cars	Jeeps	Vans	Ambulance	Other Vehicle

8. In the case of cars please give the following distribution

	800 CC	______________
Between	1000CC & 1300CC	______________
Above	1300CC	______________

Note :

1. Information relating to foreign branches should also be supplied separately.

2. Vehicles in the use of circles and Head Office be indicated separately also.

Annexure -II

CITY WISE LIST OF REST HOUSES, GUEST HOUSES, APPARTMENTS, RELATED OR ANNEXED, BY YOUR BANK/INSTITUTION.

IN FOREIGN COUNTRIES

1. Name of the country
2. Name of the City
3. Address of the property
4. Area of the property
5. Covered Area of the property.
6. Average monthly maintenance expenditure in the latest 12 months including insurance, repairs, furniture, servants, taxes, utility bills etc.
7. Purchase price or monthly rental of the property
8. Estimated current market price of the owned property

Note: Information relating to item 7 & 8 may be supplied subsequently if not readily available.

Annexure -III

CITY WISE LIST OF REST HOUSES, GUEST HOUSES, APPARTMENTS, RENTED OR OWNED, BY YOUR BANK/INSTITUTION.

IN PAKISTAN

1. Name of the city
2. Address of the property
3. Area of the property
4. Covered area of the property
5. Average monthly maintenance expenditure in the latest 12 months including insurance, repairs, furniture, servants, taxes, utility bills etc.
6. Purchase price or monthly rental of the property
7. Estimated current market price of the owned property

Notes: Information relating to item 6 & 7 may be supplied subsequently if not readily available.

Annexure -IV

DOMESTIC TRIPS OF THE CHIEF EXECUTIVE DURING THE CALENDER YEAR 1994 & 1995

	1994	1995
Number of Trips		
Number of days spent outstation		
Number of cities visited		
Average expenditure on each trip excluding tickets.		

Annexure -V

TRIPS ABROAD OF CHIEF EXECUTIVE FOR THE CALENDAR YEARS 1994 & 1995

	1994	1995
Number of Trips		
Number of days spent outstation		
Number of cities visited		
Average expenditure on each trip excluding tickets.		

Annexure - VI

MEMBERSHIPS OF CLUBS DURING 1994 & 1995 SEPARATELY

	1994	1995
1. Number of officers who hold memberships at the expense of the bank/institution		
2. Average cost per membership		
3. Average monthly bill per member per club including entertainment expenditure.		

Annexure -VII

DONATIONS AND CONTRIBUTIONS FOR CHARITABLE AND OTHER PURPOSE.

	1994	1995
Total amount of donation/contribution		
No of donese.		
Donation per party.		

Note: Only donation / contributions of Rs 100,000 and above per party, including gifts of that value or above, be mentioned.

9/1996 Please refer to BPRD Circular No.36 dated the 11th December, 1995 in terms of which banks were given an option to enter into Repo transactions in the market related six months Treasury Bills with State Bank of Pakistan.

It has now been decided that the banks may get their holdings of MRTBs issued on account of maturities of 3.5% Special Deposits rolled-over at the following rates:-

- 3-months Repo at an annual yield of 12.60 per cent;

- 5-months Repo/Outright purchase at the last weighted average auction yield of Six Months Treasury Bills (i.e. 12.8103 per cent per annum).

The concerned banks may contact Director, Securities Department for entering into Repo transactions during March 21, March 26, 1996. The Treasury Bills so rolled over will not count towards Liquidity or Cash Reserve.

Export Finance Scheme-Finance for Export of Gold Jewellery.

10/1996 Please refer to the captioned Scheme circulated vide our Circular NO.29 dated the 11.10.1977 and amendments made thereto from time to time.

It has been decided to extend the facility of finance as available under the Export Finance Scheme for export of gold Jewellery embedded with or without precious/semi-precious stones on self consignment basis provided the same is against firm contract/order subject to the condition that such exports have the prior approval of Foreign Exchange Department as laid down in Para 3(II)-"B" of F.E. Circular No.89 dated the 26th September, 1990. Provision of finance and monitoring of the performance would be as under :-

(i) The Bank may provide finance under Part-I of the Scheme to the exporters for export of gold jewellery embedded with or without precious/semi-precious stones on case by case basis against Firm Export

Order/L.C. and may claim refinance from the Offices of State Bank against submission of the prescribed documents.

(ii) The date of shipment will be the date on which shipment is allowed by the customs.

(iii) The exporters will be required to repatriate proceeds into Pakistan by importing gold and remitting remaining value on account of gems and making charges through banking channel in accordance with permission given by the F.E.D the exporters will also be required to appropriate the proceeds immediately towards the export finance allowed by the bank. For this purpose the date of realization given in the PRC and the date of import of gold as per Bill of Entry and Custom's receipt of gold will be taken into account. As prescribed under the Scheme the bank will be required to pass on the amount repaid by the exporters/received against the relevant contract to the State Bank within three working days of its receipt.

(iv) As provided under the scheme, the Exporters/Bank will submit to concerned State Bank Office shipping documents of export performance against finance availed under the Scheme. The shipping documents will consist of (I) copy of duplicate E-Form duly certified/authenticated by Bank/Customs authorities containing requisite details of shipment, (ii) copy of invoice duly attested/authenticated by Bank/Customs, (iii) copy of shipping bill (in lieu of Airway bill) containing details of gold jewellery, exporters particulars, consignee's name, the name of the person carrying the consignment alongwith his Passport No. duly authenticated by the Customs. The authentication should also explicitly indicate that all the Customs formalities have been completed and that shipment allowed (iv) copies of bill of entry and receipt of gold by Customs duly authenticated by the bank, (v) copy of FED's approval and (vi) attested copy of EPRC.

All other terms and conditions of the Scheme will remain unchanged and fines as prescribed under the Scheme for non-shipment, delayed shipment, short shipment and delayed repayment etc. shall be charged/recovered as per provisions of the Scheme.

Deposits of Funds Belonging to Autonomous/Semi-Autonomous Bodies/Corporations/Organizations of Federal and Provincial Governments.

11/1996 In terms of BPRD Circular letter No. BPRD (s)4/254-00-94 dated the 14th June, 1994, all scheduled banks furnish monthly statement on the captioned subject.

2. With a view to reducing reporting burden and to streamline the system of data collection, it has been decided to collect the above information through electronic media i.e. floppy diskette from the month of April, 1996 onwards as per existing schedule for submitting the statement.

3. For the sake of uniformity, a data collection system has been developed and a copy of the system diskette is being supplied to the head offices of all

scheduled banks alongwith complete system description.

4. The diskette alongwith hard copy will be prepared by the Head Office on the Computer. The first diskette will relate to the statement for the month of April,1996 and should reach the Statistics Department of the State Bank of Pakistan on due date i.e. 15th of May, 1996.

5. Other instructions on the subject will remain unchanged.

In case of any difficulty/query, please contact the Director, Statistics Department, State Bank of Pakistan, Central Directorate, Karachi (Phone # 2411094).

Selective Credit Control

12/1996 Banks are directed that with effect from 13th May, 1996 no advances are allowed against the security of onions. Advances already made may be recalled.

Export Finance Scheme.

13/1996 Please refer to our Circular No. BPRD 7 dated the 13th February, 1996 on the above subject.

2. It has been decided that export finance facility for 180 days shall also be admissible for Towels, Bedwear, Hosiery and Knitwear items for the years 1995-96 and 1996-97. All types of Synthetic and Art Silk printed/dyed cloth and garments will also be eligible for export finance for 180 days instead of 150 days for the years 1995-96 and 1996-97. Accordingly para 2(1)(ii) of our Circular referred to above may be amended to read as under :-

(ii) a) Cotton Garments, Towels, Bedwear, Hosiery and knitwear. For the purpose of export finance for 180 days, knitwear/Hosiery items may be treated as part of garments whether knitted, crocheted or woven.

b) All types of synthetic and Art Silk printed/dyed cloth and garments.

3. Other instructions contained in the above circular remain unchanged.

Export Finance Scheme.

14/1996 Please refer to our Circular No.09 dated the 29th October, 1991 and the list of commodities not eligible for concessionary export finance annexed therewith.

2. It has now been decided that export finance facility for 150 days shall also be admissible for export of IRRI Rice. Accordingly item 3 of para 3 of our Circular NO.05 dated the 1st August, 1995 may be amended to read as under :-

Sr. No.	Commodity	Harmonised Code Main Harmonised Code ITC	Remarks
3.	All Grains including Grain Flour	10.06	(Excluding packeted Basmati and IRRI Rice with Brand named)."

3. Other instructions contained in the above Circulars remain unchanged.

15/1996 In continuation of our BPRD Circular No.6 dated the 11th February, 1996 banks are directed to follow the following range for rates of charges in respect of "Handling of Duty Draw Back Claims":- **Bank Charges**

Minimum	Maximum
Rs.250/- per claim	@0.25% per claim

16/1996 Please refer to BPRD Circular No.9 dated the 11th March, 1996 in terms of which banks were given an option to roll over their holdings of MRTBs issued on account of 3.5% Special Deposits at the rates mentioned therein. Banks may now get their holdings in MRTBs further rolled-over at the following rates :-

-- 3-months Repo at an annual yield of 12.70 per cent.

– 5-months Repo/outright purchase at the last weighted average auction yield of Six months Treasury Bills (i.e. 12.9095 per cent per annum).

2. The concerned banks may contact Director Securities Department for the requisite roll-over of their MRTBs holdings on the date they are falling due for repayment during 21st May, 1996 till end June, 1996. The Treasury Bills so rolled over will not count towards Liquidity or Cash Reserve.

17/1996 Please refer to BCD Circualr No.07 dated the 18th April, 1989 read with BCD Circular No.19 dated the 11th Augsut, 1990 on the captioned subject. **Longer Term Trade Financing Scheme of Islamic Development Bank**

2. With a view to promote the utilization of Longer Term Trade Financing Scheme for the promotion of exports of Member Countries the Board of Executive Directors of the Islamic Developoment Bank has taken following decision relating to the Longer Term Trade Financing (LTTF) Scheme at their meeting held in Shawwal 1416 H(March, 1996).

> "Firstly, it was decided that the authority of the President, IDB to approve operations be increased from Islamic Dinar 2 million to US$ 5 million. Secondly, it was decided that for operations of a value of upto Islamic Dinar 3 million, the IDB may provide financing at upto 100 per cent of the operation instead of the previous limit of 80 per cent. For operations of a total value in excess of Islamic Dinar 3 million the previous limit of financing under LTTF of upto 80 per cent of the value of the operation will continue."

18/1996 Please refer to BPRD Circular No.1 dated the 10th January, 1996. In view of the increase in the strength of following firms on the basis of partners/ Chartered Accountants engaged as confirmed by ICAP it has been decided to upgrade/include their names in the Panel of auditors circulated vide BPRD Circular No. 25 dated the 10th October, 1995 for the purpose of audit of Institutions/DFIs as indicated against each:- **Panel Of Auditors-Section 35(1) of the Banking Companies Ordinance, 1962.**

I. **UPGRADATION**

(a) M/s. Ibrahim Sheikh and Co., has been upgraded from category No.(3) to category No.(2) to conduct audit of NDFC, PICIC.ADBP, IDBP and HBFC.

(b) M/s. Saeed Kamran Patel and Co; has been upgraded from category No.(4) to category No.(2) to conduct audit of NDFC, PICIC.ADBP. IDBP and HBFC

(c) M/s.Ibrahim & Co. has been upgraded from category No.(2) to category No.(1) to conduct audit of Allied Bank of Pakistan Limited, Habib Bank Limited, United Bank Limited, Muslim Commercial Bank Ltd; and National Bank of Pakistan.

(d) M/s. Hyder Bhimji & Co., has been upgraded from category (3) to category No. (2) to conduct audit of NDFC, PICIC.ADBP, IDBP and HBFC

(e) M/s.Tahir Moochala & Co., has been upgraded from category No.(4) to category No.(3) to conduct audit of other Commercial Banks, Investment Banks and other DFIs.

II **ENLISTMENT**

(a) Umer Siddiqui Majeed and Co. has been enlisted in the panel under category No.(3) to conduct audit of other Commercial Banks, Investment Banks and other DFIs.

(b) Tanzeem Razzaq & Co., has been enlisted in the panel under category No.(3) to conduct audit of other Commercial Banks, Investment Banks and other DFIs.

M/s. Muhammed Saleem & Co., has been enlisted in the panel under category No.(4) to conduct audit of other financial institutions including Leasing Companies, Modarabas, Housing Finance Companies and Discount Houses.

Maintenance of Special Cash Deposit With the State Bank of Pakistan Against Time and Demand Liabilities.

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Please refer to BPRD Circular No.33 dated the 11th December, 1995 as also BPRD Circular No. 36 dated the 20th December, 1995 on the captioned subject.

2. It has been decided to dispense with the requirement of maintenance of Special Cash Deposit equivalent to 3.5% of time and demand liabilities in Pakistan with effect from 1st July, 1996.

3. The Repo/Outright contracts entered into by banks for conversion of their sepcial Cash Deposits into Market related Treasury Bills and rolled-over in

terms of BPRD Circular No.9 dated the 11th March, 1996 and No.16 dated the 20th May, 1996 shall, however, remain valid till their maturity.

Elimination of Riba From the Banking System/Determination of Profit on Current Account.

20/1996 Please refer to Para 1(V) of BCD Circular No.13 dated the 20th June, 1984.

It has now been decided that henceforth banks will be free to remunerate deposits received in current account. A weightage of 0.50 may be given to this category of deposits.

Para 2 of BCD Circular No.34 dated the 26th November, 1984 stands amended accordingly.

Export Finance Scheme.

21/1996 Please refer to ICD Circular No.09 dated the 29th October, 1991 and the list of commodities not eligible for concessionary export finance annexed therewith.

It has been decided to provide concessionary finance under the Export Finance Scheme for Blister Copper, Magnesite and Chrome concentrates in the processed form.

You are, therefore, advised to please make the following remarks against Harmonised Code Nos. of the list of ineligible commodities:-

Sr. No.	Commodity	Harmonised Code Main Harmonised Code ITC	Remarks
1.	All Metals	26.02	Excl: Magnesite in the processed form.
		26.10	Excluding Chrome concentrates in the processed form.
		26.03 74.01	Excluding Blister Copper

Export Finance Scheme.

22/1996 Please refer to BPRD Circular No.7 and 13 dated the 13th February and 19th May, 1996 read with BPRD Circular letter No.14/936(Q)/96 dated the 11th July, 1996 on the captioned subject.

It has been decided that export finance facility shall also be admissible for 180 days instead of 150 days for Cloth Made Ups, Medical & Surgical instruments, Handicrafts including onex/marble products, Spices, Fish and Fish preparations as also Tobacco/Cigarettes for the years 1995-96 and 1996-97. Accordingly, following amendments may be incorporated in para – 2(1) of our Circular No.7 dated the 13th February, 1996 :-

ii) c. All types of cloth made ups.
vii) Medical & Surgical instruments.

viii) Handicrafts including onex/marble products.
ix) Spices.
x) Fish & Fish preparations, and
xi) Tobacco/Cigarettes.

Other instructions issued from time to time on the subject shall remain unchanged.

Export Finance Scheme.

23/1996 Please refer to the revised scale of fines circulated vide our BPRD Circular No.7 dated the 13th February, 1996 on the captioned subject.

It has now been decided that w.e.f. the date of issue of this Circular the scale of fines applicable on exporters who fail to honour their commitments under Export Finance Scheme shall be as follows :

i. The rate of fine on account of non-shipment/short shipment/delayed shipment under Part-I of the Scheme shall be Paisa 28 per Rs. 1000 or part thereof per day.

ii. In case an exporter who has obtained refinance under Part-II of the Scheme fails to match his borrowings by prescribed export performance he shall be subjected to a fine of paisa 28 per day per thousand or part thereof for the shortfall in the total daily product of exports undertaken by him.

Export Finance Scheme.

21/1996 Please refer to ICD Circular No.09 dated the 29th October, 1991 and the list of commodities not eligible for concessionary export finance annexed therewith.

1. In this connection we draw your attention to our Circular No.5 dated the 1st August, 1995 wherein the facility of concessionary export credit under the Export Finance Scheme was extended to "Animal Casings". It has now been decided that for the purpose of aforesaid facility the item Animal Casing shall also include "Fatends".

2. Banks are, therefore, advised to make the following remarks against Harmonised Code Nos. of the list of ineligible commodities:-

Sr. No.	Harmonised Code Main Harmonised Code ITC	Remarks
Crude Animal Material	05.04	Excluding Animal Casings and Fatends.

Prudential Regulation XIX-Half Yearly Data on Financing Facilities Under Automated Performance Appraisal System (APAS)

25/1996 It has been decided that effective from 1st July, 1996, particulars/information regarding financing facilities, both fund-based as well as non-fund based, involving a sum of one million rupees or above shall be recorded at the APAS Unit Computer Services Department, State Bank of Pakistan;

2. Accordingly, each bank and development finance institution is directed:

   (i) That it shall report to the State Bank particulars of any financing facility that it has extended as per the prescribed Returns, on half-yearly basis as at the close of 30th June and 31st December each year.

   (ii) That the information to be provided as per the prescribed Returns shall also include facilities granted in foreign currency equivalent of Pak Rs One million and above at the foreign branches (including branches in EPZ) of banks incorporated in Pakistan, as well as such facilities granted to Pakistani residents by foreign banks operating in Pakistan at any of their banks' branches abroad.

3. The formats of the prescribed Returns (to be called Data Input Returns) together with explanatory Notes, institutions' codes and Files Lay out are annexed herewith. The half-yearly Data Input Returns must reach the State Bank within 21 days of the close of the Half Year to which the Returns relate. However, the maximum period prescribed for the Returns for the Half Year ended 30th June, 1996 covering data for the year 1st July,1995 to 30th June, 1996, is 60 days from the date of issue of this Circular.

4. Data is required to be supplied on computer diskettes. Records lay out and data capture software may be obtained from APAS Unit of the Computer Services Department of the State Bank.

5. Each bank and development finance institution shall intimate to the Director, BPRD, the names of two senior executives who will be responsible for the correctness and authenticity of the data to be supplied on diskettes. Further, each bank shall, within seven days of the issue of this circular, intimate the name of the officer (together with his phone and fax number) who will serve as a "Contact Point" for the purpose of the System. The "Contact Point" shall be the only authorised person to deal with the State Bank on matters relating to the system.

6. Now, therefore, by virtue of the powers conferred upon State Bank under Section 41 of the Banking Companies Ordinance, 1962, all banks and development finance institutions are directed to furnish the State Bank of Pakistan (APAS Unit) with the information/data as per the Half-Yearly Return prescribed under this Circular and ensure that the required Returns positively reach the Director, Banking Policy & Regulations, Department, State Bank (APAS Unit) within 30 days of the close of the Half-year concerned. Failure to provide the required information in the format and the manner described hereinabove shall render the concerned officials liable to penalties or such other punitive action as

considered appropriate by the State Bank of Pakistan under the provisions of the Banking Companies Ordinance, 1962.

Bank Charges

26/1996 We invite your attention to the BPRD Circular No.6 dated the 11th February, 1996 on the captioned subject.

2. It has been brought to our notice that some banks are recovering additional charges from exporters without notifying the same in the Schedule of Charges in violation/contravention of the State Bank's instructions as contained in our Circular referred to above.

3. Banks are, therefore, directed to desist from levying charges from the exporters for purposes and at rates other than those notified in the Schedule of charges and prescribed in the aforesaid Circular. Their failure to comply with the same would attract penal provisions of the Banking Companies Ordinance, 1962.

Advances to Sugar Mills Against Sugar Stocks.

27/1996 With a view to improving availability of sugar at reasonable prices it has been decided that banks should get all advances allowed to Sugar Mills against sugar stocks adjusted quickly. You are directed to implement the decision and apprise us about the progress made in this behalf by 20th August, 1996.

Contributions and Donations for Charitable, Social, Educational and Public Welfare Purposes – Prudential Regulation-XX.

28/1996 In terms of Section 41 of the Banking Companies Ordinance, 1962, all banks and Development Finance Institutions are directed to strictly observe the following rules in the matter of making any donations/contributions for charitable, social, educational or public welfare purposes:

i. Only those banks which meet provisioning and capital adequacy requirements prescribed by the State Bank and pay positive rates of returns to their depositors can make donations:

ii. Every donation or contribution to be made must carry the prior approval of the Board of Directors.

iii. A donation and contribution shall be permissible only by way of appropriation from the net distributable profit of the banks/DFIs.

2. Each bank and DFI shall furnish the State Bank with statement as of 31st December, indicating the names of persons and the amount of donation/contribution made to each out of the distributable profits of the preceding financial year, within 30 days of the close of the financial year.

3. Any violation or circumvention of this Regulation will render the bank/DFI concerned as also officials responsible for such violation or circumvention liable to penalties under the provisions of the Banking Companies Ordinance, 1962.

4. The Regulation comes into force with immediate effect and supersedes all instructions earlier issued on the subject.

29/1996 Banks are directed to obtain prior clearance in writing from NBFIs Regulation & Supervision Department before granting financing facilities (whether fund-based or non-fund based) to modarabas.

Financing Facilities to Modarabas.

The directions come into force with immediate effect.

30/1996 Please refer to ICD Circular No.04 dated the 4th July,1995 on the captioned subject.

Export Finance Scheme.

2. It has been decided to provide the similar relief to the exports of "Surgical and Medical Instrument" as allowed to the items listed in Para – 2 of our aforesaid Circular.

3. Requests for refund of fine in respect of the aforesaid item may be lodged by the affected exporters through their concerned banks with the offices of the State Bank on the Performa annexed with our aforesaid Circular.

31/1996 With a view to streamlining the procedure regarding grant of refinance, recovery and refund of fine(s) where applicable, under the provisions of the Export Finance Scheme, existing procedure has since been modified and is given as under for meticulous compliance by Banks/Exporters as well as Offices of the State Bank of Pakistan.

Export Finance Scheme.

2. MODIFIED PROCEDURE FOR DISPOSAL OF CASES UNDER EXPORT FINANCE SCHEME.

A. GRANT OF EXPORT CREDIT BY SBP.

The SBP Offices shall ensure that the requests received from banks complete in all respects for provision of export credit under the Scheme are processed/finalized within 48 hours from the receipt of the same. In case the request is not covered under the Scheme or contains discrepancies/flaws the same shall also be apprised to the banks within the same time frame.

B. REPAYMENT OF EXPORT CREDIT BY BANK.

The banks shall be liable to liquidate the refinance obtained from SBP on the first working day following the expiry of 150 or 180 days as the case may be under Part-I of the Scheme. Failure on this count shall result in the recovery/ adjustment of the loan amount by debit to the accounts of the concerned bank by the office of the State Bank of Pakistan from where the refinance was availed. However, the Office shall invariably advise as at present the due date of repayment to the bank at the time of granting loan.

In case the amount/part amount of loan is realised against the Firm Order/ LC against which export credit was availed before the expiry of the prescribed time, the same shall require to be appropriated towards adjustment of refinance loan and refunded to the SBP by the concerned bank within 3 working days from the date of realisation of the proceeds by the Principal Office of the concerned bank in Pakistan. The time frame shall be observed by the banks without any let and their failure shall attract fine (not to be passed on to the Exporters) @ paisa 60 per day per thouand or part thereof.

C. RECOVERY OF THE FINE FOR NON/DELAYED SHIPMENT.

The exporters shall be liable to pay fine for non/delayed shipment and late submission of shipping documents, in case they fail to submit, through their banker, shipping documents to the concerned Office of the State Bank of Pakistan within 21 working days from the date of actual shipment, which in the case of fragmented shipments would be the date of the last consignment shipped under the same L.C./Order. The Office of the State Bank will continue to recover fine for non shipment after expiry of the prescribed period as usual.

D. TIME FRAME FOR DISPOSAL OF CASES, RELATING TO REFINANCE FACILITIES UNDER EXPORT FINANCE SCHEME PART-I.

Where shipping documents are submitted by the bank/exporters within the prescribed period of 21 working days, the office of the State Bank shall invariably scrutinize the same within a maximum period of 10 working days from submission of the aforesaid documents by banks. In case of irregularities found in the shipping documents, the same shall be pointed out to the bank as well as concerned exporter simultaneously asking them to submit their reply/justification to such irregularities within a period of 15 days. On receipt of the explanation the checking of the case shall be completed and recorded within a further period of ten days. Non receipt of clarifications from bank/exporter within 15 days shall disentitle them for refund of fine that may be charged.

3. The State Bank has further decided to designate a Complaint Officer at Central Directorate who would receive written or oral complaints of exporters for delay/improper recovery of fine by SBP Offices and to attend to them promptly. The exporters may lodge their complaints in this regard to the complaint officer for redressal of their genuine grievance under the provisions of the scheme. The complaint officer so designated is Mr. Ishtiaq Ali, Regulating Officer at Phone No.2422216, 2413050-59 Ext. 578.

4. The above instructions shall come into force with immediate effect. All other terms and conditions of the Scheme shall remain unchanged.

Export Finance Scheme

32/1996 With a view to redressing the grievances of the exporters relating to imposition/recovery of penalties under the Export Finance Scheme it has been decided to put in place a mechanism for objective and expeditious review. The mechanism is as follows :-

I. Exporter's bank will advise the exporter the amount of penalty debited to his account and indicate the nature of violation of the Scheme for which fine has been imposed and the date on which penalty is debited to the exporter's account.

II. If the exporter feels aggrieved he may lodge a Review petition with the Chief Manager of the office from where the refinance was obtained by the bank. A committee comprising the Chief Manager as Chairman and the senior most officer in his office, senior most officer in the Audit Section and the senior most officer in the Refinance Section as members will give a hearing to the exporter and his banker and examine evidence that may be produced by the exporter and his banker during the course of the meeting and advise the decision of the Committee to the exporter within three weeks from the date on which the petition was lodged.

III. Exporters who are not satisfied with the decision of the Committee referred to in Para ii) above may lodge an appeal with the Committee comprising Director, Banking Policy & Regulations Department as Chairman and Director, Audit Department, Director, Foreign Exchange Department and Chief Manager, Karachi Office as member. The committee will give a hearing to the exporter and his banker and examine the evidence that may be produced by the exporter and his banker during the course of the meeting and advise the decision of the Committee to the exporter within three weeks from the date on which the petition was lodged.

IV. If the grievance of the exporter is not redressed by the above given mechanism he may lodge an appeal to the Executive Director Incharge, Banking Policy & Regulations Department whose telephone and Fax numbers are indicated below :-

Telephone No. 2430205
Fax No. 2428342

Export Finance Scheme – Substitution of Contract/L.C

33/1996 Please refer to BCD Circular No. 18 dated the 20th July,1983 read with subsequent instructions issued from time to time on the captioned subject.

2. In order to further liberalize and streamline the substitution procedures under the Scheme, it has been decided that Exporters availing finance under the Export Finance Scheme shall not be subjected to fine for their failure to make the shipments as per terms of the contract/L.C. against which finances were availed provided they export any eligible commodity of the required value under another duly valid contract/L.C. against which finance has not been availed of within the validity of loan and the related shipping documents are produced within the time limit prescribed under the Scheme.

3. The bank shall keep handy all the relevant papers of the substitution with them which may be produced to the Inspector of State Bank during the course of inspection of the bank.

Other terms of the Scheme remain unchanged.

Terms and Conditions for Grant of Financing Facilities by State Bank.

34/1996 It has been decided that the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall, with immediate effect be remunerated by the recipients at a minimum rate of 20% on annual basis.

This supersedes BPRD Circular No. 35 dated the 13th December, 1995.

Office and Business Hours

35/1996 In supersession of all previous instructions issued on the subject the following Office/Business Hours will be observed by the Central Directorate and Offices of the State Bank of Pakistan with effect from 14th November, 1996:-

OFFICE HOURS

Sunday to Thursday	9.00 A.M. to 4.30 P.M. (with one hour break for prayer and lunch)
Saturday	9.00 A.M. to 2.00 P.M. (without break)

BUSINESS HOURS

Sunday to Thursday	9.00 A.M. to 1.00 P.M.
Saturday	9.00 A.M. to 12.00 Noon.

Fund Management Services – Prudential Regulation – XXI.

36/1996 Effective from 1st January, 1997, banks desiring to provide fund management and other investment advisory services shall be allowed to do so through subsidiary companies to be formed by them under the laws of Pakistan for the exclusive purpose of undertaking fund management activities. The minimum paid-up capital of such a subsidiary shall be not less than Rs. 100 million. The companies to be set up for the purpose shall be public limited companies, which may commence business with a bank's contribution of not less than 51% in the company's paid up capital, with a binding commitment to offer to the general public not more than 49 per cent of the paid up shares within a specified period not exceeding 3 years from the date of commencement of business.

2. Banks which have been consistently meeting the liquid assets requirements and other credit disciplines during the latest 52 weeks shall only be eligible to set up such subsidiaries after obtaining prior clearance of the Articles and Memorandum of Association of the proposed company from the State Bank. Subsequent amendments in the Articles and Memorandum of Association of such companies will also require similar prior clearance.

3. Subsidiaries set up for fund management purposes shall not undertake such transactions which affect the balance sheet of the holding company and shall not be permitted to:-

(a) Invest in real estates;

(b) Grant credit in any form whatsoever;

(c) Hold and invest in more than 3% of the paid up shares of any bank or financial institution;

(d) Invest in the securities of such companies which failed to earn net profit for two financial years out of the preceding three financial years.

4. The holding company shall ensure that subsidiaries do conduct their

operations and publish their accounts in accordance with the internationally accepted accounting standards and disclosure requirements.

5. Before accepting funds from a client, the subsidiary shall notify to the client the avenues of investments available to it for the purpose of deployment of funds. Each fund management deal to be undertaken by the subsidiary shall be documented in the form of a written contract to be called "Fund Management Contract' (FMC) expressly stating all the terms and conditions of the deal and duly authenticated by the company and the provider of funds. Each subsidiary shall be required to obtain prior approval of the format of its standard Fund Management Contract.

6. Banks which are presently engaged in fund management business are hereby directed to forthwith disclose the total amount of funds provided to them for fund management as"Fund Management Liabilities' under the head "Other Liabilities" in the balance sheet. Simultaneously, the corresponding assets acquired against the Fund Management Liabilities shall be shown as "Fund Management Assets" under the head "Other Assets" in the balance sheet. All related returns to be submitted to the State Bank must also carry a similar disclosure regarding Fund Management Liabilities and Assets.

7. Banks are further directed to ensure that all existing fund management contracts must be settled on due dates and no bank shall be allowed to undertake any fresh deal for fund management from the date of the issue of this Regulation other than through a subsidiary formed for the purpose.

8. The Regulation supercedes the instructions relating to Fund Management Services contained in Prudential Regulation No. XVII.

9. The Regulation is enforced under Section 41 of the Banking Companies Ordinance, 1962, and any violation or circumvention of the same will render the banks liable to penalties under the provisions of the Ordinance.

Publication of Annual Accounts.

37/1996 In terms of Banking Companies Ordinance, banks are required to publish their annual accounts within 3 months of the closing of the accounting year. It has been observed that some banks have consistently not been complying with this requirement. This amounts to denying information to owners, depositors, creditors and others to which they are legally entitled.

2. Boards of Directors and Chief Executives of banks are hereby advised to make arrangements with a view to ensuring that under no circumstances the publication of their accounts is delayed beyond time frame stipulated above.

Scheme for Financing Locally Manufactured Machinery (Local Sales).

1/1997 Please refer to our ICD Circular No.3 dated the 10th June, 1991 containing the names of the Development Finance Institutions (DFIs) and Nationalised Commercial Banks (NCBs) authorised to provide financial assistance under the Scheme for Financing Locally manufactured Machinery (Local Sales).

It has now been decided, with immediate effect, to delist the names of Regional Development Finance Corporation and Small Business Finance Corporation appearing at Serial No.(viii) and (xvi) respectively of the list circulated vide our aforesaid Circular.

Panel of Auditors - Section 35(1) of the Banking Companies Ordinance, 1962.

2/1997 Please refer to BPRD Circular No.18 dated the 9th June, 1996. In view of increase in the strength of following firms on the basis of partners/Chartered Accountants engaged as confirmed by ICAP and merger it has been decided to up-grade/include and change their name in the panel of auditors circulated vide BPRD Circular No.25 dated the 10th October, 1995, for the purpose of audit of Institutions/DFIs as indicated against each:-

1. **UPGRADATION**:

M/s. F. Majid & Company has been up-graded from category No.(4) to category No.(3) to conduct audit of other Commercial Banks, Investment Banks and other DFIs.

2. **ENLISTMENT:**

a) M/s. Iqbal Patel & Company, has been enlisted in the panel under category No.(4) to conduct audit of other financial institutions including leasing companies, modarabas, leasing financial companies and Discount houses.

b) M/s. Haroon Zakaria & Company has been enlisted in the panel, under category No.(3) to conduct audit of other commercial banks, investment banks and other DFIs.

c) M/s. Tariq Ayub, Anwar & Company has been enlisted in the panel under category No.(3) to conduct audit of other commercial banks, investment banks and other DFIs.

d) M/s. Salariya & Company has been enlisted in the panel under category No.(4) to conduct audit of the financial institutions including leasing companies, Modarabas, Housing finance Companies and Discount Houses.

e) M/s. Cooper & Lybrand has been enlisted in the panel under category No.(1) to conduct audit of accounts of Allied Bank of Pakistan

Limited, Habib Bank Limited, United Bank Limited, Muslim Commercial Bank Limited & National Bank of Pakistan. Since M/s. Jawaid, Qadeer Rashid & Co., and Asad Ali Khan & Co., appearing at S.No.32 & 73 of approved panel of auditors circulated vide BPRD Circular No.25 dated the 10th October, 1995 respectively merged their practices with M/s. Cooper & Lybrand, their names from the list may be deleted.

3. **CHANGE OF NAME OF FIRM:**

In view of merger of M/s. M. Rafiuddin Hyder & Company into M/s. Avais Siddiqui, the name of the firm is changed to M/s. Avais Hyder Zaman. Since M/s. M. Rafiuddin Hyder & Company and M/s. Avais Siddiqui have merged their practices under the name M/s. Avais Hyder Zaman., the name of Avais Siddiqui, appearing at Serial No.12 of the approved panel of auditors circulated vide BPRD Circular No.25 dated the 10th October, 1995, may be deleted. Their category in the approved panel however, will remain the same viz. No.(2) to conduct audit of NDFC, PICIC, ADBP, IDBP and NBFC.

Capital Requirements of Banks-Calculation on the Basis of Risk Weighted Assets

3/1997 As you are aware, State Bank has been working for the enforcement of the internationally accepted standards on Capital Adequacy for banks incorporated in Pakistan. As a step in this direction, it has been decided to ascertain, on priority basis, the existing position of the banks' equity on the basis of risk-weighted assets formula. All banks are, therefore, directed to immediately initiate an exercise to calculate their respective equity position as per the guidelines enclosed. The finding of this exercise must be completed and conveyed to the State Bank within 3 months of the receipt of this Circular. The Chief Executive of the banks shall be personally responsible for the completion of this exercise.

GUIDLINES FOR CALCULATION OF CAPITAL ON THE BASIS OF RISK WEIGHTED ASSETS

The following guidelines may be observed in calculation to minimum capital requirements. The capital for the purposes of the Minimum Capial Requirements (MCR) shall mean and include:-

A. Equity:

i) Fully paid up capital;
ii) General Reserves as disclosed on the balance sheet;
iii) Balance in share premium account;
iv) Unappropriated profit (net of accumulated loss, if any)
v) Reserve for Bonus Shares.

B. Supplementary Capital

i) General Provision or Reserves for loan losses;
ii) Revaluation Reserves;
iii) Undisclosed Reserves;
iv) Subordinated Debt.

2. The computation of the amount of Equity and Supplementary Capital shall be subject to the following limitations and restrictions;

   i) The sum total of the different components of the supplementary Capital will be limited to the sum total of the various components of the Equity;
   ii) The subordinated debt will be limited to a maximum of 50% of the amount of equity:
   iii) The book value of intangible assets such as Goodwill, etc. will be deducted from equity;
   iv) Investments made in equity of subsidiary companies engaged in banking and financial activities which are not consolidated will be deducted from the equity in the consolidated Group balance-sheet;
   v) General Provision or Reserves for loan losses shall include only such provisions which are not created against identified losses and are as such freely available to meet unidentified losses. These provisions or reserves will be limited to a maximum of 1.25% of risk assets;
   vi) Undisclosed Reserves will be permitted to be included in the Supplementary Capital provided they, though unpublished, appear in the internal accounts of the company, have basically arisen out of the earnings of the bank duly certified by the External Auditors and are accepted as such by the State Bank. To be eligible to be shown as part of the supplementary capital, the Undisclosed Reserves should not be encumbered by any provision or known liability and should be freely available to meet unforeseen losses.
   vii) Revaluation Reserves shall be the Reserves created by revaluation of fixed assets and equity instruments held by the banks. The assets and investments must be prudently valued fully taking into account the possibility of price fluctuations and forced sale. Revaluation reserves reflecting the difference between the historical cost book value and the market value will be eligible upto 50% for treatment as supplementary capital.

<u>CALCULATION OF MINIMUM CAPITAL REQUIREMENTS (MCR)</u>

3. A) The banks shall calculate MCR in respect of their respective On-Balance-Sheet assets by applying the weights as given below:

	Assets	% Weight
a)	Cash (including approved foreign currencies and gold bullion)	0%
b)	Balance held with scheduled banks and banks abroad (Be they term deposits, certificates and deposits or money at call)	20%

c)	Claims on the State Bank, the Federal Government the Provincial Governments, and other Central Banks	0%
d)	Claims on or Guaranteed by banks of international repute incorporated in G-10 countries	20%
e)	Claims covered by cash collateral or guarantee of the Federal Government or of the State Bank	0%
f)	Loans to staff	0%
g)	Claims on domestic entities owned or controlled by the Federal Government	0%, 10%, 20% and 50% as may be prudently determined by the banking company
h)	Loans fully secured by mortgage of residential or commercial property	50%
i)	Loans and advances including bills purchased/discounted (less cash margin and government securities held) to private sector entities.	100%
j)	Investment in shares and other capital instruments of companies set up in the private sector	100%
k)	Fixed assets (land, building, equipment, furniture & fixture, stationary) net of depreciation.	100%
l)	Intangible assets not deducted from Capital	100%

All claims are to be assigned to the highest risk-weightage (unless a lower risk-wieghtage can be specifically assigned to them)

B) For the purpose of calculating MCR in respect of exposure under various Off-Balance-Sheet transactions, the banks shall apply credit conversion factors as indicated below to the different types of Off-Balance-Sheet transactions. The credit conversion factors will be multiplied by the weights applicable to the corresponding On-Balance-Sheet transaction based on the credit risk involved in the Off-Balance-Sheet exposure.

	Off-Balance-Sheet transaction	Credit conversion factors
a)	Loan Repayment Guarantees and Acceptance (less Cash Margin)	100%
b)	Purchase and Resale Agreement (Reverse REPO) other than those effected through SGL of State Bank	100%
c)	Performance Bonds, Bid Bonds, Warranties and similar instruments (less Cash Margin & Government Securities held)	50%
d)	Revolving Underwriting commitments	50%
e)	Standby Letters of Credit and other Standby Facilities with an original maturity of over one year, and other Letters of an original maturity of over one year, and other Letters of Credits (less Cash Margin & Government Securities held)	50%

Office and Business Hours.

4/1997 On declaration of Sunday instead of Friday as a weekly holiday and Friday as half working day vide Ministry of Interior, Islamabad's Notification No.3/4/97-Public dated the 24th February, 1997, the following office/business hours will be observed by the Central Directorate and Offices of the State Bank of Pakistan with immediate effect:-

OFFICE HOURS

i)	Week days except Friday.	9.00 A.M. to 5.00 P.M (with one hour break for Prayer and Lunch)
ii)	Friday	9.00 A.M. to 12.30 P.M. (without break).

BUSINESS HOURS

i)	Week days except Friday	9.00 A.M to 1.30 P.M.
ii)	Friday	9.00 A.M. to 11.30 A.M.

Export Finance Scheme - Finance for Export of Software by the Software Houses/ Companies.

5/1997 Please refer to the captioned Scheme circulated vide BCD Circular No.29 dated the 11th October, 1977 read with amendments made therein from time to time.

2. It has been decided to allow financing facility for a maximum period of 150 days under the Export Finance Scheme for export of computer software by the Software Houses/Companies. Exports in such cases are required to be made according to the procedure laid down in F.E. Circular No.40 dated the 31st October, 1996.

Advances against Edible Oil - Withdrawal of Restriction.

6/1997 Please refer to BPRD Circular No.16 dated the 22nd June, 1995 in terms of which banks were required to call back the loans given to importers/ manufacturers/traders and dealers of edible oil.

It has now been decided to withdraw forthwith the restriction contained in the above circular.

The Banking Companies (Recovery Of Loans, Advances Credits and Finances) Ordinance, 1997 (Ordinance No.XXV of 1997)

7/1997 We enclose for your information and necessary action a copy of the Banking Companies (Recovery of Loans, Advances, Credits and Finances) Ordinance, 1997 (Ordinance No.XXV of 1997) published in the Gazette of Pakistan, Extra Ordinary, Part I dated the 4th February, 1997 together with a copy of Ministry of Law, Justice, Human Rights and Parliamentary Affairs Notification dated the 11th February, 1997 regarding establishment of banking courts.

Selective Credit Control

8/1997 Please refer to BRD Circular No.5 dated the 14th July, 1993 and BRD Circular letter No. 7/121-00-93 dated the 19th August, 1993 prescribing margin requirements for opening of import Letter of Credit.

2. It has now been decided to withdraw, with immediate effect, mandatory minimum margin requirement of 30% for opening of Letters of Credit for import of all commodities.

Prudential Regulation-XXII Reconciliation of Pak. Account/Inter-Branch Accounts and Settlement of Suspense Account Entries.

9/1997 The non-reconciliation of Pak/Inter-branch Accounts and non-settlement of Suspense Account entries for long periods have the potential of posing serious risks to banks. With a view to guard against these risks inherent in neglecting timely settlement of entries booked in the Inter-Branch Accounts (by whatever name called) and the Suspense Accounts, it is hereby directed as follows:-

i) All the entries outstanding in the Inter-Branch Accounts and/or Suspense Account as on 31st March, 1997 shall be reconciled and cleared at the earliest but not later than 30th June, 1997.

ii) Entries booked in the Pak/Inter-Branch Accounts and/or Suspense Account on or after 1st April, 1997 must be reconciled/cleared and taken to the proper head of account within a maximum period of 30 days from the date entry is made in the above-named accounts.

1. Entries made in Suspense Account on account of tax at source, advance tax paid, tax recoverable, advance expense on new branches, advance rent paid, legal expenses, mark-up/service charge recoverable, Qarze Hasna for marriage, and forward cover fee, may be classified as "Other Assets" and the above instructions shall not be applicable to the foregoing items.

2. Banks are further directed to institute an effective internal control system for the operations of Inter-Branch and Suspense Accounts, which ensure reconciliation/clearing of the entries in shortest possible time and also clearly fixes the responsibilities for the officials for neglecting the timely reconciliation and clearance.

3. Failure to comply with the above instructions shall render the officials responsible for reconciliation and clearance of outstanding entries liable to penalties under the Banking Companies Ordinance, 1962. The State Bank will also direct the bank managements to identify the official responsible for failure to comply with the instructions and institute disciplinary action against them.

10/1997 It has been decided that with immediate effect, State Bank of Pakistan would, when requested by banks, provide refinance under the Export Finance Scheme to banks at 10% mark up rate against finance already provided by them at a mark up rate not exceeding 13%.

2. As refinance would now be readily available from the State Bank of Pakistan and the same will no more be put aside in Special Deposit Account as hithertofore, no bank shall refuse request for export finance under the Scheme to any party if otherwise qualified. A serious view will be taken of any violation of these instructions.
3. Finances already allowed by way of Special Deposit will continue till their maturity.
4. This Supersedes ICD Circular No.4 dated the 1st August, 1992 and BPRD Circular letter No.18/936-96 dated 15th September, 1996.
5. Other instructions on the subject remain unchanged. Please acknowledge receipt.

Prudential Regulation-XXIII Postings/ Transfers of Officers/Executives in Branches Operating Abroad.

11/1997 Effective immediately, all postings and transfers to and from overseas branches of Pakistani Commercial Banks shall be made on the basis of a clearly defined criteria to be developed by their respective Boards of Directors. Appointment of Chiefs of Branches and above will require prior No objection Certificate from the State Bank.

2. banks are, accordingly, directed to develop a clearly defind policy of foreign postings and transfer within a period of 30 days . The policy may be referred to the State Bank for clearance and its enforcement be strictly ensured.

3. Deviations/violations of the defined policy will render the concerned officials liable to action under the provisions of Banking Companies Ordinance, 1962.

Bank Charges.

12/1997 We invite your attention to BPRD Circulars No.6 and BPRD Circular No.26 of February 11, and August 11, 1996 on the subject cited above in terms of which banks are required to ensure that no charges from the exporters are recovered in addition to those notified in the Schedule of Charges.

2. Instances have been brought to our notice that some of the banks are still recovering additional charges from the exporters in violation of instructions of

the State Bank of Pakistan. This has been viewed seriously by the State Bank.

3. Banks are therefore instructed to desist from the same. Their failure to comply with the same would attract penal provisions of the Banking Companies Ordinance, 1962.

Office and Business Hours.

13/1997 In supersession of BPRD Circular NO.4 dated the 25th February, 1997, it has been decided to observe the following Office Business hours by the Central Directorate and Offices of the State Bank of Pakistan effective from 26th May, 1997.

Office Hours

Monday to Thursday	9.00 A.M. to 5.00 P.M. (with one hour break from 1.30 P.M. to 2.30 P.M.).
Friday	9.00 A.M. to 5.00 P.M. (with two hours break; from 1.00 P.M. to 3.00 P.M.)
Saturday.	9.00 A.M. to 1.30 P.M. (without break).

BUSINESS HOURS

Monday to Thursday	9.00 A.M. to 1.30 P.M.
Friday	9.00 A.M. to 12.30 P.M.
Saturday	9.00 A.M. to 12.30 P.M.

Maintenance of Liquid Assets in Pakistan.

14/1997 In exercise of the powers conferred upon State Bank of Pakistan under Section 29 of the Banking Companies Ordinance, 1962, it is hereby notified as follows:

> that effective from 28th May, 1997 every banking company shall maintain in Pakistan in cash (excluding Statutory Cash Reserve maintained under Section 36(I) of State Bank of Pakistan Act, 1956), gold or unencumbered approved securities to be valued in a manner as provided for under the said section an amount which shall not at the close of business on any day be less than 20 percent of the total of its time and demand liabilities in Pakistan.

Panel of Auditors-Section 35(1) of the Banking Companies Ordinance 1962.

15/1997 Please refer to BPRD Circular No.2 dated the 21st January, 1997. In view of increase in the strength of the following firms on the basis of partners/ Chartered Accountants engaged as confirmed by ICAP and merger, it has been decided to up-grade/include and change their name in the panel of auditors circulated vide BPRD Circular No.25 dated the 10th October, 1995 for the purpose of audit of banks/NBFIs as indicated against each:

1. ENLISTMENT

a) M/s. Akbar G. Merchant & Co., has been enlisted in the panel under lcategory No.3 to conduct audit of other Commercial Banks, Investment Banks and other DFIS.

b) M/S. Nasir Jawaid & Co. has been enlisted in the Panel under category No.3 to conduct audit of other Commercial Banks, Investment Banks and other DFIs.

c) M/s. Hameed Khan & Co. has been enlisted in the panel under category No.4 to conduct audit of other Financial Institutions.

2. CHANGE OF NAME OF THE FIRM

Consequent upon merger of M/s. M.Yousuf Adil & Co; and Ilyas Saleem & Co., Chartered Accountants under the name "M/s. M. Yousuf Adil Saleem & Co; Chartered Accountants" the names of former two Chartered Accountants firms appearing at serial Nos.5 and 8 of the approved panel circulated vide BPRD Circular No.25 dated the 10th October, 1995 may be deleted. The category of the firm, M/s. Yousuf Adil Saleem & Co., Chartered Accountants will however, remain the same viz; No.1 to conduct interalia, audit of ABL, HBL, UBL, MCB and NBP.

Rules of Business for NBFIs- Maintenane of Liquidity.

16/1997 Kindly refer to Rule 6 of the NBFIs Rules as modified from time to time.

It has been decided that with effect from 7th June, 1997 all NBFIs will maintain liquidity ratio of 14% in the prescribed manner. In addition, the NBFIs will continue to maintain with the State Bank of Pakistan a cash reserve of 1% of the specified liabilities. Other instruction on the subject shall, however, remain unchanged.

Maintenance of Liquidity under NBFIs Rule 6

17/1997 Kindly refer to Rule 6 of the NBFIs Rules as modified from time to time.

2. It has since been decided that in addition to investment in Government Securities, shares of listed companies and NIT Units, Non Bank Financial Institutions (NBFIs) may also invest in listed debt securities for the purpose of maintaining liquidity under NBFIs Rule 6. However, the investment in listed debt securities, including investment in listed shares of any one company shall not exceed the value of one minimum marketable lot as recognized in Stock Exchange or 1% of the liabilities as defined under NBFIs Rule 6, whichever is higher. The Companies selected should have a stable share/debt security value above the par value during the one year period immediately preceding the date of making investment.

NBFIs shall report the investment so made in listed debt securities separately in the weekly statement NO.2 (statement showing liquidity position) as per revised format (copy enclosed).

STATEMENT SHOWING LIQUIDITY POSITION
(Revised) Statement No. 2

(Figures in '000 Rupees)

NAME OF NBFI ——————————————————

NATURE OF BUSINESS ——————————————

RETURN FOR THE WEEK ENDED ——————————

1. LIQUIDITY REQUIREMENTS

A.	Total Liabilities as per weekly Statement of Affairs	XXXX	
B.	Less		
	Capital & Reserves	XXXX	
	Borrowings from Financial Institutions	XXXX	
	Lease Key Money	XXXX	
	Accruals on borrowing from Financial Institutions	XXXX	
	Deferred Taxation not payabe within 12 months	XXXX	
	Dividend payable within 2 months	XXXX	
	Advance Lease Rentals	XXXX	
	Deposits from Financial Institutions	XXXX	
C.	Liabilities as per Rule 6 (A-B)		XXXX
D.	1% of Liabilities determined under Rule 6 (1% of C)		XXXX
E.	Prescribed Liquidity - 14% of Liabilities in Approved Investment (14% of C)	XXXX	

2. <u>DETAILS OF UNENCUMBERED INVESTMENT AND CASH BALANCE</u>

F.	Investment in shares of Listed Companies (As per Annexure I)	XXX X	
G.	Investment in listed debt securities (As per Annexure II)	XXX X	
H.	Investment in Government Securities	XXX X	
I.	Investment in NIT Units	XXX X	
J.	Total (F+G+H+I)	XXX X	
K.	Cash Balance with State Bank of Pakistan	XXXX	
L.	(Short)/Excess Liquidity (E-J)(D-K)	**XXXX**	**XXX X**

Authorised Signatory ______________________

Name and Designation ______________________

Annexure - II

Statement Showing details of Investment made in debt
<u>securities of quoted companies for meeting liquidity requirements</u>

Name of NBFI ______________________________

Nature of Business ______________________________

Return for the week ended ______________________________

(Figures in '000 Rupees)

Sl. No.	Name of the Company	No. of Debt Securities Held	Cost Price/ Debt Security	Total Cost	Market Price/ Debt Security	Total Market Value	Lower of Cost or Market Value	Remarks

Authorised Signatory --------------------------

Name & Designation--------------------------

18/1997 It has been decided that the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall with immediate effect be remunerated by the recipients at a minimum rate of 19% on annual basis.

Terms and conditions for grant of financing facilities by State Bank

2. This supersedes BPRD Circular No.34 dated the 13th November, 1996.

19/1997 It has been observed that banks do not exercise due care in reporting data in their weekly/quarterly returns submitted to this Department. This creates problems in reflecting the true picture of monetary analysis. The attention of banks is drawn to the following points:

Reporting of Data by Scheduled Banks in Weekly/ Quarterly Returns

I. Transactions with the State Bank

Ordinarily the entries in the State Bank books of acocunts in respect of transactions with the scheduled banks should correspond with those recorded in books of accounts of scheduled banks. However, actually this does not happen due to items in transit and delayed action by banks in reporting such entries. The banks are advised to correspond the entries of each transaction within the shortest possible time to avoid discrepancy with the State Bank record.

II Mis-classification

It has been observed that some banks mis-classify their transactions with other scheduled banks and NBFIs. The following mis-classifications have been noticed:

1. Deposits of non-bank financial institutions and non-resident banks (Foreign banks operating outside Pakistan are being shown as "Deposits from Banks" whish is not correct. Banks are advised to report/such deposits as part of "Deposits (General)".
2. Loans provided by a bank to another bank are shown by the lending bank as part of "Other Assets" which is incorrect. They should report it as "Advances to Banks" and not as part of "Other Assets".
3. Banks dealing with "Barter Trade Transactions" report "Credit Balance" (representing claim of non-resident banks) as "Deposits from Banks and "Debit Balance", (representing claim on resident banks) as "Advances to Banks". These entries pertain to non-resident banks whereas "Deposits from Banks" and "Advances to Banks". Cover banks which are operating in Pakistan. Banks dealing with Barter Trade Transactions should, therefore, report these transactions as part of "Other Liabilities" in case of credit balance and as part of "Other Assets" in case of debit balance.

III. Mis-Reportig

1. It has also observed that banks report their "Deposits from Other

Banks" as part of "Deposits (General)" which is not correct. It creates complications in monetary analysis.

2. Some banks do not report the inter-bank items such as "Balances with Other Banks" and "Deposits from Bank" etc. such lapses should be guarded against.

IV In order to check the accuracy of all inter-bank items every bank will provide bank-wise figures of all their transactions with banks i.e. deposits from banks, balances with other banks, borrowings from banks, advances to banks, call lendings to and call borrowings from banks etc.

V <u>Other Assets/Other Liabilities</u>

"Other Assets' and "Other Liabilities" reported in the weekly / quarterly return depict changes for which no plausible explanation is provided. Such changes distort the picture of sectoral credit expansion/contraction. The break up obtained from banks showed that among various items "Inter-branch Transactions", "Suspense Account" depicted large changes due to lapses in responding the entries in time. "Inter-branch Transactions" and "Suspense Accounts" should be reduced as far as possible and outstanding entries appearing in these accounts be responded and settled promptly in accordance with PR XXII circulated vide BPRD Circular NO. 9 dated the April 10, 1997. In order to enable State Bank to analyse the data properly and to have clear idea of the impact of these changes, banks would provide full details of these "Other Assets" and "Other Liabilities". They should also ensure that large amounts are not shown against "Others" (within Other Assets/Other Liabilities).

VI All the above instructions should be strictly followed by banks. Non-observance thereof will invite strict action from the State Bank including imposition of penalty.

These instructions will come into effect as from June 30, 1997.

Rules of Business for NBFIs

20/1997 Kindly refer to Rules 9 and 14 of the Rules of business for NBFIs as modified from time to time. The following amendments are made in these rules:-

2. Rule 9 is substituted as under:-

Rule 9 <u>LIMIT ON NBFIs EXPOSURE</u>

i. The total exposure of a NBFI to any single person shall not at any point of time exceed 30% of the NBFIs unimpaired capital and reserves subject to the condition that the maximum outstanding against fund based financing facilities do not exceed 20% of the unimpaired capital and reserves.

ii. In arriving at exposure per person under this Rule the following shall be deducted/excluded:

A) 90% of a) certificates of deposit/certificates of investment of the borrower under lien with the NBFI; and b) face value of FIBs lodged by the borrower as collateral.

B) 50% of Guarantees/bonds other than repayment guarantees.

C) Loan and advances given to Federal/Provincial Government, or guaranteed by the Federal Government.

D) Cash margin retained by the NBFI against guarantees/ bonds issued.

iii. NBFIs are directed that henceforth the above exposure limits shall be strictly observed while granting any facility. The regularisation of existing portfolios in accordance with the above Rule shall be completed latest by 30-6-1998

3. For the purpose of classification and provisioning of long-term facilities under clause (ii)of Rule 14, the determinant for the category of OAEM (Other Assets Especially Mentioned) has been changed from "180 days or more" to "90 days or more" with immediate effect. Consequently, the said determinant will read as under:-

> "Where the installments of principal or interest/mark-up is overdue (past due) by 90 days or more from the due date."

The NBFIs shall, therefore, ensure that accrual of income on all classified loans (including long-term loans) is ceased and reversed after 90 days.

Other instructions on the subject will, however, remain unchanged.

21/1997 Please refer to Prudential Regulation - VIII as also BID Circular No.3 dated the 20th February, 1989 containing guidelines for classification of assets and provisioning thereagainst. **Prudential Regulation - VIII.**

2. For the purpose of classification and provisioning of long-term facilities under clause (ii) of the above regulation, the determinant for the category of OAEM (Other Assets Specially Mentioned) has been changed from "180 days or more" to "90 days or more" with immediate effect. Consequently, the said determinant will read as under:-

> "Where the installments of principal or interest/mark-up is over due (past due) by 90 days or more from the due date".

The banks shall, therefore, ensure that accrual of income on all classified loans (including long-term loans) is ceased and reversed after 90 days.

3. Other instructions on the subject will, however, remain unchanged.

22/1997 Instances have come to our notice that some Banks/DFIs are offering incentives e.g. Insurance cover etc. to mobilize deposits from the public which is not consistent with the State Bank's instructions in the matter.

Banks/DFIs/NBFIs are therefore advised to desist from offering cash prizes, insurance cover or any other such incentives without specific permission of SBP. Any Scheme if introduced in contravention of these instructions should be discontinued forthwith and if necessary, submitted for lexplicit approval of the State Bank.

Refinance Facility under the Export Finance Scheme for Locally Produced Goods Supplied Locally against International Tender.

23/1997 Please refer to the captioned Scheme circulated vide BCD Circular No.4 of 26th January, 1982 read with BCD Circular No.20 of 25th May, 1985.

2. It has now been decided that henceforth all locally produced engineering goods supplied locally against international tenders under Export Finance Scheme would qualify for export finance for a period of 180 days instead of 150 days as at present.

3. Other conditions on the subject shall however, remain unchanged.

Export Finance Scheme-Refinance for Export of Computer Software Houses/Companies.

24/1997 Please refer to BPRD Circular No.5 dated the 3rd March, 1997 on the captioned subject.

2. It has now been decided that the refinance facility under the Export Finance Scheme for export of computer software by the software houses/companies shall be available for 180 days instead of 150 days.

3. Other conditions on the subject shall however, remain unchanged.

Cash Reserve of Scheduled Banks with State Bank of Pakistan.

25/1997 It is notified that in terms of Section 36(1) of the State Bank of Pakistan Act, 1956, every scheduled bank shall, henceforth, maintain with the State Bank an average balance of 5% of its total time and demand liabilities in Pakistan worked out on weekly basis provided that the amount of the balance shall not at the close of business on any day be less than 4% of the total demand and time liabilities in Pakistan. For the purpose of calculating average balance of 5% required to be maintained during a week the time and demand liabilities at the close of business on the last working day of the week preceding the concerned week shall be taken into account.

Terms and Conditions for Grant of Financing Facilities by State Bank.

26/1997 It has been decided that effective from July 28, 1997 the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall be remunerated by the recipients at a minimum rate of 18.5% on annual basis.

2. This supersedes BPRD Circular No.18 dated the 17th Jun, 1997.

3. Please acknowledge receipt.

Financing for Exports

27/1997 Please refer to the instructions issued from time to time regarding the captioned subject.

2. In partial modification of the circulars as mentioned below, following instructions are issued with effect from 28th July, 1997.

I BPRD Circular No. 27 dated 29th October, 1995

a) For Export under the Export Finance Scheme as also Export Sales under the Scheme for Financing Locally Manufactured Machinery, the maximum annual rate of return to be derived by a bank/NBFI under Trade related modes of financing has been reduced from 13% to 11%.
b) There will be no minimum annual rate of return to be derived by Banks/NBFIs in respect of other purpose for which no specific instructions have been issued separately. {refer item (iv) of the above circular}

II BPRD Circular No. 28 dated 29th October, 1995

a) For Export under the Export Finance Scheme as also Export Sales under the Scheme for Financing Locally Manufactured Machinery, the maximum annual rate of return to be derived by a bank/NBFI under investment type modes of financing has been reduced from 13% to 11%.
b) There will be no minimum annual rate of return to be derived by Banks/NBFIs in respect of other purposes for which no specific instructions have been issued separately. {refer item (iv) of the above circular}

Accordingly the said circulars will stand modified to the above extent.

3 .Where refinance is obtained by the financial institutions against finances already provided under the above mentioned Schemes, the State Bank will share in the overall profit of the financial institutions, subject to a maximum of 9% p.a. suitable amendments may accordingly be made in ICD Circulars No.12 and 13 of November 13, 1994 wherever necessary.

4. Other instructions on the subject shall however remain unchanged.

Export Financing Scheme

28/1997 Please refer to the instructions contained in BPRD Circular NO. 7 read with BPRD Circular No. 13 &22 dated 13th February, 19th May & 22nd July, 1996 respectively, on the captioned subject.

2. It has been decided that the facility for export refinance for 180 days under Part-I of the Scheme shall continue to be available to the exporters during 1997-98 in respect of the following commodities.

I. Hand Knotted Carpets and Rugs
II. Cotton Garments (excluding cloth)
  a) Towels, Bedwear, Hosiery and Knit wear
  b) All types of Synthetic and Art Silk Printed/dyed cloth/garments
  c) All types of cloth made ups.
III. Leather manufactures (excluding finished/tanned leather)
IV. Engineering and Electronic goods
V. Cutlery
VI. Sports goods
VII. Medical and Surgical instruments
VIII. Handicraft including Onyx/Marble products
IX. Spices
X. Fish & Fish Preparation
XI. Tobacco/Cigarattes

3. Pursuant to above the entitlement of limit under Part-II of the Scheme vis. 1/2 of the export proceeds realized during 1996-97, as well as performance requirements equivalent to 2.0 times shall continue to be available to the exporters for the monitoring year 1997-98

4. Other terms and conditions of the Scheme shall remain unchanged.

Inconsistent directives not be issued.

29/1997 Your kind attention is invited to Section 46B recently added to the State Bank of Pakistan Act, 1956 through the State Bank of Pakistan (Amendment) Act, 1997. It is reproduced for your information and record as under:-

> "46B. Inconsistent directives not be issued. No governmental or quasi governmental body or agency shall issue any directive, directly or directly, to any banking company or any other financial institution regulated by the Bank which is inconsistent with the policies, regulations and directives issued by the Bank pursuant to this Act, the Banking Companies Ordinance, 1962 (LVII of 1962) or any other law in force."

2. All banking companies are advised that they have to ensure that they do not take any action that is inconsistent with the policies, regulations and directives issued by the State Bank of Pakistan.

3. Kindly acknowledge receipt.

Export Finance Scheme

30/1997 Please refer to ICD Circular NO. 9 dated 29th October, 1991 alongwith the negative list of commodities not eligible for concessionary export finance.

It has been decided to provide concessionary export finance for 150 days for export of Dyed Yarn & yarn of counts above 30. You are, therefore, advised to please make following amendment against Haromonised Codes No. 52.05 and 52.06 & Sub-heading of the aforesaid list of in-eligible commodities.

Commodity	Haromonised Code Main Hormonised Code(ITC)	Remarks
1. Cotton Yarn	52.05 52.06	(Excluding i) Cotton Sewing Thread ii) Blended Yarn with a cotton component not exceeding 49% and iii) Dyed Yarn and Yarn Counts above 30.

REVISED FORMS OF FINANCIAL STATEMENTS FOR BANKS

EFFECTIVE FROM ACCOUNTING YEAR ENDING 31st DECEMBER, 1997 AND ONWARDS.

(ISSUED VIDE BPRD CIRCULAR No. 31 DATED 13th AUGUST, 1997)

ISSUED BY :-

RISK MANAGEMENT & ANALYSIS DIVISION
BANKING POLICY & REGULATIONS DEPARTMENT
STATE BANK OF PAKISTAN
CENTRAL DIRECTORATE
KARACHI.

STATE BANK OF PAKISTAN
BANKING POLICY & REGULATIONS DEPARTMENT
CENTRAL DIRECTORATE
KARACHI

BPRD Circular No. 31 **13th August, 1997**

All Banks

Dear Sirs,

PREPARATION OF ACCOUNTS AND BALANCE SHEET UNDER SECTION 34 OF THE BANKING COMPANIES ORDINANCE, 1962

In exercise of the powers conferred upon it by sub-Section 4 of Section 34 of the Banking Companies Ordinance, 1962, the State Bank of Pakistan has amended the existing forms of Balance Sheet and Profit & Loss Account of banks as set out in the Second Schedule to the said Ordinance. Accordingly, the revised forms of Balance Sheet, Profit & Loss Account and Cash Flow Statement together with notes forming part thereof are enclosed, which will substitute the existing forms. All banks are hereby directed to prepare their annual accounts on the revised forms effective from the accounting year ending 31st December, 1997 and onwards.

Please acknowledge receipt.

Yours faithfully,

sd/-

(MANSUR-UR-REHMAN KHAN)
Director

Encl.: As above

THE SECOND SCHEDULE TO THE BANKING COMPANIES ORDINANCE, 1962

(See Section 34)

BALANCE SHEET AS AT ________

	Note	(CURRENT YEAR)	(PRIOR YEAR)
		Rupees in '000	
ASSETS			
CASH	4	xxxxxxx	xxxxxxx
BALANCES WITH OTHER BANKS	5	xxxxxxx	xxxxxxx
MONEY AT CALL AND SHORT NOTICE		xxxxxxx	xxxxxxx
INVESTMENTS	6	xxxxxxx	xxxxxxx
ADVANCES - NET OF PROVISION.	7	xxxxxxx	xxxxxxx
OPERATING FIXED ASSETS	8	xxxxxxx	xxxxxxx
CAPITAL WORK IN PROGRESS (indicating significant item wise details, by way of a note)		xxxxxxx	xxxxxxx
NET INVESTMENT IN FINANCE LEASE	9	xxxxxxx	xxxxxxx
OTHER ASSETS	10	xxxxxxx	xxxxxxx
		xxxxxxx	xxxxxxx
LIABILITIES			
DEPOSITS & OTHER ACCOUNTS	11	xxxxxxx	xxxxxxx
BORROWINGS FROM OTHER BANKS, AGENTS ETC.	12	xxxxxxx	xxxxxxx
BILLS PAYABLE		xxxxxxx	xxxxxxx
OTHER LIABILITIES	13	xxxxxxx	xxxxxxx
LIABILITY AGAINST ASSETS SUBJECT		xxxxxxx	xxxxxxx
TO FINANCE LEASE	14	xxxxxxx	xxxxxxx
DEFERRED LIABILITIES	15	xxxxxxx	xxxxxxx
		xxxxxxx	xxxxxxx
NET ASSETS		xxxxxxx	xxxxxxx
REPRESENTED BY:			
SHARE CAPITAL	16	xxxxxxx	xxxxxxx
RESERVE FUND & OTHER RESERVES	17	xxxxxxx	xxxxxxx
UNAPPROPRIATED/UNREMITTED PROFIT		xxxxxxx	xxxxxxx
SHAREHOLDERS' EQUITY		xxxxxxx	xxxxxxx
SURPLUS ON REVALUATION OF FIXED ASSETS (Details to be given by way of note)		xxxxxxx	xxxxxxx
SUB-ORDINATED DEBT (Details to be given by way of note)		xxxxxxx	xxxxxxx
		xxxxxxx	xxxxxxx
MEMORANDUM ITEMS:			
BILLS FOR COLLECTION	18	xxxxxxx	xxxxxxx
ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS		xxxxxxx	xxxxxxx
CONTINGENT LIABILITIES AND COMMITMENTS	19		

The annexed notes form an integral part of these accounts.

PRESIDENT AND CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED________

	Note	(CURRENT YEAR)	(PRIOR YEAR)
		---------------- Rupees in '000	----------------
Mark up/Interest and discount and/or return earned		xxxxxxxx	xxxxxxxx
Less: Cost / Return on deposits, borrowings etc.		(xxxxxxxx)	(xxxxxxxx)
		xxxxxxxx	xxxxxxxx
Fees, commissions & brokerage		xxxxxxxx	xxxxxxxx
Profit / loss from dealing securities		xxxxxxxx	xxxxxxxx
Profit/ loss from investment securities		xxxxxxxx	xxxxxxxx
Income from dealing in foreign securities		xxxxxxxx	xxxxxxxx
Dividend income		xxxxxxxx	xxxxxxxx
Other operating income	20	xxxxxxxx	xxxxxxxx
		xxxxxxxx	xxxxxxxx
		xxxxxxxx	xxxxxxxx
Operating Expenses:			
Administrative expenses	21	xxxxxxxx	xxxxxxxx
Provisions against non-performing advances	7,2	xxxxxxxx	xxxxxxxx
Provision for diminution in value of investments		xxxxxxxx	xxxxxxxx
Other Provisions		xxxxxxxx	xxxxxxxx
(Details to be given by way of note)			
Bad debts written off directly	7,3	xxxxxxxx	xxxxxxxx
		xxxxxxxx	xxxxxxxx
		(xxxxxxxx)	(xxxxxxxx)
		xxxxxxxx	xxxxxxxx
Other income	22	xxxxxxxx	xxxxxxxx
		xxxxxxxx	xxxxxxxx
Other charges	23	(xxxxxxxx)	(xxxxxxxx)
		xxxxxxxx	xxxxxxxx
Extra ordinary / unusual items		xxxxxxxx	xxxxxxxx
Profit before taxation		xxxxxxxx	xxxxxxxx
Taxation - current	24	xxxxxxxx	xxxxxxxx
- deferred		xxxxxxxx	xxxxxxxx
		(xxxxxxxx)	(xxxxxxxx)
Profit after taxation		xxxxxxxx	xxxxxxxx
Unappropriated/unremitted profit brought forward		xxxxxxxx	xxxxxxxx
Profit available for appropriation/unremitted profit		xxxxxxxx	xxxxxxxx
APPROPRIATIONS			
Transfer to:			
Capital reserve		xxxxxxxx	xxxxxxxx
Revenue reserve		xxxxxxxx	xxxxxxxx
Statutory reserve		xxxxxxxx	xxxxxxxx
Proposed dividend/remittances to Head Office		xxxxxxxx	xxxxxxxx
		(xxxxxxxx)	(xxxxxxxx)
Unappropriated/unremitted profit carried forward		xxxxxxxx	xxxxxxxx

The annexed notes form an integral part of these accounts.

PRESIDENT AND
CHIEF EXECUTIVE　　DIRECTOR　　DIRECTOR　　DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED ________

	(Current Year)	(Prior Year)
	----------Rupees in '000----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	xxxxxxx	xxxxxxx
Less : Profit/loss from Investment Securities	xxxxxxx	xxxxxxx
: Dividend income	xxxxxxx	xxxxxxx
	xxxxxxx	xxxxxxx
Adjustment for non-cash charges		
Depreciation	xxxxxxx	xxxxxxx
Provision for diminution in the value of investments	xxxxxxx	xxxxxxx
Provision against non-performing advances	xxxxxxx	xxxxxxx
Others (to be specified)	xxxxxxx	xxxxxxx
	xxxxxxx	xxxxxxx
	xxxxxxx	xxxxxxx
(Increase)/decrease in operating assets		
Government securities	xxxxxxx	xxxxxxx
Advances	xxxxxxx	xxxxxxx
Other assets (excluding advance tax)	xxxxxxx	xxxxxxx
	xxxxxxx	xxxxxxx
Increase/(decrease) in operating liabilities		
Deposits & other accounts	xxxxxxx	xxxxxxx
Bills Payable	xxxxxxx	xxxxxxx
Other liabilities (excluding provision for taxation)	xxxxxxx	xxxxxxx
	xxxxxxx	xxxxxxx
Cash flow before tax	xxxxxxx	xxxxxxx
Income tax paid	xxxxxxx	xxxxxxx
Net cash flow from operating activities	xxxxxxx	xxxxxxx
CASH FLOW FROM INVESTING ACTIVITIES		
Net sale proceeds of Investment securities	xxxxxxx	xxxxxxx
Dividend income	xxxxxxx	xxxxxxx
Fixed capital expenditure	xxxxxxx	xxxxxxx
Sale proceeds of fixed assets	xxxxxxx	xxxxxxx
Net cash used in investing activities	xxxxxxx	xxxxxxx
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings from other banks, agents etc.	xxxxxxx	xxxxxxx
Payment of lease obligations	xxxxxxx	xxxxxxx
Dividend paid	xxxxxxx	xxxxxxx
Net Cash flow from financing activities	xxxxxxx	xxxxxxx
Increase in cash and cash equivalents for the year	xxxxxxx	xxxxxxx
Cash and cash equivalents at the beginning of the year	xxxxxxx	xxxxxxx
Cash and cash equivalents at the end of Dec. 31/June 30, 19xx	xxxxxxx	xxxxxxx
Cash and cash equivalents		
Cash	xxxxxxx	xxxxxxx
Balances with other banks	xxxxxxx	xxxxxxx
Money at call and short notice	xxxxxxx	xxxxxxx
	xxxxxxx	xxxxxxx

PRESIDENT AND
CHIEF EXECUTIVE DIRECTOR DIRECTOR DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED ___________

1. **STATUS AND NATURE OF BUSINESS**

2. **BASIS OF PRESENTATION**

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, such as:**

Historical cost convention

Staff retirement benefits

Taxation

Advances (including policy which describes the basis on which uncollectable advances are recognized as an expense and written off).

Investments (including policy for valuation).

Operating fixed assets and depreciation (showing separately for owned and leased assets)

Revenue recognition (for principal types)

Foreign currencies

Others (specify)

	(Current year)	(Prior year)
	Rupees in '000	
4. CASH		
In hand - local currency		
- foreign currencies		
With State Bank of Pakistan in :		
Special deposit account		
export refinance		
others (to be specified)		
Current account		
With other central banks		
With National Bank of Pakistan		
in current account		

	(Current year)	(Prior year)
	Rupees in '000	

5. BALANCES WITH OTHER BANKS

In Pakistan		
Outside Pakistan		

Note : Deposit and current account balances should be shown separately.

6. INVESTMENTS (at cost less provisions)

Federal and Provincial Governments Securities :		
-Federal Investment Bonds		
-Short Term Federal Bonds		
-Others (to be specified)		
Investments in subsidiary companies and associated undertakings		
Fully paid up ordinary shares		
-listed companies		
-unlisted companies		
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates		
Other investments (to be specified)		
Gold		
Less : Provision for diminution in the value of investments		

(Market value of quoted investments Rs ....
and book value of unquoted investments Rs ....)

Dealing securities should be distinguished from investment securities and from other investments. Information as required in the above note to the accounts should be disclosed separately for all categories of investments.

Dealing securities are marketable securities that are acquired and held with the intention of reselling them in the short term. Investment securities are acquired and held for yield or capital growth purposes and are usually held to maturity.

	(Current year)	(Prior year)
	Rupees in '000	
7. ADVANCES		
Loans, cash credits, overdrafts etc:		
In Pakistan		
Outside Pakistan		
Bills discounted and purchased (excluding Government Treasury Bills)		
Payable in Pakistan		
Payable outside Pakistan		
General and specific provision for non-performing advances - note 7.2	( )	( )

Advances include Rs. ________ which have been placed on non performing status.

7.1 Particulars of advances

In local currency		
In foreign currencies		
Debts considered good in respect of which the bank is fully secured		
Debts considered good for which the bank holds no other security than the debtors' personal security		
Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors		
Debts considered doubtful or bad not provided for		

	Balance outstanding at	*Maximum total amount of advances including temporary advances granted during the year
	---------- Rupees in '000 ----------	
Debts due by directors or executives of the bank or any of them either severally or jointly with any other persons		
Debts due by companies or firms in which the directors of the bank are interested as directors, partners or in the case of private companies, as members		
Debts due by subsidiary companies, controlled firms, managed modarabas and other associated undertakings		

* The maximum aggregate amount of advances outstanding at any time since the date of incorporation or since the date of previous balance sheet, whichever is later. Such maximum amount to be calculated by reference to month end balances.

7.2 Particulars of provision against non-performing advances

	Specific	General	TOTAL (Current year)	(Prior year)
	----------Rupees in '000----------			
Opening balance				
Exchange adjustments				
Charge for the year				
Amounts written off -Note 7.3				
Reversals				
Other movements (to be specified)				
Closing balance				
Provision against:				
Advances to banks				
Advances to others				

7.3 Amounts written-off during the year

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31st December/30th June, 19xx is given at Annexure-I.

8. OPERATING FIXED ASSETS

	Cost/Revaluation			Depreciation			Book Value	Rate of
	At Jan. 1/ Jul 1, 19xx	Additions (deletions)	At Dec 31 / Jun. 30, 19xx	At Jan. 1 / Jul 1, 19xx	Charge for the year	At Dec. 31 / Jun. 30, 19xx	At Dec. 31 / Jun. 30,19xx	Depreciation %
Land - freehold								
- leasehold								
Buildings on freehold land								
Buildings on leasehold land								
Furniture, fixture and office equipment								
Vehicles								
Others (to be specified)								
Assets held under finance lease:								
Office equipment								
Vehicles								
Others (to be specified)								
Current year								
Prior year								

Notes:

i) Where sums have been written off on a reduction of capital or revaluation of assets, the first balance sheet subsequent to the reduction or revaluation shall show the original cost, the reduced and increased figures, as the case may be, alongwith the date and amount of the reduction or increase made, basis thereof and name and qualification of the valuer who should be an independent person competent to do so. Every balance sheet subsequent to the reduction or revaluation, shall show the year and the total amount of the reduction or revaluation and the element thereof excluded from or included in the book value of the asset.

ii) In the case of sale of fixed assets otherwise than through a regular auction, made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the bank or any associated undertaking, irrespective of the value, and in the case of any other person, if the original cost or the book value of the asset or assets exceed in the aggregate Rupees one million or one hundred thousand rupees whichever is lower, particulars of the assets and in aggregate (a) cost or valuation, as the case may be, (b) the book value and (c) the sale price and the mode of disposal (e.g by tender or negotiation) and the particulars of the purchaser.

iii) The depreciation methods and the depreciation rates used for fixed assets under each sub-head shall be disclosed.

iv) Fixed assets used by the company that are the subject of finance lease shall be separately identified by each major class of asset.

v) Any exchange gain or loss in any year, as a consequence of fluctuations in rates of exchange, relative to the foreign currency borrowings out of the proceeds of which assets were acquired may be added to or deducted from the value of the respective assets and where such addition or deduction is made, the amount thereof under each sub-head shall be disclosed together with the depreciation policy thereof.

	(Current year)	(Prior year)
	Rupees in '000	

9. **NET INVESTMENT IN FINANCE LEASE**

Lease installments receivable		
Add: Residual value		
Less: Unearned finance income		
Less: current portion		

10. **OTHER ASSETS**

Stationery and stamps on hand		
Income/mark up accrued on advances and investments		
Other income receivable (to be specified)		
Prepaid exchange risk fee		
Other advances, deposits, advance rent and other prepayments		
Taxation (payments less provisions)		
Current portion of net investment in leases		
Non-banking assets acquired in satisfaction of claims (Market value Rs. ....)		
Deferred costs		
Branch adjustment account		
Suspense account		
Others (to be specified)		

Notes

i) Deferred costs shall include preliminary, formation and pre-operating expenses, discount allowed on the issue of shares, if any, and expenses incurred on the issue of shares including any sums paid by way of commission or brokerage on the issue of shares, to the extent not written off or adjusted and each of these items shall be stated separately.

ii) In respect of each material item of prepayments and deferred costs, the basis on which each item is being amortised or written off shall be stated and in respect of each item of deferred costs the reasons for carrying forward such costs shall be stated. Deferred costs shall be written off during a period not exceeding five years commencing from the financial year in which the costs were incurred.

	(Current year)	(Prior year)
	Rupees in '000	
11. DEPOSITS AND OTHER ACCOUNTS		
Fixed deposits		
Savings deposits		
Current accounts		
Others (to be specified)		
Deposits and other accounts of banks		
11.1 Particulars of deposits and other accounts		
In local currency		
In foreign currencies		
12. BORROWINGS FROM OTHER BANKS, AGENTS ETC.		
In Pakistan		
Outside Pakistan		
12.1 Particulars of borrowings from other banks, agents etc.		
In local currency		
In foreign currencies		

	(Current year)	(Prior year)
	Rupees in '000	
12,2 Secured		
Loans from banks and other financial Institutions		
Loans from subsidiary companies, managed modarabas and associated undertakings		
Loans from directors (including chief executive) of the bank		
Loans from State Bank of Pakistan		
Export refinance		
Others (to be specified)		
Others (to be specified)		
Unsecured (to be specified)		

Notes

There shall be stated in respect of loans:

i) the range of rate of interest / mark-up;

ii) where any of the long term loans are secured otherwise than by the operation of law on any assets of the bank, the fact that the loans are so secured, together with a statement of the assets upon which they are secured and where more than one class of liabilities is so secured, their relative priorities with respect to payment of interest or profit and redemption; and

iii) any other material terms.

	(Current year)	(Prior year)
	Rupees in '000	

13. OTHER LIABILITIES

Mark-up / Interest on loans/ borrowings		
Profit payable on PLS deposits and other accounts		
Interest on foreign currency deposits		
Taxation (provision less payments)		
Branch adjustment account		
Unearned commission		
Local bills discounted		
Accrued expenses		
Advance payments		
Due to subsidiary companies, managed modarabas and associated undertakings		
Due to directors		
Unclaimed dividends		
Unpaid dividends		
Proposed dividend		
Others (to be specified)		

14. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The aggregate amount of liabilities relating to assets subject to finance lease shall be shown either as the total of the minimum lease payments or as the net present value of the liabilities, disclosing in summary form:

a) the interest rates used as the discounting factor;
b) amount of future payments and the periods in which they will become due;
c) purchase options or terms of escalation;
d) financial restrictions imposed, if any;
e) any other material terms.

15. DEFERRED LIABILITIES

Liabilities as are under recognised accounting principles appropriately classified as deferred liabilities shall be shown distinguishing as:

a) for taxation;

b) for pension, gratuity and other staff benefit schemes; and

c) other deferred liabilities showing separately (material items).

	(Current year)	(Prior year)
	Rupees in '000	

16. SHARE CAPITAL / HEAD OFFICE CAPITAL ACCOUNT

Authorised ______ ordinary shares of Rs. _____ each		
Issued, subscribed and paid up:		
Ordinary shares of Rs. _____ each		
Issued for cash		
Issued for consideration other than cash		
______ Issued as bonus shares		

NOTES

i) Various classes of shares and their number and value should be shown separately.

ii) Particulars of any option on unissued shares, such as amount of option, class of shares, issue price, period during which option is exercisable, etc.

iii) In the case of subsidiaries, the number of shares of each class held by the holding company.

iv) Issued, subscribed and paid up capital may either be shown separately or as one item.

v) In the case of a banking company incorporated outside Pakistan the amount of deposit kept with the State Bank of Pakistan in compliance with sub section 3 of section 13 of the Banking Companies Ordinance, 1962 should be shown under this head; the amount, however, should not be extended to the outer column.

17. RESERVE FUND & OTHER RESERVES

	Capital	Statutory	Revenue	TOTAL (Current year)	TOTAL (Prior year)
	------	------	Rupees in '000	------	------
Balance at the beginning of the year					
Transfer from profit and loss account					
Balance at the end of the year					

NOTE

Reserves shall be classified distinguishing between capital reserves and revenue reserves. Capital reserves shall include capital redemption reserve, share premium account, profit prior to incorporation or any reserve not regarded free for distribution by way of dividend (to be specified), while revenue reserves shall include general reserve, dividend equalisation reserve and other reserves created out of profit (to be specified). Additions to and deductions from each item of reserves shall be shown in the balance sheet under the respective items unless they are disclosed in the profit and loss account or statement or a report annexed thereto. Accumulated loss / adverse balance of profit and loss account shall be shown as deduction from Capital and reserves.

18. BILLS FOR COLLECTION

	(Current year)	(Prior year)
	Rupees in '000	
Payable in Pakistan		
Payable outside Pakistan		

	(Current year)	(Prior year)
	Rupees in '000	

19. CONTINGENT LIABILITIES AND COMMITMENTS

CONTINGENCIES

Money for which the bank is contingently liable:

a) Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings

b) Contingent liability in respect of guarantees given favouring :

i) Government

ii) Banking companies and other financial institutions

iii) Others

c) Liability on bills of exchange rediscounted

Arrears of cumulative preference dividends

Claims against the bank not acknowledged as debts

COMMITMENTS

Commitments in respect of forward exchange contracts

Sale

Purchase

Commitments in respect of operating leases

Capital expenditure contracted but not provided for

Other commitments (including commitments in respect of 'Repo' transactions, note issuance facilities and revolving underwriting facilities)

	(Current year)	(Prior year)
	Rupees in '000	

20. OTHER OPERATING INCOME

Income from dealing in foreign currencies		
Miscellaneous income (to be specified)		

21. ADMINISTRATIVE EXPENSES

Salaries, allowances etc.		
Staff Retirement benefits		
Non executive directors' fees and allowances		
Brokerage and commission		
Head Office expenses (only for branches of foreign banks operating in Pakistan)		
Rent, taxes, insurance, electricity etc		
Legal and professional charges		
Communications		
Repairs and maintenance		
Rentals of operating leases		
Finance charge on leased assets		
Stationery and printing		
Advertisement and publicity		
Donations (see notes below)		
Auditors' remuneration - Note 21.1		
Depreciation - Note 8		
Other receivables written off		
Other expenditure (to be specified)		

Notes:

i) In the case of donations where any director or his spouse has interest in the donee, the names of such directors, their interest in the donee and the names and addresses of all donees shall be disclosed.

ii) The policy for any donations should comply with relevant prudential regulations issued by State Bank of Pakistan

iii) Communications include postage, telephone, telegram, fax charges, stamps etc.

	(Current year)	(Prior year)
	Rupees in '000	
21.1 Auditors' remuneration		
Audit fee		
Fee for audit of foreign branches (if applicable)		
Fee for audit of provident, pension, gratuity and other funds		
Special certifications/examinations and sundry advisory services		
Tax services		
Out of pocket expenses		

Note

In case of joint auditors the above information should be shown separately for each of the joint auditors.

22. OTHER INCOME

	(Current year)	(Prior year)
Rent		
Net profit on sale of fixed assets		
Net profit on sale of other assets		
Income from non banking assets and profit from sale of or dealing with such assets		
Other receipts (to be specified)		

23. OTHER CHARGES

	(Current year)	(Prior year)
Net loss on sale of fixed assets		
Loss from sale of or dealing with non banking assets		
Amortisation of preliminary, formation and pre operating expenses		
Others (to be specified)		

24. TAXATION

i) Provision for taxation on income, capital gains and other tax or taxes, showing separately the provision for liability in respect of the profit of the financial year and the provision for liability deferred due to timing differences or devaluation of assets and distinguishing, where applicable, between the provision for Pakistan taxation and the provision for taxation elsewhere.

ii) The relationship between tax expense (income) and accounting profit; the composition of deferred tax assets and liabilities and deferred tax income or expense; and the tax effect of discontinued operations should also be disclosed.

25. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the bank was as follows:

	Chief Executive/Country Manager		Directors		Executives	
	(Current year)	(Prior year)	(Current year)	(Prior year)	(Current year)	(Prior year)
	Rupees in '000					
Fees						
Managerial remuneration						
Retirement benefits						
Rent and house maintenance						
Utilities						
Medical						
Conveyance						
Others (to be specified)						
Number of persons						

Note

Executives mean officers, other than the chief executive and directors, whose basic salary exceed five hundred thousand rupees in a financial year.

26. MATURITIES OF ASSETS AND LIABILITIES

	Total	Upto one month	Over one month to one year	Over one year to five years	Over five years
	---------------------- Rupees in '000 ----------------------				
ASSETS					
CASH					
BALANCES WITH OTHER BANKS					
MONEY AT CALL AND SHORT NOTICE					
INVESTMENTS					
ADVANCES					
OPERATING FIXED ASSETS					
CAPITAL WORK IN PROGRESS					
OTHER ASSETS					
NON BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS					
LIABILITIES					
DEPOSITS & OTHER ACCOUNTS					
BORROWINGS FROM OTHER BANKS, AGENTS ETC.					
BILLS PAYABLE					
OTHER LIABILITIES					
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE					
DEFERRED LIABILITIES					
NET BALANCE					
SHAREHOLDERS' EQUITY					
SURPLUS ON REVALUATION OF FIXED ASSETS					
SUBORDINATED DEBT					

Note:

Some assets of a bank do not have a contractual maturity date. The period in which these assets are assumed to mature should be taken as the expected date on which the assets will be realized.

27. SEGMENT ANALYSIS

27.1 Geographic segment

	Profit before taxation	Total assets employed	Net assets employed	Bills for collection	Endorsements & other obligations
	---- Rupees in '000 ----				
Pakistan					
Asia Pacific (Including South Asia)					
Europe					
United States of America and Canada					
Middle East					
Others					

Total assets employed include intra group items of Rs ....

Notes:

1 Total assets employed shown above mean, total assets shown on the balance sheet and intra group items.

2 Net assets employed mean net assets shown on the balance sheet.

3 The geographical distribution shown above should be based primarily upon the location of the office recording the transaction.

27.2 Segment by class of business

	Deposits		Advances	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Chemical and Pharmaceuticals				
Agribusiness				
Textile				
Cement				
Sugar				
Shoes and leather garments				
Automobile and transportation equipment				
Financial				
Insurance				
Transportation				
Electronics and electric appliances				
Production and transmission of energy				
Others				
		100		100

Note

The above classes of business are for reference purposes only and other classes can be included.

27.3 Segment by sector

	Deposits		Advances	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Public/Government				
Private				
		100		100

28. CURRENCY BREAKDOWN OF ASSETS AND LIABILITIES

	Assets		Liabilities	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Pak rupees				
U.S. dollars				
Pound sterling				
Deutsche mark				
Japanese yen				
Other European currencies				
Other currencies				
		100		100

29. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

	(Current year)	(Prior year)
	Rupees in '000	
i) Advances given during the year		
ii) Advances repaid during the year		
iii) Deposits (at year end)		
iv) Mark up/Interest expensed		
v) Mark up/Interest earned		
vi) Provision for non-performing advances charged against income during the year		
vii) Provision for non-performing advances at year end		
viii) Commitments and contingent liabilities for irrevocable commitments and contingencies		
ix) Others (to be specified)		

PRESIDENT AND CHIEF EXECUTIVE | DIRECTOR | DIRECTOR | DIRECTOR

30. GENERAL

30.1 The note numbers given are for reference purposes. Further details may be given, if considered necessary, by way of additional note(s).

30.2 Except for the first financial statements laid before the shareholders of the bank, financial statements shall also give the corresponding figures for the immediately preceding financial year. This requirement shall, in the case of banks required to prepare half yearly financial statements, be applicable accordingly to the immediately preceding corresponding period.

30.3 The figures in the financial statements may be rounded off to the nearest thousand.

30.4 Where any property or asset, acquired with the funds of the bank, is not held in the name of the bank or is not in the possession and control of the bank, this fact shall be stated, and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.

30.5 The following shall be disclosed in the financial statements namely:

i) All material information necessary to make the financial statements clear and understandable;

ii) If a fundamental accounting assumption, namely, going concern, consistency and accrual is not followed in preparation of financial statements, that fact together with the reasons thereof ;

iii) Particulars of any charge on the assets of the bank to secure the liabilities of any other person including, where practicable, the amount so secured (particulars of beneficiary alongwith relationship to the bank or directors to be disclosed);

iv) Details and nature of trust/off balance sheet activities and/or products together with the basis of recognising income from these activities and/or products. The total assets and liabilities of each major activity and/or product at the balance sheet date and the related income should also be disclosed;

v) Change in an accounting policy that has material effect in the current year or may have a material effect in the subsequent years together with reasons for the change and the financial effect of the change, if material.

30.6 The surplus on revaluation of fixed assets shall be treated and shown as specified in section 235 of the Companies Ordinance, 1984. Additions to, deductions from, adjustment in or applications of the surplus on revaluation, whether resulting from disposal of the revalued asset(s) or otherwise (details to be provided), shall also be stated.

30.7 Return means income from, or as the case may be, paid on non interest bearing accounts.

30.8 Income and expense items should not be offset except for those relating to hedges and to assets and liabilities which have been offset in accordance with note 30.9.

30.9 The amount at which any asset or liability is stated in the balance sheet should not be offset by the deduction of another liability or asset unless a legal right of set off exists and the offsetting represents the expectation as to the realisation or settlement of the asset or liability.

30.10 Banks should disclose the nature and amount of commitments to extend credit that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

30.11 Where any material item shown in the financial statements or included in amounts shown therein cannot be determined with substantial accuracy, an estimated amount described as such shall be included in respect of that item together with the description of the item.

30.12 No liability shall be shown in the balance sheet or the notes thereto at a value less than the amount at which it is repayable (unless the quantum of repayment is at the option of the bank) at the date of the balance sheet or if it is not then repayable, at the amount at which it will first become so repayable thereafter, less, where appropriate, reasonable deduction for discount until that date.

30.13 Any information required to be given in respect of any of the items in the financial statements shall, if it cannot be included in such statements, be furnished in a separate note, schedule or statement to be attached to, and which shall be deemed to form an integral part of the financial statements.

30.14 If in the opinion of the directors any of the current assets have, on realisation in the ordianary course of the bank's business, a value less than the amount at which they are stated in the financial statements, a disclosure of the fact that the directors are of that opinion together with their estimates of the realisable value and the reasons for assigning higher values in the balance sheet shall be required.

30.15 Terms and expressions not defined in the Banking Companies Ordinance, 1962 have the same meaning as in the Companies Ordinance, 1984 unless there is anything repugnant in the subject or context.

30.16 Wherever the words " to be specified " have been used in the Notes, it connotes that only such amounts are to be disclosed which are material.

Annexure-I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENED ....

S. No.	Name and address of the person	Name of Individuals / Partners/Directors (with NIC No.)	Father's Name	Outstanding Liabilities on the opening day of the Year	Amount written off	Other Financial Reliefs provided	Total (6+7)
1.	2.	3.	4.	5.	6.	7.	8.

32/1997 Since the issuance of BPRD Circular No. 25 dated the 26th July, 1997, the State Bank has been receiving queries from various banks regarding the week days to be taken into account for the purpose of maintaining average weekly balance of 5% as also regarding levy of penalty on default in maintenance of Statutory Cash Reserve. In this connection, following clarifications are issued:-

Default in Maintenance of Statutory Cash Reserve

i. For the purpose of calculating average weekly balance of 5% and the daily minimum balance of 4% the demand and time liabilities at the close of business on every Saturday (and if Saturday is a holiday, on the previous working day) preceding the concerned week shall be taken into account. For this purpose the week shall consist of seven (7) days from Monday to Sunday.
ii. For levy of penalty on default in maintaining average weekly balance of 5% the minimum balance required to be maintained during a week shall be determined by multiplying 5% of the time and demand liabilities (as calculated in (i) above) with total week days i.e. 7 and compared with the aggregate of the balances maintained with SBP at the close of each of the days of the week (in the case of holiday(s) the balance at the close of last working day shall be taken into account). If the aggregate balance maintained during a week is below the minimum balance required to be maintained the bank shall render itself liable to pay the penalty. The penalty shall be levied for all such number of days of the week on which the balance maintained was below 5% of the demand and time liabilities and on such amount by which the balance maintained on day falls short of the 5% of time and demand liabilities.
iii. If any bank maintains the average weekly balance of 5% but fails to maintain a minimum balance of 4% of its total time and demand liabilities at the close of business on any day, such bank shall also render itself liable to pay the penalty.
iv. The rate of penalty for default in maintenance of Statutory Cash Reserve shall continue to be the same as stipulated in Para A of the BPRD Circular NO. 18 dated 5th December, 1992.

2. Other instructions on the subject shall, however, remain unchanged.

AFFIDAVIT

I,......................................son/daughter/wife of,........................ ....adult, resident of .... and holding NIC No. ...., do hereby state on solemn affirmation as under:

1. That I am, by occupation, ... with following experience and educational qualifications:

[Briefly, state your banking and/or business experience, educational qualifications and name(s) of relevant university/ies]

2. That I am/have not been associated with any illegal activity, especially relating to any banking business.
3. Following are complete and true particulars of all businesses, including proprietary concerns/partnership firms, companies (*), in which I have been associated as a proprietor, partner or director thereof during the last......... years and the accounts maintained by them:-

Name of Proprietory Concern/Partnership Firm/Company	Name of Bank and/or NBFI together with Name of Branch(es)	Account Number

4. That neither I in my individual capacity or a proprietary concern or any partnership firm or nay private limited company or any unlisted public company or any listed public company (**) (of which I have been a proprietor, partner, director or shareholder), has been in default in payment of dues owned to any financial institution and/or has been in default in payment of any taxes.

* Names of public companies listed on any Stock Exchange in which the deponent of the Affidavit and his family members collectively own less than 5% of total paid up shares need not be mentioned. Family members will include: (a) spouse of the deponent; (b) brother or sister of the deponent; ©any lineal ascendant or descendant of the deponent.

** For the purpose of this affidavit, a listed company will only include a company listed on any stock exchange in which the deponent and his/her family members collectively own five percent or more of the total paid up shares. Family members will include: (a) spouse of the deponent; (b) brother or sister of the deponent; (c) any lineal ascendant or descendant of the deponent.

5. That I am not a director of any privatised or private bank or NBFI, save and except a director of .... [write name of the privatised and private bank or NBFI of which the deponent is already a director, otherwise delete the words " save and except a director of"].

Statements contained herein above are true to my knowledge.

DEPONENT

The Deponent is identified by me.

ADVOCATE

Solemnly affirmed before me on this .... day of ...., 199 at .... by the Department above named who is identified to me by ...., Advocate, who is known to me personally.

COMMISSIONER FOR TAKING AFFIDAVITS

33/1997 Please refer to ICD Circular No. 1 dated 27th April, 1987 read with subsequent amendments made from time to time.

LMM- Scheme - Part B (Export Sales)

2. With a view to encourage the export of the locally manufactured engineering items it has been decided to substitute sub para a & b of para 1 as contained in part-B Export Sales of the captioned scheme (circulated vide above referred circular) as under:-

   a) individual machine / equipment using upto 20% landed cost of imported components of all the Ex-Factory/show room price of such machine/equipment will be eligible for 100% financing under the scheme.
   b) For individual machine and equipment using more than 20% imported components, as described in (a) above, the entitlement for refinance would be determined after deducting the landed cost of imported items used in manufacturing the machinery from the Ex-Factory/show room price of the machinery as manufactured.

3. Likewise, the refinance, in respect of cases pertaining to the post shipment, shall be allowed without discounting the invoice value in supersession of the requirements in para 16 of the circular referred to above.

4. The rate of fine on account of non-shipment/short shipment/delayed shipment in respect of cases pertaining to Part-B Export Sales has been reduced to paisa 28 per day per thousand or part thereof. Necessary amendments may accordingly be made in sub para (i) and (ii) of para 20 of the circular under reference.

5. The above instructions shall be applicable in respect of disbursement made by banks, on or after the issuance of this circular.

6. Other terms and conditions of the Scheme shall, however, remain unchanged.

34/1997 Please refer to BPRD Circular No. 15 dated the 3rd June, 1997 on the above subject.

Panel of Auditors - Section 35(1) of the Banking Companies Ordinance, 1962

It has been decided to up-grade/include and change the name in the panel of auditors circulated vide BPRD Circular No. 25 dated the 10th October, 1995 for the purpose of audit of Banks/DFIs as indicated against each.

1. ENLISTMENT

   a) M/s. Ilyas Saeed & Co. Chartered Accountants has been enlisted in the panel under category No. 2 to conduct audit of NDFC, PICIC, ADBP, IDBP and HBFC.

b) M/s. Aamer Amin & Co. Chartered Accountants has been enlisted in the panel under category No. 4 to conduct audit of other Financial Institutions.

2. CHANGE OF NAME OF THE FIRM

The name of M/s. Umar Siddiqui Majeed & Co., Chartered Accountants, is changed to M/s. Habib Basit Umar Iftikhar & Co., Chartered Accountants. The new firm is placed in the category No.3 in the panel to conduct audit of other Commercial Banks, Investments Banks and other DFIs.

3. DELETION

Consequent upon merger of M/s. Umar Siddiqui Majeed & Co. in the new firm under the name and style of M/s. Habib Basit Umar Iftikhar & Co., Chartered Accountants, the name of the former Chartered Accountants firm, enlisted in the panel of auditors in category No. 3 vide BPRD Circular No. 18 dated the 9th June, 1996 has been deleted.

Terms and Conditions for Grant of Financing Facilities by State Bank.

35/1997 It has been decided that effective from October 29, 1997 the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall be remunerated by the recipients at a minimum rate of 18% on annual basis.

2. This supersedes BPRD Circular No.26 dated the 26th July, 1997.

MINIMUM CAPITAL REQUIREMENTS FOR BANKS

(ISSUED VIDE BPRD CIRCULAR No. 36 DATED THE 4th NOVEMBER, 1997)

ISSUED BY :-

RISK MANAGEMENT & ANALYSIS DIVISION
BANKING POLICY & REGULATIONS DEPARTMENT
STATE BANK OF PAKISTAN
CENTRAL DIRECTORATE
KARACHI .

STATE BANK OF PAKISTAN
BANKING POLICY & REGULATIONS DEPARTMENT
(RISK MANAGEMENT & ANALYSIS DIVISION)
CENTRAL DIRECTORATE
KARACHI

BPRD Circular No. 36 **4th November, 1997**

All Banks

Dear Sirs,

MINIMUM CAPITAL REQUIREMENTS

Banks are aware that Section 13 of the Banking Companies Ordinance, 1962 relating to requirement of minimum paid up capital and reserves has recently been modified through the Banking Companies (Second Amendment) Ordinance, 1997 (copy enclosed). The modified law interalia states that no banking company shall commence business unless it has a minimum paid up capital as may be determined by the State Bank or carry on business unless the aggregate of its capital and unencumbered general reserves is of such minimum value within such period as may be determined and notified by the State Bank from time to time. Accordingly, in exercise of the powers vested under the above provisions of law it has since been decided that effective from December 31, 1997 all banks shall maintain minimum capital as laid down in the enclosed Annexure.

Please acknowledge receipt.

Yours faithfully,

Mansur ur Rehman

(MANSUR-UR-REHMAN KHAN)
Director

Encl: As above

ANNEXURE TO BPRD CIRCULAR No. 36
DATED 4th NOVEMBER, 1997.

INSTRUCTIONS ON CALCULATION OF MINIMUM CAPITAL REQUIREMENTS BASED ON RISK WEIGHTED ASSETS

1) No banking company incorporated in Pakistan shall commence and carry on banking business unless it has a minimum paid up capital of Rs 500 million. Similarly, no banking company incorporated outside Pakistan shall commence and carry on banking business in Pakistan unless it has a minimum paid up capital of the value of Rs 500 million.

Provided that where a banking company already in existence is found short of the minimum required paid up capital on 31st December, 1997, it shall meet shortfall by 31st December, 1998.

2) Effective from 31st December, 1997 no banking company shall carry on banking business in Pakistan unless it maintains capital and unencumbered general reserves the amount of which is not less than 8% of the risk weighted assets of the banking company.

Provided that where the capital and unencumbered general reserves maintained by a banking company are found short of the minimum required capital and unencumbered general reserves (MCR) on December 31, 1997, the State Bank shall, on request from the banking company concerned, consider grant of extension in time for meeting the required capital adequacy.

3) The capital and unencumbered general reserves for the purposes of the minimum requirement of 8% of risk weighted assets shall mean and include:-

A. **Equity :**

i) Fully paid up capital / capital deposited with SBP*
ii) Balance in share premium account
iii) Reserve for Bonus Shares
iv) General Reserves as disclosed on the balance-sheet
v) Unappropriated/unremitted* profits (net of accumulated losses, if any)

* in the case of foreign banks operating in Pakistan.

B. **Supplementary Capital :**

i) General Provisions or Reserves for loan losses
ii) Revaluation Reserves
iii) Undisclosed Reserves
iv) Subordinated debt.

4) The computation of the amount of Equity and Supplementary Capital shall be subject to the following limitations and restrictions:-

i) The sum total of the different components of the Supplementary Capital will be limited to the sum total of the various components of the Equity.

ii) While calculating the amount of equity the followings shall be deducted:-

a) Book value of intangible assets such as goodwill, etc.
b) Shortfall in provisions required against classified assets irrespective of any relaxation allowed by the State Bank.

Besides, investments made in the equity of subsidiary companies engaged in banking and financial activities which are not consolidated will also be deducted from the equity in the consolidated Group balance-sheet.

iii) The subordinated debt will be limited to a maximum of 50% of the amount of equity. To be eligible for inclusion in Supplementary Capital the instrument should be fully paid up, unsecured, subordinated to the claims of other creditors and should not be redeemable at the initiative of the holder and without the prior approval of the SBP.

iv) General Provisions or Reserves for loan losses shall include only such provisions which are not created against identified losses and are as such freely available to meet unidentified losses. These provisions or reserves will be limited to a maximum of 1.25% of risk assets.

v) Undisclosed Reserves will be permitted to be included in the Supplementary Capital despite being unpublished, provided they appear in the internal accounts of the banking company and have basically arisen out of the earnings of the banking company duly certified by the External Auditors and are accepted as such by the State Bank. To be eligible to be shown as part of the Supplementary Capital, the Undisclosed Reserves should not be encumbered by any provision or known liability and should be freely available to meet unforeseen losses.

vi) Revaluation Reserves shall be the Reserves created by revaluation of fixed assets and equity instruments held by the banking company. The assets and investments must be prudently valued fully taking into account the possibility of price fluctuations and forced sale. Revaluation reserves reflecting the difference between the historical cost book value and the market value will be eligible upto 50% for treatment as Supplementary Capital subject to the condition that the reasonableness of the revalued amount is duly certified by the external auditors of the banking company.

5) **CALCULATION OF MINIMUM CAPITAL REQUIREMENTS :**

(A) The banking companies shall calculate MCR for their respective On-Balance-Sheet assets by applying the weights as given below:-

	Assets	% Weight
a)	Cash (including approved foreign currencies and gold bullion)	0%
b)	Balances held with scheduled banks and banks abroad. (Be they term deposits, Certificates of Deposits or money at call)	20%
c)	Claims on the State Bank, the Federal Government, the Provincial Governments, and other Central Banks	0%
d)	Claims on or Guaranteed by banks of international repute incorporated in G.10 countries	20%
e)	Claims covered by cash collateral, or guarantee of the Federal Government or of the State Bank.	0%
f)	Loans to staff	0%
g)	Claims on domestic entities owned or controlled by the Federal Government	0%, 10%, 20% or 50% as may be prudently determined by the banking company.
h)	Loans fully secured by mortgage of residential or commercial property	50%
i)	Loans and advances including bills purchased/discounted (less cash margin and government securities held) to private sector entities	100%
j)	Investments in shares and other capital instruments of companies set up in the private sector	100%
k)	Fixed assets (land, building, equipments, furniture & fixture, stationery) net of depreciation	100%
l)	Other Assets	100%

Notes :

i) All claims are to be assigned the highest risk weightage (100%) unless a lower risk-weightage can be specifically assigned to them.

ii) Netting may be done only in respect of assets where provisions for depreciation or for bad and doubtful debts have been made.

iii) Assets which have been deducted from equity pursuant to Paragraph 4(ii) above will have a weightage of ' 0 '.

B) For the purpose of calculating MCR in respect of exposure under various Off-Balance-Sheet transactions, the banks shall apply credit conversion factors as indicated below to the different types of Off-Balance-Sheet transactions. The credit conversion factors will be multiplied by the weights applicable to the corresponding On-Balance-Sheet transaction based on the credit risk involved in the Off-Balance-Sheet exposure:-

	Off-Balance-Sheet transaction	Credit conversion factors
a)	Loan Repayment Guarantees and Acceptances (less Cash Margin)	100%
b)	Purchase & Resale Agreements (Reverse REPO) other than those effected through SGL of State Bank	100%
c)	Performance Bonds, Bid Bonds, Warranties and similar instruments (less Cash Margin & Government Securities held)	50%
d)	Revolving Underwriting commitments	50%
e)	Standby Letters of Credit & Other Standby Facilities with an original maturity of over one year, and other Letters of Credits (less Cash Margin & Government Securities held)	50%
f)	Outstanding foreign exchange contracts	3%

6) SUBMISSION OF RETURNS

Every banking company shall submit to the State Bank a half yearly return commencing from the half year ending 31st December, 1997 on the format given in the enclosed Appendix within a period of two months from the close of each half year ending 30th June / 31st December. The return should be certified by the external auditors of the banking company and duly signed by its authorized signatory (ies).

7) PENALTY FOR NON-COMPLIANCE

i) A banking company failing to meet the minimum capital requirements shall render itself liable to levy of penalty under the relevant provisions of the Banking Companies Ordinance, 1962.

ii) A banking company failing to submit the half-yearly return within the stipulated time or submit a wrong statement shall also render itself liable to levy of penalty under the Banking Companies Ordinance, 1962.

****

APPENDIX TO BPRD CIRCULAR No.36
DATED 4th NOVEMBER, 1997.

NAME OF BANK [ ]

POSITION AS AT [ ]

HALF-YEARLY STATEMENT ON MINIMUM CAPITAL REQUIREMENTS

PART-A **CAPITAL / CAPITAL ADEQUACY RATIO**

(Rupees in Thousands)

S.NO		ITEMS	AMOUNT
1		**Equity**	
	1.1	Fully Paid-up capital/Capital deposited with SBP	xxxxx
	1.2	Balance in Share Premium Account	xxxxx
	1.3	Reserve for Bonus Shares	xxxxx
	1.4	General Reserves as disclosed on the Balance Sheet	xxxxx
	1.5	Un-appropriated/ Unremitted profits (net of accumulated losses, if any)	xxxxx
	1.6	**Sub-Total (1.1 to 1.5)**	xxxxx
		Less :	
	1.7	Intangible Assets (to be specified)	xxxxx
	1.8	Investments in equity of subsidiary companies engaged in banking and financial activities not consolidated in the balance sheet	xxxxx
	1.9	Shortfall in Provisions required against Classified assets	xxxxx
	1.10	**Sub-Total (1.7 to 1.9)**	xxxxx
	1.11	**TOTAL EQUITY (1.6 - 1.10)**	xxxxx
2		**Supplementary Capital**	
	2.1	Freely available General Provisions or reserves for loan losses - upto maximum of 1.25% of Risk assets (see para 4 (iv) of Instructions)	xxxxx
	2.2	Revaluation reserves - eligible upto 50% (see para 4 (vi) of Instructions)	xxxxx
	2.3	Un-disclosed reserves (see para 4 (v) of Instructions)	xxxxx
	2.4	Subordinated debt - upto maximum of 50% of Total Equity - Item 1.11 (see para 4 (iii) of Instructions)	xxxxx
	2.5	**Total Supplementary Capital (2.1 to 2.4)**	xxxxx
	2.6	**Total Supplementary Capital eligible for MCR** (Maximum upto 100% of Total Equity - see para 4 (i) of Instructions)	xxxxx
	2.7	**TOTAL CAPITAL (1.11 + 2.6)**	xxxxx
3		**Risk Assets and Off-Balance Sheet Items**	
	3.1	Adjusted value of funded risk assets i.e., On-Balance Sheet Items (To tally with total of Part B)	xxxxx
	3.2	Adjusted value of non-funded risk exposure i.e. Off-Balance Sheet Items (To tally with total of Part C)	xxxxx
	3.3	**TOTAL RISK-WEIGHTED ASSETS/EXPOSURES (3.1+3.2)**	xxxxx
	3.4	**MINIMUM CAPITAL REQUIRED** (8% of Total Risk-Weighted Assets / Exposures - Item 3.3)	xxxxx
	3.5	**Total Capital held** (As at item 2.7 above)	xxxxx
	3.6	**Capital Surplus / (Shortfall)** - (3.4 - 3.5)	xxxxx
	3.7	**CAPITAL ADEQUACY RATIO** (%age of 3.5 to 3.3)	xxxxx

PART-B

RISK-WEIGHTED ASSETS - ON-BALANCE SHEET ITEMS

(Rupees in Thousands)

S.NO	ITEMS	BOOK VALUE	RISK WEIGHTS%	ADJUSTED VALUE
1	Cash (including approved Foreign Currencies and Gold bullion)		0%	
2	Balances with Central Banks :			
	2.1 With State Bank of Pakistan		0%	
	2.2 With Other Central Banks		0%	
3	Balances with other Banks (including Term Deposits / Certificates of Deposit) :			
	3.1 With Scheduled Banks in Pakistan		20%	
	3.2 With Banks outside Pakistan		20%	
4	Money at Call & Short notice in Pakistan :			
	4.1 With Scheduled Banks		20%	
	4.2 Others		100%	
5	Investments in :			
	5.1 Federal Govt. Securities		0%	
	5.2 Provincial Govt. Securities		0%	
	5.3 Shares of :			
	a) Enterprises owned or controlled by Fed.Govt.		0% - 50% *	
	b) Private Sector Enterprises		100%	
	5.4 Debentures, Bonds, PTCs, TFCs, etc. of :			
	a) Enterprises owned or controlled by Fed.Govt. :			
	i) Guaranteed by Federal Govt./SBP		0%	
	ii) Not Guaranteed by Federal Govt./SBP		0% - 50% *	
	b) Private Sector Enterprises		100%	
	5.5 Other Investments (to be specified)		100%	
6	Loans & Advances including Bills Purchased / Discounted (Less Cash Margin and Govt. Securities held) to :			
	6.1 Federal Government		0%	
	6.2 Provincial Government		0%	
	6.3 Loans guaranteed by Federal Govt./SBP		0%	
	6.4 Enterprises Owned or Controlled by Federal Govt.		0% - 50% *	
	6.5 Claims on or guaranteed by banks of international repute incorporated in G-10 countries		20%	
	6.6 Private Sector Enterprises		100%	
	6.7 Loans fully secured by mortgage of residential or commercial property		50%	
	6.8 Staff loans		0%	
	6.9 Others (to be specified)		100%	
7	Fixed Assets (Net of Accumulated Depreciation)		100%	
8	Assets deducted from Capital :			
	8.1 Intangible Assets		0%	
	8.2 Unconsolidated Investment in subsidiary companies engaged in banking and financial activities		0%	
9	Other Assets			
	9.1 Taxation (Net of Provisions)		0%	
	9.2 Accrued Interest/Profit on Govt. Securities		0%	
	9.3 Others (to be specified)		100%	
	TOTAL			

* 0%, 10%, 20% or 50% as may be prudently determined by the banking company.

PART-C

WEIGHTED NON-FUNDED EXPOSURES / OFF- BALANCE SHEET ITEMS

(Rupees in Thousands)

S.NO.	ITEMS	BOOK VALUE	Conversion Factor %	Equivalent Value	RISK WEIGHTS %	ADJUSTED VALUE
1	Loan Repayment Guarantees & Acceptances (Less Cash Margin) issued on behalf of :					
	1.1 Federal / Provincial Govts., and SBP or guaranteed by the Federal Govt. / SBP.		100%		0%	
	1.2 Enterprises owned or controlled by the Federal Govt.		100%		0% - 50% *	
	1.3 Banks of international repute incorporated in G-10 countries		100%		20%	
	1.4 Private Sector Enterprises		100%		100%	
	1.5 Others (to be specified)		100%		100%	
2	Purchase & Resale Agreements (Reverse Repo) other than those effected through SGL of SBP		100%		0%	
3	Performance Bonds, Bid Bonds, Warranties & similar instruments (less Cash Margin & Govt. Securities held) issued on behalf of :					
	3.1 Federal / Provincial Govts., and SBP or guaranteed by the Federal Govt. / SBP.		50%		0%	
	3.2 Enterprises owned or controlled by the Federal Govt.		50%		0% - 50% *	
	3.3 Banks of international repute incorporated in G-10 countries		50%		20%	
	3.4 Private Sector Enterprises		50%		100%	
	3.5 Others (to be specified)		50%		100%	
4	Revolving Underwriting Commitments		50%		100%	
5	Standby L/Cs & other Standby facilities with an original maturity of over one year, and other L/Cs (less cash Margin & Govt. Securities held) issued on behalf of:					
	5.1 Federal / Provincial Govts., and SBP or guaranteed by the Federal Govt. / SBP.		50%		0%	
	5.2 Enterprises owned or controlled by the Federal Govt.		50%		0% - 50% *	
	5.3 Banks of international repute incorporated in G-10 countries		50%		20%	
	5.4 Private Sector Enterprises		50%		100%	
	5.5 Others (to be specified)		50%		100%	
6	Outstanding Foreign Exchange Contracts		3%		100%	
	TOTAL					

* 0%, 10%, 20% or 50% as may be prudently determined by the banking company.

REGISTERED No. M-302 / L-7646

The Gazette of Pakistan

EXTRAORDINARY
PUBLISHED BY AUTHORITY

ISLAMABAD, MONDAY, OCTOBER 27, 1997

PART I

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN

MINISTRY OF LAW, JUSTICE, HUMAN RIGHTS AND PARLIAMENTARY AFFAIRS

(Law and Justice Division)

Islamabad, the 27th October, 1997

F. No. 2(1)/97-Pub.—The following Ordinance made by the President is hereby published for general information :–

ORDINANCE NO. LIV OF 1997

AN

ORDINANCE

further to amend the Banking Companies Ordinance, 1962

WHEREAS it is expedient further to amend the Banking Ordinance, 1962 (LVII of 1962), for the purposes hereafter appearing ;

AND WHEREAS the National Assembly is not in session and the President is satisfied that circumstances exist which render it necessary to take immediate action ;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President is pleased to make and promulgate the following Ordinance :—

1. **Short title and commencement.**—(1) This Ordinance may be called the Banking Companies (Second Amendment) Ordinance, 1997.

(2) It shall come into force at once.

2. **Amendment of Section 3A, Ordinance LVII of 1962.**— In the said Ordinance, in section 3A, in sub-section (1), after the figure and comma "6," the figure and comma "13," shall be inserted.

3. **Amendment of Section 5, Ordinance LVII of 1962.**— In the said Ordinance, in section 5, in clause (a), in sub-clause (i), for the brackets and figure "(3)" brackets and figure "(2)" shall be substituted.

4. **Amendment of Section 13, Ordinance LVII of 1962.**— In the said Ordinance, for section 13 the following shall be substituted, namely :—

"*13 Requirement as to minimum paid-up capital and reserves.*— (1) Subject to sub-section (2) no banking company shall—

(a) commence business unless it has a minimum paid-up capital as may be determined by the State Bank; or

(b) carry on business unless the aggregate of its capital and unencumbered general reserves is of such minimum value within such period as may be determined and notified by the State Bank from time to time for banking companies in general or for a banking company in particular.

(2) No banking company incorporated outside Pakistan shall be deemed to have complied with the provisions of sub-section (1) unless it deposits and keeps deposits with the State Bank an amount by transfer of funds from outside Pakistan or in the form of assets acquired out of remittable profits made by it from deposits in Pakistan which is not less than what is required to be maintained under sub-section (1), in any one or more of the following forms, namely :—

(i) interest-free deposit in cash in Pakistan rupees;

(ii) interest-free deposit in a freely convertible approved foreign exchange within the meaning of the State Bank of Pakistan Act, 1956 (XXXIII of 1956), specified by the State Bank in respect of such banking company; and

(iii) deposit of un-encumbered approved securities.

(3) Without prejudice to the provisions of section 83, the State Bank may, by order in writing, require any banking company which has failed to comply with the provisions of clause (b) of sub-section (1) within the period determined and notified under that clause to deposit with the State Bank such amount not on such terms and conditions as the State Bank may determine and every banking company which is so required shall be bound to comply with the order.

Exceeding the amount by which the aggregate value of the capital and unencumbered general reserves of such banking company falls short of the minimum amount of the aggregate of the capital and unencumbered general reserves required to be maintained by such banking company pursuant to clause (b) of sub-section (1).

(4) Any amount deposited and kept deposited with the State Bank under the sub-section (2) by any banking company incorporated outside Pakistan shall, in the event of the banking company ceasing for any reason to carry on banking business in Pakistan, be an asset of the banking company on which the claims of all the creditors of the banking company in Pakistan shall be the first charge.

(5) If any dispute arises in computing the aggregate value of the capital and unencumbered general reserves of any banking company, a determination thereof by the State Bank shall be final.

(6) For the purpose of this section, (a) "value" means the real or exchangeable value or, if the real or exchangeable value exceeds the nominal value, the nominal value; and (b) "capital and unencumbered general reserves" means paid-up capital and such other items as may be notified in this regard by the State Bank from time to time.

5. **Amendment of Section 27, Ordinance LVII of 1962.—** In the said Ordinance, in section 27, in sub-section (2), in the second proviso the words "referred to in sub-section (1) of section 13 or of such further period as the State Bank may under the proviso to that sub-section thinks fit to allow" shall be omitted.

6. **Amendment of Section 29, Ordinance LVII of 1962.—** In the said Ordinance, in section 29, in sub-section (2), for the words, brackets and figure "the proviso to sub-section (3)" the words, brackets and figure "sub-section (2)" shall be substituted.

7. **Amendment of Section 83, Ordinance LVII of 1962.—** In the said Ordinance, in section 83, in sub-section (7) the words "sub-section (2) of " shall be omitted.

FAROOQ AHMAD KHAN LEGHARI,
President.

MIAN SAQIB NISAR,
Secretary.

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(37/1997) Please refer to the instructions contained in BPRD Circular No. 7 dated the 16th April, 1995 on the above subject.

Change in the Board of Directors

In supersession of the instructions contained in above mentioned circular and with a view to prevent undesirable person from becoming directors of "Financial Institutions" (privatised and private banks/NBFIs) the State Bank of Pakistan, in exercise of the powers vested under section 41 & 42 of BCO, 1962 has decided as under:-

1. Before appointing a person to fill any casual vacancy occurring among the directors, the person should be required to submit an affidavit in terms of the enclosed proforma. On the basis of the contents of the affidavit and any other relevant information available, the directors of concerned Financial Institution should satisfy themselves that the person to be appointed to fill any casual vacancy: (a) is/has not been associated with any illegal activity, especially relating to banking business ; (b) that neither he in his individual capacity or a proprietary concern or any partnership firm or any private limited company or any unlisted public company or any listed public company * (of which he has been a proprietor, partner, director or shareholder), has been in default in payment of dues owned to any bank/any other financial institution and/or has been in default in payment of any taxes; and © is not a director of any other bank.

2. Without the prior approval of the State Bank of Pakistan ("SBP"), casual vacancies occurring among the directors shall not be filled by the directors so as to facilitate or give effect to: (i) a change in the management of the concerned Financial Institution; and/or (ii) any arrangement pursuant to which five percent or more of the total issued shares have been transferred or are proposed to be transferred.

* For the purpose of this Circular, a listed company will only include a company listed on any stock exchange in which the person and his family members collectively own five percent or more of the total paid up shares. Family members will include: (a) spouse of the person ; (b) brother or sister of the person; and (c) any lineal ascendant or descendant of the person.

3. Notice of the meeting at which directors are proposed to be elected shall, inter alia, expressly require any person who seeks to contest the election to the office of a director, whether he is a retiring director or otherwise, to file with the concerned Financial Institution, not later than fourteen days before the date of the meeting at which elections are to be held, the affidavit in the enclosed proforma. The notice should further state that, in terms of the criteria prescribed by SBP, association of the following person as director is undesirable and against public interest; (a) a person who is/has been associated with any illegal activity, especially relating to banking business; and (b) a person who in his individual capacity or a proprietary concern or any partnership firm or any private limited company or an unlisted public company or any listed public company (of which he has been a proprietor,

partner, director or shareholder), has been in default of payment of dues owned to any financial institution and/or in default of payment of any taxes. The notice should further state that a person is not permitted to be a director of more than one bank.

If any of the persons specified above are elected as director, SBP would remove him pursuant to powers vested in SBP under Section 41A of the Banking Companies Ordinance, 1962

4. Affidavits obtained in terms of paragraphs 1 and 3 above should be forwarded to SBP within ten days of receipt thereof.

5. Affidavits mentioned in terms of paragraphs 1 and 3 above shall also be submitted on an annual basis by 10th of January each year.

Simplifying and Streamlining the Procedure for Collection of Utility Bills.

38 1997 Please refer to the meeting held at State Bank of Pakistan on 7th October, 1997 regarding above wherein the following Action Plan for banks was agreed upon:-

i) All branches of the concerned scheduled banks will accept utility bills from 9.00 a.m. to 4.00 p.m. for which appropriate sign boards will be displayed. Surprise checks will be carried out under direct control of Chief Executives to ensure compliance with the above directives.

ii) To facilitate consumers, feasibility of extending the time for collection of utility bills through utility booths will be examined and wherever circumstances permit extended payment time will be given.

iii) Each branch manager will ensure that adequate counters are available for consumers at the branch to avoid long queues. The branch manager will take on the spot decision for opining extra counters as and when queue exceeds fifteen consumers in number.

iv) To avoid long queues of consumers in front of bank branches a box will be placed at a prominent place within the premises of each branch to enable consumers to make payment of utility bills through cheques. The consumer will simply drop his bill alongwith the crossed cheque for the billed amount in the said box. The acknowledgment of the said bills would be collected by the consumer subsequently. To educate consumers to avail of the said facility, utility companies as well as banks would launch an advertisement campaign in the media.

v) The banks will conduct a study on providing computer facility/ cash register machine at each counter meant for accepting the utility bills. Besides study will be carried out on payment of bills through electronic media, E.Mail, telephone etc.

vi) Banks shall make special arrangements to ensure that where consumers have to make a queue in front of branch, water, shamiana or proper shelter is provided to protect them from heat and rain.

vii) Banks will immediately start negotiation with utility companies for a reasonable fee by way of collection charges.

In exercise of the powers vested in the State Bank under the Banking Companies Ordinance, 1962, you are hereby directed to implement the above Action Plan and report compliance. State Bank of Pakistan will also conduct surprise checks to ensure that the action plan stated above is implemented by banks in letter and spirit.

39/1997 We invite your reference to the Year 2000 date issue which may have come to your attention from different media in Pakistan and Internationally. **Millennium Issue**

As the date approaches, it is imperative that the computer based applications/software which may not operate correctly after December 31, 1999, be fixed well in advance. In this regard, following standards should be applied to each piece of software to become Year 2000 compliant by June 1998 positively.

DATE FORMAT STANDARD

The date format on all computer based output such as reports and returns as well as manually prepared submissions to State Bank should be	DD-MM-YYYY
For example, the date in this format will appear like	30-06-1998
With this format Banks will ensure that the date will be automatically acceptable to the computers which are in use by them	01-01-2000

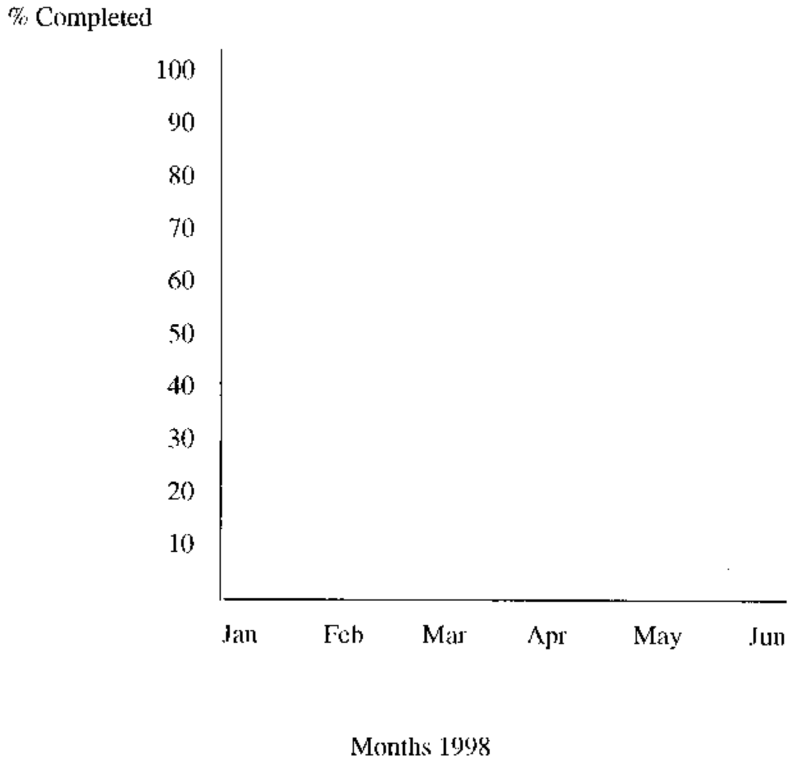
ITEMS COVERING DATE STANDARD

Following items will have to Year-2000 dated compliant by June, 1998:

1. All electronic data submission to State Bank.
2. All computer based reports and returns to State Bank.
3. All manually prepared reports and returns.
4. All inter-bank reports/returns exchange between the financial institutions.

You are also advised to submit monthly status report indicating the level of work completed towards Year-2000 date issue on the enclosed format to the Advisor, Computer Services Department, State Bank of Pakistan, 4th Floor, Main Building, I.I. Chundrigar Road, Karachi positively by 5th of the following month.

STATUS REPORT ON YEAR 2000
WORK PROGRESS



Name:	______________________	Office Phone
Designation:	______________________	Fax
Name of Bank/DFI	______________________	Signature

40/1997 Several instances have been brought to the notice of the Governor, both by the representatives of the private sector and the State Bank officials incharge of regulation and supervision of banks and non bank financial institutions, which indicate that some of the institutions under the regulatory authority of the State Bank of Pakistan ignore/neglect/defy/delay implementation of the directives and regulations of the State Bank of Pakistan. Further, data/information required from them is some time inaccurate and some of them delaying its supply inordinately despite frequent reminders and even telephonic calls to the Chief Executives concerned.

Non-Compliance by Banks/NBFIs.

2. Non-compliance by any bank or NBFI with State Bank's instructions, directives, circulars etc., is a very serious offence. Accordingly, the Governor has directed the relevant officials of the State Bank to strictly enforce discipline on all the institutions regulated by it.

3. In view of the above, it has been decided that in case of occurrence of any of the above in future, strict penal action under the Banking Companies Ordinance and other relevant laws would be taken against the Chief Executive concerned and other officials who violate the instructions of the State Bank as well as against the institution itself.

This circular is being issued under Section 41 of the Banking Companies Ordinance.

41/1997 The State Bank of Pakistan is presently observing the following business hours:-

Business and Office Hours.

	Business Hours	Office Hours
Monday to Thursday	9.00 AM to 1.30 PM	9.00 AM to 5.00 PM
	(With one hour break from 1.30 PM to 2.30 PM	
Friday	9.00 AM to 12.30 PM	9.00 AM to 5.00 PM
	(With two hours break from 1.00 PM to 3.00 PM	
Saturday	9.00 AM to 12.30 PM	9.00 AM to 1.30 PM
		(Without break)

2. Some Banks/NBFIs are observing timings other than those observed by the State Bank of Pakistan. Further, some Banks/NBFIs are observing Saturday as holidays besides Sundays. Observance of different timings by these Banks/NBFIs is interalia, creating difficulties for the State Bank of Pakistan in coordinating and/or implement its policies and directives and is otherwise not in the public interest.

3. It has, therefore, been decided that minimum business/office hours to be observed by the Banks and NBFIs shall be the same as those observed by

the State Bank of Pakistan.

4. It is clarified that this decision does not prohibit Banks/NBFIs from observing business/office hours longer than those observed by the State Bank of Pakistan if the same is considered desirable and otherwise permissible at your end.
5. The above instructions shall come into force with immediate effect.

Acceptance of Leased Hold Land as Collateral/ Securities.

42/1997 Kindly refer to BCD Circular No.1 dated the 9th January, 1971 in terms of which advances above Rs 100,000 against real estate can be made only for productive purpose or for construction of houses subject to margin of 40%. Such advances can be made against the security of land and/or building. It is clarified that security of land includes a valid Leased Hold Land having an un-expired lease period of more than 10 years.

Maintenance of Liquid Assets in Pakistan.

43/1997 In exercise of the powers conferred upon State Bank of Pakistan under Section 29 of the Banking Companies Ordinance, 1962, it has been decided to reduce the liquidity ratio, excluding cash reserves, by 2 percentage points to 18 percent effective from January 2, 1998. Accordingly, as from the said date every banking company shall maintain in Pakistan in cash (excluding Statutory Cash Reserve maintained under Section 36(1) of State Bank of Pakistan Act, 1956) gold or unencumbered approved securities to be valued in a manner as provided for under the said section an amount which shall not at the close of business on any day be less than 18 per cent of the total of its time land demand liabilities in Pakistan.

Business and Office Hours during the Month of Ramzan-ul-Mubarak.

44/1997 During ensuing month of Ramazan-ul-Mubarak the following office hours will be observed by the Central Directorate of the State Bank of Pakistan:-

Monday to Thursday & Saturday	8.30 A.M. to 1.45 P.M. (Without break)
Friday.	8.30. A.M. to 12.30 P.M. (without break)

The business and clearing timings to be observed during the holy month of Ramazan-ul Mubarak will be notified by the respective SBP Offices.

After the holy month of Ramazan-ul-Mubarak Office will automatically revert to pre-Ranazan timings.

Creation of Reserve Fund

1/1998 In Terms of Section 21 of the Banking Companies Ordinance, 1962 every banking company incorporated in Pakistan is required to create a Reserve Fund and to transfer to the said Fund certain percentage of profit each year, as disclosed in its Profit & Loss Account, before any dividend is declared. In this connection, banks were advised vide our BCD Circular No.28 dated the 21st November, 1972 that profit for the purpose of computing the amount to be transferred to the said Fund should be the profit as disclosed in a bank's Profit & Loss Account prepared according to Section 34 of the Banking Companies Ordinance i.e. before making provision for income tax.

Since the forms of Balance Sheet and Profit & Loss Account of banks as set out in the Second Schedule to the Banking Companies Ordinance, 1962 have since been amended vide BPRD Circular No.31 dated the 13th August, 1997, banks may therefore, comply with the provisions of Section 21 ibid by creating reserve fund, in the prescribed manner, out of the "profit after taxation" as disclosed in the Profit & Loss Account of a bank.

This supersedes the instructions contained in our earlier BCD Circular No.28 dated the 21st November, 1972.

Concessionary Finance for Domestic Sales of Locally Manufactured Machinery For Thermal/ Hydal Power Plant.

2/1998 Please refer to the captioned Scheme circulated vide ICD Circular No.07 of 16th August, 1995.

2. Under the existing provisions of the captioned Scheme, if the landed cost of imported components used in a machine / equipment does not exceed 80% of the Ex-factory / Show room price of the individual machines / equipment, finance under the Scheme may be provided upto the amount of difference between the Ex-factory / Show room price and the landed cost of the imported components. Likewise the rates of profit earned by the financial institution on finances provided under the Scheme for pre-delivery / post delivery purpose shall not exceed 13% p.a. Where refinance is obtained from the State Bank of Pakistan, the Bank will share in the overall profit (before tax) of the financial institutions concerned, subject to the maximum of 11% and 10.5% on annual basis, on refinance granted for pre delivery and post delivery purpose respectively.

3. It has now been decided to substitute para (b) of the captioned Scheme circulated vide our Circular referred to above with the following :-

b(i) Individual machine / equipment using upto 20% landed cost of imported components of the Ex-factory / Show room price of such machinery / equipment will be eligible for 100% financing under the Scheme.

b(ii) For individual machines and equipments using more than 20% imported components, as described in b(i) above, the entitlement for refinance would be determined after deducting the landed cost of imported items used in manufacturing the machinery from the Ex-Factory / Show room price of the machinery so manufactured.

4. Likewise the maximum profit to be earned by a financial institution on finance extended under the Scheme has been reduced to 11% p.a. Where refinance is obtained from State Bank of Pakistan, the Bank will share in the overall profit (before tax) of the financial institutions concerned, subject to the maximum of 9% on annual basis, on refinance granted for pre delivery and post delivery purpose respectively.

5. The rate of fine on account of non-shipment / short shipment / delayed shipment has also been reduced to paisa 28 per day per thousand or part thereof.

The validity of the Scheme has also been extended upto 30th June, 1998.

7. Other terms & conditions of the Scheme shall, however, remain unchanged.

Panel of Auditors Section 35(1) of The Banking Companies Ordinance, 1962.

3/1998 Please refer to BPRD Circular No.34 dated the 15th October, 1997 on the captioned subject.

2. It has been decided to up-grade / include the names of the chartered accountancy firms in the Panel of Auditors circulated vide BPRD Circular No.25 dated the 10th October, 1995 for the purpose of audit of Banks / NBFIs as indicated against each.

1. <u>INCLUSION.</u>

M/s. Tahire Siddiqui & Co., Irfan Plaza, Suite No.11, 4th Floor, 34-Civic Centre, Garden Town, Lahore has been included in the panel under category No.4 to conduct audit of Other Financial Institutions.

M/s. Riaz Ahmad, Saqib, Gohar & Co., 5 Nasim C.H.S., Major Nazir Bhatti Road, Off Shaheed-e-Millat Road, Karachi has been included in the panel under category No.3 to conduct audit of other Commercial Banks, Investment Banks and other DFIs.

2. <u>UP-GRADATION.</u>

M/s. Ilyas Saeed & Co., A-4, Sea Breeze Homes, Shershah Block, Civic Centre (Barkat Market), New Garden Town, Lahore, has been up-graded from category No.2 to category No.1 in the panel to conduct audit of ABL, HBL, UBL, NBP and MCB.

M/s. Aslam Malik & Co., Al-Noor Building, 43, Bank Square, Shahrah-e-Quaid-e-Azam, Lahore, has been up-graded from catogory No.4 to category No.2 to conduct audit of NDFC, PICIC, ADBP, IDBP and HBFC.

Export Finance Scheme.

4/1998 Please refer to BPRD Circular No.30 dated the 4th August, 1997 wherein the concessionary export finance for 150 days was, interalia, extended for export of Dyed Yarn & Yarn of above 30 counts.

2. It has now been decided that the export finance facility for 150 days shall also be made available for export of Yarn of 30 Counts.

3. Necessary amendments against Harmonized Codes No.52.05 and 52.06 & Sub-Heading of the aforesaid list of ineligible commodities may be made as follows :-

Commodity	Harmonized Code Main Harmonized Code (ITC)	Remarks
1. Cotton Yarn	52.06 52.06	Excluding i) Cotton Sewing Thread ii) Blended Yarn with a cotton component not exceeding 49% and iii) Dyed Yarn and Yarn of counts 30 and above.

Meetings of Boards of Directors

5/1998 It has come to our notice that some Pakistani Banks have been holding meetings of their Boards of Directors outside the country. This tendency on the part of banks leads to wastage of resources without any benefit to depositors / customers.

All Pakistani scheduled banks / NBFIs incorporated in Pakistan are, therefore, directed that they should not ordinarily hold their Boards of Directors meeting abroad. In case it is considered necessary to hold meeting abroad for certain valid reasons prior approval from the State Bank of Pakistan should invariably be obtained.

Minimum Capital Requirements

6/1998 Please refer to BPRD Circular No.36 dated the 4th November, 1997 (hereinafter referred to as the said circular) on the above subject.

2. In the light of queries received from various banks the following amendments / clarifications in the said circular are issued :-

(i) In terms of Para 5 of the said circular cash margin and Government securities held are eligible for deduction from certain items before applying risk weights / credit conversion factors. A question has arisen whether the deposits held as collateral are also eligible for deduction. In this connection, it is clarified that the deposits of the party held under lien with flawless documentation shall also be eligible for deduction from exposure to such party, on the lines of cash margins, before applying risk weights / credit conversion factors. The amounts of cash margins, deposits and government securities so deducted shall be shown by way of footnotes under parts 'B' and 'C' of the prescribed return to be submitted to the State Bank on half-yearly basis.

(ii) In terms of the existing instructions the outstanding foreign exchange contracts are assigned a credit conversion factor of 3% and a uniform risk weight of 100%. The matter has been reviewed and it has been decided that foreign exchange contracts with SBP may be subjected to "Zero" risk weight and those with banks to 20% risk weight. All outstanding sale and purchase contracts will, however, be taken into account and not netting off will be done. The outstanding foreign exchange contracts with SBP and banks will be shown separately against item 6, Part C, of the prescribed return. Therefore, the format of the return may be amended accordingly.

(iii) "G-10 Countries" as referred to in the said circular include the following countries :-

1. U.S.A.	2. United Kingdom.	3. Japan	4. Germany
5. France	6. Canada	7 Italy	
8. Netherlands	9. Belgium	10 Sweden.	

(iv) The banks shall keep their expansion plans within such limits as can be accommodated by the size of their capital. For this purpose, banks shall constantly monitor the adequacy of their capital so that at no point of time the capital actually maintained by them falls short of the minimum requirement as laid down in the said circular.

Prudential Regulations for Loan Classification

7/1998 Please refer to BID Circular No.3 dated the 20th February, 1989 and Prudential Regulation NO.VIII (as modified from time to time) regarding classification of non-performing loans. In view of the enforcement of revised disclosure standards, vide BPRD Circular No.31 dated August 13, 1997, it has been decided to review the classification standards as also requirements of provisions. To this end following amendments are made :-

(i) Subjective evaluation of performing and non-performing credit portfolio for the accounting year ending December, 1997 and onwards shall be made for risk assessment both for adjustment by way of down grading or upgrading the category of classification. The evaluation shall be carried out on the basis of adequacy of security inclusive of its realizable value, cash flow of borrower, his operation in the account, documentation covering advances and credit worthiness of the borrower etc. The assessment will be made by bank as follows :-

(a) Where in a loan account which was lastly classified as loss, doubtful or substandard, the borrower had been making regular repayments during the following year and continues even upto the time of finalization of annual accounts of the bank, it may be put into upgraded category provided collaterals available with the bank are strong and or of sufficient value to cover the outstanding amount and cash flow position justifies.

(b) In case a classified account is upgraded and no regular repayment was thereafter received for a consecutive period of six months or was irregular preceding next balance sheet date of the bank, the account be reclassified according to aging criteria.

(c) Only the realizable value of the assets duly mortgaged / pledged against banks loans and advances shall be considered while evaluating the assets and determining the provision requirements. The auditors / inspectors shall determine the realizable value in accordance with the guidelines and criteria that may be laid down by the State Bank from time to time. The same will further be subject to check by State Bank Inspectors.

(ii) In case of OAEM classification for the accounting year ending December, 1997 and onwards, no provision need be created and in case of sub-standard classification, provision for the accounting year ending December, 1997 and onwards, will be created at 20% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realizable without recourse to a court of law.

2. Other instructions on the subject shall, however, remain unchanged.

3. The above instructions will come into force with immediate effect.

8/1998 Please refer to BCD Circular No.15 dated August 29, 1992 as amended from time to time.

Prudential Regulations for Banks

The following amendments are made in the existing Prudential Regulations with immediate effect :-

PRUDENTIAL REGULATION-II

Para-I of the above regulation may be replaced as under :-

1. Contingent liabilities of a bank shall not exceed at any point of

time 10 times of its paid up capital and general reserves (free of losses). In case of branches of foreign banks operating in Pakistan, capital will mean capital maintained under Section 13(3) of the Banking Companies Ordinance, 1962. Following shall not constitute contingent liabilities for the purpose of this regulation :-

(a) Bills for collection.

(b) Forward foreign exchange contract, weightage of 50% shall be given to bid / mobilization advance / performance bonds.

(c) Obligations under Letters of Credit and Letters of Guarantee to the extent of cash margin retained by the bank, and;

(d) Letters of Credit / Guarantee issued on behalf of the Federal / Provincial Government and established through State Bank of Pakistan provided payment is guaranteed.

PRUDENTIAL REGULATION-III

The following new Para may be added after the words "clean facilities granted to finance the export of commodities eligible under Export Finance Scheme shall be exempt from the per party limit on clean facilities" :-

Financing covered by Export Credit Guarantee Insurance Scheme may also be excluded from per party limit of Rs 100,000/- on clean facilities.

PRUDENTIAL REGULATION-IV

Para 3 (a) of Regulation-IV may be substituted by the following :-

3(a) Banks shall strictly observe the regulation when sanctioning fresh / additional credit facilities. Following relaxation is hereby granted upto 30-06-1999 for renewing existing facilities :-

Total accommodation availed by a borrower from banks / financial institutions may exceed 10 times of the capital and reserves (free of losses) of the borrower provided the borrower injects additional equity during the extended period.

PRUDENTIAL REGUALTION-V

The above regulation may be substituted by the following :-

Banks shall ensure that :-

(a) Current asset to current liability ratio of the borrower does not fall below the minimum indicated hereunder :-

(i) upto 30-06-1998	0.9 : 1
(ii) As from 30-06-1999	1 : 1

Current maturities of long term debt not yet due for payment may be excluded from the current liabilities for the purpose of calculating these ratios. Lease rental receivable within the next twelve months as disclosed in the notes to the annual audited accounts shall be treated as current assets for the purpose of calculating these ratios.

(b) Fresh / additional accommodation in the form of long term debts shall be provided on the basis of a debt equity ratio not exceeding 60:40 provided the differential between required and existing ratio is made good during the extended period i.e. upto 30th June, 1999. Provided further that where a different debt equity ratio has been laid down by the Government, the ratio laid down by Government shall apply.

(c) Loans to individual borrowers not exceeding Rs 500,000/= per borrower shall be exempt from the application of this regulation.

PRUDENTIAL REGULATION-X

A new Para-4 may be added at the end of regulation as under :-

4. Banks are advised to obtain clearance from the State Bank of Pakistan before fixing any charges (relating to exports) other than those mentioned in this regulation.

PRUDENTIAL REGULATION-XXII

Para 1 & 2 of the above regulation may be substituted as under :-

1. The non-reconciliation of Pak / Inter-Branch Accounts and non-settlement of Suspense Account entries for long periods have the potential of posing serious risks to banks. With a view to guard against these risks inherent in neglecting timely settlement of entries booked in the Inter-Branch Accounts (by whatever name called) and the Suspense Accounts, it is hereby directed as follows :-

(i) All the entries outstanding in the Inter-Branch Accounts and / or Suspense Account as on 31st March, 1997 shall be reconciled and cleared at the earliest but not later than 30th June, 1998.

(ii) Entries booked in the Pak / Inter-Branch Accounts and / or Suspense Account on or after 1st April, 1997 must be reconciled / cleared and taken to the proper head of account within a maximum period of 30 days from the date entry is made in the above-named accounts.

2. Entries made in Suspense Account on account of tax at source, advance tax paid, tax recoverable, advance expense on new branches, advance rent paid, legal expenses, mark up / service charge recoverable, Qarze Hasna for marriage,

and forward cover fee, may be classified as "Other Assets" and the above instructions shall not be applicable to the foregoing items. Besides, entries relating to frauds and forgeries, cash theft and looted, payments against equity, scrips / debt instruments and contributory payments of capital nature to be capitalized at a later stage shall also be excluded from the purview of the said regulation. The exclusion of entries relating to frauds and forgeries, cash theft and looted will, however, be subject to the condition that the same are cleared immediately on receipt of insurance claims.

Panel of Auditors Section 35(1) Of The Banking Companies Ordinance, 1962.

9/1998 Please refer to BPRD Circular No.3 dated the 9th January, 1998 on the captioned subject.

It has been decided to up-grade / include the names of the following Chartered Accountancy firms in the panel of Auditors circulated vide BPRD Circular No.25 dated the 10th October, 1995 for the purpose of audit of Banks / NBFIs as indicated against each :-

(A) <u>INCLUSION.</u>

(a) M/s. Hussain Rathore & Co. Chartered Accountants, 32, Block 8, School Road, Super Market, Islamabad. Ph: Nos. 273473, 825775.

(b) M/s. A.R. Khan & Co. Chartered Accountants, Suite No. 33-A, 6th Floor, Arkay Square, (Ext.) Shahrah-e-Liaqat, Karachi. Ph: 243244, 2423374.

(c) M/s. Z. Lakhani & Co., Chartered Accountants, Shahrah Quaideen (Nursery), Karachi-29. Ph: Nos.4550717-8-9

(d) M/s. Abdul Sattar & Co., Chartered Accountants, Opp. Govt. Pilot School, Multan. Ph: No.51003.

(e) M/s. S.M. Rehan & Co., Chartered Accountants, 5th Floor, Spotlit Chambers, Near Daily Jang Building, Off: I.I. Chundrigar Road, Karachi. Ph: Nos.2636161-3

The above noted Chartered Accountancy Firms, having one owner (sole Proprietor) each, have been included in the panel of Auditors under category No.4 to conduct audit of other Financial Institutions.

(f) M/s. Majeed Uddin & Co., Chartered Accountants, 608-610, Paradise Chambers, Near Passport Office, Off. Shahra-e-Iraq, Saddar, Karachi, Ph. Nos.512842-512679 has been included in the panel under category No.3 to conduct audit of other Commercial Banks, Investment Banks and other DFIs.

(B) <u>UPGRADATION.</u>

M/s. Zahid Jamil & Co., Chartered Accountants, 356-A, Al-Jamil Plaza, 2nd Floor, Small "D" Ground, Peoples Colony, Faisalabad, Ph. Nos. 2420403-2419776 has been up-graded from category No.3 to category No.2 in the panel to conduct audit of NDFC, PICIC, ADBP, IDBP and HBFC.

10/1998 The following changes have been made in the housing finance regulations :-

Credit Policy Housing Finance

1. Commercial banks are permitted to advance loans for housing projects like other industrial and commercial projects.

2. Banks are allowed to provide mortgage loans keeping in view the requirement of prudence in lending and they can also float long term bonds at market rates.

3. The State Bank is also in the process of opening a refinance window for long term funds from multilateral agencies.

11/1998 Please refer to BPRD Circular No.38 dated the 10th November, 1997 on the captioned subject.

Simplifying and Streamlining The Procedure for Collection of Utility Bills.

2. In partial modification of the above Circular NBP, HBL, MCB, UBL, ABL, Bank of Punjab, Bank of Khyber and First Women Bank Limited are hereby directed to collect Utility Bills upto 5:00 p.m. (instead of 4:00 p.m. as required under the above Circular).

3. All other instructions contained in BPRD Circular No.38 dated the 10th November, 1997 remain unchanged. The banks are also advised that the State Bank will conduct surprise checks to ensure that the instructions with respect to Utility Bills collection are implemented in letter and spirit.

12/1998 The Federal Government has been pleased to declare Bank Holiday on 29th May, 1998. All Banks / NBFIs will remain closed for public dealings on the above date and no cash / currency operation will be conducted. However, all Officers and Staff of the Bank / NBFIs will positively attend office as usual.

13/1998 Please refer to the Rules of Business for NBFIs as amended from time to time.

Rules of Business for NBFIs

The following amendments are made in the said Rules :-

<u>RULE-7</u> (Linkage between borrowerís equity and total borrowings from NBFIs)

The period of relaxation for renewing existing facilities which will expire on 30-06-1998 has been extended upto 30-06-1999 provided the borrower injects additional equity during the extended period.

<u>RULE-8</u> (Maintenance of Current Ratio and Debt/Equity Ratio)

The borrowers were required to maintain current assets to current liabilities ratio of 1:1 as from 30-06-1998 which period has now been extended upto 30-06-1999. Similarly the period for regularizing the debt/equity ratio has been extended upto 30-06-1999 provided the differential between required and existing ratios is made good during the extended period i.e. upto 30th June, 1999.

RULE-14 (Provisioning for Non-performing Assets)

Following new Paras (iii), (iv), (v) and (vi) may be added at the end of the rule :-

(iii) Subjective evaluation of performing and non-performing credit portfolio for the accounting year ending June 1998 and onwards shall be made for risk assessment both for adjustment by way of down grading or upgrading the category of classification. The evaluation shall be carried out on the basis of adequacy of security inclusive of its realizable value, cash flow of borrower, his operation in the account, documentation covering advances and credit worthiness of the borrower etc. The assessment will be made by NBFIs as follows :-

(a) Where in a loan account which was lastly classified as loss, doubtful or substandard, the borrower had been making regular repayments during the following year and continues even upto the time of finalization of annual accounts of the NBFI, it may be put into upgraded category provided collaterals available with the NBFI are strong and / or of sufficient value to cover the outstanding amount and cash flow position justifies.

(b) In case a classified account is upgraded and no regular repayment was thereafter received for a consecutive period of six months or was irregular preceding next balance sheet date of the NBFI, the account be reclassified according to aging criteria.

(c) Only the realizable value of assets duly mortgaged / pledged against NBFIs loans and advances shall be considered while evaluating the assets and determining the category of classification. The auditors / inspectors shall determine the realizable value in accordance with the guidelines and criteria that may be laid down by the State Bank from time to time. The same will further be subject to check by the State Bank Inspectors.

(iv) In case of OAEM classification for the accounting year ending June 1998 and onwards, no provision need be created and in case of sub-standard classification, provision for the accounting year ending June 1998 and onwards, will be created at 20% of the difference resulting from the outstanding balance of principal less the amount of liquid assets realizable without recourse to a court of law.

(v) Deduction of liquid assets from provisioning requirements may also be allowed from advances classified as "Loss" in line with other categories of classification. Further, bank guarantees from reputable international banks and pledged gold if any, may also be included in the definition of liquid assets.

(vi) The existing statement Nos. 20, 20A, 20B and 20C prescribed under Rule-15 have been revised accordingly for reporting of each category of loan. You are requested to furnish the information for the accounting year ending June, 1998 and onwards in the said proforma to the Banking Supervision Department-III.

Other instructions on the subject will however, remain unchanged.

Proforma No.20

STATEMENT SHOWING POSITION OF CLASSIFIED SHORT TERM FINANCE TO PUBLIC SECTOR

(Rs in Million)

Sr. No.	Name of the Party	Nature of Finance	Date of Finance	Amount of Limit or Commitment	Maximum Amount Availed	Due date of Repayment	Balance outstanding as on....			Period and Amount of Default	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			(9)	
							Principal	Mark-up etc.	Total	Period	Amount

Category of Classific-ation as per aging criteria	Revised category of classification(if any) under BPRD Circular No.13 dated 9-6-98	REASONS FOR UPGRADATION
(10)	(11)	(12)

Adequacy of Security				Operations in the Account	Cash flow of borrower	@ Credit worthiness of the borrower/group	Documentation covering Finance
Nature	Realisable Value*						
	At the time of Finance	On the date Finance became overdue	Present Value				

*Overleaf

@ CIB Reports can also be used for the purpose.

Provision Required			Total amount of unrealised interest/mark-up taken to Suspense Account	Total amount of unrealised interest/mark-up taken to Income Account
Percentage applied	Amount of Liquid Assets	Amount of Provision after deducting the amount of Liquid Assets		
(13)			(14)	(15)

* In makiing evaluation of realizable value of assets mortagaged/pledged with the bank following factors shall, inter alia, be kept in view:-

I. The value of pledged/mortgaged assets at the time of sanction/disbursement was assessed and evaluated independently keeping in view the fact that active market existed.

II. That valid documents of mortgage supported by lawyer's opinion alongwith non-encumbrance certificate are available on record.

III. The latest evaluation of immovable assets is also carried out independently on the basis of I and II above.

IV. In case of pledged assets the availability of active market and nature of commodity being durable or perishable should be kept in view.

V. That goods are perfectly pledged, the operation of the godowns are in control of the bank and regular valid insurance and other documents are available.

VI. The valuation of plant and machinery should be carried out by the bank independently. Th depreciated value as er borrower's audited accounts or the value assessed by the bank (whichever is lower) may be taken into account.

Proforma No.20-A

STATEMENT SHOWING POSITION OF CLASSIFIED SHORT TERM FINANCE TO PRIVATE SECTOR

(Rs in Million)

Sr. No.	Name of the Party	Nature of Finance	Date of Finance	Amount of Limit or Commitment	Maximum Amount Availed	Due date of Repayment	Balance outstanding as on....			Period and Amount of Default	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			(9)	
							Principal	Mark-up etc.	Total	Period	Amount

Category of Classific-ation as per aging criteria	Revised category of classification(if any) under BPRD Circular No.13 dated 9-6-98	REASONS FOR UPGRADATION							
(10)	(11)	(12)							
		Adequacy of Security				Operations in the Account	Cash flow of borrower	@ Credit worthiness of the borrower/group	Documentation covering Finance
		Nature	Realisable Value*						
			At the time of Finance	On the date Finance became overdue	Present Value				

*Overleaf

@ CIB Reports can also be used for the purpose.

Provision Required			Total amount of unrealised interest/mark-up taken to Suspense Account	Total amount of unrealised interest/mark-up taken to Income Account
Percentage applied	Amount of Liquid Assets	Amount of Provision after deducting the amount of Liquid Assets		
(13)			(14)	(15)

* In makiing evaluation of realizable value of assets mortagaged/pledged with the bank following factors shall, inter alia, be kept in view:-

I. The value of pledged/mortgaged assets at the time of sanction/disbursement was assessed and evaluated independently keeping in view the fact that active market existed.

II. That valid documents of mortgage supported by lawyer's opinion alongwith non-encumbrance certificate are available on record.

III. The latest evaluation of immovable assets is also carried out independently on the basis of I and II above.

IV. In case of pledged assets the availability of active market and nature of commodity being durable or perishable should be kept in view.

V. That goods are perfectly pledged, the operation of the godowns are in control of the bank and regular valid insurance and other documents are available.

VI. The valuation of plant and machinery should be carried out by the bank independently. Th depreciated value as er borrower's audited accounts or the value assessed by the bank (whichever is lower) may be taken into account.

Proforma No.20-B

STATEMENT SHOWING POSITION OF CLASSIFIED SHORT TERM FINANCE TO PUBLIC SECTOR

(Rs in Million)

Sr. No.	Name of the Party	Nature of Finance	Date of Finance	Amount of Limit or Commitment	Maximum Amount Availed	Due date of Repayment	Balance outstanding as on....			Period and Amount of Default	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			(9)	
							Principal	Mark-up etc.	Total	Period	Amount

Category of Classific-ation as per aging criteria	Revised category of classification(if any) under BPRD Circular No.13 dated 9-6-98	REASONS FOR UPGRADATION							
(10)	(11)	(12)							
		Adequacy of Security				Operations in the Account	Cash flow of borrower	@ Credit worthiness of the borrower/group	Documentation covering Finance
		Nature	Realisable Value*						
			At the time of Finance	On the date Finance became overdue	Present Value				

*Overleaf

@ CIB Reports can also be used for the purpose.

Provision Required			Total amount of unrealised interest/mark-up taken to Suspense Account	Total amount of unrealised interest/mark-up taken to Income Account
Percentage applied	Amount of Liquid Assets	Amount of Provision after deducting the amount of Liquid Assets		
(13)			(14)	(15)

* In makiing evaluation of realizable value of assets mortagaged/pledged with the bank following factors shall, inter alia, be kept in view:-

I. The value of pledged/mortgaged assets at the time of sanction/disbursement was assessed and evaluated independently keeping in view the fact that active market existed.

II. That valid documents of mortgage supported by lawyer's opinion alongwith non-encumbrance certificate are available on record.

III. The latest evaluation of immovable assets is also carried out independently on the basis of I and II above.

IV. In case of pledged assets the availability of active market and nature of commodity being durable or perishable should be kept in view.

V. That goods are perfectly pledged, the operation of the godowns are in control of the bank and regular valid insurance and other documents are available.

VI. The valuation of plant and machinery should be carried out by the bank independently. Th depreciated value as er borrower's audited accounts or the value assessed by the bank (whichever is lower) may be taken into account.

Proforma No.20-C

STATEMENT SHOWING POSITION OF CLASSIFIED SHORT TERM FINANCE TO PRIVATE SECTOR

(Rs in Million)

Sr. No.	Name of the Party	Nature of Finance	Date of Finance	Amount of Limit or Commitment	Maximum Amount Availed	Due date of Repayment	Balance outstanding as on....			Period and Amount of Default	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			(9)	
							Principal	Mark-up etc.	Total	Period	Amount

Category of Classification as per aging criteria	Revised category of classification(if any) under BPRD Circular No.13 dated 9-6-98	REASONS FOR UPGRADATION							
(10)	(11)	(12)							
		Adequacy of Security				Operations in the Account	Cash flow of borrower	@ Credit worthiness of the borrower/group	Documentation covering Finance
		Nature	Realisable Value*						
			At the time of Finance	On the date Finance became overdue	Present Value				

*Overleaf

@ CIB Reports can also be used for the purpose.

Provision Required			Total amount of unrealised interest/mark-up taken to Suspense Account	Total amount of unrealised interest/mark-up taken to Income Account
Percentage applied	Amount of Liquid Assets	Amount of Provision after deducting the amount of Liquid Assets		
(13)			(14)	(15)

* In makiing evaluation of realizable value of assets mortagaged/pledged with the bank following factors shall, inter alia, be kept in view:-

I. The value of pledged/mortgaged assets at the time of sanction/disbursement was assessed and evaluated independently keeping in view the fact that active market existed.

II. That valid documents of mortgage supported by lawyer's opinion alongwith non-encumbrance certificate are available on record.

III. The latest evaluation of immovable assets is also carried out independently on the basis of I and II above.

IV. In case of pledged assets the availability of active market and nature of commodity being durable or perishable should be kept in view.

V. That goods are perfectly pledged, the operation of the godowns are in control of the bank and regular valid insurance and other documents are available.

VI. The valuation of plant and machinery should be carried out by the bank independently. Th depreciated value as er borrower's audited accounts or the value assessed by the bank (whichever is lower) may be taken into account.

Payment of Returns to Investors & Depositors Enforcement of Islamic Principles

14/1998 In supersession of BCD Circular No.34 dated the 26th November, 1984 as amended from time to time and subsequent instructions issued on that subject, it has been decided that, effective immediately, the banks and other financial institutions shall determine on their own returns payable to investors and other depositors of funds with them. The banks are reminded to ensure that returns are paid strictly in accordance with the principles of Sharia and after they have fully met and provided for all the actual and accrued expenses of the related period.

The rate of return paid by banks to the different category of their investors and depositors shall be advised to the State Bank in a half-yearly return as of 30th June & 31st December within seven days from the date declared alongwith External Auditor's certificate.

Cash Reserve of Scheduled Banks With State Bank of Pakistan Under Section 36(1) of SBP Act, 1956.

15/1998 Please refer to BPRD Circular No.25 dated 26th July, 1997 on the captioned subject.

2. In terms of the powers conferred under Section 36(1) of the State Bank of Pakistan Act, 1956, the present system of maintaining cash reserves on an average basis has been suspended. Effective from June 22, 1998 and till August 31, 1998 every scheduled bank shall maintain with State Bank a balance amount of which shall not at close of business on any day be less than 3.75 per cent of its total Rupee demand and time liabilities in Pakistan and 5.0 per cent of demand and time liabilities of foreign currency in Pakistan.

Maintenance of liquid Assets in Pakistan Under Section 29 of BCO, 1962.

16/1998 Please refer to BPRD Circular No.43 dated the 27th December, 1997 on the captioned subject.

2. In exercise of the powers conferred upon State Bank of Pakistan under Section 29 of the Banking Companies Ordinance, 1962, it has been decided to reduce the liquidity ratio, excluding statutory cash reserve, by 3 percentage points to 15 per cent effective from 22nd June, 1998. Accordingly, as from the said date every banking company shall maintain in Pakistan in cash (excluding

statutory Cash Reserve maintained under Section 36(1) of State Bank of Pakistan Act, 1956) gold or unencumbered approved securities to be valued in a manner as provided for under the said section an amount which shall not at the close of business on any day be less than 15 percent of the total of its time and demand liabilities in Pakistan.

Terms and Conditions for Grant of Financing Facilities by State Bank.

17/1998 It has been decided that effective from Ist July, 1998 the financing facilities to be provided by the State Bank for meeting temporary liquidity shortages shall be remunerated by the recipients at a minimum rate of 16.5 per cent on an annual basis.

2. This supersedes BPRD Circular No.35 dated 28th October, 1997.

New Deposit Scheme

18/1998 In supersession of BPRD Circular No.22 dated 15th July, 1997, banks / financial institutions are allowed to introduce viable new products and mobilize deposit schemes provided the same are in accordance with principles of Sharia and reasonable profitability is ensured. All such schemes should automatically be copies to the State Bank of Pakistan with full justification for their introduction.

Office/Business Hours

19/1998 With a view to ensuring uniformity in business / office hours of banks and non-bank financial institutions it has been decided that Banks / NBFIs would observe with immediate effect the minimum / maximum business / office hours as observed by the offices of the State Bank of Pakistan as indicated in the annexure.

This supersedes our instructions issued vide BPRD Circular No.41 dated 11-12-1997.

Any contravention of the same would invoke action under the Banking Companies Ordinance, 1962.

Annexure to BPRD Circular No.19 dated 26-6-1998

Following timings are observed at the State Bank of Pakistan Offices (excluding offices in NWFP and Baluchistan)

Sr. No.	Office Hours:	Business Hours:
1.	Monday to Thursday: 9.00 a.m. to 5.00 p.m. (with one hour break from 1.30 p.m.to 2.30 p.m.).	9.00 a.m. to 1.30 p.m.
2.	Friday: 9.00 a.m. to 5.00 p.m. (with two hours break from 1.00 p.m. to 3.00 p.m.).	9.00 a.m. to 12.30 p.m
3.	Saturday: 9.00 a.m. to 1.30 p.m. (without break).	9.00 a.m. to 12.30 p.m.

II. Offices in NWFP and Baluchistan observe the following timings:

(Summer)

Sr. No.	Office Hours:	Business Hours:
1.	Monday to Thursday: 8.00 a.m. to 4.00 p.m. (with one hour from 12.30 p.m. to 1.30 p.m.	8.00 a.m. to 12.30 p.m
2.	Friday: 8.00 a.m. to 4.00 p.m. (with 2 hours break from 12.00 noon to 2.00 p.m.)	8.00 a.m. to 11.30 p.m.
3.	Saturday: 8.00 a.m. to 12.30 p.m. (without break).	8.00 a.m. to 11.30 a.m.

(Winter)

Sr. No.	Office Hours:	Business Hours:
1.	Monday to Thursday: 9.00 a.m. to 5.00 p.m. (with one hour break from 1.30 p.m. to 2.30 p.m.	9.00 a.m. to 1.30 p.m.
2.	Friday: 9.00 a.m. to 5.00 p.m. (with two hours break from 12.30 p.m. to 2.30 p.m.)	9.00 a.m. to 12.30 p.m.
3.	Saturday: 9.00 a.m. to 1.30 p.m. (without break).	9.00 a.m. to 12.30 p.m.

Baluchistan

(Summer)

Sr. No.	Office Hours:	Business Hours:
1.	Monday to Thursday: 9.00 a.m. to 5.00 p.m. (with one hour break from 1.30 p.m. to 2.30 p.m.	9.00 a.m. to 1.30 p.m.
2.	Friday: 9.00 a.m. to 5.00 p.m. (with 2 hours break from 1.00 p.m. to 3.00 p.m.)	9.00 a.m. to 12.30 p.m.
3.	Saturday: 9.00 a.m. to 1.30 p.m. (without break).	9.00 a.m. to 12.30 p.m.

(Winter)

Sr. No.	Office Hours:	Business Hours:
1.	Monday to Thursday: 10.00 a.m. to 5.00 p.m. (with one hour break from 1.30 p.m. to 2.30 p.m.	10.00 a.m. to 1.30 p.m.
2.	Friday: 10.00 a.m. to 5.00 p.m. (with two hours break from 1.00 p.m. to 3.00 p.m.)	10.00 a.m. to 12.30 p.m.
3.	Saturday: 10.00 a.m. to 1.30 p.m. (without break).	10.00 a.m. to 12.30 p.m.

20/1998 Please refer to our BID (now BSD) Circular No.4/94 of 5th July, 1994 regarding write-off irrecoverable loans.

Delegation of powers on loans write-off

2. In partial modification of instructions contained in the above Circular, it has been decided that Board of Directors may delegate the powers of write-off down the line with reasonable pecuniary limits. However, cases written-off in exercise of such powers should be presented in the subsequent meeting of the Board for ratification,

3. Other instructions on the subject will, however, remain unchanged.

21/1998 Please refer to BPRD Circular No.27 of 26th July, 1997 alongwith other instructions issued on the captioned subject from time to time.

Financing for Exports

2. It has been decided to reduce the maximum rate of finance to be charged by the banks / NBFIs from their borrowers under Export Finance Scheme as also Export Sales under the Scheme for Financing Locally Manufactured Machinery from existing 11% p.a. to 8% p.a. These instructions shall be applicable on the financing facilities provided by commercial banks / NBFIs both under "Investment Type" and "Trade related" modes of financing.

3. Where refinance is obtained by the financial institution against finances already provided under the above mentioned Schemes, the State Bank will share in the overall profit of the financial institution concerned, subject to a maximum of 6% as against 9%, subject to observance of usual provisions prescribed in this regard. Suitable amendments may accordingly be made in ICD Circular Nos.12 and 13 of November 13, 1994.

4. As a sequel to above reduction in the rate of finance / refinance under Export Finance Scheme and with a view to avoid mis-utilization of the financing facilities availed, it has been decided to enhance the existing scales of fine (cf. BPRD Circular No.23 dated 28th July, 1996) applicable on exporters who fail to honour their commitments under Export Finance Scheme as under :-

(i) The rate of fine on account of non-shipment / short shipment and delayed shipment under Part-I of the Scheme shall be Paisa 37 per day per Rs 1000 or part thereof.

(ii) In case an exporter who has obtained refinance under Part-II of the Scheme fails to match his borrowings by prescribed export performance he shall be subjected to a fine of Paisa 37 per day per Rs 1000 or part thereof for the shortfall in the total daily product of exports undertaken by him. The revised scale of fines shall be applicable on the facilities availed for the monitoring year 1998-99 and onward.

5. Further in order to give boost to poultry industry it has been decided to provide concessionary export finance for 150 days for export of "Eggs for hatching" and "Day old chicks". You are, therefore, advised to please make

following amendment against Harmonized Code No.01.05 of the aforesaid list of in-eligible commodities, circulated vide ICD Circular No.9 dated 29th October, 1991 :-

Commodity	Harmonized Code Main Harmonized Code (ITC)	Remarks
1. Live Animal	01.05	Excluding "Eggs for hatching" and "Day old chicks".

6. Attention of Banks is also invited to BCD Circular No.16 of July 25, 1990, in terms of which concessionary financing facilities under Export Finance Scheme, are already available to Pakistani Consultancy/and Construction Firms who are awarded contracts of consultancy/construction abroad. Banks are therefore advised to allow Export Finance under Part-I of the Export Finance Scheme, to construction and consultancy firms, for the purpose of acquiring and exporting goods and services from Pakistan, for their own use in the country awarding the contract, with the prior approval from the Director, Banking Policy & Regulations Department, SBP:, CD:, Karachi.

7. It is also added that the State Bank is in the process of reviewing the existing instructions of the Export Finance Scheme, in terms of which financing facilities under the Scheme, shall also be made available to Small Medium Enterprises (SMEs) direct or indirect exporters. Detailed instructions in this regard shall be issued separately.

8. The above instructions shall be applicable from 1st July, 1998.

9. Other instructions on the subject shall remain unchanged.

Office/Business Hours

22/1998 With reference to the BPRD Circular No.19 dated 26th June, 1998 it is clarified that banks are free to open licensed branches after office hours for the purpose of receiving payments.

Selective Credit Control

23/1998 Please refer to Section A(III)2 of BCD Circular No.5 dated the 5th July, 1987 read with Section (2) of BCD Circular Letter No.7/121-00-92 dated the 4th June, 1992 and Rule 10(iii) of Rules of Business for NBFIs regarding <u>margin requirement prescribed for advances</u> against bank deposits and deposit certificates. It has been decided that encumbrance or lien of any kind upon any foreign currency deposit / foreign currency certificate as a cover against any direct or indirect liability of the depositors must be removed by July 31, 1998 through set off or direct liquidation of the liabilities so covered by the borrowers.

2. Now new encumbrance or lien should thereafter, be created against foreign currency deposits / certificates held on May 28, 1998.

3. All banks / NBFIs are further directed to give a compliance report to the State Bank within 3 days of the expiry of the deadline.

24/1998 In exercise of powers vested in the State Bank of Pakistan under Banking Companies Ordinance, 1962, and in supersession of all previous instructions on the subject, it has been decided that, with immediate effect, all import letters of credit, except for the items mentioned in the annexure hereto, shall be opened subject to a minimum cash margin of 30%.

Minimum Margin Restriction on Import Letters of Credit.

ANNEXURE TO BPRD CIRCULAR
NO.24 DATED 12TH JULY, 1998.

IMPORT ITEMS WHICH WILL NOT BE SUBJECT TO L/C CASH MARGIN OF 30%.

(i) Wheat

(ii) Cotton and Cotton Yarn

(iii) Crude Petroleum

(iv) Petroleum Products

(v) Edible Oils and sorts

(vi) Dyes Tanning & Colour material / Chemicals

(vii) Medical products

(viii) Raw hides and skin, wet blue leather and leather

(ix) Pesticides etc. / Insecticides / Fertilizers

(x) Seeds and plants for sowing

(xi) Items imported against various schemes of temporary import for exports e.g. NDND Scheme, Manufacturers in Bond Scheme etc.

(xii) Public Sector Imports.

25/1998 Please refer to Para 5 of our Foreign Exchange Department's F.E. Circular No.38 dated 21st July, 1998 regarding holding of a portion of the export proceeds realized by banks in Special Exporters' Accounts.

Special Exporters Accounts-Exemption from Statutory Cash Reserve/Liquidity Requirements

It has been decided that the amounts held in the Special Exporters' Accounts will be exempt from maintenance of the Statutory Cash Reserve / Statutory Liquidity Requirement. The banks will show by way of a footnote the amounts held in such accounts in their Weekly Statement of Position submitted to the State Bank of Pakistan under Section 36(3) of the State Bank of Pakistan Act, 1956.

26/1998 Please refer to the instructions contained in BPRD circular No.23 dated July 2, 1998 on the captioned subject.

Selective Credit Control.

2. It is clarified that our above referred Circular will not be applicable in the following cases :-

(a) Foreign currency deposits mobilized under our Foreign Exchange Department's F.E. Circular No.45 dated 11th August 1985, as amended from time to time.

(b) Foreign currency deposits under National Debt Retirement Programme (NDRP).

(c) Foreign currency deposits made by firms and companies in Pakistan out of foreign currency purchased from the market, for the purpose of hedging exchange risk cover relating to any foreign currency loan obtained by them from abroad under any loan agreement registered with the State Bank of Pakistan.

3. Other instructions on the subject shall remain unchanged.

27/1998 Please refer to the instructions contained in BPRD Circular No.23 dated July 2, 1998 on the captioned subject.

Selective Credit Control.

2. It is clarified that foreign currency deposits mobilized by Investment Banks / Leasing Companies / Modarabas through loans from multilateral agencies abroad and the foreign currency deposits so placed to hedge against the foreign exchange risk are exempt from the purview of the above circular.

3. Other instructions on the subject shall remain unchanged.

28/1998 Kindly refer to Rule 6 of the Rules of Business for NBFIs as modified from time to time.

Maintenance of Liquidity by NBFIs

2. In terms of the above Rule the NBFIs can maintain liquidity interalia, by way of investing in listed debt securities provided the companies selected have a stable debt security value above the par value during the one year period immediately preceding the date of making investment. With regard to the

foregoing, it has since been decided that the listed debt securities whose market value show fluctuation of upto 10% of their par value will also be eligible for the purpose of maintaining liquidity under the said Rule.

3. Other instructions on the subject will remain unchanged.

Export Finance Scheme-Facility for 180 days-Continuation of

29/1998 Please refer to BPRD Circular No.28 dated 30th July, 1997 and BPRD Circular letter No.7 dated 2nd April, 1998 on the captioned subject.

2. It has been decided that the export finance facility for 180 days under Part-I of the Scheme in respect of commodities specified in the aforesaid circulars and the revised entitlement and performance requirement under Part-II, shall continue to be available during 1st July, 1998 to 30th June, 1999.

Selective Credit Control.

30/1998 Please refer to our BPRD Circular No.23 dated 2nd July, 1998 on the captioned subject.

2. This is to inform you that the deadline of 31st July, 1998, fixed vide BPRD Circular referred to above, has been extended to 31st August, 1998.

Panel of Auditors Section 35(1) of the Banking Companies Ordinance, 1962.

31/1998 Please refer to the Panel of Auditors circulated vide BPRD Circular No.25 dated the 10th October, 1995 as updated from time to time.

It has been decided to include the names of the following Chartered Accountancy firms in the said Panel.

	Name of the Firm	Category of the Panel
1)	M/s. Nasir Javaid & Co. Chartered Accountants,	
	i) Karachi Office :- Room No.27-B, Writers Chamber, Mumtaz Hasan Road, Karachi. Tel. No. 2420403-08	Placed in Category No.3 to conduct audit of other Commercial Banks, Investment Banks and other DFIs.
	ii) Lahore Office :- 3rd Floor, Room No.14, Gulberg Plaza, Gulberg III, Lahore Tel. No.5762457	
2)	M/s. Aslam Khan & Co. Chartered Accountants, Room No.10, 2nd Floor, Rahman Chamber, 132-Temple Road, Lahore Tel. No.(042) 7231300, 7310306, 7232600.	Placed in Category No.4 to conduct audit of other Financial Institutions.

Selective Credit Control.

32/1998 Please refer to BPRD Circular No.30 dated the 30th July, 1998 read with BPRD Circular No.23 dated the 2nd July, 1998 on the captioned subject.

2. This is to advise that the deadline of 31st August, 1998 has been extended to 30th September, 1998.

3. Other instructions on the subject shall remain unchanged.

Cash Reserve of Scheduled Banks with State Bank of Pakistan Under Section 36(1) of SBP Act, 1956.

33/1998 With reference to BPRD Circular No.15 dated the 21st June, 1998 on the above subject, it is advised that the stipulated period of maintaining separate cash reserve against foreign currency and rupee time and demand liabilities will expire on 31st August, 1998. Consequently, effective from Saturday the 5th September, 1998 every scheduled bank shall revert back to previous system of maintaining cash reserve on weekly average basis in accordance with the instructions contained in BPRD Circular No.25 dated the 26th July, 1997 read with BPRD Circular No.32 dated the 15th August, 1997. It is, however, clarified that a week will commence from Saturday (and if Saturday is a holiday, from the previous working day) and the time and demand liabilities as of that Saturday (or as of the preceding working day as the case may be) shall continue to be taken into account.

Minimum Margin Restrictions on Import Letters of Credit.

34/1998 Please refer to BPRD Circular No.24 dated 12th July, 1998 on the above subject.

2. It is clarified that the word "Chemicals" mentioned at Serial (vi) of the Annexure to the aforesaid Circular shall cover the following chapters of the Pakistan Customs Tariff :-

> Chapters: 28, 29, 32, 34, 02 (excluding preparations), 34, 03, 35 and 38.

3. Other instructions on the subject shall remain unchanged.

Export Finance Scheme-Refinance for Export of "Rice Gluten".

35/1998 Please refer to ICD Circular No.09 dated the 29th October, 1991 and the list of commodities not eligible for concessionary export finance annexed therewith.

2. It has been decided to allow financing facility under Export Finance Scheme for export of "Rice Gluten" for a period of 150 days for 1998-99 only.

3. Necessary amendment against Harmonized Code No.23.03 and the Sub-Heading 1000 of the aforesaid list of the ineligible commodities may be made.

Selective Credit Control.

36/1998 Please refer to BPRD Circular No.32 dated the 25th August, 1998 read with BPRD Circular No.23 dated the 2nd July, 1998 on the captioned subject.

2. This is to advise that the deadline has been extended from 30th September, 1998 to 30th November, 1998.

3. Other instructions on the subject shall remain unchanged.

Minimum Margin Restriction on Import Letters of Credit.

37/1998 Please refer to BPRD Circular No.24 dated the 12th July, 1998 read with BPRD Circular No.34 dated 31st August, 1998 on the captioned subject.

2. In supersession of instructions contained in BPRD Circulars referred to above, it has been decided that all import letters of credit, other than for import of wheat and POL products, shall be subject to a minimum cash margin of 30%.

3. The above instructions shall come into effect immediately.

Revival of Sick Units-Constitution of Co-ordination Committee.

38/1998 Kindly refer to the bankers meeting held on 22nd October, 1998 under the Chairmanship of Adviser to Prime Minister on Finance & Economic Affairs.

With a view to implement the recommendations of the Prime Minister's Special Committee on Industrial Re-structuring and Revival of Economy as also to sick industrial units, a Co-ordination Committee comprising of the following has been constituted :-

1.	Mr. Shaukat Mirza	CHAIRMAN
2.	Senator Ilyas Ahmed Bilour	Member
3.	Mian Muhammad Usman	Member
4.	Mr. Hamayun Elahi	Member
5.	Mr. Waqar Monnoo	Member
6.	Mr. Shaukat Tarin, President, H.B.L.	Member
7.	Mr. Zubyr Soomro, President, U.B.L.	Member
8.	Mr. Rashid M. Chaudhary, President, A.B.L.	Member
9.	Mr. Muhammad Bilal Sheikh, Chairman, N.D.F.C.	Member
10.	Mr. Kassim Parekh, Chief Executive, Metropolitan Bank Limited.	Member
11.	Mr. S. Ali Raza, Country Manager, Bank of America	Member
12.	Mr. Khalid Mahmud Salim, Executive Director, State Bank of Pakistan	Member/ Secretary.

(The Chairman may co-opt any other member at his discretion)

The above Committee will develop various options and modalities to settle cases of defaulters / sick industrial units subject to the following :-

(a) Such of the defaulters who have already deposited at least 10% of the settled amount under the SBP Incentive Scheme introduced vide BPRD Circular letter No.19 dated the 5th June, 1997 but did not pay the balance amount will be allowed to pay 50% of the agreed amount by 31st December, 1998 and the remaining 50% by 31st March, 1999.

(b) The defaulters in the sum of Rs 10 million and below, who had not earlier availed of the above Scheme shall be given an opportunity to avail of the SBP Scheme.

(c) Review the Sick Units revived through earlier committees set up by SBP in June, 1997 under the defunct Incentive Scheme and monitor implementation.

(d) Prepare a list of sick units in the following order :-

   (i) Units which in the Committee's judgement can be revived.

   (ii) Units which in the Committee's judgement are not revivable.

(e) Determine Sectoral prioritization of sick units for undertaking revival measures.

(f) Identify causes of sickness of units and recommend measures for revival.

(g) Develop and implement revival modalities / plans for the above purpose.

(h) On the basis of above findings while all revivable cases of industrial units be finalized in consultation with concerned chief executive of the Bank / DFI and sent to respective Banks / DFIs for formal approval and implementation, cases of non-revivable units be returned for affecting recovery through judicial process if not already undertaken.

(i) In cases of consortium financing the chief executive of lead Bank / DFI will be associated. Where, however the committee deems appropriate it may consult other consortium members.

(j) The Committee shall complete its task by 31st December, 1998.

You are requested to extend full co-operation and assistance to the Coordination Committee to accomplish the above task.

Panel of Auditors-Section 35(1) of the Banking ompanies Ordinance, 1962.

39/1998 Please refer to the Panel of Auditors circulated vide BPRD Circular No.25 dated the 10th October,1995 as updated from time to time.

It has been decided to include / up-grade / merge the names of the following Chartered Accountancy firms in the said panel.

(A) INCLUSION:

1 M/s. Viqar A. Khan,
Chartered Accountants,
134 / Upper Mall,
LAHORE.
Tel: Nos. 042-5710449,
5710451

2. M/s. Waseem Siddiqui & Co.,
Chartered Accountants
3rd Floor, Ginza Centre,
104 (W), P.O. Box 2374,
ISLAMABAD.
Tel: Nos. 206996-8.

The above noted firms (sole proprietors) have been placed in the category No.4 to conduct audit of other Financial Institutions.

3. M/s. Hasan Tabani & Co.,
Chartered Accountants,
A-2, Islamic Plaza No.2,
Block 13-B, Gulshan-e-Iqbal,
KARACHI.
Tele: Nos. 4968715, 4977736

The firm has been included in the panel and placed in the category No.3 to conduct audit of other Commercial Banks, Investment Banks and other DFIs.

(B) UP-GRADATION / MERGER:

1. M/s. Aslam Malik & Co.,
Chartered Accountants,
43, Bank Square,
G.P.O. Box 883,
Shahrah-e-Quaid-e-Azam,
LAHORE.
Tele: Nos. 7355647, 7323942

The firm has been up-graded and placed in category No.1 to conduct audit of ABL, HBL, UBL, NBP and MCB. The firm is also eligible for revaluation of assets.

2 M/s. Avais Hyder Zaman Rizwani,
Chartered Accountants,
5/32, Pir Ali Gohar Road,
N.K.C.H.S.,
KARACHI.
Tele: Nos. 4541666, 4556839

The firm under new name of M/s. Avais Hyder Zaman Rizwani, Chartered Accountants, has been up-graded and placed in category No.1 to conduct audit of ABL, HBL, UBL, NBP and MCB. The firm is also eligible for the revaluation of assets. Since M/s. Avais Hyder Zaman & Co. and Rizwani & Co. appearing in category No.2 vide BPRD Circular No.2 of 1997 and category No.4 (Sr. No.165) vide BPRD Circular No.25 of 1995 respectively, have been merged, their names from the panel may be deleted.

(C) CHANGE OF NAME AND PLACEMENT:

1. M/s. Ijaz Amin & Co., Chartered Accountants,
Gardee Trust Building, Napier Road,
LAHORE.
Tele: Nos. 7221075, 7233676.

The name of M/s. Amin Ijaz & Co. is changed to M/s. Ijaz Amin & Co. The firm under the new name has been placed in category No.4 to conduct audit of other Financial Institutions. The old name M/s. Amin Ijaz & Co. appearing in the panel in category No.3 (Sr. No.22) vide BPRD Circular No.25 of 1995 has been deleted.

Minimum Margin Restriction on Import Letters of Credit.

40/1998 Please refer to the instructions conveyed vide BPRD Circular No.24 dated 12th July, 1998 and No.34 dated 31st August, 1998 as modified vide BPRD Circular No.37 dated the 16th October, 1998.

It is clarified that the above circulars do not apply to imports made by the Federal and Provincial Governments against cash allocation and imports under loans / credits / aid, whether in the Public Sector or Private Sector.

Selective Credit Control.

41/1998 Please refer to BPRD Circular No.36 dated the 25th September, 1998 read with BPRD Circular No.23 dated the 2nd July, 1998 on the captioned subject. We have been informed by our Counsel that the Bench of the Honourable Lahore High Court, Lahore hearing petitions on the subject has resumed the hearing, which is expected to be concluded soon. The Honourable Court has observed that extension of the deadline till the hearing of the petitions may be considered. In deference to the desire of the Honourable Court, deadline is extended to December 15, 1998 or the date of decision, whichever comes first.

Selective Credit Control.

42/1998 Please refer to BPRD Circular No.41 dated the 28th November, 1998 read with BPRD Circular No.23 dated the 2nd July, 1998 on the captioned subject. We have been informed by our counsel that the bench of the Honourable Lahore High Court, Lahore hearing petitions on the subject has desired that the dead-line for enforcing the instructions conveyed vide BPRD Circular No.23 dated the 2nd July, 1998 (as amended from time to time) may be extended. Accordingly the deadline is extended to December 28, 1998 or the date of the decision, whichever comes first.

Business and Office Hours During The Month of Ramazan-ul-Mubarak

43/1998 During the ensuing month of Ramazan-ul-Mubarak the following office hours will be observed by the Central Directorate of the State Bank of Pakistan :-

Monday to Thursday & Saturday 8.30 A.M. to 1.45 P.M.
(without break)

Friday 8.30 A.M. to 12.30 P.M.
(without break)

The business and clearing timings to be observed during the holy month of Ramazan-ul-Mubarak will be notified by the respective SBP Offices.

After the holy month of Ramazan-ul-Mubarak. office will automatically revert to pre-Ramazan timings.

Revised Procedure on Export Finance Scheme

44/1998 It has been decided to revise the Export Finance Scheme in order to provide desired impetus to the exports by the Small and Medium Exporters, Emerging Exporters and Indirect Exporters as defined below:-

- Small or Medium Sized Enterprise (SME) is a direct or indirect exporter and which reports upto equivalent of US$ 2,500,000 of direct or indirect export during the preceding fiscal year.

- Emerging Direct Exporter (EDE) means a new exporter who has not previously exported products.

- Indirect Exporter (IDE) means a manufacturer or supplier of goods or materials which is to be used as an inputs for exports.

- Direct Exporter includes a commercial exporter/trading company.

Financing facilities under the Scheme shall continue to be available for exporters with export performance in excess of the upper limit prescribed for the Small & Medium Exporters. The list of ineligible commodities i.e. "Negative List" shall continue to remain effective. An updated list of such commodities alongwith their harmonised code is attached.

The Scheme shall, however, continue to operate in two parts as at present. The exporter can avail the facility under both parts of the Scheme provided that the facility availed under one Part is not in duplication of the facility availed under the other part of the Scheme. It may be mentioned that the revised procedure has laid stress on the provision of finance/refinance to the Indirect Exporters under both parts. However, while under Part-II the borrowing entitlements as also the performance requirements shall continue to remain applicable in respect of the Direct Exporter, the financing facilities to the Indirect Exporter shall be provided on specific order basis, and against establishment of Inland Letter of Credit (ILC) / issuance of Standardised Purchase Order (SPO). Credit on revolving basis, to Indirect Exporters, will not be available.

The financing facilities to all eligible commodities shall be available for 180 days. Banks will, however, ensure that the aggregate period of financing provided to both Direct and Indirect Exporters does not exceed 180 days under both parts of the Scheme.

An Apex Unit has also been established in the Banking Policy & Regulations Department to deal with the cases relating to the revised Export Finance Scheme. Likewise the commercial banks have also been advised to establish Export Cell for exclusive handling of the cases/ documentation relating to the Export Finance Scheme. .

OPERATIONS OF THE SCHEME

Export Finance Under Part-I

1. Under Part-I of the Scheme the commercial banks shall provide finance to the Direct Exporters (DE), against Firm Export Order (FEO)/ Export Letter of Credit (ELC). They shall also provide finance to those parties (Indirect Exporter-IDE) who supply eligible inputs to the Direct Exporter for further processing provided the Direct Exporter has established an Inland Letter of Credit / issued a Standardised Purchase Order in favour of such supplier (IDE) where applicable.

Illustration

> A Direct Exporter (DE) of garments receives a Firm Export Order or Letter of Credit for export of shirts valued at Rs. 1,000,000/-. Assuming that he needs inputs of fabric, sewing thread and buttons of the value of Rs. 500,000/-, Rs. 5,000/- and Rs. 2,000/respectively, he will open three separate ILCs for Rs.500,000/-, Rs.5,000/-, and Rs.2,000/-in favour of his Indirect Exporters (IDE) i.e. his supplier of fabric, sewing thread and buttons respectively, who would be eligible for concessionary finance under this Scheme. He may as an alternative purchase these inputs against payment, without opening Inland Letter of Credit (ILC) / issuing a Standardised Purchase Order (SPO) which would be allowed by his banker from the loan account through cheques drawn in favour of the suppliers.

2. In this regard attention of Banks is also invited to Prudential Regulation No. III in terms of which clean facilities granted to finance the export of commodities eligible under Export Finance Scheme shall be exempt from the per party limit on clean facilities. Finance to Indirect Exporter under this Scheme will also be exempted from the restriction placed in respect of clean advances under Prudential Regulations. Likewise other relaxation/exemptions as are provided to the Exporters under Prudential Regulations for export covered under Export Finance Scheme shall also be applicable to the Indirect Exporters. Banks are, therefore, encouraged to extend financing under this Scheme against foreign Letter of Credit and Inland Letter of Credit / Standardised Purchase Order. The Government has a plan to set up a Pre-shipment Export Finance Guarantee (PEFG) Scheme for the primary benefit of Indirect and Small and Medium sized exporters as also the Emerging Exporters. Once the PEFG

Scheme is established, the cover obtained under it will provide guarantees in favour of the lending banks that make available pre-shipment funding under EFS and FCIF to Direct/Indirect/Small, Medium and Emerging Exporters and it will serve as a substitute for collateral. Commercial banks are encouraged to meet the post shipment export finance requirements of their customers through re-discounting of export bills in accordance with the rate laid down in FE Circular No.5 of 1998 issued by our Foreign Exchange Department, specially in those cases where the bills of exchange have been drawn by their customers against L/Cs. of reputable bank or where not covered by a L/C., bills have been accepted by the drawees.

3. Upon establishment of an Export Letter of Credit or on receipt of Firm Export Order in the name of the Direct Exporter, the Direct Exporter shall approach the financing bank, indicating his financial needs for inputs on the prescribed format DE-1 (Specimen attached). The Direct Exporter will be under obligation to specify his production and shipment schedules as also his estimated requirements for purchase of domestic/imported inputs from his indirect exporter, as also the imported inputs, if any, that he intends to import directly. It may be noted that a manufacturer exporter does not procure small items of inputs only after receipt of an export order and only to the extent required for fulfillment of that export order. In the illustration given in paragraph-1 above, the exporter may buy sewing thread and button in bulk in order to meet his requirements for the next few months. Banks may, therefore, take into account the nature of goods being produced and exported by their client and provide finance on the basis of his actual needs for production during the next four months and not restrict it to the purchase of the individual inputs to the extent stated in application Form DE-1.

4. The financing facility under Export Finance Scheme, if otherwise admissible shall be sanctioned by the bank in favour of the Direct Exporter for an amount not exceeding the value of the export order/LC on production of the following documents:-

- Schedule of financial requirements and manufacturing, if applicable, on Form (DE-1), including particulars of finance/refinance required for Indirect Exporters for domestic and imported inputs (Specimen attached).
- DP note of the Direct Exporter duly endorsed in favour of SBP.
- Undertaking by the Direct Exporter, as per specimen attached (UT-DE-1).
- Copy of Export Order/Letter of Credit alongwith amendments thereto, if any.

The disbursements against the said sanctions, shall be made on actual need basis and released either through cheques drawn in favour of the suppliers of inputs or through ILC/SPO to be established / issued on behalf of the Direct Exporter in favour of the Indirect Exporters (i.e. suppliers of inputs). The Government will be setting up an export market/ product upgrading matching grants Fund, managed by the Export Promotion Bureau, which would be available as an incentive to Direct Exporters opening ILC / issuance of SPO and for Indirect Exporters receiving it. The Direct Exporter may also be allowed to draw the loan to the extent of his own eligible material and value addition. The bank shall, however, ensure that the total amount withdrawn by the Direct Exporter through cheques and value of ILC/SPO established on his behalf does not exceed the value of the export finance admissible to him against the particular export commitment.

5. The combined period of financing against an export order to the Direct Exporter as also to his suppliers i.e. Indirect Exporter shall also not exceed the permissible period of 180 days from the date of first drawal/ disbursement from the loan account. The period of loan to the Indirect Exporter shall be predetermined on the basis of the period given in the ILC / SPO, and the finance/refinance where applicable, shall be allowed for the period covered under the ILC/SPO, but not exceeding 120 days.

6. The financing bank shall become entitled to obtain refinance from the State Bank of Pakistan against finance(s) provided to the Direct Exporter for manufacturing/subsequent value addition for execution of the relevant export order, on production of the documents mentioned in para 4 above and Application on Form EC-1 (Specimen attached). The concerned office of the SBP will grant refinance in favour of the banker of the Direct Exporter and release the amount accordingly, within 48 hours from the receipt of application duly complete in all respect.

7. While the export of the commodity, against said Firm Export Order/ Export Letter of Credit, shall remain the responsibility of the Direct Exporter, the Indirect Exporter would be under obligation to supply the required inputs in accordance with the terms of the ILC/SPO, failing which he shall be liable for fines under the Scheme. Payment of such fines shall, however, not absolve him from his liabilities to the Direct Exporter.

8. On the basis of information contained in Form DE-1, the financing bank may at the request of the Direct Exporter, open an ILC / issue an SPO in favour of the Indirect Exporter i.e. domestic supplier. The banker to the Indirect Exporter may allow export finance at the concessionary rate applicable under the Export Finance Scheme to the Indirect Exporter in the same manner as laid down in Para 4 above.

9. The financing facilities shall be provided by the financing bank to the Indirect Exporter (IDE), upon submission of application on Form "IDE-1" including following documents (Specimen attached) to be executed by the Indirect Exporter:-

- ILC / SPO (alongwith amendments thereto, if any)
- DP Note covering the amount of the ILC(s) / SPO(s)
- Undertaking on the prescribed format (specimen attached–UT-IDE-1)
- Preshipment Export Finance Guarantee Cover, if any
- (New system of Pre-shipment Export Finance Guarantee is being put in place in due course of time-pending finalisation of the same, the bank may release financing to the Indirect Exporter(s) on the basis of commitment by the Direct Exporter)

10. The refinance to the extent of the loans granted by the financing bank to the Indirect Exporters, under ILC/SPO, shall be provided by the concerned Office of the SBP upon submission of the following documents, within 48 hours from the receipt of application duly completed in all respect:-

- Refinance application on the prescribed Form EC-1.
- Certified Copy of the relevant ILC/SPO alongwith amendments thereto, if any.
- DP Note of the Indirect Exporter covering the amount of the ILC(s) / SPO(s), duly endorsed in favour of SBP.
- Undertaking of the Indirect Exporter on the prescribed form (specimen attached–UT-IDE-1).
- Schedule of deliveries.

11. The loan granted to the Indirect Exporter, alongwith mark up thereon, shall be adjusted upon delivery of the inputs and payment of documents drawn under the ILC/SPO or at the expiry of the period of 120 days, whichever is earlier. The Indirect Exporter shall be under obligation to produce the following documents, to the banker of the Direct Exporter, evidencing utilization of the loan for the purpose of manufacturing the input:-

- Invoice in favour of Direct Exporter.
- Goods Receipt Note/Delivery Challan duly signed by the buyer, showing date and quantity delivered to him as per terms of supply.

A certified copy each of the above documents containing the acknowledgement of the Direct Exporter, shall also be passed on to the State Bank by the concerned Indirect Exporter through its banker, who availed refinance from the State Bank. The said documents, accompanied by the statement "IES" (as per specimen attached) to be filled in by the banker of the IDE concerned, shall be submitted within 15 working days from the date of Goods Receipt Notes/Delivery Challan.

12. On deliveries of the domestic inputs and receipt of payment by the supplier i.e. Indirect Exporter, the amount(s) of the finance earlier granted in his favour shall be adjusted. Refinance drawn against the said finance shall also be adjusted by the banker of the Indirect Exporter within 3 working days. The payment against the ILC/SPO shall become a Loan disbursement in the name of the Direct Exporter, who will thereafter become responsible for repayment of the loan & payment of mark-up, and fines if applicable, and all mark up charges from the date of said transfer shall be borne by him. The banker of the Direct Exporter shall become eligible to obtain refinance from the SBP against disbursement so made in terms of para 4 above.

13. All the ILC opened / SPO issued in favour of IDE shall bear an indication that these have been opened / issued for the supply of inputs for export & would contain the name of the exporter and Number of Export Order/ELC. The financing bank of the Indirect Exporter shall be under obligation to certify that the facility availed by the Indirect Exporter was covered by the Export LC or Firm order of the Direct Exporter. A provision to this effect has also been incorporated in the Form EC-I i.e. the forms to be used by the financing bank to obtain refinance from SBP.

14. The Direct Exporter shall be liable to submit the proof of shipments against the relevant Firm Export Order/Export Letter of Credit within 30 days from the date of shipment {last shipment in the case of fragmented shipment(s)} or from the date of expiry of loan, whichever is earlier. In case shipping documents are not received by SBP office on or before 30 days from the date of the expiry of loan, they shall recover fine from the concerned bank treating the refinance case as that of non-shipment. The fine so recovered shall be refunded upon submission of the prescribed documents after adjusting the fine, on account of delayed/short shipment, if any, and fine for delayed submission of the prescribed documents. In the case of delayed shipment a grace period upto 30 days from the date of delayed shipment, would be allowed while calculating fine for delayed submission of documents. The concerned office of SBP shall, however, be under obligation to refund the amount of fine as mentioned hereinfirst , within a maximum period of 15 working days from the receipt of the prescribed documents, provided they are complete and in order.

15. The shipping documents required to be submitted by the Direct

Exporter shall be submitted through the bank of the Direct Exporter on Form ED-1 and shall include the followings:-

- Invoices covering the loan in respect of the shipment of the relevant commodity.
- Copy of Bill(s) of Lading/Air Way Bill(s) with Shipped on Board stamp/date of flight or notation.
- Certified/legible Copy of Duplicate "E" Form containing signature of the custom appraisal.
- Certificate from the Direct Exporter on Form "DE-2" (specimen attached) duly verified by his Banker, stating that "No refinance facility has been availed by him or his Indirect Exporter, other than those mentioned in the DE-2 against the shipment involved from any other bank or in duplication under any Part of the Scheme."

16. In case the Direct Exporter fails to make shipment under the relevant Firm Export Order/Export Letter of Credit on the basis of which finance/refinance has been availed by him, he shall be under obligation to produce shipping documents evidencing shipment of the exports of eligible commodity valuing the amount of loan, in respect of another Firm Export Order/Export Letter of Credit provided no refinance thereagainst has been availed by him or Indirect Exporter under the revised mechanism, at the time of submission of shipping documents. The Bank concerned is authorised to accept and certify the correctness of the statement of the Direct Exporter in this regard.

17. Upon receipt of shipping documents, the concerned office of the SBP shall scrutinize the same, within a maximum period of 10 working days, and would ensure that objections therein are apprised to the bank concerned promptly seeking clarifications from the bank concerned, with a copy to the Direct Exporter, preferably through fax. The Bank/Exporter shall be under obligation to submit their clarifications within 15 days from the receipt of such letter. While scrutinizing the shipping documents the SBP office concerned shall ensure that an eligible commodity covering the value of loan to the extent of aggregate amount of loan provided to Direct and Indirect Exporters (inclusive of the loan provided to Direct Exporter for imported inputs) has been shipped. The refinance availed of by the banker of the Direct/Indirect Exporter, shall be repaid to the State Bank within three working days of the repayment by the IDE/DE or on the expiry of the refinance period, whichever is earlier. Likewise in case of premature payments by the Direct Exporter to the Indirect Exporter or receipt of export proceeds prior to the expiry of the refinance period, the refinance shall also be adjusted within three working days from such prepayments/premature receipt of export proceeds failing

which fine at the prescribed rates shall be levied on the bank concerned.

Export Finance under Part-II

18. Under Part-II of the Scheme, a Direct Exporter shall be entitled to avail finance limit equivalent to 50% of his export performance during the preceding year (on July-June basis), in respect of eligible commodities by furnishing an undertaking to the bank as per Form UT-DE-II. The DE may authorize their banker to open ILC(s) / issue SPO(s) in favour of IDE(s) for making supplies of inputs to him as per procedure laid down in Para 9 above, within the prescribed limit as per Form DE-3 (specimen attached). The amount of the limit availed of by the Direct Exporter as also the amounts of ILC(s) opened / SPO(s) issued in favour of IDE(s) for supply of domestic inputs, when taken together, shall not exceed his entitlement of limit. The bank may, however, sanction a foreign currency loan in respect of the imported inputs in accordance with the procedure as and when laid down by our FED, under proposed FCIF arrangements.

19. The Direct Exporter shall be under obligation to repatriate export proceeds from the export of eligible commodities equivalent to 2.0 times of the daily average finance availed by him including finances availed by his Indirect Exporter(s) under ILC(s) opened / SPO's issued by the DE. The limit shall be available to the Direct Exporter on revolving basis like a cash credit account. The amount of the limit availed of by the Direct Exporter as also the amounts of ILC(s) opened / SPO(s) issued in favour of IDE(s) for supply of domestic inputs, shall not exceed the entitlement of limit at any point of time. It may, however, be ensured that in individual instance the loan shall not remain outstanding beyond a maximum period of 180 days.

20. On receipt of an application from the Direct Exporter, on Form "DE-3" requesting for grant of financing facilities to the specific Indirect Exporter(s), for supply of domestic inputs, the financing bank shall open ILC(s) issue SPO's in favour of the said Indirect Exporter(s), by reducing the entitlement of the Direct Exporter under Part-II of the Scheme. The bank shall also provide financing facilities, to the extent of his balance entitlement of limit to the Direct Exporter, after adjusting the amount(s) of ILC(s) / SPO(s) issued in favour of the Indirect Exporter against his actual requirements for value addition depending upon manufacturing schedules.

21. Upon submission of application on Form "IDE-2" (specimen attached) by the IDE, the banker of the DE or IDE, as the case may be, shall provide finance to the extent of the amount of the ILC(s) / SPO(s) to the IDE concerned upon production of the documents as prescribed in

para 8 on the basis of which financing facility under Part-I is available to the IDE.

- DP Note covering the amount of the ILC(s)/SPO(s).
- Undertaking on the prescribed format (specimen attached–UT-IDE-II).
- Pre-shipment Export Finance Guarantee Cover, if any.

22. The refinance to the extent of the amount released by the financing bank of the Direct Exporter(s) to the Indirect Exporter(s), against ILC(s)/SPO(s) shall be provided by the concerned Office of the SBP to the banker of the Indirect Exporter, upon submission of the following documents (as already spelt out in Para 9 above):-

- Refinance application on the prescribed form DE-3
- Certified Copy of the relevant ILC/SPO alongwith amendments thereto, if any.
- DP Note of the Indirect Exporter covering the amount of the ILC(s)/SPO(s), duly endorsed in favour of SBP.
- Undertaking of the Indirect Exporter on the prescribed form (specimen attached–UT-IDE-II).
- Schedule of deliveries.

The amount and period of refinance against amount released by the banker of the Direct Exporter to each Indirect Exporter, shall not exceed as mentioned in the relevant ILC/SPO.

23. The loan granted to the Indirect Exporter(s), alongwith mark up thereon, shall be adjusted upon submission of the documents evidencing delivery of the inputs and negotiation of ILC(s)/SPO involved. The Indirect Exporter(s) shall be under obligation to produce the following documents to the banker of the Direct Exporter, evidencing delivery/acceptance of the domestic inputs by him to the Direct Exporter as per procedure laid down in Para 11:-

- Invoice in favour of Direct Exporter
- Goods Receipt Notes/Delivery Challan duly signed by the Direct Exporter, showing date and quantity delivered to the Direct Exporter as per terms of the delivery.

24. On production of documents mentioned in para 23 above, evidencing

deliveries of the domestic inputs, the amount(s) of the loan(s), earlier granted in favour of Indirect Exporter(s) shall be transferred in the name of the Direct Exporter and all mark up charges from the date of said transfer shall be borne by the Direct Exporter. The refinance earlier availed by the bank of the Direct Exporters, against disbursement(s) released to Indirect Exporter(s) shall continue to remain outstanding till the monitoring period or upto maturity of loan whichever is earlier.

25. While the required matching of performance against the borrowings under Part-II, shall remain the prime responsibility of the Direct Exporter which will be available to him on a revolving basis to the extent of his balance entitlement, each Indirect Exporter would be under obligation to supply the required inputs on a case by case basis in accordance with the terms of the Inland Letter of Credit/Standardised Purchse Order, failing which he shall be liable for fines under the Scheme on the scale of fines for non shipment under Part-I. Payment of such fines shall, however, not absolve the Indirect Exporter(s) from his/their liabilities to the Direct Exporter.

26. The financing bank of the Direct Exporter, shall become entitled to avail refinance on the basis of amount of export proceeds realized during the preceding year in terms of EE-1 statement duly verified by Foreign Exchange Department of State Bank of Pakistan. The quantum of refinance shall, however, not exceed his balance entitlement i.e. entitlement adjusted after excluding the amount of ILC/SPO. The refinance shall, however, be provided by the respective Office of the SBP on the basis of Information contained in Form DE-3 and on production of following documents.

- Form EE-1 (specimen attached).
- DP note of the Direct Exporter duly endorsed in favour of SBP
- Undertaking by the Direct Exporter as per specimen on Form (UT-DE-II attached).
- Schedule of financial requirements and manufacturing on Form (DE-3), including particulars of finance/refinance already provided/ availed for Indirect Exporters for Domestic and Imported Inputs.

27. The Direct Exporter shall be under obligation to submit Form EF-1(specimen attached) after the close of the respective monitoring year, but not later than 31st August each year, evidencing realization of export proceeds equivalent to the prescribed performance, duly verified from our FED. The borrowing products of the loan(s) availed by individual Indirets Exporters shall be added into the borrowing products of the amount(s) of loan availed by the concerned Direct Exporter for the purpose of monitoring and matching actual performance with the re-

quired performance and calculation of short fall, if any, for the purpose of levy of fine as prescribed under the Scheme.

FINE UNDER THE SCHEME

28. With the modifications in the procedures for availing finance/ refinance, increase in the period of financing and other relaxations in the Scheme as spelt out above, the scales of fine under the Scheme shall be as under:-

(i) If an Indirect Exporter who had obtained the finance under Part-I of the Scheme fails to supply the goods as per schedule of delivery to the Direct Exporters or a Direct Exporter fails to ship the goods involved, he shall be subjected to fine on account of non shipment at the rate of Paisa 37 per day per Rs.1000/- or part thereof.

(ii) In case the Indirect Exporter or the Direct Exporter ships the goods subsequent to the expiry of loan, he shall be liable to pay fine only for the period of delay in supply/shipment at the rate of Paisa 37 per day per Rs.1000/- or part thereof.

(iii) In case a Direct Exporter who had obtained finance under Part-II of the Scheme, fails to match his borrowings by his export performance, he shall be subjected to a fine of Paisas 37 per Rs.1000 or part of the borrowing product.

(iv) In case the Indirect Exporter who has availed finance/refinance under Part-II of the Scheme, fails to supply the domestic inputs as per terms of the ILC/SPO, he shall be liable for fine at the rate of Paisa 37 per day per Rs.1000/- or part thereof on the entire amount of finance availed by him. In case the supplies are made subsequently, fine for delayed supplies shall be recovered from him for the period involved at the same rate.

(v) If a bank fails to deposit with the State Bank, towards repayment of the respective refinance loan, the amount of a repayment made to it by /on account of the exporters/supplier within 3 days of receipt of the amount by it, it shall be subjected to a fine at the rate of paisas 60 per Rs.1000/- or part thereof on the amount involved till the amount is deposited with the State Bank.

(vi) Fines for any other defaults by the Direct/Indirect Exporter shall be recovered at the rate of Rs.2000 for the default and

Rs.100 per day for each day of default.

PROCEDURAL CLARIFICATION NOTES

29.(i) Financing facilities under Part-II of the Scheme shall continue to be granted by Banks/SBP Offices on revolving basis, on submission of prescribed documents i.e. Form DE-3 alongwith Undertaking on format UT-DE-II within the limits of a Direct Exporter already sanctioned for 1998-99.

(ii) In cases where the input required by Direct Exporter is a commodity which is not eligible for concessionary finance under the Scheme e.g. sugarcane in case of sugar and raw cotton in case of cotton yarn of counts 30 & above, the Indirect Exporter will not be entitled to export finance at the concessionary rate, even if an ILC is opened/SPO is issued in his favour by the Direct Exporter.

(iii) In those cases where the Direct Exporter does not choose to open an ILC/issue an SPO and intends to make payment to his input supplier through cheque against the loan account, the banker of the Direct Exporter shall be entitled to obtain refinance facilities against the entitlement of the Direct Exporter after payment is made against such cheques. In case the Direct Exporter has already purchased the input on credit basis and wants to pay for it through cheques drawn on the loan account, he shall be entitled to avail the facility to that extent. Refinance shall, however, be provided to the banks after payment against such cheques are made. The financing bank in both cases shall be under obligation to satisfy itself regarding the correctness of the transaction failing which the financing Bank/Direct Exporter, shall be liable to punitive action under the Scheme.

(iv) The documents prescribed for the Scheme under BPRD Circular No.44 of 17th December, 1998, shall be obtained in above cases as also in case where ILC is opened/SPO is issued for payment to Indirect Exporter. For availing refinance facilities under Part-I of the Scheme, the banks shall continue to submit application on Format DE-I togetherwith application on Form EB, its schedule, previous loan certificate (PLC) and Undertaking on the specimen attached with BCD Circular No.1 dated 01-01-1985.

(v) In case of post shipment refinance, while the maximum period of refinance shall remain 180 days from the date of shipment, the tenure of refinance shall be subject to the condition that refinance shall be repaid immediately on receipt of export proceeds, or on expiry of the due date of the export bill, whichever is earlier. Further in case, where the export proceeds have not been realized by the due date but the export refinance is repaid by the bank from its own resources, the bank shall continue to be under obligation to submit EPRC to the concerned office of the State Bank in due course.

(vi) As the opening of ILC is not compulsory as such where ILC is not involved, the Direct Exporter may insert word 'Not applicable' in the relevant column of the formats.

{c.f. BPRD/(RU-45/936(101)/(537)/99-1355 dated 28th January, 1999}

30. Effective from 1st July, 1999 Direct Exporters who would make payment to their IDEs through cheques were required to issue a formal Standardized Purchase Order (PSO) to their IDEs. The SPO would enable the IDEs to have access to the financing facilities from commercial banks under the Export Finance Scheme on submitting their request in accordance with the prescribed format on Form S.P.O. (specimen attached).

{c.f. BPRD Circular No. 24 dated 28th June, 1999}.

31. Effective from 2-7-1999, on the basis of provision of financing to IDEs through the mechanism of ILC, the financing banks were/are required to open ILCs/SPO(s) within the limits of the Direct Exporter approved by them under Part-I and Part-II of the Scheme for making use of the revised system efficiently. The banks were further advised to ensure that charges for opening of ILC are kept to the minimum.

{c.f. BPRD Circular No. 25 dated 2nd July 1999}.

32. Effective from 22nd July, 1999, Offices of State Bank of Pakistan were advised to apprise to all banks availing finance/refinance from them as under:-

(i) As the SPO has been made compulsory for the Direct Exporter relying on the cheque option for payment to his Indirect Export (IDE), the Direct Exporters entitlement for refinance shall be restricted to the amount of his value addition and the amount of Cheques already honoured or the ILC negotiated. No refinance shall be allowed henceforth against application where N/A has been mentioned in Column A of Item 11 of form DE-1. As the revised system has been in application for over a period of six months, no refinance shall now be allowed against Stock in hand.

(ii) The Direct Exporter relying on cheque option for making payment to his IDE shall invariably submit the Standardized Purchase Order. His entitlement for refinance shall be subject to the position stated in para (i) above.

(iii) The IDE shall be eligible to obtain financing facilities from his bankers to the extent of the amount of eligible commodities to be supplied to the DE for which no advance payment has been received by him. The period of finance/refinance to IDE shall however not exceed the delivery period covered under the SPO subject to a maximum period of 120 days as prescribed in para 5 of Annexure attached with BPRD Circular No. 44 of 17th December, 1998.

(iv) It is incorrect to presume that the DE shall not be entitled to refinance after the payment is made by him to his IDE through Cheque. Infact he shall remain ineligible for availing financing facilities under the Scheme so long as cheque issued by him is not honoured. Once the cheque is honoured and the amount is released to IDE against supplies made by him (or towards advance payment to the IDE) banker of the Direct Exporter shall become entitled to obtain refinance from the State Bank against payments so made.

{c.f. letter to SBP Offices No. BPRD/RU-45/936(101)X/99-11678 dated 22nd July 1999}.

33. Effective from 5th August, 1999 instructions issued to Offices of State Bank of Pakistan vide our letter No. BPRD/RU-45/936(101)/X/11678 dated the 22nd July, 1999 read with BPRD Circular No. 24 dated 28-06-1999 pertaining to Part II were suspended during 1999-2000.

{c.f. letter to SBP Offices No. BPRD/RU-45/936(101)/X/99-12517 dated 5-8-1999}.

34. Effective from 13th August, 1999 in terms of instructions issued to all the banks, the Direct Exporter will have the option either to establish an Inland Letter of Credit (ILC) in favour of the Indirect Exporter/issue a Standardized Purchase Order (SPO) or make payment through cheques. The Indirect Exporter will, however, be able to access the Export finance Scheme only if an Inland Letter of Credit (ILC) is established or Standardized Prechase Order (SPO) is issued by the Direct

Exporter.

{c.f. BPRD Circular No. 31 dated 13-08-1999}.

35. Effective from 24th August, 1999 submission of ILC/SPO by a Direct Exporter alongwith refinance loan application is not necessary in case where the input purchased/to be purchased from a supplier/ Indirect Exporter is a commodity which is not eligible under the provisions of the Scheme. Similarly, in case of foreign inputs/raw materials imported by a Direct Exporter, refinance may be provided to the extent of the relevant contract/L.C. as per provisions of the Scheme. Further, each of the above cases, where the D.E. shows stock in possession, the refinance facility is required to be provided also inclusive of that extent if otherwise covered by the relevant F.E.O./L.C.

{c.f. letter to SBP Offices No. BPRD/RU-45/936(101)/24843/99-13419 dated 24-08-1999}.

IDE-1

(Name & Address of the Indirect Exporter)

FORM OF APPLICATION FOR CLAIMING FINANCING FACILITIES UNDER EXPORT FINANCE SCHEME BY THE INDIRECT EXPORTER FOR SUPPLY OF LOCAL INPUTS AGAINST ILC/SPO

The Manager

__________________ (Branch)

__________________ (Bank)

__________________ (Place)

Dear Sir,

Financing Facility under Export Finance Scheme against supplies of local inputs under ILC/SPO

We have been authorised to supply the local inputs (name of the commodity) by ____________________________ M/s. (Name of the Direct Exporter) against ILC/SPO No. ________ dated ________ amounting to Rs. ________ with validity upto and established by (name of the bank). We, therefore, request you to provide finance of Rs. ________ for ________ days under the terms and conditions of the Export Finance Scheme. The following documents are submitted as prescribed under the Scheme.

— Inland Letter of Credit/Standardised Purchase Order

— DP Note covering the amount of ILC/SPO.

— Undertaking (by Indirect Exporter on the prescribed proforma UT-IDE-1)

We undertake to repay the finance on the expiry of the period or earlier upon supplies made to the Direct Exporter named above and negotiate the documents under ILC/SPO involved. We further undertake

IDE-1 continue...

to submit relevant proof of supplies to your bank for submission to the banker of the Direct Exporter and the concerned office of State Bank of Pakistan.

Yours faithfully,

(Name & Address
of the Indirect Exporter)

Encl: (   )

No. ______________

Date: ______________

IDE-2

(Name & Address of the Indirect Exporter)

FORM OF APPLICATION FOR CLAIMING FINANCING FACILITIES UNDER EXPORT FINANCE SCHEME BY THE INDIRECT EXPORTER FOR SUPPLY OF LOCAL INPUTS AGAINST ILC/SPO

The Manager,

____________________ (Branch)

____________________ (Bank)

____________________ (Place)

Dear Sir,

Financing Facility against supplies of local inputs under ILCs/SPO's by the Direct Exporter out of entitlement under Part-II of EFS

We have been authorised to supply the local inputs (name of the commodity) by M/s. (Name of the Direct Exporter) against ILC/SPO No. ________ dated ____________ amounting to Rs. ___________ with validity upto ___________ within their entitlement of borrowing limit under Part-II of the Export Finance Scheme and established by (Name of the Bank). We, therefore, request you to provide finance of Rs. ___________ for ___________ days under the terms and conditions of the Export

Finance Scheme. The following documents are submitted as prescribed under the Scheme.

— Inland Letter of Credit/Standardised Purchase Order

— DP Note covering the amount of ILC/SPO

— Undertaking (by Indirect Exporter on the prescribed proforma UT-IDE-1)

IDE-2 continued

We undertake to repay the finance on the expiry of the period or earlier upon supplies made to the Direct Exporter named above and negotiate the documents under ILC/SPO involved. We further undertake to submit relevant proof of supplies to your bank for submission to the banker of the Direct Exporter and the concerned office of State Bank of Pakistan which will form part of the performance when shipped and reported by the Direct Exporter in their EF-I statement upon expiry of the monitoring year.

Yours faithfully,

(Name & Address
of the Indirect Exporter)

Encl: (   )

No. ____________

Date: ____________

UT-DE-I

UNDERTAKING (for Direct Exporter)

UNDERTAKING TO BE SUBMITTED TO THE BANK BY THE EXPORTER AT THE TIME OF OPENING OF AN INLAND LETTER OF CREDIT AGAINST EXPORT LETTER OF CREDIT/FIRM EXPORT ORDER.

(To be furnished on non-judicial stamp paper)

The Manager

__________________ (Branch)

__________________ (Bank)

__________________ (Place)

Dear Sir,

We confirm having requested you to open an irrevocable Inland Letter of Credit (ILC) for the value of Rs. __________ in favour of M/s. __________________ for supply of __________________ required for making exports under the irrevocable Export Letter of Credit (ELC)/Firm Export Order (FEO), the particulars of which are given below:-

i) Registration No. Name & Address of Indirect Exporter

ii) ELC/FEO No. and date.

iii) Commodity to be supplied under ELC/FEO.

iv) Quantity

v) Amount

vi) Estimated Delivery Period.

2. We hereby confirm that the Firm Export Order (FEO) against which we have requested opening an Inland letter of credit would be covered by an Export Letter of Credit to be opened subsequently the details of which will be furnished in due course but not later than expiry of the ILC against **which goods will be supplied to the Direct Exporter.**

UT-DE-1 continued...

3. It is understood that the ILC has been established and financed by you under the Export Finance Scheme against Export Letter of Credit/Firm Export Order and we in our capacity as Direct Exporter shall remain liable for fulfilment of all the obligations under the said Scheme.

4. It is expressly understood that non-performance by the Indirect Exporter (supplier of inputs/finished goods) under the ILC, for any reason, whatsoever shall not, in any manner absolve us from fulfilment of our obligations as Direct Exporter under the Scheme.

5. We certify that supplies of inputs/finished goods made under the ILC are required and shall be used by us for the manufacture and export of only such commodities which are duly eligible for financing under the Export Finance Scheme as on date of this Undertaking.

6. We hereby confirm and agree that in the event of failure to fulfil any of our obligations under the Export Finance Scheme, you have our irrevocable authority to recover from us and debit our accout with fine at the rate prescribed by the State Bank of Pakistan from time to time under the Scheme on the amount of the finance availed by us.

7. We certify and confirm that we have not obtained from any other bank any finance against and on the strength of the above ELC/FEO. In the event of a false statement made by us in this behalf, we undertake to be liable to pay fine at the rate prescribed for-non-performance under the Export Finance Scheme.

8. We do hereby further understand, confirm and undertake that upon production of documents evidencing supply of goods to us by the Indirect Exporter(s) the liability for the cost of goods so furnished to us by the Indirect Exporter, shall as from the date of such supply, stand in our name till the realization of proceeds under the Export Letter of Credit or earlier if so repaid by us. We further confirm and undertake that if the finance obtained by us against the above ELC/FEO is repaid earlier than the expiry date, we shall continue to remain liable to submit to you the relative proof of the shipments under the ELC/FEO referred to above hereinbefore.

Signature verified　　　　　　Authorised Signature of the Exporter

Bank's Authorised Signature.

UT-DE-II

UNDERTAKING TO BE SUBMITTED BY THE DIRECT EXPORTER UNDER PART-II

The Manager

____________________ (Branch)

____________________ (Bank)

____________________ (Place)

Dear Sir,

We do hereby certify and confirm that a finance of Rs.-------------- (Rs. in words--) has been allowed to us by you under Part-II of the Export Finance Scheme of the State Bank of Pakistan on the basis of the following non interest based mode, it being understood that return/profit to be derived by the bank shall not exceed --------% when converted into annual percentage terms:-

Mode of financing--

2. We further confirm that the above finance of Rs.-----------------is in the nature of revolving limit, inclusive of the amount extended to Indirect Exporters on our behalf on which account we have/we will open Inland Letter of Credit/issue Standardized Purchase Order or otherwise and will be utilized for export purposes.

3. We hereby further declare and confirm that we have not and will not in future obtain any export finance from any bank other than yourselves on the basis of export receipts covered by the relative Form EE-1.

4. We further undertake that we shall realize export receipts from the exports of eligible commodities, excluding any export for which finance has been obtained under Part I of the Export Finance Scheme, during the relevent monitoring year, of a minimum amount equal to at least 2.0 times of the amount of the finance obtained by us during the relative monitoring year.

5. We confirm that we in our capacity as Direct Exporter shall remain liable for fulfillment of all the obligations under the said Scheme for the Inland Letter of Credit(s)/

UT-DE-II continued

Standardized Purchase Order established and financed by you under the Export Finance Scheme against Export Letter of Credits/Firm Export Orders.

6. It is expressly understood that non-performance by the Indirect Exporter (supplier of inputs/finished goods) under the Inland Letter of Credit/Standardized Purchase Order, for any reason, whatsoever shall not, in any manner absolve us from fulfilment of our obligations as Direct Exporter under the Scheme.

7. We certify that supplies of inputs/finished goods made under the Inland Letter of Credit/Standardized Purchased Order will be required and used by us exclusively for the manufacture and Export of only such commodities which are duly eligible for financing under the Export Finance Scheme as on date of this Undertaking.

8. We further undertake that in the event of shortfall in exports for which we have availed of the above finance or in the event of our failure to submit to you form EF-I duly verified by the bank concerned within the prescribed period of the relevant monitoring year, we will be liable to pay fine at the rate as prescribed by the State Bank of Pakistan from time to time and hereby irrevocably authorise you to debit the same to our account with you.

Signature verified

Authorised Signature
of the Exporter

Banks Authorised Signature

UT-IDE-1

UNDERTAKING TO BE SUBMITTED TO THE BANK BY THE INDIRECT EXPORTER UNDER PART-I OF THE EXPORT FINANCE SCHEME

(To be furnished on non-judicial stamp paper)

The Manager

____________________ (Branch)

____________________ (Bank)

____________________ (Place)

Dear Sir,

We do hereby certify and confirm that a finance of Rs.-------------- has been sanctioned to us by you under the Export Finance Scheme of the State Bank of Pakistan on the basis of the following non interest based mode of financing, it being understood that return/profit to be derived by the bank shall not exceed ----------% when converted into annualized percentage:-

Mode of financing--

2. We further confirm and undertake that the export financing of Rs.---------------- has been obtained by us against Inland Letter of Credit/ Standardized Purchase Order opened by (name of the banker of the Direct Exporter) and the same shall be used exclusively to finance the goods concerned in the said Inland Letter of Credit/Standardized Purchase Order opened on the basis of Export Letter of Credit/Export Firm Order:-

Export Letter of Credit / Export Firm Order

S.No.	No.	Date	Amount F.Cy.	Amount L. Cy.
1	2	3	4	5

UT-IDE-1 continued

<u>Inland Letter of Credit (ILC) / Standardised Purchase Order (SPO)</u>

No.	Date	Amount*	Commodity to be supplied	Quantity	Date of delivery
6	7	8	9	10	11

*Specify amount in Foreign Currency/Local Currency, whichever is applicable

3. We do hereby further undertake to submit to you the following documents for negotiation under the aforesaid Inland Letter of Credit/ Standardised Purchase Order against which you have allowed to us the above finance under the Export Finance Scheme.

(a) Copy of Invoice
(b) Copy of Truck Receipt/Delivery Receipt
(c) Copy of Goods Received Note/Acknowledgement of goods received by the Direct Exporter.

4. We do hereby confirm and agree that in the event of our failure to affect delivery to <u>(name of the Direct Exporter)</u> on or before the due date of delivery and to submit the above documents to you within 15 days from the date of delivery, you have our irrecoverable authority to recover from us and debit our account with the fine at the rates prescribed by the SBP from time to time on the amount of finance availed of less the amount of finance in respect of goods delivered to <u>(name of the Direct Exporter)</u> if any, from the date of the original finance. We also undertake and confirm that the payment of such fine shall not absolve us from our liabilities/ obligations towards the <u>(name of the Direct Exporter)</u> and we shall continue to remain liable for fulfilment of all obligations under the Scheme.

5. We do hereby further confirm and undertake that the submission of documents in respect of the above mentioned Inland back to back Letter of Credit will remain our responsibility and we shall provide to you the relevant evidence of delivery of goods to <u>(name of Direct Exporter)</u> and finance so extended to us shall stand adjusted in our name on submission of delivery documents.

Signature verified

Authorised Signature of the Exporter

Banks Authorised Signature

UT-IDE-II

UNDERTAKING TO BE SUBMITTED BY THE INDIRECT EXPORTER UNDER PART II

The Manager

____________________ (Branch)

____________________ (Bank)

____________________ (Place)

Dear Sir,

We do hereby certify and confirm that a finance of Rs.-------------- has been sanctioned to us by you under the Export Finance Scheme of the State Bank of Pakistan on the basis of the following non interest based mode of financing, it being understood that return/profit to be derived by the bank shall not exceed-------------% when converted into annualized percentage:-

Mode of financing---

2. We further confirm and undertake that the export finance of Rs.---------------- has been obtained by us against inland letter of credit opened Standardised Purchase Order issued by (name of the banker) & (Name of the Direct Exporter) out of the borrowing entitlement of Direct Exporter concerned, and the same shall be used exclusively to finance the goods mentioned in theInland Letter of Credit/Standardised Purchase Order opened on the basis of Export Letter of Credit/Export Firm Order, mentioned as follows:-

Export Letter of Credit / Export Firm Order

S.No.	No.	Date	Amount F.Cy.	Amount L. Cy.
1	2	3	4	5

UT-IDE-II continued

Inland Letter of Credit (ILC) / Standardised Purchase Order (SPO)

No.	Date	Amount*	Commodity to be supplied	Quantity	Date of delivery
6	7	8	9	10	11

*Specify amount in Foreign Currency/Local Currency, whichever is applicable

3. We do hereby further undertake to submit to you the following documents for negotiation under the aforesaid Inland Letter of Credit/ Standardised Purchase Order against which you have allowed to us the above finance under the Export Finance Scheme.

(a) Copy of Invoice
(b) Copy of Truck Receipt/Delivery Receipt
(c) Copy of Goods Received Note/Acknowledgement of goods received by the Direct Exporter.

4. We do hereby confirm and agree that in the event of our failure to affect delivery to (name of the Direct Exporter) on or before the due date of delivery and to submit the above documents to you within 15 days from the date of delivery, you have our irrecoverable authority to recover from us and debit our account with the fine at the rates prescribed by the State Bank of Pakistan from time to time on the amount of finance availed of less the amount of finance in respect of goods delivered to (name of the Direct Exporter) if any, from the date of the original finance. We also undertake and confirm that the payment of such fine shall not absolve us from our liabilities/obligations towards the (name of the Direct Exporter) and we shall continue to remain liable for fulfilment of all obligations under the scheme.

5. We do hereby further confirm and undertake that the submission of documents in respect of the above mentioned Inland Letter of Credit/ Standardised Purchase Order will remain our responsibility and we shall provide to you the relevant evidence of delivery of goods to (name of Direct Exporter) and the finance so extended to us shall stand adjusted in our name on submission of delivery documents.

Signature verified

Authorised Signature of the Exporter

Banks Authorised Signature

Form DE-1

PARTICULARS SHOWING THE STAGES OF COMPLETION OF THEPRODUCT TO BE EXPORTED BY THE INDIRECT EXPORTER

1. Name of the Direct Exporter
2. Address
3. Nature of the operation (Manufacturing/Semi Manufacturing/Trading)
4. Name of the Foreign Buyer
5. Address
6. L/C No./Firm Export Order No.
7. Date of L.C/Firm Export Order
8. Amount of the L.C/Firm Export Order
9. Amount of finance required
10. Amount(s) and date(s) of finance already obtained, if any, against the above LC/FEO
11. Description of commodity to be exported <u>Description</u>/<u>Total Quantity</u>/<u>Amount</u>/<u>Destination</u>
12. Quantity and amount of Commodity to be exported now
13. Manufacturing requirements:-

    Purchase of inputs from local suppliers =

    Purchase of inputs from foreign suppliers =

    Value addition on purchased inputs =

Total: ---------------

<u>Details of value addition:</u>

A: <u>Local Inputs</u>*

Sr. No.	Name of Indirect Exporter	Commodity purchased/ to be purchased	Estimated Delivery date	Estimated No. of days from date of opening of ILC/ SPO payment through cheque	Quantity	Amount

Form DE-1 continued

B: Foreign Inputs*

Sr. No	Name of Foreign Supplier/ Comm. Importers	Country	Commodity	Estimated date by which L/C will be opened	Estimated Delivery Period	Quantity	Amount in Foreign currency	Eqvlt. Pak Rs. *

1.
2.
3.

C: Value Addition.

(Inclusive of Freight, Insurance, other overheads and Profit margin)

Amount in F.C. =
Amount in Rs. =

14. Details of financial requirements i.e. (A+C):-

	Amount	Period	No. of days
(a) For supplies of Local Inputs by Indirect Export No.1			
No.2			
No.3			

	Amount	Period	No. of days
(b) For value addition by the Direct Exporter			

Certified that the contents of this statement are correct to the best of our knowledge and belief.

Signature of Direct Exporter
(Seal)

Counter signature by the
Bank of the Direct Exporter

*Please attach the information in the form of separate Annexure for more than 3 IDEs/ foreign suppliers.

Form "DE-2"

CERTIFICATE SUBMITTED BY DIRECT EXPORTER UNDER THE EXPORT FINANCE SCHEME

We do hereby certify that we have neither obtained any finance nor have authorised any other bank to establish any ILC / issue SPO in Pakistan except against the Export Letter of Credit (ELC)/Firm Export Order (FEO) mentioned hereunder:-

ELC No.-------------------- Dt.----------------- Amount----------------

FEO No.--------------------- Dt.------------------ Amount-----------------

List of ILCs/SPO issued to Indirect Exporters:-

Sr. No.	Name & Address of the Indirect Exporter(s)	No. & Date of ILC/SPO	Value of ILC/ SPO
1.	2.	3.	4.

Dated:-------------------------------

Place:--------------------------------

Authorised Signatures
(Direct Exporter)

Authorised Signatory of Bank

Form DE-3

APPLICATION FORM OF THE DIRECT EXPORTER GIVING PARTICULARS OF BORROWING LIMITS (AS PER FORM EE-I) AND THE FINANCIAL REQUIREMENTS AGAINST IMPORTEDINPUTS AND THE LOCAL SUPPLIES FROM THE INDIRECTEXPORTERS

1. Name of the Direct Exporter
2. Address
3. Nature of the operation Manufacturing/Semi Manufacturing/Trading
4. Commodities to be exported
5. Entitlement of limit for finance/refinance through the financing bank.
6. List of IDEs to whom following ILCs / SPOs have been established/ opened@:-

Name of IDE	ILC No. / SPO No.	Amount of ILC / SPO
1.		
2.		
3.		
		Total Rs.

7. Balance amount of limit (5-6)
8. Borrowing entitlement as per 7 above
9. Amount of export finance already availed of by DE
10. Amount of unutilized limit, if any, (8-9)

11. Details of value addition:-

@ P.N. Entitlement for limit shall be reduced to the extent of amounts of ILC(s) opened / SPO issued.

Form DE-3 continued

A: Local Inputs*

Sr. No.	Name of Indirect Exporter	Commodity purchased/ to be purchased	Estimated Delivery date	Estimated No. of days from date of opening of ILC/ SPO payment through cheque	Quantity	Amount

1.

2.

3.

B: Foreign Inputs*

Sr. No.	Name of Foreign Supplier/ Comm. Importers	Country	Commodity	Estimated date by which L/C will be opened	Estimated Delivery Period	Quantity	Amount (in Foreign currency)	Eqvlt. Pak Rs.

1.

2.

3.

C: Value addition Amount in Rupees

12. Amount of loan presently required

(a) For supplies by IDE

(b) For foreign inputs

(c) For self manufacturing/value addition

Certified that the contents of this statement are correct to the best of our knowledge & belief

Counter signature by the Authorised Dealer/Bank of the DE

Signature of DE

*Please attach the information in a separate Annexure for more than 3 Indirect exporters/ Foreign suppliers

FORM EE-1

PARTICULARS OF EXPORT RECEIPTS IN RESPECT OF ELIGIBLE COMMODITIES UNDER PART-II OF THE EXPORT FINANCE SCHEME FOR THE MONITORING PERIOD ....

Full Name and Address of the Exporter ....

Export Registration Number .... (To be submitted in triplicate)

Name and Address of the Bank...

Sr. No.	Export Form No.	Name of Consignee	Commodity	Contract/L.C. under which shipment made			Date of ship-ment	Date of Negotia-tion by the bank by way of discounting/ purchase of bill	Proceeds Realised or to be realised			Monthly return and the name of Office of State Bank to which realiza-ation reported by the bank	Remarks
				No.	Date	Amount			Amount in Foreign Exchange	Amount in Pak. Rupees	Date of Realisation in case export proceeds already realised		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

I/We hereby solemnly affirm that the above statement does not include:-

(i) any export of commodities which do not qualify for export finance under the Scheme.

(ii) the exports on usance basis reported in this Statement are against irrevocable letter(s) of credit which is/are eligible for negotiation without reserve and the usance bills in respect thereof have not been negotiated with a scheduled bank in Pakistan except those mentioned above.

Signature of the Exporter

Certified that the above entries have been verified and found correct. Financing limit of Rs. .... allowed.

(To be verified and authenticated by Foreign Exchange Department)

Countersigned by the Bank

(Name and Designation of the Authorised Officer of the Bank)

FORM EF-1

PARTICULARS OF EXPORT RECEIPTS IN RESPECT OF ELIGIBLE COMMODITIES UNDER PART-II OF THE EXPORT FINANCE SCHEME FOR THE MONITORING PERIOD ....

Full Name and Address of the Exporter ....

Export Registration Number .... (To be submitted in triplicate)

Name and Address of the Bank..

Sr. No.	Export Form No.	Name of Consignee	Commodity	Contract/L.C. under which shipment made			Date of ship-ment	Date of Negotia-tion	Proceeds Realised or to be realised			Monthly return and the name of Office of State Bank to which realiza-ation reported by the bank	Remarks
				No.	Date	Amount			Amount in Foreign Exchange	Amount in Pak. Rupees	Date of Realisation in case export proceeds already realised		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

I/We hereby solemnly affirm that:-

(i) the above statement does not include:-

   (a) any export of commodities which do not qualify for export finance under the Scheme.

   (b) any export made under a Contract/L.C. against which I/We obtained export finance from any bank under Part-I of the Scheme.

(ii) the exports on usance basis reported in this Statement are against irrevocable letter(s) of credit which is/are eligible for negotiation without reserve and the usance bills in respect thereof have not been negotiated with a scheduled bank in Pakistan except those mentioned above.

Signature of the Exporter

Countersigned by the Bank

(Name and Designation of the Authorised Officer of the Bank)

(To be verified and authenticated by Foreign Exchange Department)

Sr. No.-----------------

<u>FORM EC-1</u>

APPLICATION FORM TO BE SUBMITTED BY SCHEDULED BANKS TO THE CONCERNED OFFICE OF THE STATE BANK OF PAKISTAN TO OBTAIN REFINANCE UNDER EXPORT FINANCE SCHEME (PART—I)

Name of the Scheduled Bank..

Address ....

Date..

Sr. No.	Name and Address of the Borrower	Commodity to be exported	Destination of export	L.C. or Firm Order	By whom opened/ placed	Number & Date	Amount in Foreign Currency	Rate of Exchange with value date	Foreign inputs required if any (Amount in FCY	Balance amount 8--10	Equivalent Pak Rupee
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.

Contd. Form EC-1..........

Date at which shipment is to be effected	Indirect Exporters as per box A	Direct exporters as per box B	Due date of repayment as per relevant Box	The profit, expressed in annual percentage earned from exporter
13.	14.	15.	16.	17.

BOX 'A'

Sr. No.	Name of IDE	Commodity	Amount of finance	Date of finance	Period
i.	ii.	iii.	iv.	v.	vi.

BOX 'B'

Sr. No.	Amount of finance provided/to be provided to Direct Exporter	Date of finance provided
i.	ii.	iii.

Certified that the contents of this statement are correct to the best of our knowledge and belief.

For and on behalf of ____________________________________

Name of the Scheduled Bank

(Signatures)

(Designation)

Loan No.--------------------------
Date of grant---------------------
Amount---------------------------

FORM ED-1

STATEMENT OF PERFORMANCES AGAINST FINANCE AND REFINANCE OBTAINED FROM SBP UNDER THE EXPORT FINANCE SCHEME (PART-I) INCLUSIVE OF FINANCES/REFINANCES OBTAINED BY THE INDIRECT EXPORTERS OF THE DIRECT EXPORTERS AGAINST EACH LOAN

Name of the Scheduled Bank..

Address (Branch) ....

Date..

Name and address of the Direct Exporter	Sr. No. of Form EC-I	Commodity exported	Date of shipment	'E' Forms Nos.	Total amount of shipment		Reference No. of ELC/FEO against which finance has been obtained	Date/Amount of finance availed by DE	Date/Amount of refinance obtained from SBP by DE	Date/Amount of finance obtained by IDE	Date/Amount of refinance obtained fron SBP by IDE
					FCY	LCY					
1	2	3	4	5	6	7	8	9	10	11	12

Contd. Form EC-I...........

Period of refinance utilised in the name of DE	Period of refinance utilised by IDE	Profit/Returns charged from DE	Profit/Return charged from IDE(s)	Remarks
13.	14.	15.	16.	17.

Sr.* No.	Details of IDEs		Reference No. of ILC/SPO		Date(s) of supplies	Name of Banks/Branch
	Names	Commodity	No.	Amount		

Certified that the contents of this statement are correct to the best of our knowledge and belief.

For and on behalf of

(Signature) (Signature)

Designation Designation Name of the Bank

(*on separate annexure)

FORM IES

STATEMENT OF FINANCES AND REFINANCE OBTAINED FROM SBP UNDER THE EXPORT FINANCE SCHEME UNDER AN ILC/SPO BY INDIRECT EXPORTER

Name of the Scheduled Bank ....

Address ....

Date ....

Reference of Refinance Loan No. .... Date of grant ....

Sr. No.	Name and Address of Direct Exporter	Reference of Form EC-1			Name and Address of the Indirect Exporter	Reference of ILC/ SPO	Commodity supplied	Date & Amount of pre-shipment finance under ILC/ SPO	Date of supplies of goods as per GRN/ Delivery Challan	Date & Amount of refinance obtained from SBP	Date and amoun of refinance repaid by bank	Amount of profit/return charged from Indirect Exporter
		No.	Date	Amount								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)

Certified that the contents of this statement are correct to the best of our knowledge and belief.

For and on behalf of
(Name of the bank)

(Signature)
Designation

(Signature)
Designation

NEGATIVE LIST

LIST OF COMMODITIES INDICATING THEIR SPECIFIC HARMONISED CODES NOT ELIGIBLE FOR CONCESSIONARY EXPORT FINANCE UNDER THE EXPORT FINANCE SCHEME

S.No.	Commodity	Harmonised Code	
		Main Heading	Sub Heading No.
1.	Raw Cotton (Excluding Surgical Bleached/ Absorbent)	52.01 52.02	5203.00 1404.20
2.	Cotton Yarn (excluding Cotton Sewing Thread, Blended Yarn with 49% cotton, Dyed Yarn & Yarn of Count 30 and above)[@]	52.05 52.06	5207.1000 5207.9000
3.	Fish other than frozen and preserved	03.01 03.02	
4.	Mutton and Beef	02.01 02.02 02.04 02.06 02.08 16.02	1601.000 (Excl. Frog Legs 0208.20)
5.	Petroleum Products	27.08 27.10 27.11 27.12 27.13 27.14	27.09.00 2715.00
6.	Crude Vegetable materials n.e.s. (Excluding Floricultural & Horticultural Products)	06.01 06.02 06.03 06.04 12.11 12.14	1213.00 (Excl. Rose Buds/ Flower) (Excl. Sassafrass Leaves)

[@] Cotton yarn of below 30 counts is also eligible upto 31.12.1999

Contd. NEGATIVE LIST

S.No.	Commodity	Harmonised Code	
		Main Heading	Sub Heading No.
		13.01	(Excl. Guar Gum Extract/Guar Protein)
		13.02	
		14.01	
		14.02	
		14.03	
		14.04	
7.	Wool & Animal Hair	05.02	
		05.03	
		51.01	
		51.02	
		51.03	
		51.04	
		51.05	(Excl. Wool Tops) (5105.29)
8.	Crude Animal Material	04.07	
		04.08	
		05.04	(Excl. Animal Casings & Fatends)
		05.05	
		05.06	
		05.07	
		05.08	
		05.09	
		05.10	
		05.11	
9.	Feed Stuff for Animals	23.01	
		23.02	
		23.09	
10.	All Grains including Grain Flour	10.01	
		10.02	
		10.03	
		10.04	
		10.05	
		10.06	(Excluding Irri / Basmati Rice with brand names in Packets of 1-50 Kgs)

Contd. NEGATIVE LIST

S.No.	Commodity	Harmonised Code	
		Main Heading	Sub Heading No.
		10.07	
		10.08	
		11.01	
		11.02	
		11.03	
		11.04	
		11.06	
11.	Stone, Sand and Gravel	25.05	2507.00
		25.06	2514.00
			2521.00
		25.15	
		25.16	
		25.17	
		25.20	
12.	Waste & Scrap of all kinds	23.03	5301.30 (Excluding Rice
		23.04	5303.90 Gluten for 1998-
		23.05	99 only)
		23.06	
		23.07	
		23.08	5703.00
		26.18	7602.00
		26.19	7802.00
		26.20	7902.00
		26.21	8002.00
		39.15	
		41.10	
		47.07	
		55.05	
		71.12	
		72.14	
		74.04	
13.	Fertilizer Crude	25.10	3101.00
			3102.50
			3104.10
14.	Oil Seeds, Nut & Kernels	12.01	
		12.02	

Contd. NEGATIVE LIST

S.No.	Commodity	Harmonised Code Main Heading	Harmonised Code Sub Heading No.
		12.03	
		12.04	
		12.05	
		12.06	
		12.07	
		12.08	
15.	Jewellery exported under the Entrustment Scheme		
16.	Live Animals	01.01	
		01.02	
		01.03	
		01.04	
		01.05 (Excl. Hatching Eggs	
		01.06 & Day Old Chicks)	
17.	Hides & Skins	41.01	
		41.02	
		41.03	
18.	Leather Wet Blue	41.04	4104.21 to 4104.29
		41.05	4105.11 to 4105.19
		41.06	4106.11 to 4106.19
		41.07	4107.21
19.	Inorganic Elements Oxides etc.	28.01	2802.00
		28.04	2803.00
		28.05	2817.00
			2822.00
			2823.00
		28.09(Excl. Inorganic Acids)	
		28.10	—do—
		28.11	—do—
		28.14	
		28.15	
		28.16	
		28.17	
		28.18	
		28.19	
		28.20	
		28.21	

Contd. NEGATIVE LIST

S.No.	Commodity	Harmonised Code: Main Heading	Harmonised Code: Sub Heading No.
		28.24	
		28.25	
		28.44	
		28.45	
		28.46	
		28.47	
		75.01	
20.	Crude Minerals		2501.00 (Excl. Refined/ Treated Salt)
			2502.00
		25.03	
		25.04	
		25.07	
		25.08	
		25.09	
		25.11	
		25.12	
		25.18	
		25.19	
		25.22	
		25.25	
		25.26	
		25.27	
		25.28	
		25.29	
		25.30	
		27.01	
		27.02	
		27.03	
21.	Works of Arts and Antiques	9701.00	
		9702.00	
		9703.00	
		9704.00	
		9705.00	
		9706.00	
22.	All Metals	26.01	
		26.02(Excl. Magnesite in the processed form)	
		26.03 (Excluding Blister Copper	

Contd. NEGATIVE LIST

S.No.	Commodity	Harmonised Code	
		Main Heading	Sub Heading No.
		26.04	26.03 & 74.01)
		26.05	
		26.06	
		26.07	
		26.08	
		26.09	
		26.10	(Excl. Chrome concentrates in the processed form 26.10)
		26.11	
		26.12	
		26.13	
		26.14	
		26.15	
		26.16	
		26.17	
		74.01	
		75.01	
23.	Fur Skins	43.01	
		43.02	
		43.03	
24.	Wood in rough or squared	44.01	
		44.02	
		44.03	
		44.04	
		44.05	
		44.06	
		44.07	
		44.08	
		44.09	

Form SPO

EXPORT FINANCE SCHEME

Standarized Purchase Order (SPO) for purchase of Inputs by the Direct Export from Indirect Exporter

1. Name & Address of the Direct Exporter (DE)

2. Name & address of the Banker of the Direct Exporter

3. Name & address of the Indirect Exporter (IDE)

4. Name & Address of the banker of the IDE

5. Refinance of the firm Export Order/LC. for which inputs are required (For Part I) No. Date

6*.

Entitlement of the DE under Part II fixed by the bank	Amount finance provided as on date	Total Amount of the SPO already issued	Amount of the present SPO	Total value of SPO (c+d)	Total value of the outstanding ILC	Balance entitlement (a-b-e-f)
a	b	c	d	e	f	g

7. Particular of the commodity to be purchase

Specification (name of the commodity & its Harmonized Code	Quantity	Value Total	Date of Delivery	Payment Terms		
				Advance, if any	On delivery	Total
i	ii	iii	iv	v	vi	vii

Certified that the above contents are correct to the best of our knowledge and belief, and the above items being purchased/to be supplied shall be used for execution of an exporter order.

Authorized Signature of the Direct Exporter	Authorized Signature of the IDE	Authorized Signature of the Bank of the DE

***Instructions for filling of the table:-**

a. Entitlement means the amount of financing facility to which the Direct Exporter is eligible under Part II of the Scheme financed through the bank stated at Sr. No. 2 above.

b. Amount of finance means the finance provided by the stated bank to Direct Exporter for (i) his own value addition, and (ii) supplies already received by the DE against ILC or SPO.

e. Total amount of SPO means the sum total of all SPOs already issued, however payment against them are yet to be made by the financing bank to the banker of the IDE.

f. Total value of ILCs means sum total of the ILC already issued but yet to be negotiated.

Selective Credit Control

45/1998 Please refer to BPRD Circular 42 dated 14th December, 1998 read with BPRD Circular 23 dated 2nd July, 1998 on the captioned subject.

2. In deference to the desire of the Lahore High Court, it has been decided to extend the dead-line for enforcing the instructions conveyed vide BPRD Circular 23 dated 2nd July, 1998 till the judgement is announced by the Honourable Lahore High Court.

3. Other instructions on the subject shall remain unchanged.

Limit on Bank's Exposure to a Single Person

1/1999 Please refer to Prudential Regulation-I for banks.

It has been decided to substitute Para 4(J) of above Prudential Regulation with the following :-

"4(J) In arriving at per party exposure 90% of;

(i) deposits of the party with the bank under lien;
(ii) face value of FIBs lodged by the party as collateral; and
(iii) Pak. Rupee equivalent of face value of Special US Dollar Bonds converted at official rate, lodged by the party as collateral; shall be deducted."

Limit on NBFIs Exposure to a Single Person

2/1999 Please refer to Rule 09 of NBFIs Rules of Business.

It has been decided to substitute the existing Para (ii)(A) of the above rule with the following :-

"(ii) In arriving at exposure per person under this Rule the following shall be deducted / excluded;

(A) 90% of;

(a) certificates of deposits / certificates of investment of the borrower under lien with the NBFI;

(b) face value of FIBs lodged by the borrower as collateral; and

(c) Pak. Rupee equivalent of face value of Special US Dollar Bonds converted at official rate, lodged by the borrower as collateral."

Minimum Margin Restrictions on Import Letters of Credit.

3/1999 Please refer to BPRD Circulars No.24, 34, 37 and 40 dated the 12th July, 31st August, 16th October and 21st November, 1998 respectively on the above subject.

2. It has since been decided that with effect from January 11, 1999 letters of credit for import excluding import of wheat, POL products, imports made by the Federal and Provincial Governments against cash allocation and imports under loans / credits / aid, whether in the public sector or private sector, shall be opened subject to a minimum cash margin of 20% instead of 30%.

Penal of Auditors-Section 35(1) of the Banking Companies Ordinance, 1962.

4/1999 Please refer to the Panel of Auditors circulated vide BPRD Circular No.25 dated the 10th October, 1995 as updated from time to time.

It has been decided to include the names of the following Chartered Accountancy firms in the said panel under category No.4 to conduct audit of Other Financial Institutions.

(A) ENLISTMENT.

(1)	M/s. G.M. Chhotani & Co. Chartered Accountants, Windsong Place, 3rd Floor, Room No.306, Off: Shara-e-Faisal, Plot No.A-16-17, Block 7 & 8, Karachi Tel. No.4542860, Fax No.4526991	(2)	M/s. Azhar Zafar & Co. Chartered Accountants, 1st Floor, Attiya Building, 8 - Bank Square, Lahore. Tel. No.(042)7351670 Fax No.(042)7122609

Minimum Margin Restrictions on Import Letters of Credit.

5/1999 Please refer to BPRD Circular No.3 dated the 9th January, 1999 on the above subject.

2. It has since been decided that with effect from January 25, 1999 letters of credit for import (excluding import of wheat, POL products, imports made by the Federal and Provincial Governments against cash allocation, imports under loans / credits / aid, whether in the public sector or private sector and import of items against various schemes of temporary imports for exports e.g. NDND Scheme, manufacturers in Bonded Scheme etc.) shall be opened subject to a minimum cash margin of 10% instead of 20%.

Selective Credit Control / Foreign Currency Accounts, FEBC, DBC and FCBC.

6/1999 Kindly refer to BPRD Circular No.23 dated 2nd July, 1998 (as modified from time to time latest being BPRD Circular No.45 dated 22nd December, 1998) as also F.E. Circular No.12 dated 29th May, 1998 (as modified from time to time) on the above subjects.

We are informed that the Hon'able Lahore High Court has pronounced the judgement in various intra court appeals and writ petitions pertaining to the above subjects. A firm decision has been taken on the basis of legal advice that this is a fit case for appeal to the Supreme Court. Under the constitution there is a period of 60 days prescribed for filing a petition for leave to appeal to the Supreme Court. Instructions for filing an appeal have already been issued and it is expected that it will be lodged shortly. Pending this no further action may be taken by you pursuant to the above mentioned BPRD Circulars. Any application received in the meantime for withdrawal in Foreign Currency from the Foreign Currency Accounts affected by the above mentioned F.E. Circulars or for profit / encashment of FEBCs, FCBCs, DBCs and premature encashment of Special U.S. Dollar Bonds in foreign currency may be referred to our Foreign Exchange Department.

Audit Of Banks.

7/1999 Kindly refer to the guidelines issued for external auditors in terms of Section 35(3) of BCO, 1962 vide BID Circular No.5 of 1972 and subsequent instructions on the subject.

In addition to the items being presently covered in the special reports submitted by the auditors of banks to the State Bank, the auditors may be requested to include their observations on the level of efficiency of the internal audit department. For the purpose of evaluating efficiency audit reports of internal auditors should be scrutinized through conducting independent test audit and comparing results with the audit conducted by internal audit teams.

A copy of this circular may please be delivered to your auditors for necessary compliance.

Minimum Margin Restrictions on Import Letters of Credit.

8/1999 Please refer to BPRD Circular No.5 dated the 24th January, 1999 on the captioned subject.

2. In exercise of powers vested in the State Bank of Pakistan under Banking Companies Ordinance, 1962 and in supersession of all previous instructions on the subject, it has been decided to withdraw the requirement of minimum cash margin on opening of import letters of credit with effect from February 24, 1999.

Terms and Conditions for Grant of Financing Facilities by State Bank (Reduction in Repo Rate).

9/1999 It has been decided that effective from 4th March, 1999 the maximum * rate of remuneration to be paid by recipients of financing facilities from the State Bank for meeting temporary liquidity shortages (Repo Rate) shall stand reduced from 16.50 percent to 15.50 percent on an annual basis.

This supersedes BPRD Circular No.17 dated 21st June, 1998.

Terms and Conditions for Grant of Financing Facilities by State Bank (Reduction in Repo Rate).

11/1999 Please refer to BPRD Circular No.09 dated the 3rd March, 1999 on the above subject.

It is advised that the word maximum appearing in the first line in para 1 of the above Circular may please be amended to read as minimum. Other terms and conditions shall, however, remain unchanged.

Credit Discipline - Public Sector Enterprises

10/1999 Please refer to BPRD Circular No.20 dated the 21st September, 1995 read with BPRD Circular letter No.35/127.Pub.95 dated the 19th November, 1995, in terms of which all commercial banks were advised that their aggregate credit to Public Sector Enterprises (PSEs) should not exceed the aggregate amount outstanding as on end May, 1995. It has been decided to withdraw the above restriction. Banks are, however, advised to ensure that requests from Public Sector Enterprises for credit lines are considered on merit and prudential requirements are strictly observed.

2. The above relaxation will not apply to WAPDA, KESC, PTCL, SNGPL, SSGC and OGDC.

3. Instructions regarding reporting of aggregate credit outstanding against Public Sector Enterprises by way of a footnote to the weekly statement of position being submitted to us under Section 36(3) of the SBP Act, 1956 shall, however, continue to remain operative as hithertofore.

Export Finance Scheme.

11/1999 Please refer to BPRD Circular No.44 dated the 17th December, 1998 on the above subject.

2. It has now been decided that export finance facility shall also be made available for export of cotton yarn of below 30 counts effective from March 11 till June 30, 1999. During this period items 2 of the "negative list" containing ineligible commodities circulated vide the aforesaid circular shall be deemed as excluded / suspended. This will enable the exporters to avail the above facility for all counts of cotton yarn.

3. The above facility in respect of cotton yarn of below 30 counts shall automatically cease to be available after June 30, 1999.

Financing Facilities by State Bank (Further Reduction in Repo Rate).

12/1999 Please refer to BPRD Circular No.9 dated the 3rd March, 1999 read with BPRD Circular letter No.10 dated the 4th March, 1999 and Securities Department Circular No.01 dated the 3rd March, 1999 on the above subject.

2. Effective from 3rd April, 1999 the minimum rate of return to be paid by recipients of financing facilities from State Bank for meeting temporary liquidity shortages and SBP 3-Day Repo Rate against Government of Pakistan Market Treasury Bills and Federal Investment Bonds has been reduced from 15.5% to 14% on an annual basis.

Prudential Regulation-XXI - Amendment of

13/1999 It has been decided to substitute with immediate effect the existing Prudential Regulation-XXI as under :-

PRUDENTIAL REGULATION-XXI

I. ASSET MANAGEMENT:

For the purpose of this Regulation the Asset Management will constitute the following :-

(a) Cash or portfolio management.

(b) All forms of collective investment management, and

(c) Custodial and Depository Services.

Banks desiring to undertake asset management services shall be allowed to do so through subsidiary company to be formed by them under the laws of

Pakistan for the exclusive purpose of undertaking such activities. The minimum paid-up capital of such a subsidiary shall be not less than Rs 100 million. The companies to be set up for the purpose shall be public limited companies which may commence business with a bank's equity holding of 51% in the company's paid-up capital. The balance 49% share capital shall be offered to the general public.

2. Banks which have been consistently meeting the liquid assets requirements and other credit disciplines during the latest 52 weeks shall only be eligible to set up such subsidiaries after obtaining prior clearance of the Articles & Memorandum of Association of the proposed company from the State Bank. Subsequent amendments in the Articles & Memorandum of Association of such companies will also require similar prior clearance from SBP.

3. The transactions undertaken / services provided by the subsidiaries set up for asset management purposes should not create any financial obligation whether contingent or otherwise on the balance sheet of the holding company or otherwise. The said subsidiaries shall not be permitted to :-

(a) invest in real estates;
(b) grant credit in any form whatsoever;
(c) hold and invest in more than 1% (one percent) of the paid-up shares of any bank or financial institution;
(d) invest in the securities of such companies which failed to earn net profit for two financial years out of the preceding three financial years.

4. The holding company shall ensure that subsidiaries do conduct their operations and publish their accounts in accordance with the internationally accepted accounting standards and disclosure requirements, besides meeting the standards set by the domestic regulatory authorities.

5. Before accepting funds from a client, the subsidiary shall notify to the client the avenues of investments available to it for the purpose of deployment of funds. Each asset management deal to be undertaken by the subsidiary shall be documented in the form of a written contract to be called "Asset Management Contract" expressly stating all the terms and conditions of the deal and duly authenticated by the company and the provider of funds. Each subsidiary shall be required to obtain prior approval of the format of its standard Asset Management Contract from the State Bank of Pakistan.

6. Banks which are already engaged in fund management business if any are directed to forthwith disclose the total amount of funds provided to them for fund management as "Asset Management Liabilities" under the head "Other Liabilities" in the balance sheet. Simultaneously, the corresponding assets acquired against the Management Liabilities shall be shown as "Asset Management Assets" under the head "Other Assets" in the balance sheet. All related returns to be submitted to the State Bank must also carry a similar disclosure regarding Asset Management Liabilities & Assets.

7. Banks are further directed to ensure that all existing fund management contracts must be settled on due dates and no bank shall be allowed to undertake any fresh deal for asset management other than through a subsidiary formed for the purpose.

II. <u>FINANCIAL AND INVESTMENT ADVISORY SERVICES:</u>

Banks desiring to undertake Financial and Investment Advisory Services shall be allowed to do so through subsidiary company to be formed by them under the laws of Pakistan for the exclusive purpose of undertaking such activities. The paid-up capital of such a subsidiary shall be not less than Rs 100 million. The companies to be set up for the purpose shall be public limited companies which may commence business with a bank's equity holding upto 100% but not less than 51% in the company's paid-up capital.

2. Banks which have been consistently meeting the liquid assets requirements and other credit disciplines during the latest 52 weeks shall only be eligible to set up such subsidiaries after obtaining prior clearance of the Articles & Memorandum of Association of the proposed company from the State Bank. Subsequent amendments in the Articles & Memorandum of Association of such companies will also require similar prior clearance from State Bank.

3. The contracts executed / services provided by the subsidiaries set up for Financial and Investment Advisory Services purpose should not create any financial obligation whether contingent or otherwise on the balance sheet of the holding company or otherwise.

4. The holding company shall ensure that subsidiaries do conduct their operations and publish their accounts in accordance with the internationally accepted accounting standards and disclosure requirements.

Prudential Regulations / Rules of Business for NBFIs.

14 1999 It has been observed that the Banks and Non-Bank Financial Institutions (NBFIs) frequently approach the State Bank of Pakistan for relaxation in Prudential Regulations / Rules of Business for NBFIs on different grounds after entering into agreement with their clients. This tendency on the part of Banks and NBFIs in the matter of Prudential Regulations / Rules of Business for NBFIs has been viewed seriously by the State Bank of Pakistan.

All Banks and NBFI s are required to strictly adhere to the Prudential Regulations / Rules of Business for NBFIs at all the times and in all the cases. However, in exceptional circumstances if a relaxation is justified, please ensure that in future written approval of the State Bank of Pakistan is obtained before entering into any agreement with clients which involve deviation from any Prudential Regulations / Rules of Business for NBFIs. The State Bank of Pakistan will examine such requests for exemptions from Prudential Regulations / Rules of Business on merit and communicate the decision promptly. No request for post facto approval shall be entertained in future.

15/1999 Please refer to the instructions contained in BCD Circular No.9 dated the 4th August, 1979 as amended from time to time.

Classification of Accounts-Demand & Time Liabilities for the Purpose of Maintenance of Statutory Cash Reserve/Liquid Assets.

2. It has been decided that with effect from the week ending 15th May, 1999, the following items reported by scheduled banks in their Weekly Statement of Position submitted to the State Bank of Pakistan shall not be taken into account while computing the Total Demand and Time Liabilities for the purpose of maintenance of Statutory Cash Reserve under Section 36(1) of the State Bank of Pakistan Act, 1956 and Liquid Assets maintained under Section 29 of the Banking Companies Ordinance, 1962 :-

I.	Deposits from banks (Demand)	Code No. 01-02
II.	Borrowings from banks (Demand)	Code No. 01-03
III.	Deposits from banks (Time)	Code No. 02-02
IV.	Borrowings from banks (Time)	Code No. 02-03
V.	Money at call & short notice in Pakistan.	Code No. 05-00

3. Other instructions on the subject shall remain unchanged.

16/1999 In terms of the powers conferred under section 36(1) of the State Bank of Pakistan Act, 1956, it has been decided that effective from May 19, 1999, every scheduled bank shall maintain with State Bank a balance amount of which shall not at the close of business on any day be less than 3.5 per cent of its demand and time liabilities in Pakistan.

Maintenance of Statutory Cash Reserve Under Section 36(1) of State Bank of Pakistan Act, 1956.

2. The above is in supersession of the existing instructions on the subject, whereby the above ratio was prescribed at 5 per cent.

3. Other relevant instructions shall, however, remain unchanged.

17/1999 In exercise of the powers conferred upon State Bank of Pakistan under Section 29 of the Banking Companies Ordinance, 1962, it has been decided that effective from May 19, 1999, every banking company shall maintain in Pakistan in cash (excluding Statutory Cash Reserves under section 36 (I) of the State Bank of Pakistan Act, 1956) gold or unencumbered approved securities to be valued in a manner as provided for under the said section an amount which shall not at the close of business on any day be less than 13 per cent of the total of its time and demand liabilities in Pakistan.

Maintenance of Liquid Assets in Pakistan (Reduction in Liquidity Ratio From 15% to 13%)

2. The above is in supersession of the existing instructions on the subject, which had set the above ratio at 15 per cent.

3. Other relevant instructions shall, however, remain unchanged.

18/1999 It has been decided that effective from May 19, 1999 minimum rate of return to be paid by recipients of financing facilities from State Bank for meeting temporary liquidity shortages and 3-day repo facility against the Government of Pakistan market treasury bills and Federal Investment Bonds shall be 13 per cent on an annual basis as compared with 14 per cent applicable before the above date.

Financing Facilities by State Bank (Further Reduction in Repo (Reduction in Repo Rate From 14% to 13%)

2. Other relevant instructions shall, however, remain unchanged.

Rules of Business for NBFIs-Maintenance of Liquidity (Reduction in Liquidity Ratio)

19/1999 Kindly refer to Rule 6 of the NBFIs Rules as modified from time to time.

2. It has been decided to reduce from 14% to 12% the liquidity ratio of NBFIs with effect from May 26, 1999. The NBFIs will, however, continue to maintain with the State Bank of Pakistan a cash reserve of 1% of the specified liabilities, as at present. Other instructions on the subject shall, however, remain unchanged.

Prudential Regulation XXIV Maintenance of Assets in Pakistan

20/1999 In terms of Circular No.BCD(1)18/27-63 dated the 22nd October, 1963 banks are required to maintain assets in Pakistan not less than 80% of their time and demand liabilities.

2. In exercise of powers vested under Section 30 of the Banking Companies Ordinance, 1962, it is hereby directed that every bank, effective from 5th June, 1999, shall maintain in Pakistan not less than 85% (as against the present ratio of 80%) of the assets created by it against such time and demand liabilities as specified in Part-A of Form X prescribed under Rule 17 of the Banking Companies Rules, 1963). Accordingly, assets held abroad by any bank shall not, at any point in time, exceed 15% of its time and demand liabilities specified in the said Form X. All other assets financed from sources other than time and demand liabilities specified in the said Form X shall be held within Pakistan.

3. Banks holding assets abroad in excess of the above limits at the close of business on 29th May, 1999 shall provide details of the excess amount of assets to the State Bank by the close of business on Monday the 31st May, 1999 and shall take necessary steps to regularize the position at the earliest but not later than 30th June, 1999.

4. Any bank violating the above directive will make itself liable to action by the State Bank under the relevant sections of the Banking Companies Ordinance, 1962.

Prudential Regulation-XXV

21/1999 It has been observed that violations / irregularities are recurring in the case of several banks despite they being repeatedly reminded of violations / irregularities in State Bank's inspection reports. Besides, a tendency has developed amongst some banks to delay action / response on SBP instructions. This situation is not acceptable from the regulatory point of view. With a view to ensuring that inefficiencies in the banking institutions are reduced to the minimum, the banking system maintains integrity and financial soundness, and the observations / irregularities pointed out by the SBP are taken seriously by banks and rectified promptly, it has been decided that, in addition to any other action that SBP may institute against any functionary of a bank or financial institution under Section 83 of the BCO, 1962, the following scale of penalties will be applicable with immediate effect in respect of various categories of violations of rules and regulations.

Sr.No.	AREA OF IRREGULARITIES	SCALE OF PENALTY
(a)	Violation of :- (i) Cash Reserve Requirement (ii) Statutory Liquidity Requirement	i-a) Rs 69/- per 100,000/=- or part thereof per day on the amount by which the balance with SBP falls short of the fixed minimum. i-b) If the shortfall continues in the subsequent week or thereafter, the penalty shall be increased to Rs 86/- per 100,000/- or part thereof per day. ii) Rs 86/- per 100,000/- or part thereof per day on the amount by which the liquid assets fall short of the fixed minimum.
(b)	Violation of instructions regarding operations of Deposit Accounts and payment of Return.	Rs 20,000/- per case and/or Rs1,000/- per day for the period of the irregularity, and/or disciplinary action against responsible official(s).
c)	Violation of instructions regarding operating of accounts.	Rs20,000/- per case and/or Rs 1,000/- per day for the period of the irregularity, and/or disciplinary action against responsible official(s).
d)	Violation of security requirement for grant of loans and advances.	Rs 20,000/- per case and/or Rs 1,000/- per day for the period of the irregularity, and/or disciplinary action against responsible official(s).
(e)	Violation of instructions/regulations regarding grant of financing facilities.	Rs 20,000/- per case and/or Rs 1,000/- per day for the period of the irregularity, and/or disciplinary action against responsible official(s).

(f)	Violation of rules & regulations including those relating to issuance of Letter of Credit and Guarantees.	Rs 20,000/- per case and/or Rs 1,000/- per day for the period of the irregularity, and/or disciplinary action against responsible official(s).
g)	Violation of other Prudential Regulations provisions of Banking Companies Ordinance, 1962, Banks Nationalization Act, 1974 and State Bank of Pakistan Act, 1956.	Rs 20,000/- per case and/or Rs 1,000/- per day for the period of the irregularity, and/or disciplinary action against responsible official(s).
(h)	Delayed submission of Returns, concealment or mis-reporting of data/information to the State Bank of Pakistan.	Rs 20,000/- per case and/or Rs 1,000/- per day for the period of the irregularity, and/or disciplinary action against responsible official(s).
(i)	Violation of instructions regarding location opening and shifting of branches.	Rs 20,000/- per case and/or Rs 1,000/- per day for period of the irregularity and/or disciplinary action against responsible official(s).
(j)	Violation of regulations regarding grant of financing facilities in respect of Export Finance Scheme/Locally Manufactured Machinery.	As already notified by State Bank of Pakistan from time to time.
(k)	Excess lending to autonomous bodies from their prescribed limit.	As notified vide BCD Circular letter No.27/127.Priv-88 dated 12-11-1988.

3. It has also been decided that, henceforth, banks found to be repeating or committing the same violations/irregularities in the following year(s) / period(s) except those relating to Cash Reserve Requirement / Statutory Liquidity Requirement would be subjected to levy of a surcharge @ 25% compounded on succeeding year as compared to the year, it was first pointed out.

4. Banks are advised to note the new scale of fines / penalties as also their progressive nature and circulate among managers of all their branches. It may also be noted that fine / penalty once levied due to mistake in reporting or any other lapse on the part of banks will not be condoned / refunded. Banks are,

therefore, urged in their own interest and in the interest of the banking system as a whole to ensure compliance with Prudential Regulations and other directives of the State Bank of Pakistan in letter & spirit.

22/1999 Please refer to the instructions contained in BPRD Circular No.23 dated the 2nd July, 1998 (As modified from time to time) latest being BPRD Circular letter No.5 dated the 29th January, 1999 and paragraph 3 of F.E. Circular No.31 dated the 2nd July, 1998 on the above subject.

Selective Credit Control / Foreign Currency Accounts, FEBC, DBC and FCBC.

2. It has been decided to withdraw the above instructions with immediate effect.

23/1999 With a view to closely monitoring the condition of individual banks / NBFIs as also the general conditions obtaining within the banking system, the State Bank is in the process of upgrading the further strengthening its off-site surveillance and early warning systems. For this purpose the Bank need some additional data on financial condition and operating performance of banks / NBFIs. Accordingly, a format titled "Quarterly Report of Condition" alongwith detailed instructions for its compilation is enclosed. Banks / NBFIs are advised to submit two copies of the requisite Report on the prescribed format to this department within 30 days of the end of each calendar quarter, beginning quarter ending 30th June, 1999, first such report viz. for the quarter ending 30th June, 1999 can, however, be submitted within 45 days i.e. by 15th August, 1999.

Submission of Quarterly Report of Condition

Accuracy of reported data and its timely submission will be of vital importance for achieving the desired objectives and can hardly be over-emphasized. Banks / NBFIs are, therefore, advised to ensure accuracy of data and their timely submission. Failure to comply with these instructions will attract penal provisions of the Banking Companies Ordinance, 1962.

OUARTERLY REPORT OF CONDITION

NAME OF THE BANK/NBFI ____________
AS ON QUARTER ENDED ______________

BALANCE SHEET

	NOTES	AS ON CURRENT QUARTER	AS ON CORRESPONDING QUARTER OF PREVIOUS YEAR
		....................Rupees in '000................	
ASSETS			
CASH AND BALANCE WITH SBP AND NBP			
BALANCES WITH OTHER BANKS/NBFIs			
MONEY AT CALL AND SHORT NOTICE			
INVESTMENTS-NET OF PROVISION	1		
ADVANCES-NET OF PROVISION	2		
OPERATING FIXED ASSETS			
CAPITAL WORK IN PROGRESS (indicating significant item wise details, by way of a note)			
NET INVESTMENT IN FINANCE LEASES			
OTHER ASSETS	3		
TOTAL ASSETS			
LIABILITIES			
DEPOSITS & OTHER ACCOUNTS	4		
BORROWINGS FROM OTHER BANKS NBFIs, AGENTS ETC.	5		
BILLS PAYABLE			
OTHER LIABILITIES	6		
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE			
DEFERRED LIABILITIES			
TOTAL LIABILITIES			
CAPITAL			
<u>CAPITAL REPRESENTED BY</u>			
PAID-UP/ASSIGNED CAPITAL			
CAPITAL & GENERAL RESERVES			
UNAPPROPRIATED PROFIT			
SUB-TOTAL-I			
SURPLUS ON REVALUATION OF ASSETS			
SUBORDINATED DEBT			
SUB-TOTAL-II			
TOTAL CAPITAL (SUB-TOTAL:I-II)			
MEMORADUM/OFF-BALANCE SHEET ITEMS:			
BILLS FOR COLLECTION			
ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS			
CONTINGENT LIABILITIES			
TOTAL MEMORANDUM/OFF-BALANCE SHEET ITEMS			

The annexed notes form an integral part of this Report.

AUTHORISED SIGNATORY
(Name and Designation)

AUTHORISED SIGNATORY
(Name and Designation)

PROFIT AND LOSS ACCOUNT

NAME OF THE BANK/NBFI ______________
QUARTER ENDED ______________

		FOR THE CURRENT QUARTER	YEAR TO DATE
		.... Rupees in '000..	
Mark up/Interest and discount and/or return earned			
Less: Cost/Return on deposits, borrowings etc.			
	Net		
Operating Income:			
Service charges on deposit accounts			
Fees & Commission			
Dividend incom			
Other operating income			
	Plus		
	Sub total		
Operating Expenses:			
Administrative expenses (Note 7)			
Provisions against non-performing advances			
Provision for diminution in value of investments			
Provision against other assets			
Bad debts written off directly			
	Less		
	Sub total		
Other income	Plus		
	Sub total		
Other expenses	Less		
	Sub total		
Extra ordinary / unucual items Plus/Less			
Profit before taxation	Sub total		
Taxation - current			
deferred			
	Less		
Profit after taxation **Total**			
APPROPRIATIONS:			
Proposed dividend/remittances to Head Office			
Other appropriations (to be specified)			
Total uppropriations	Less		
Un-appropriated/Unremitted profit carried forward			

The annexed notes form an intgral part of this Report.

AUTHORISED SIGNATORY
(Name and Designation)

AUTHORISED SIGNATORY
(Name and Designation)

NOTES TO THE QUARTERLY REPORT OF CONDITION AS ON THE QUARTER ENDED ________

...............Rupees in '000............

1. INVESTMENTS:	Book Value Investment Securities	Book Value Dealing Securities	Total	Estimated Market Value Investment Securities	Estimated Market Value Dealing Securities
Federal and Provincial Governments Securities					
Federal Investment Bonds					
Short Term Federal Bonds					
Market Treasury Bills					
Others (to be specified)					
Investments in subsidiary companies and associated undertakings					
Fully paid up ordinary shares					
listed companies					
unlisted companies					
Debentures, Bonds, Participation Term Cartificates and Term Finance Certificates					
Other Investments (to be specified)					
Gold					
Less: Provision for diminution in the value of Investments.					

Note:

Dealing securities are marketable securities that are acquired and held with the intention of reselling them in the short term. Investment securities are acquired and held for yield or capital growth purposes and are usually held to maturity

2. ADVANCES:

	Rupees in '000
Advances (Net of Provisions)	
Gross Advances	
(Please specify type-wise break-up of advances)	
Sub-Total	
LESS: Provisions held:	
Specific	
General	
Sub-Total	
Advances (net Provisions)	

Give details on how the provisions were calculated.

Advances include Rs...............................which have been placed on non performing status, i.e. past due 90 days or more, as detailed below:

Classified Advances	**Rupees in '000**
OAEM	
Substandard	
Doubtful	
Loss	
Total	

3. OTHER ASSETS	**Rupess in '000**
Income/mark up accrued on advances and investments	
Taxation (payments less provision)	
Branch adjustment account	
Suspense account	
Others (describe items that exceed 25% of this amount)	
Total	
Less: Provisions held against classified other assets	
Other assets (net of provisions)	

"Other Assets" include Rs. .... which have been classified as.........................
(Please indicate category of classification viz. OAEM, substandard, doubtful or loss.

NOTES TO THE QUARTERLY REPORT OF CONDITION AS ON THE QUARTER ENDED ________

	...............Rupees in '000............				
	Book Value			Estimated Market Value	
1. **INVESTMENTS:**	Investment Securities	Dealing Securities	Total	Investment Securities	Dealing Securities
Federal and Provincial Governments Securities					
Federal Investment Bonds					
Short Term Federal Bonds					
Market Treasury Bills					
Others (to be specified)					
Investments in subsidiary companies and associated undertakings					
Fully paid up ordinary shares					
listed companies					
unlisted companies					
Debentures, Bonds, Participation Term Cartificates and Term Finance Certificates					
Other Investments (to be specified)					
Gold					
Less: Provision for diminution in the value of Investments.					

Note:

Dealing securities are marketable securities that are acquired and held with the intention of reselling them in the short term. Investment securities are acquired and held for yield or capital growth purposes and are usually held to maturity

2. ADVANCES:

	Rupees in '000
Advances (Net of Provisions)	
Gross Advances	
(Please specify type-wise break-up of advances)	
Sub-Total	
LESS: Provisions held:	
Specific	
General	
Sub-Total	
Advances (net Provisions)	

Give details on how the provisions were calculated.

Advances include Rs...............................which have been placed on non performing status, i.e. past due 90 days or more, as detailed below:

Classified Advances	**Rupees in '000**
OAEM	
Substandared	
Doubtful	
Loss	
Total	

3. OTHER ASSETS	**Rupess in '000**
Income/mark up accrued on advances and investments	
Taxation (payments less provision)	
Branch adjustment account	
Suspense account	
Others (describe items that exceed 25% of this amount)	
Total	
Less: Provisions held against classified other assets	
Other assets (net of provisions)	

"Other Assets" include Rs. .... which have been classified as.........................
(Please indicate category of classification viz. OAEM, substandard, doubtful or loss.

4. DEPOSITS and other accounts	**Rupees in '000**
Fixed Deposits	
Saving Deposits	
Current Deposits	
Others (to be specified)	
Deposits and other accounts of banks	
Total Deposits	

4.1 Particulars of DEPOSITS and other accounts

In local currency
in foreign currencies

5. BORROWINGS FROM OTHER BANKS, AGENTS ETC.

In Pakistan
Outside Pakistan

Includes Rs................................ 'Money at Call and Short Notice'

6. OTHER LIABILITIES:

Mark-up/interest on loans/borrowings
Profit payable on PLS deposits and other accounts
Interest on foreign currency deposits
Others (describe item that exceed 25% of this amount)

7. **ADMINISTRATIVE EXPENSES:**

Salaries, allowances etc.
Staff retirement benefits
Others (described item that exceed 25% of this amount)

8. **AVERAGE ASSETS** for the quarter Rs..................................

Represents the average of the total assets as of the close of business on each Saturday during the quarter.

9. Report on the following format any class of **BUSINESS,** e.g. textile, cement etc. whose (a) deposits exceed 10% of total deposits: or (b) advances exceed 10% of total advances, as of the quarter end.

Class of Business	Total deposite	Percentage	Total advances	Percentage

10. **Number of Employees:**

Permanent
Temporary/on contractual basis
Daily wagers
Others (please specify)

Total No. of employees

11. **NUMBER OF BRANCHES:**

Branches at the beginning of the quarter
Add: Opened during the quarter

Less: Closed/Merged during the quarter

Total branches at the end of the quarter

12. SCHEDULE OF MATURITY DISTRIBUTION OF MARKET RATE ASSETS & LIABILITIES AS on the Quarter Ended...

Rupees in '000

	UPTO ONE MONTH	OVER 1 MONTH UPTO 6 MONTHS	OVER 6 MONTHS UPTO 1 YEAR	OVER 1 YEAR
Market Rate Assets				
Advances & Lease Financing				
Investments				
Other earning assets				
Total Market Rate Assets				
Other non-earning Assets				
Total assets				
Market Rate Liabilities				
Large time deposits above 5 million Rupees				
All other item deposits (Includes fixed rate deposits)				
Other cost bearing deposits				
Borrowings				
Other cost bearing Liabilities				
Total Market Rate Liabilities				
Other non-cost bearing Liabilities				
Total Liabilities				

Note: Some assets of a bank do not have a contractual maturity date. The period in which these assets are assumed to mature should be taken as the expected date on which the assets will be realized.

GENERAL INSTRUCTIONS

Who Must Report

Every bank and non-bank financial institution (NBFI) supervised by the State Bank of Pakistan is required to file consolidated Reports of Condition and Income covering its domestic operations as at the close of business on the last calendar day of each calendar quarter.

Submission of the Reports

Reports may be submitted in one of two ways:

1. By sending a computer diskette alongwith a report in hard-copy form (prepared on MS EXCEL worksheet) or

2. By completing its reports in hard-copy form.

Submission Date

The State Bank of Pakistan must receive the data not more than 30 calendar days after the report date. For example, the March 31 report must be received by April 30 and the June 30 report by July 30. However, banks/NBFIs may take an additional 15 days to submit the first Report as of June, 1999.

LINE ITEM INSTRUCTIONS:

ASSETS

Cash and balance with SBP and NBP

Report all currency and coin, cash items in process of collection, Balance with the State Bank and National Bank of Pakistan, and unposted debits. Currency and coin include both Rupee and foreign currency and coin. Foreign currency and coin should be converted into Rupee equivalents as of the report date. Unposted debits are cash items in the banks/NBFIs' possession, drawn on itself, that are immediately chargeable, but have not been charged to the general ledger deposit control account at the close of business on the report date. Cash items in process of collection include payment orders that are drawn on another depository institution and are payable immedietely upon presentation.

Balances with other Banks/NBFIs

Include balances due from depository institutions in Pakistan and foreign countries other than SBP and NBP. Balances due from institutions outside Pakistan should be converted into Rupee equivalents. Balances include funds on deposit for which the reporting institution has already received credit and which are subject to immediate withdrawal. Balances for which the bank/NBFI has not yet received credit and balances representing payment orders for which immediate credit has been given but which are not subject to immediate withdrawal are considered 'cash items in process of collection'.

Reciprocal Balances

Reciprocal balances arise when two depository institutions maintain deposit accounts with each other. Reciprocal balances may be reported on a net basis when a right of setoff exists. Net 'due from' balances should be reported in this schedule. Net 'due to' balances should be reported as deposit liabilities.

Money at Call and Short Notice

Report the Rupee amount outstanding of funds advanced that mature in one business day, excluding overnight lending for commercial or industrial purposes.

Investments - net of provision (see Note 1)

Report book value of investment securities and dealing securities less provision for diminution in the value of investments.

Advances - net of provision (see Note 2)

Report the amount of advances made in Pakistan and outside Pakista, converted to Rupee equivalents, - net of general and specific provision. Advances include overdrafts, acceptances of other financial institutions, bills discounted & purchased, Commercial Paper, Islamic modes of financing (Morabaha, unlisted TFCs, ijara, etc.), and obligations (other than securities) of Government entities.

Operating Fixed Assets

Report the cost less depreciation of land, premises, furniture, fixtures and office equipment, vehicles, assets held under finance lease, and other capital assets.

Capital work in progress

Report amount booked for construction-in-progress of premises.

Net Investment in Finance Lease

Report as a single total all outstanding receivable balances relating to lease financing. These balances should include the estimated residual value of leased property and must be net of undearned income.

Note: include current year receivables, do NOT report as Other Assets.

Other Assets

See Note 3.

<u>LIABILITIES</u>

Deposits & other accounts (see Note 4)

A deposit is defined as the balance of money held by a bank/NBFI for which it has given credit and the bank/NBFI is primarily liable (including Certificate of Investment/Deposit). Report fixed deposits, savings deposits, current accounts, deposits and other accounts of bankks/NBFIs, and any other accounts, e.g., an account from which the depositor or account holder is permitted to make transfers or withdrawals. NBFIs shall report COIs issued/other term deposits moblized by them against "Fixed Deposits".

Borrowings from other banks, NBFIs, agents, etc. (see Note5)

Report by remaining maturity the amount borrowed by the bank/NBFI. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a borrowing without regard to the borrowing's repayment schedule, if any.

Bills payable
Report outstanding amount of Demand Drafts, Manager Cheques, Pay orders etc. issued by the bank/NBFI.

Other liabilities
See note No.6. In the case of banking company incorporated outside Pakistan the amount of deposit kept with the State Bank of Pakistan in compliance with Section 13 of the Banking Companies Ordinace, 1962 should not be included as an 'Other liability'.

Liability against assets subject to finance lease
Report the aggregate amount of lease payments due.

Deferred liabilities
Report items recognized by international accounting principles as deferred liabilities. Deferred tax liabilities and assets represetn the amount by which taxes payable (or receivable) are expected to increase or decrease in the future as the result of 'temporary differences' or operating loss or tax credit carry forwards that exist at the reporting date.

CAPITAL
Represents Total Assets less Total Liabilities.

MEMORANDUM/OFF-BALANCE SHEET ITEMS:
Report all memorandum/off-balance sheet items including bills for collection; acceptances endorsements and other obligations; contingent liabilities; and commitments. Include unused portions of commitments for which the bank/NBFI has a legally binding commitment, e.g., unused portions of all credit card lines.

PROFIT AND LOSS ACCOUNT

Mark up/Interest and discount and/or return earned
Report mark up and fee income on advances, lease financing, balances due from depository institutions, and income (including dividend income) from investments.

Cost/Return on deposits, borrowings, etc.
Report all costs on deposits reported under Balance Sheet item 'Deposits & Other Accounts'; on liabilities reported under Balance Sheet item 'Borrowings from other Banks, NBFIs, Agents, etc.', and cost on subordinated debt.

Operating Income
Report service charges on deposit accounts, fees and commission from off/ balance sheet items, income/loss from dealing in foreign currencies, and any other fee income.

Operating expense
Report administrative costs (e.g., salaries and employee benefits), provisions against non-performing advance, provision for diminution in value of invest-

ments, bad debts written off directly, other provions, and depreciation/costs on 'Operating Fixed Assets', etc.

Other Income

Report rent, net profit on sale of fixed and other assets, income from non-banking assets and profit from sale of non-banking assets, and others.

Other expenses

Report net loss on sale of fixed or other assets, cost on non banking assets and loss on sale of non banking assets, amortization of formation and pre-opening operating expenses, and others.

Extra ordinary/unusual items

An extra ordinary item must be unusual and infrequent. To be unusual, it must be unrelated to the ordinary and typical activity of banks/NBFIs. To be infrequent, it should not reasonably be expected to recur in the foreaseeable future.

Taxation

Taxes should be reported on an accrual basis and include both taxes currently paid or payable (or receivable) and deferred taxes. The bank/NBFI must estimate the amount of the tax liability (or receivable) that will ultimately be reported on its tax return. Deferred tax liabilities and assets represent the amount by which taxes payable (or receivable) are expected to increase or decrease in the future as a result of temporary differences and net operating loss or tax credt carry forwards that exist at the reporting date. The acutal tax liability (or receivable) calculated on the bank/NBFI's tax returns may differ from the estimate reported as currently payable or receivable on the year-end Profit & Loss Account.

SCHEDULE OF MATURITY DISTRIBUTION FOR MARKET RATE ASSETS & LIABILITIES

Fixed rate–is a rate that is specified at the origination of the transaction, is fixed and invariable during the term of the advance, and is known to both the borrower and the lender.

Floating rate–is a rate that varies, or can vary, in relation to an index, to some other mark up rate, or to some other variable oriterion the exact value of which cannot be known in advance.

Remaining maturity–is the amount of time remaining from the report date until the final contractual maturity of an advance, lease, or time deposit.

Advances & lease financing–net of provisions

1. Report in the various time blocks (e.g., 0 to 1 months, over 1 month to 6 months, over 6 months to 1 year, over 1 year) all the bank/NBFI's advances and lease financing based on their final maturity date. The final maturity date is the amount of time remaining from the report date until the final contractual maturity without regard to the repayment schedule, if any.

Note: Exclude advances and leases that are in nonaccrual status.

2. Advances and leases should be reported net of unearned income.

3. Advances and leases that are past due (with respect to principal or mark up) and still accruing should be reported according to the time remaining to final contractual maturity without regard to delinquency status.

4. Report all unplanned overdrafts as fixed rate advances with a remaining maturity of 0 to 1 months.

5. Report all leases as fixed rate instruments according to the amount of time remaining to final contractual maturity without regard to repayment schedule.

6. Fixed rate credti cards are considered to have a remaining maturity of over one year. Floating rate credit cards are to be reported according to 'repricing frequency', e.g., if it can be repriced in 30 days, report in the "0 to 1 month" block.

Investments–net of provisions

1. Report in the appropriate time block all debt securities. Report the 'amortized cost' of held to maturity securities and the 'fair market value' of available for sale securities.

2. Report the holdings of fixed rate securities in the appropriate time block according to the amount of time remaining to their final contractual maturities (without regard to repayment schedules, if any). Report the holdings of floating rate securities in the appropriate time block according to their repricing frequencies, that is, how often the contract permits the mark up rates on the securities to be changes, e.g., report in the 1 to 6 months block the securities which can be repriced every 6 months.

Note: Exclude securities that are in nonaccrual status.

Other earning assets.

Report in the appropriate time block all other earning assets according to the amount of time remaining from the report date until the final maturity date.

Other non–earning assets

Report all non-earning assets against this item.

Large time deposits above 5 million Rupees

Report the Rupee amount of the bank/NBFI's time deposits of 5 million Rupees or more in the appropriate time block according to the amount of the time remaining to their final contractual maturities. Also report the Rupee amount of the bank/NBFI's floating rate time deposits of 5 million Rupees or more in the appropriate time block according to their repricing frequencies, that is, how often the contract permits the rate on the time deposit to be changed without regard to the length of time between the report date and the dates the rates can next change on maturity dates. For example, against 0 to 1 month, report the amount of the fixed rate deposits of 5 million Rupees or more with remaining maturities of one month or less, and the floating rate time deposits of 5 million Rupees or more which can be repriced every one month or more frequently, e.g., weekly or daily.

All other time deposits

Report the Rupees amount of the bank/NBFI's fixed rate time deposits of less than 5 million Rupees in the appropriate time block according to the amount of time remaining to their final contractual maturities. Also report the amount of floating rate time deposits of less than 5 million Rupees in the appropriate time block according to their repricing frequencies.

Other cost bearing deposits

Report in the appropriate time block the Rupee amount of other cost bearing deposits according to the amount of time remaining to their final contractual maturities.

Borrowings

Report in the appropriate time block by remaining maturity of the amount borrowed by the bank/NBFI, include over drawing 'due from' balances with depository institutions.

Other cost bearing Liabilities

Report in the appropriate time block all other cost bearing liabilities according to the amount of time remaining from the report date until the final maturity date.

Other non-cost bearing Liabilities

Report all other liabilities (non-cost bearing) against this item.

Export Finance Scheme

24 1999 Please refer to the captioned scheme, circulated vide BPRD Circular No.44 dated 17th December, 1998 and amendments made therein from time to time.

2. As you are aware that under the revised instructions, the Direct Exporters are required to make payments to their input suppliers viz., Indirect Exporters through an Inland Letter of Credit. Alternatively the Direct Exporters can also make payments to the Indirect Exporters through Cheques drawn on the loan accounts.

3. It has been decided that effective from 1st July, 1999 the Direct Exporters who would make payment to their Indirect Exporters (IDE) through cheques, shall issue a formal Standardized Purchase Order (SPO) to their IDEs. The SPO would enable the Indirect Exporters to have access to the financing facilities from commercial banks under the captioned scheme. Format of the Standardized Purchase Order is enclosed.

EXPORT FINANCE SCHEME

Standardized Purchase Order (SPO) for purchase of
Inputs by the Direct Exporter from Indirect Exporter

1. Name & address of the Direct Exporter (DE)
2. Name & address of the Banker of the Direct Exporter.
3. Name & address of the Indirect Exporter (IDE)
4. Name & address of the banker of the IDE.
5. Reference of the Firm Export Order / L/C. No. Date
   For which inputs are required (For Part I).
6.

Entitlement of the DE under Part II fixed by	Amount of finance provided as on date	Total amount of the SPO already issued.	Amount of the present SPO	Total value of SPO (c+d)	Total value of the outstanding ILC	Balance entitlement (a-b-e-f)
a	b	c	d	e	f	g

7. Particular of the commodity to be purchased______________________

Specification (name of the commodity & its Harmonized Code.	Quantity	Value (Total)	Date of Delivery	Payment Terms		
				Advance if any	on delivery	Total
i	ii	iii	iv	v	vi	vii

Certified that the above contents are correct to the best of our knowledge and belief, and the above items being purchased / to be supplied shall be used for execution of an export order.

Authorized Signature of the Direct Exporter	Authorized Signature of the IDE	Authorized Signature of the Bank of the DE

- Instructions for filling of the table :-

  a. Entitlement means the amount of financing facility to which the Direct Exporter is eligible under Part II of the Scheme financed through the bank stated at Sr. No.2 above.
  b. Amount of finance means the finance provided by the state bank to Direct Exporter for i) his own value addition, and ii) supplies already received by the DE against ILC or SPO.

c. Total amount of SPO means the sum total of all SPOs already issued, however payment against them are yet to be made by the financing bank to the banker of the IDE.

d. Total value of ILCs means sum total of the ILC already issued but yet to be negotiated.

Export Finance Scheme

25/1999 Please refer to BPRD Circular No.44 dated December 17, 1998 containing revised instructions on the captioned Scheme.

2. It has been brought to our notice that requests from the Direct Exporters for opening of inland letter of credit (ILC) in favour of the Indirect Exporters for supply of domestic inputs are not being entertained by some of the banks. As the revised instructions on the captioned Scheme envisage provision of financing to Indirect Exporters through the mechanism of ILC, the financing banks are advised to open ILCs within the limits of the Direct Exporters approved by them under Part-I and Part-II of the Scheme, so as to enable them to make use of the revised system efficiently and without any hindrance.

3. The banks are also advised to ensure that charges for opening of ILC are kept at the minimum.

Maintenance of Liquid Assets in Pakistan (Restoration of the Requirements in Place Before May 19, 1999).

26/1999 It may be recalled that in terms of the instructions on the subject notified vide BPRD Circular No.17 dated the 18th May, 1999, liquidity ratio was reduced from 15.0 per cent of total demand and time liabilities to 13.0 per cent.

2. In supersession of the above instructions, and in terms of the powers conferred upon State Bank of Pakistan under Section 29 of the Banking Companies Ordinance, 1962, it has been decided to revert back to the requirement operative before May 19, 1999 and, accordingly effective from 12th July, 1999, every banking company shall maintain in Pakistan in cash (excluding Statutory Cash Reserves under Section 36(I) of the State Bank of Pakistan Act, 1956) gold or unencumbered approved securities to be valued in a manner as provided for under the said section an amount which shall not at the close of business on any day be less than 15.0 per cent of the total of its time and demand liabilities in Pakistan.

3. Other relevant instructions shall, however, remain unchanged.

Maintenance of Statutory Cash Reserve Under Section 36(I) of State Bank of Pakistan Act, 1956 (Restoration of the Requirements in Place Prior to May 19, 1999).

27/1999 It may be recalled that in terms of the instructions notified vide BPRD Circular No.16 dated the 18th May, 1999 and BPRD Circular Letter No.20 dated the 20th May, 1999, average weekly reserve requirements were reduced from 5.0 per cent to 3.5 per cent of the demand and time liabilities, subject to daily minimum of 2.5 per cent.

2. In supersession of the above instructions, and in terms of the powers conferred under Section 36(I) of the State Bank of Pakistan Act, 1956, it has been decided to revert back to the requirements operative before May 19, 1999 and, accordingly, effective from 12th July, 1999, every scheduled bank shall maintain with State Bank an average weekly balance equivalent to 5.0 per cent of its demand and time liabilities in Pakistan, subject to the condition that daily balance will be, as a minimum, 4.0 per cent of the demand and time liabilities.

3. Other relevant instructions shall, however, remain unchanged.

Rules of Business for NBFIs-Rule 6 - Maintenance of Liquidity (Restoration of the Requirements in Place Prior to May 26, 1999.

28/1999 It may be recalled that in terms of the instructions notified vide BPRD Circular No.19 dated the 26th May, 1999, liquidity requirement for NBFIs was reduced from 14% to 12%.

2. In supersession of the above instructions it has been decided to revert back to the requirements operative before May 26, 1999 and, accordingly, effective from 12th July, 1999, every NBFI shall maintain liquidity ratio of 14% in the prescribed manner. The NBFIs will, however, continue to maintain with the State Bank of Pakistan a cash reserve of 1% of the specified liabilities, as at present.

3. Other relevant instructions shall, however, remain unchanged.

Deposit Mobilization Schemes

29/1999 Banks and financial institutions were allowed vide BPRD Circular No.18 of 1998 to introduce vaiable new products and deposit schemes, which meet the Sharia injunctions and ensure a reasonable return to the depositors. The allowance for new products was granted keeping in view, interalia, the need of the banks to meet increasing pressure on their liquidity. In the process, some of the banks introduced "lottery" or "inami" schemes under different names. There have been public comments on these scheme from several points of view. Accordingly, these schemes were reviewed by the State Bank with Chief Executives of banks in a meeting held on 10th July, 1999 and it was unanimously decided to wind down these schemes in an orderly manner.

2. It has, therefore, been decided as follows :-

(i) No new deposit mobilization scheme based on incentives whether in cash or kind, shall be launched.

(ii) To existing deposit schemes based on incentives, whether in cash or in kind, shall be phased out completely latest by December 31, 1999. Banks having such schemes would give to the State Bank a time-bound action plan for their termination, latest by December 31, 1999.

(iii) The advertisements relating to such schemes appearing in the print or electronic media shall stop within seven days of the issue of the circular.

(iv) All public advertisements soliciting deposits from the general public shall henceforth expressly indicate the annualized rate of expected return on their deposits.

(v) Banks and Non-Bank Financial Institutions will be free to develop and expand their deposit mobilization efforts based on explicitly stated expected rates of return and provision of additional and more efficient financial services to the depositors.

30/1999 Please refer to BPRD Circular No.11 dated the 10th March, 1999 on the above subject.

Export Finance Scheme.

2. It has been suggested by the Federal Government that the State Bank should continue export finance facility for export of Cotton Yarn of below 30 Counts for another six months. Accordingly, the facility has been extended upto December 31, 1999, where-after it shall cease to be effective automatically.

3. Other instructions on the subject shall, however, remain unchanged.

31/1999 Attention of the banks is invited to the revised procedure of the Export Finance Scheme circulated vide BPRD Circular No.44 dated December 17, 1998 requiring commercial banks to provide finance to the Indirect Exporters (IDE) who supply local inputs to the Direct Exporters for further processing, provided the Direct Exporter has established an Inland Letter of Credit (ILC) in favour of such Indirect Exporters.

Export Finance Scheme. Prudential Regula-

2. In view of the Introduction of Standardized Purchase Order (SPO) issued vide BPRD Circular No.24 dated June 28, 1999, the words "or Standardized Purchase Order (SPO)" may be added after the words "Inland Letter of Credit (ILS)" wherever, appearing in BPRD Circular No.44 of December, 1998.

3. The effect of this will be that the Direct Exporter will have the option either to establish an Inland Letter of Credit (ILC) in favour of the Indirect Exporter / issue a Standardized Purchase Order (SPO) or make payment through cheques. The Indirect Exporter will however, be able to access the Export Finance Scheme only if an Inland Letter of Credit (ILC) is established or Standardized Purchase Order (SPO) is issued by the Direct Exporter.

32/1999 The Government of Pakistan has decided that offices of State Bank of Pakistan, Banks, and non-bank financial institutions shall remain closed for public dealing on Wednesday the 13th October, 1999. Howevr, all staff and officers will atend the office as usual.

Bank Holiday

33/1999 In exercise of powers vested in the State Bank of Pakistan under the Banking Companies Ordinance, 1962, and in supersession of all previous instructions on the subject, it has been decided that, with immediate effect, all import letters of credit, except for the items memtioned in the Annexure hereto, shall be subject to the following minimum cash margin requirements:-

Minimum Margin Restriction on Import Letters of Credit

Industrial Raw Material	10%
Machinery of all kinds and their spare parts	20%
All other goods	35%

ANNEXURE TO BPRD CIRCULAR
NO.33 DATED 14TH OCTOBER, 1999

IMPORT ITEMS WHICH WILL NOT BE
SUBJECT TO MINIMUM CASH MARGIN

(i) Crude Petroleum.
(ii) Petroleum Products.
(iii) Edible Oils all sorts.
(iv) Pharmaceuticals and Raw material thereof.
(v) Pesticides etc./Insecticides/Fertilizers.
(vi) Seeds and plants for sowing.
(vii) Items imported against various schemes of temporary import for exports e.g. NDND Scheme, Manufacturers in Bond Scheme etc.
(viii) Imports by the Federal and Provincial Governments and their attached departments against specific cash allocation.
(ix) Imports under Commodity loans/credits/aid, whether in the public or private sectors.
(x) Import against suppliers credit/loan registered with the State Bank of Pakistan/Economic Affairs Division.
(xi) Wheat.

Prudential Regulation-VI Review of Instructions on Financing Facilities Against Shares

34/1999 It has beeen decided to substitute, with immediate effect, the existing Prudential Regulation No.VI by the following:

1. No bank shall:

   (a) Provide unsecured credit to finance subscription towards floatation of share capital of public limited companies.

   (b) Allow financing facilities, whether fund based or non-fund based, against the shares of companies not listed on the Stock Exchange.

   (c) Provide loans and advances to any public limited company against the security of its own shares. The existing lending against such shares shall be regularized within 180 days of the date of issue of this Circular.

   (d) Provide financing against "sponsor director's shares" (issued in their own name or in the name of their family members) of private banks.

   (e) Provide financing to any one person (whether singly or together with other family members or companies owned and controlled by him or his family members) against shares (other than the sponsor shares) of any commercial bank in excess of 5% of paid up capital.

   (f) Allow financing facilities, whether fund based or non-fund based, against the shares of companies which are not in the Central Depository System.

2. Facilities against the shares of listed companies shall be subject to minimum margin of 50% of its average market value of the preceding 12 months. The banks are however, free to set higher margin requirements keeping in view other factors.

3. Banks shall continue to obtain prior clearance from the State Bank for the purchase of shares of NBFIs includig Modaraba and Leasing Companies.

4. Each bank shall furnish a statement on half yearly basis showing finances provided by them against pledge of shares latest by 20th January and 20th July for each preceding half-year (as per enclosed format).

5. The above Regulation is enforced with immediate effect.

6. Please acknowledge receipt.

<u>*Enclosure BPRD Circular No.34 dated October, 20, 1999*</u>

FINANCE PROVIDED AGAINST PLEDGE OF SHARES

POSITION AS OF ....

Sr. No.		Name of Borrower	DETAIL OF SHARES PLEDGED			Amount of Finance Provided	Amount Outstanding	Remarks
			Name of Financial Institution	No. of Shares	% of Paid up Capital of Financial Institution			
	(A) Against Shares of Financial Institution							
1								
2								
3								
4								
:								
:								
	Sub-Total-A							
	(B) Against Shares other than Financial Institution***							
	GRAND TOTAL (A+B)							

***Indicate only Consolidated Figure

Prudential Regulation No.XV-Undertaking of Cash Payments Outside the Bank's Authorized Place of Business

35/1999 It has been decided to substitute the existing Prudential Regulation No.XV circulated vide BPRD Circular No.15 dated 29-8-1992 on the captioned subject as under-

> "Banks are prohibited from undertaking any business of cash payment at any place other than the authorized place of business except through the installation of Automated Teller Machine (ATM) subject to obtaining prior approval from State Bank."

Rule-10 of NBFIs Rules of Business - Review of Instructions on Financing Facilities Against Shares.

36/1999 It has been decided to substitute, with immediate effect, the existing Rule-10(ii) of the NBFIs Rules of Business by the following:

1. No NBFI shall:

   (a) Provide unsecured facilities to finance subscription towards floatation of share capital of public limited companies.

   (b) Allow financing facilities, whether fund based or non-fund based, against the shares of companies not listed on the Stock Exchange.

   (c) Provide loans and advances to any public limited company against the security of its own shares or shares of its associated Companies. The existing lending against such shares shall be regularized within 180 days of the date of issue of this Circular.

   (d) Provide financing against 'sponsor director's shares' (issued in their own name or in the name of their family members) of Banks/NBFIs.

   (e) Provide financing to any one person (whether singly or together with other family members or companies owned and controlled by him or his family members) against shares (other than the sponsor shares) of any NBFI in excess of 5% of paid up capital of that NBFI.

   (f) Allow financing facilities, whether fund based or non-fund based, against the shares of companies which are not in the Central Depository System.

   (g) Hold shares in any company whether as pledgee, mortgagee, or absolute owner, of an amount exceeding thirty percent of the paid-up share capital of that company or thirty per cent of its own paid-up share capital and reserves, whichever is less.

2. Facilities against the shares of listed companies shall be subject to minimum margin of 30% of its average market value of the preceding 12 months. The NBFIs are however, free to set higher margin requirements keeping in view other factors.

3. NBFIs shall obtain prior clearance from the State Bank for the purchase of shares of private banks/other NBFIs includig Modaraba and Leasing Companies.

4. Each NBFI shall furnish a statement on half yearly basis showing finances provided by them against pledge of shares latest by 20th January and 20th July for each preceding half-year (as per enclosed format).

Enclosure BPRD Circular No.36 dated October, 27, 1999

FINANCE PROVIDED AGAINST PLEDGE OF SHARES

POSITION AS OF ....

Sr. No.		Name of Borrower	DETAIL OF SHARES PLEDGED			Amount of Finance Provided	Amount Outstanding	Remarks
			Name of Financial Institution	No. of Shares	% of Paid up Capital of Financial Institution			
	(A) Against Shares of Financial Institution							
1								
2								
3								
4								
:								
:								
	Sub-Total-A							
	(B) Against Shares other than Financial Institution***							
	GRAND TOTAL (A+B)							

***Indicate only Consolidated Figure

Minimum Margin Restriction on Import Letters of Credit.

37/1999 Please refer to BPRD Circular No.33 dated the 14th October, 1999 on the above subject.

In view of the return of normally in the foreign exchange market, and in order to ensure adequate availability of raw material for productive activity, it has been decided to withdraw with effect from October 28, 1999 the minimum margin requirement for opening letters of credit for industrial raw materials.

Minimum Margin Restriction on Import Letter of Credit.

38/1999 Please refer to BPRD Circular No. 33 read with BPRD Circular No. 37 dated the 14th October, 1999 and 27th October, 1999 respectively on the above subject.

2. With a view to encouraging capital formation and reviving the economy it has been decided to withdraw, effective from 1st November 1999, the minimum margin requirement for opening Letter of Credit for machinery of all kinds and their spare parts.

39/1999 In order to forestall chances of imposter and fake people approaching various branches of Banks/Financial Institutions on Pakistan with the intent to check, investigate and take possession of copies of the record of the Bank/Financial Institution as a nominee or representative of National Accountability Bureau or any other agency, it has been decided that before allowing access to the record of the Bank/Financial Institution, the concerned official should verify and satisfy himself about the credentials of such persons from the authority letter of the Bureau, his service record and/or national identity card etc. Where necessary this further be got verified from the responsible officers of National Accountability Bureau or the highest local Military Authority in the area, as the case may be.

You are requested to suitably bring the above instructions to the notice of all the officials of your instruction on an urgent basis.

Directive Under Sec.41 of BCO-REPO Transactions

40/1999 With a view to bringing about operational improvements in the money market transactions, to strengthen the repurchase market and to ensure transparency, it has been decided that with effect from 30th November 1999, banks/NBFIs will enter into Master REPO agreement with the counter party before entering into REPO transactions.

2. In respect of REPO transactions, banks/NBFIs will ensure the following:

i) Any transaction involving government securities either for repurchase or as collateral will be accompanied by same day movement of securities through SGLA or physical delivery of security, as the case may be, alongwith full movement of funds. Further, securities held/acquired by banks/NBFIs on account of transactions with customers other than banks/NBFIs, will neither be counted toward SLR or the concerned bank/NBFI nor will be utilized for onward REPO with other banks/NBFIs.

ii) To ensure proper monitoring of cash flow, and interest rate risk, all REPO transactions will be for fixed maturity.

iii) Banks will revalue their security holdings on daily basis with effect from 1st January, 2000. The rate used for the purpose will be KIBR (Karachi Inter-Bank Rate) which will be introduced shortly. In case KIBR is not available, rate obtained by the bank from an independent and reliable soure will be used till such time KIBR is introduced in the market.

3. Any bank/NBFI found violating the above instructions shall render itself liable to penalties under the provisions of the Banking Companies Ordinance, 1962 and may be prohibited to undertake REPO transactions for such period as the State Bank may determine on case to case basis.

Business and Office Hours During the Month of Ramazan-ul-Mubarak

41/1999 During the ensuing monthof Ramazan-ul-Mubarak the following office hours will be observed by the Central Directorate of the State Bank of Pakistan.

Monday to Thursday & Saturday	8.30 A.M. to 1.45 P.M. (without break)
Friday	8.30 A.M. to 12.30 P.M. (without break)

The business and clearing timings to be observed during the holy month of Ramazan-ul-Mubarak will be notified by the respective SBP Offices.

After the holy month of Ramazan-ul-Mubarak, Office will automatically revert to pre-Ramazan timings.

Sanctions Imposed by U.N. Security Council Against Taliban.

42/1999 The Security Council of the United Nations has imposed sanctions against the Taliban vide Resolution No. 1267 (1999). Relevant extracts from the resolution are reproduced below-

> "Freeze funds and other financial resources, including funds derived or generated from property owned or controlled directly or indirectly by the Taliban or by any undertaking owned or controlled by the Taliban as designated by the Committee established by paragraph 6 below and ensure that neither they nor any other funds or financial resources so designated are made available by their nationals or by any persons within their territory to or for the benefit of the Taliban or any undertaking owned or controlled, directly or indirectly by the Taliban except as may be authorized by the committee on a case-by-case basis on the grounds of humanitarian need;"

Copies of the list containing properties and establishments of the Taliban Government in Pakistan as also Resolution No.1267 (1999) are enclosed. You are advised to take necessary action to freeze the funds of the nature mentioned in the resolution. You are also advised to furnish a statement of the frozen funds in the proforma given below, so as to reach us by 20th December, 1999.

Rs. in Million

Name of Bank/NBFI	Title of Account	Amount frozen

DETAILS OF PROPERTIES/ESTABLISHIVIENTS OF THE TALIBAN GOVERNMENT IN PAKISTAN

Afghan National Bank's branches in Pakistan

- Karachi Branch:
  Head Office
  204 Nagani Chamber,
  2nd Floor, 40th West Wharf Road,
  Karachi 74000

- Peshawar Branch:
  Bungalow # 3. Mall Road
  Peshawar Cantt.

- Chaman Branch

List of Properties held by Afghan government in NWFP

1. Bungalow No. 10 The Mall, Peshawar Cantt. (Housing the Afghan Consulate in Peshawar).

2. Landed Properties (978.5 Kanal. 244-11 jireeb)

3. Serai of Afghan National Bank, Peshawar, situated on Charsadda Road, near Jinnah Park, Peshawar.

Properties/Establishments of Taliban Government in Balochistan:

1. Afghan Consulate General, Quetta.

2. Taliban Havelli, Quetta.

3. Al-Badr House, Quetta.

4. Taliban government has also hired a full portion of Pakistan General Hospital at Quetta for treatment purposes.

5. Afghan Trade Agency, Chaman.

6. Pashtany Forwarding Agency, Chaman.

7. Afghan Transport Office, Chaman.

Properties of the Taliban Government in Sindh

1. Plot No.26, Block-5, Clifton, Karachi.

2. Plot No. MP 6/20, North Napier Road, Karachi.

RESOLUTION 1267 (1999)

Adopted by the Security Council at its 4051st meeting On 15 October,1999

The Security Council,

Reaffirming its previous resolutions, in particular resolutions 1189 (1998) of 13 August 1998, 1193 (1998) of 28 August 1998 and 1214 (1998) of 8 December 1998, and the statements of its President on the situation in Afghanistan,

Reaffirming its strong commitment to the sovereignty, independence, territorial integrity and national unity of Afghanistan, and its respect for Afghanistan's cultural and historical heritage,

Reaffirming its deep concern over the continuing violations of international humanitarian law and of human rights, particularly discrimination against women and girls, and over the significant rise in the illicit production of opium, and stressing that the capture by the Taliban of the Consulate-General of the Islamic Republic of Iran and the murder of Iranian diplomats and a journalist in Mazar-e-Sharif constituted flagrant violations of established international law,

Reaffirming the relevant international counter-terrorism conventions and in particular the obligations of parties to those conventions to extradite or prosecute terrorists,

Strongly condemning the condemning the continuing use of Afghan territory, especially areas controlled by the Taliban, for the sheltering and training of terrorists and planning of terrorist acts, and reaffirming its conviction that the suppression of international terrorism is essential for the maintenance of international peace and security,

Deploring the fact that the Taliban continues to provide safe haven to Usama bin Laden and to allow him and others associated with him to operate a net work of terrorit training camps from Taliban controlled territory and to use Afghanistan as a base from which to sponsor international terrorist operations,

Noting the indictment of Usama bin Laden and his associates by the United States of America for, inter alia, the 7 August 1998 bombings of the United States embassies in Nairoboi, Kenya and Dares Salam, Tanzania and for conspiring to kill American nationals outside the United States, and noting also the request of the United States of America to the Taliban to surrender them for trial (S/1999/1021),

Determining that the failure of the Taliban authorities to respond to the demands in paragraph 13 of resolution 1214 (1998) constitutes a threat to international peace and security,

Stressing its determination to ensure respect for its resolution,

Acting under Chapter VII of the Charter of the United Nations,

1. **Insists** that the Afghan faction known as the Taliban, Which also calls itself the Islamic Emirate of Afghanistan, comply promptly with its previous resolutions and in particular cease the provision of sanctuary and training for international terrorists and their organizations, take appropriate effective measures to ensure that the territory under its control is not used for terrorist installations and camps, or for the preparation or organization of terrorist acts against other States or their citizens, and cooperate with efforts to bring indicted terrorists to justice;

2. **Demands** that the Taliban turn over Usama Bin Laden without further delay to appropriate authorities in a country where he has been indicated, or to appropriate authorities in a country where he will be returned to such a country or to appropriate authorities in a country where he will be arrested and effectively brought to justice;

3. **Decides** that on 14 November1999 all States shall impose the measures set out in paragraph 4 below, unless the Council has previously decided on the basis of a report of the Secretary-General that the Taliban has fully complied with the obligation set out in paragraph 2 above;

4. **Decides further** that in order to enforce paragraph 2 above, all States shall:

(a) Deny permission for any aircraft to take off from or land in their territory if it is owned, leased or operated by or on behalf of the Taliban as designated by the Committee established by paragraph 6 below, unless the particular flight has been approved in advance by the Committee on the grounds of humanitarian need, including religious obligation such as the performance of the Hajj;

(b) Freeze funds and other financial resources, including funds derived or generated from property owned or controlled directly or indirectly by the Taliban or by any undertaking owned or controlled by the Taliban as designated by the Committee established by paragraph 6 below and ensure that neither they nor any other funds or financial resources so designated are made available by their nationals or by any persons within their territory to or for the benefit of the Taliban or any undertaking owned or controlled, directly or indirectly by the Taliban except as may be authorized by the committee on a case-by-case basis on the guounds of humanitarian need;

5. **Urges** all States to cooperate with efforts to fulfil the demand in paragraph 2 above and to consider further measures against Usama bin Laden and his associates;

6. **Decides** to establish in accordance with rule 28 of its provisional rules of procedure a Committee of the Security Council consisting of all the members of the Council to undertake the following tasks and to report on its work to the Council with its observations and recommendations;

(a) To seek from all States further information regarding the action taken by them with a view to effectively implementing the measures imposed by paragraph 4 above;

(b) To consider information brought to its attention by States concerning violations of the measures imposed by paragraph 4 above and to recommend appropriate measures in response thereto;

(c) To make periodic reports to the Council on the impact including the humanitarian implications of the measures imposed by paragraph 4 above;

(d) To make periodic reports to the Council on information submitted to it regarding alleged violations of the measure imposed by paragraph 4 above, identifying where possible persons or entities reported to be engaged in such violations;

(e) To designate the aircraft and funds or other financial resources referred to in paragraph 4 above in order to facilitate the implementation of the measures imposed by that paragraph.

(f) To consider requests for exemptions from the measures imposed by paragraph 4 above as provided in that paragraph and to decide on the granting of an exemption to these measures in respert of the payment by the International Air Transsport Association (IATA) to the aeronautical authority of Afghanistan on behalf of international air lines for air traffic control services;

(g) To examine the reports submitted pursuant to paragraph 9 below;

7. **Calls upon** all States to act strictly in accordance with the provisions of this resolution, notwithstanding the existence of any ritghts or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted prior to the date of coming into force of the measures imposed by paragraph 4 above;

8. **Calls upon** States to bring proceeding against persons and entities within their jurisdiction that violate the measures imposed by paragraph 4 above and to impose appropriate penalties :

9. **Calls upon** all States to cooperate fully with the commttee established by paragraph 6 above in the fulfillment of its tasks including supplying such information as may be required by the Committee in pursuance of this resolution;

10. **Requests** all States to report to the Committee established by paragraph 6 above within 30 days of the coming into force of the measure imposed by paragraph 4 above on the steps they have taken with a view to effectively implementing paragraph 4 above;

11. **Requests** the Secretary-General to provide all necessary assistance to the Committee established by paragraph 6 above and to make the necessary arrangements in the Secretariat for this purpose;

12. **Requests** the Commettee established by paragraph 6 above to determine appropriate arrangements on the basis of recommendations of the Secretariat with competent international organizations, neighbouring and other States and parties concerned with a view to improving the monitoring of the implementation of the measures imposed by paragraph 4 above;

13. **Requests** the Secretariat to submit for consideration by the Committee established by paragraph 6 above information received from Governments and public sources on possible violations of the measures imposed by paragraph 4 above.

14. **Decides** to terminate the measures imposed by paragraph 4 above once the Secretary General reports to the Security Council that the Taliban has fulfilled the obligation set out in paragraph 2 above;

15. **Expresses** its readiness to consider the imposition of further Measures in accordance with its responsibility under the Charter of the United Nation with the aim of achieving the full implementation of this resolution;

16. **Decides** to remain actively seized of the matter.

Bank Holidays on 31st December, 1999 and 1st January, 2000.

43/1999 The Federal Government has declared 31st December, 1999 and 1st January, 2000 as bank holidays. All banks/NBFIs shall therefore remain closed for public dealing on above dates. However, all officers/staff of the banks/NBFIs will attend the office as usual.

Maintenance of Debt-Equity Ratio Rule-8 of Rules of Business for NBFIs.

44/1999 Please refer to Rule-8 of the Rules of Business for NBFIs as amended from time to time.

It has been decided with immediate effect to give the same treatment to subordinated loans for the purpose of above Rule as is being presently given to them in Rule-7 of the Rules of Business for NBFIs.

The following new paragraph (C) may be added under Rule-8

"(c) For the purpose of this Rule subordinated loans shall be counted as equity."

Other instructions on the subject shall, however, remain unchanged.

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