

## **EXCHANGE POLICY DEPARTMENT-SBP, BSC (BANK)**

State Bank of Pakistan, Banking Services Corporation (Bank) came into existence after bifurcation of State Bank of Pakistan under SBP Banking Services Corporation Ordinance 2001 promulgated by President of Pakistan. It started operations from the 2<sup>nd</sup> January 2002. Consequent upon establishment of SBP, BSC (Bank), the Exchange Policy Department of the then State Bank of Pakistan was bifurcated into two Departments. The operation side come under the jurisdiction of the SBP, BSC, Bank, and H.O.Karachi and is functioning as a full-fledged Department. The Policy side was shifted to the State Bank of Pakistan and working as a full-fledged Department. Incidentally, title of both the Departments is Exchange Policy Department.

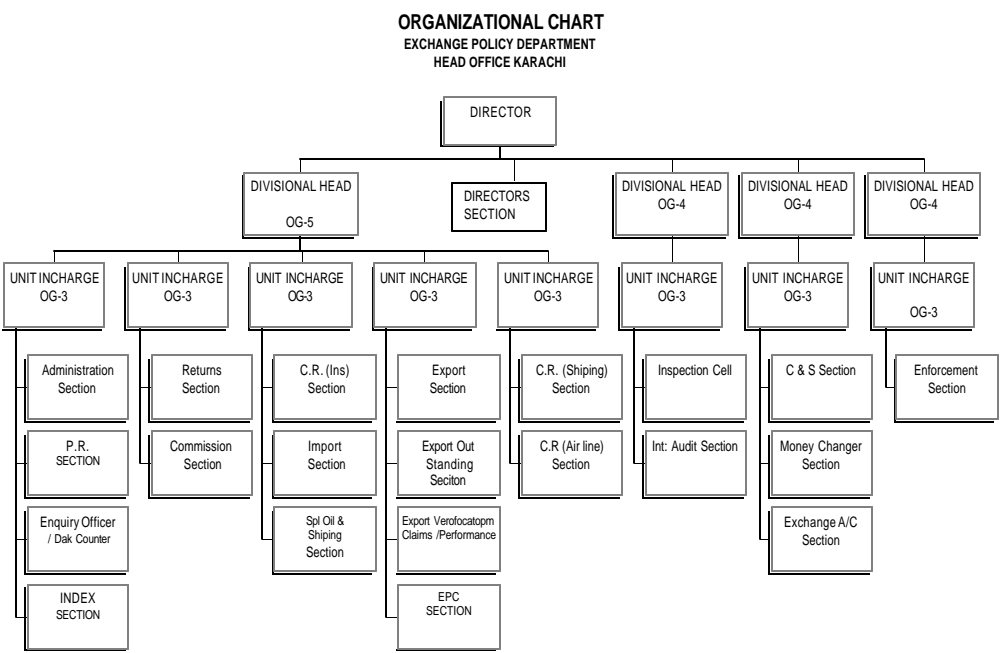
The business process and role of this Department in the SBP BSC (Bank), Head office is as under:

**Exchange Policy Department** (EPD), SBP, BSC (BANK), is an important department of the State Bank of Pakistan, Banking Services Corporation (Bank), Head Office Karachi. The business process of this Department is carried out in dual direction. On the one hand this Department has to guide/monitor the foreign exchange operations taking place at sixteen field offices and on the other hand look after the day-to-day operations of the Authorized Dealers of Karachi region. Both the above tasks are completed under the umbrella of foreign Exchange Regulation Act, 1947(FER Act, 1947). Further, the Foreign exchange Manual (Eighth edition 2002 is also referred for dealing the day-to-day operations of the Authorized Dealers. The instructions on different Policy matters are issued by the EPD, SBP, Karachi through issuance of F.E.Circulars and circulars letters. These circulars as well as Foreign Exchange Manual are available on State Bank Web page.

This Department also acts as a field office as other 16 field offices and discharge its duties under the instructions contained in the Booklet of instructions (third Edition 1989). The fourth Edition of Booklet of instruction is under compilation in the Policy Division of EPD SBP, Karachi.

The work of the Department is operational nature for which Foreign exchange offices are set up at 16 field offices in major cities of Pakistan. Administratively, the Department is divided into four Divisions, out of which one is looked after by a Joint Director and remaining three by Junior Joint Directors. These Divisions are again divided into eight units, which are headed by Assistant Directors.

The organization chart of the Department is as under



The brief functions of different sections of the Department are as under:

### **Exchange Entitlement Certificates.**

- ?? To issue Exchange Entitlement Certificate (EEC) in respect of Foreign Exchange Private Loans viz. commercial credit, buyer credit & foreign equity.

### **Outward Remittances.**

- ?? To allow outward remittances on Forms 'M', Forms 'I' in respect of import of Machinery/Parts/Accessories/Books, repayment of commercial loan instalments, courier service charges, refurbishment/repair of Machinery Charges, Demurrage Charges on chartered vessel, freight charges etc. remittances against EAD allocation allowed by Exchange Account Section EPD.
- ?? To allow outward remittances on Forms on account of surplus funds of Foreign Insurance Companies.
- ?? To allow outward remittances on Forms 'M' on account of freight, advance to agents, cost of bunker, cost of lubricants, container charges Marconi charges, cost of paints/spares/chemicals, Dry Docking expenses, insurance premium of PNSC own & chartered vessels, repayment of loans obtained for purchase of ships, lease rental of local airlines.

### **Permissions/Approvals/NOCs.**

- ?? To allow re-export of frustrated cargo, to establish/renew Revolving Letter of Credits for Insurance Claims, permission to issue Foreign Currency Insurance Policies, issuance of exemption certificates from export procedure for export of Pakistani publications, permissions to work as agents of foreign courier companies, NOC for free gift parcels/baggage.

### **Statements.**

- ?? To scrutinize statements 'A' & 'B' of Pakistani Oil Companies, sale statements of Diplomatic bonded warehouses, Earning & Expenditure statements of Local Airlines & Shipping companies, freight export manifest of PNSC & PIA.
- ?? Preparation & submission to the concerned quarters, overdue statement of Bills of Entry above USD 50,000/-, statement of future payments of IBRD for World Bank Debt, statement of Debt Servicing, weekly statements of Visible/Invisible remittances against EAD allocations, statement of litigation. To scrutinize statements of down payments.
- ?? To scrutinize monthly statements of foreign currency account maintained abroad by the PRCL & NICL.
- ?? To scrutinize statements against foreign currency insurance policy issued by insurance companies.

### **Post-facto checking.**

- ?? Post-facto checking of utilized Forms 'I' & Forms 'M' of entire unit received through our Return Section in respect of outward remittances.
- ?? Post-facto checking of cases of reinsurance business submitted by the insurance companies alongwith utilized Forms 'M' through their A/Ds.
- ?? Post-facto checking of Claim documents on account of claims settled abroad under Revolving of Credit by the insurance companies.
- ?? To prepare consolidated statement from the weekly statement of import of sugar, raw sugar and edible items received from all commercial banks and pass to M.O.C. under intimation to EPD: SBP:

- ?? To prepare consolidated statement from the fortnightly statements of import of refined sugar received from all commercial banks for onward submission to M.O.C.
- ?? To prepare month-wise consolidated statement of LCs opened/contract registered for imports with the Authorized Dealers from the monthly statements received from all the commercial banks for onward submission to different quarters.
- ?? To sort out the export overdue statement (area-wise) from the statements received from all the commercial banks on form V-15, V-16 and V-17 and pass on to respective field offices.
- ?? To prepare consolidated fortnightly statement of outstanding commitment against cash resources (import) from the statements received from all the Authorized Dealers and pass it on to Research and Statistics.
- ?? To prepare consolidated statement of earnings against Export of Software from the statements received from all the SBPBSC (Bank) Offices and pass it on to different quarters.
- ?? To prepare consolidated statement of Rates of Profit on Dollar Deposit –Frozen F/C Account from the statements received from all the Authorized Dealers and put-up to Director.
- ?? To maintain a register where details of Nostro Account opened/closed by the A.Ds are recorded.
- ?? To prepare Half-yearly consolidated statement of Commission earned in Foreign Exchange by Indenting Agents, Tour Operators and Patents & Trade Mark Attorneys from the statements received from all SBPBSC (Bank) Offices for onward submission to EPD: SBP:

#### **RENEWAL OF AUTHORISED MONEY CHANGER LICENCES, KARACHI REGION**

- ?? To renew Authorized Money Changer (AMC) Licenses pertains to Karachi region after completion of all allied formalities.

#### **RENEWAL OF AUTHORIZED MONEY CHANGER LICENCES, OTHER CITIES**

- ?? To convey approval of competent authority to the Area Control Officers of SBPBSC (Bank) after checking the documents and completion of all allied formalities in the cases of renewal of AMC licences received from Authorized Money Changers in other Cities.

#### **WEEKLY STATEMENTS OF SALE AND PURCHASES OF FOREIGN CURRENCIES**

- ?? To maintain the record of sales/purchases of foreign currency notes as per weekly statements submitted by the Authorized Money Changers in Karachi and consolidated statements received from Area Control Officers.

#### **OUT FLOW/INFLOW OF FOREIGN CURRENCY NOTES**

- ?? To maintain the complete record regarding outflow of foreign currency notes other than US Dollars and inflow of US Dollars either through Airport or remittances through T.T in SBP Accounts Review/information is submitted to EDMD and Accounts Department.

#### **INSPECTION OF MONEY CHANGERS.**

- ?? To inspect the offices of Authorized Money Changers as and when desired by the competent authority.

#### **MISCELLANEOUS WORK.**

- ?? To entertain the cases forwarded by the all offices of SBPBSC (Bank as well as Karachi regarding different issues of money changers i.e. change of address, complaints against

money changers, Forex proposals, correspondence with Income Tax Department, Custom Authorities and other misc. issues.

## **EXCHANGE COMPANIES.**

- ?? To convey code of conduct/general behavior of money changers who desires to obtain licence for establishment of Exchange Company in Pakistan to the EPD: SBP: To deal the cases of various nature involving policy matters referred by the SBPBSC (Bank) Offices/Banks/Individual i.e. cases of import/export travel/medical/performance guarantee and other miscellaneous matters, which are not covered under the F.E. Manual and Booklet of Instructions.
- ?? To consolidate figures of F.E. utilized by the Businessmen against T2 Forms of the basis of yearly review of Business Travel furnished by all field offices for onward submission to EPD: SBP: Karachi.
- ?? To maintain accounts of cash foreign exchange invisible and visible and import allocation released by the Ministry of Finance, Islamabad in favour of all Ministries/Government Departments/Autonomous Bodies/Semi Autonomous Bodies other than defence services.
- ?? To allot registration number and approve annexure 'I' for opening fresh letter of credit and amendment there in after having clearance from EPD: SBP:
- ?? To prepare fortnightly statement of foreign exchange allocation and commitments of registration for confirmation of amount released during the period against invisible/ visible allocation.
- ?? To forward letters/faxes received from Offices/Government Departments Autonomous/Semi Autonomous Bodies. Government Departments and Defenses Services for release against allocation of invisible/visible meant for EPD: SBP:
- ?? Permission for issuance of Guarantee on behalf of GSA Airlines and Shipping agents.
- ?? Designation for remittance of surplus earning of Foreign Airlines/Shipping Company.
- ?? Permission for issuance of Services L/C.
- ?? Approval for remittance for services charges and miscellaneous purpose.
- ?? Deblock of Blocked A/Cs
- ?? Remittance on account of container detention.
- ?? Submission of F.P. Shipping Statement to Statistics Department.
- ?? Remittances against charter party cases
- ?? N.O.C. for release of currency notes.
- ?? Export of bank notes. The import documents submitted by the import section are audited for issuance of E.E.C.
- ?? The Audit reports submitted by our Audit Department relating to the foreign exchange business of our Field Offices and Head Offices are sent for compliance to respective office after getting orders from the Director.

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### **PERMISSION CASES.**

?? To examine the requests of the exporters on various nature/ issues relating to their exports.

?? To refer the cases to EPD: SBP: for their comments/guidelines as the issue not covered under the existing instructions.

?? To review and comments on the cases/issues referred by other Departments and institutions.

### **EXPORT OVERDUE CASES.**

?? To issue show cause and legal notices to the defaulter exporter for non-realization of proceeds.

?? To collect information/documents related to the outstanding bills from the A.D. for prosecution purpose.

?? To refer the cases to Enforcement Section for lodging complaint against the exporter in the Adjudication Court.

?? To allow closure of the overdue cases on realization of full export proceeds or under the instructions of Enforcement Section. To allow remittance for claims lodged by Importers on the local Exporters an account of: -

i) Export Commission.

ii) Quality Claims.

?? Post Facto Checking of 'M' Forms relating to claims on account of commission and short weight etc.

?? Receipt the Original 'E' Forms from Custom Authorities and other SBP Offices.

?? Trace out the original 'E' Forms and Shipping the same when required by the Export Section, Enforcement Section in case of any default by the Exporters.

?? To check the triplicate 'E' Forms in respect of Advance Payment received from Authorize Dealers and issue the instruction regarding removal of irregularities if any.

?? Checking of triplicate 'E' Forms with reference to short shipment notices and invoices.

?? Sorting and arranging the original 'E' Forms month wise port wise received from Custom Authorities.

?? To verify the E.D. statements received by Karachi Office.

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?? Sorting and arranging the original 'E' Forms month wise port wise received from Custom Authorities.

?? To verify the E.D. statements received by Karachi Office.

- ?? Receive and check half yearly statements from indenting agents/tour operators etc.
- ?? Get the PRCs verified submitted by these agents from Return Section.
- ?? Post the details of the statements and the amount of commission repatriated/to be repatriated in a Register.
- ?? Receipt the A/1/O-1, A-2/O-2 from Return Section and arrange them and check Bank wise, Branch wise and Currency wise.
- ?? Confirmation/Verification of P.R.Cs received Import Section, EPD: SBP: Head Office and other Field Offices.
- ?? Registration of Software Exporters.
- ?? Preparation of monthly statement regarding export proceeds by Software Exporters for onward submission to C & S Section.
- ?? Get the PRCs submitted by Software houses confirmed from Return Section. To handle the Establishment issues of the Department.
- ?? To circulates circulars issued by EPD: SBP:
- ?? Administration of Stationery and Dead Stock Articles.
- ?? Arrangements for receipt/distribution of Dak.
- ?? Maintenance of Index Section and arranging old record at Main Record Room.
- ?? Cases of Pakistani National going abroad for medical treatment in private/official capacity.
- ?? Approval of Advertisement charges, subscription/ membership fees, purchase of books in excess of prescribed limits.
- ?? Pension permits to retired Government employees residing abroad by debiting the Foreign Exchange allocation to concerned Department, Ministry against release order of Finance Division, Ministry of Finance, Islamabad.
- ?? Approval of Foreign Exchange to Government/Defence officials proceeding abroad deputation training study tour.
- ?? Approval in the cases of individual invitations in official capacity from the concerned institutions and private capacity to attend International Conferences and Seminars.
- ?? Verification of Forms 'M', T-1 & T-2 since received from A.Ds through Returns Section.
- ?? Approval of blanket permission.
- ?? To deal with student cases regarding study abroad.
- ?? Approval of Foreign Exchange to Government Departments, by debiting their Foreign Exchange allocations (other than imports).

#### **REMITTANCE OF VISA FEES.**

- ?? Approval of Forms 'M' on account of visa fees submitted by Foreign Embassies/consulate general through A.D.

#### **REUTERS/SWIFT CHARGES.**

Approval of Forms 'M' for remittance of Reuters/Swifts Service Charges to A.Ds and to SBP.

#### **BLOCKED ACCOUNT STATEMENTS.**



Head Offices/Principal Offices of A.D. are required to submit yearly statements of Blocked Account by the 7<sup>th</sup> January each year. A consolidated statement is compiled and filed in the Section.

#### **CONFIRMATION OF P.R.Cs.**

?? The Encashment Certificates/Proceed Realization Certificates issued by the A.D. are verified with relative schedules as and when received from different Sections.

#### **HAJJ FORMS.**

?? 'H' Forms with relative Encashment Certificates in respect of sponsorship Hajj Scheme are segregated and 'H' Forms pertaining to Field Offices of SBPASC (Bank) are forwarded for necessary action at their end those forms relating to Karachi Area are kept in the Section for confirmation of PRCs with schedules J/O-3.

#### **LEGAL ACTION AGAINST IMPORTERS OF KARACHI AREA**

?? Legal action against importers who have made remittances and could not produce required this Section takes documents pertaining to Karachi Area.

#### **IMPORT CASES OF ALL OFFICES OF SBP:**

?? All the Field Offices of State Bank of Pakistan refer their import cases for approval of legal action or for any other instructions in the cases as required by them to this Section.

#### **OTHER FUNCTIONS:**

?? Cases of default in respect of currency Racketeering, Medical treatment of Pakistani abroad, under invoicing and over invoicing in Export/Import from all the Offices are dealt with by this Section.

#### **ACTION AGAINST BONDED WARE HOUSES.**

?? The Bonded Ware houses who have not repatriated the commission are violated any other instructions are dealt in this Section.

#### **ACTION AGAINST COMMISSION AGENTS:**

?? This Section takes legal action against the Commission Agents Recruiting Agents working in Pakistan and Pakistanis working abroad.

#### **NOTIFICATIONS ISSUANCE OF:**

?? Enforcement Section approaches to the Ministry of Finance for issuance of Notification under Section 19(2) and Section 23(2) of FER Act 1947 and publication of the same in the Gazette of Pakistan every year and after receipt of its copies from Ministry of Circulate it to all concerns.

#### **MARTIAL LAW CASES:**

?? Cases pertaining to Martial Law Regulations of 1972 are conducted by this Section

