

## 2 Banking Services to the Government

### 2.1 Overview

The BSC acts as banker to Federal and Provincial governments under its obligatory duties in terms of clause 21 of SBP Act 1956 read with clause 15(3) e of the SBPBSC Ordinance 2001. Banking services provided by the BSC through its 16 field offices to the Federal, Provincial and District Governments include public debt management, revenue collection, payments and exchange facility etc. In order to ensure interruption free availability of these services to the government in the regions where BSC field offices are not available, National Bank of Pakistan (NBP) has been engaged through an agency agreement signed by Finance Department, SBP with NBP to work as agent for assisting government departments using a wide network of its 1,243 branches in withdrawal/ deposit of cash and facilitating other banking transactions pertaining to Government collections / payments etc.

Tax revenues collected by BSC offices on behalf of government are credited to appropriate Heads of Accounts and updated position is communicated to Federal Board of Revenue through an online network on daily basis under Collection Automation Project (CAP). Further, BSC is playing a key role in public debt handling and mobilization of savings by managing various savings and prize bonds schemes of Central Directorate of National Savings (CDNS), Government of Pakistan.

### 2.2 Management of Government Accounts

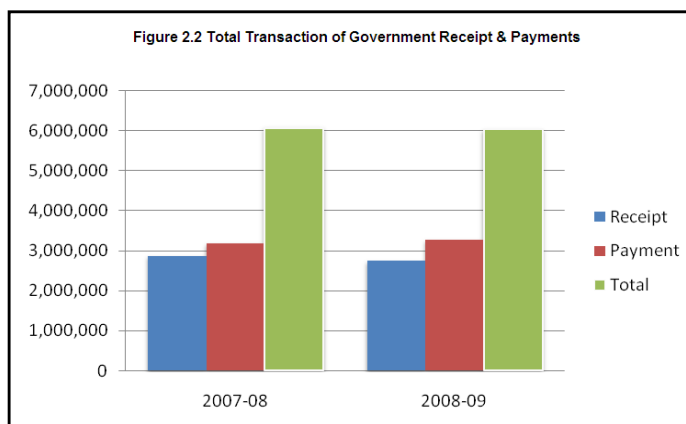
The maintenance, consolidation and reporting of Federal/ Provincial/ District Governments and Zakat accounts is one of the main responsibilities of the Accounts Department of BSC. It provides data on Government Accounts to the Accountant General of provinces, Accountant General Pakistan Revenue, Pakistan Railways and other Government functionaries on daily/ periodic basis. The daily position of Government balances is also communicated to the Finance Department of SBP for onward submission to the respective stakeholders. Office wise analysis of Government receipts/ payments of the current financial year as compared to previous year may be seen in

Office	(Number of Transactions)					
	2007-08			2008-09		
	Receipt	Payment	Total	Receipt	Payment	Total
Bahawalpur	54,367	93,894	148,261	44,767	72,387	117,154
D.I.Khan	27,766	22,103	49,869	27,359	24,821	52,180
Faisalabad	233,347	198,391	431,738	185,780	159,975	345,755
Gujranwala	66,375	73,239	139,614	81,536	67,979	149,515
Hyderabad	66,375	142,058	208,433	78,632	165,639	244,271
Islamabad	234,601	430,343	664,944	178,165	741,000	919,165
Karachi	899,722	558,021	1,457,743	785,446	500,997	1,286,443
Lahore	502,162	372,091	874,253	547,349	383,859	931,208
Multan	144,493	172,445	316,938	133,963	163,711	297,674
Muzaffarabad	45,701	48,603	94,304	49,364	50,464	99,828
N. N. Karachi	51,576	12,681	64,257	41,224	14,210	55,434
Peshawar	153,961	179,359	333,320	153,108	165,675	318,783
Quetta	46,231	190,409	236,640	38,501	182,937	221,438
Rawalpindi	223,254	491,973	715,227	271,237	406,130	677,367
Sialkot	110,571	168,836	279,407	116,253	139,357	255,610
Sukkur	23,786	42,352	66,138	21,243	43,317	64,560
Head office	-	2,736	2,736	-	2,671	2,671
<b>Total</b>	<b>2,884,288</b>	<b>3,199,534</b>	<b>6,083,822</b>	<b>2,753,927</b>	<b>3,285,129</b>	<b>6,039,056</b>

**Table 2.2.** Besides, the BSC field offices receive and transfer funds and make payments including payments to the pensioners on behalf of various Federal/provincial/district

government departments and also facilitate government authorities by providing other banking services and lockers / vault facilities.

During 2008-09, the total number of transactions of Government Receipts & Payments carried out by the BSC offices were 6.04 million as against 6.08 million transactions handled during the last year. The negligible decline in the total number of transactions during the current year can be attributed to decrease in Government Receipt transactions to 2.75 million as against 2.88 million transactions during the previous year. However the transactions pertaining to the Government Payments increased from 3.19 million to 3.28 million during FY09.

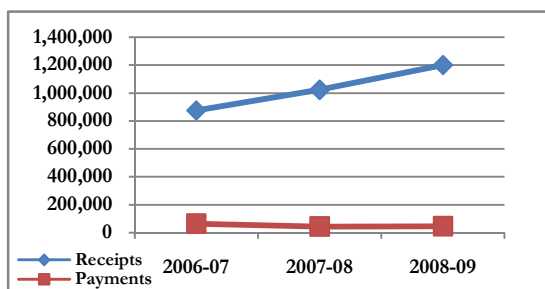


## 2.3 Reporting of Zakat Balances

Maintenance of Zakat account including its collection, disbursement and consolidation is another important responsibility of Accounts Department. A number of periodic statements/ returns containing the consolidated information regarding Zakat Balances are being regularly submitted to the concerned Ministries/ Departments. During FY09, total collection of Zakat was Rs.5.54 billion as compared to Rs.4.9 billion collected during the preceding year.

## 2.4 Reporting of FBR Transactions

The collection of all Government taxes including FBR Tax Revenues remained a vital area for BSC operations during the period under review. Implementation of FBR Module at all BSC offices enabled the offices to credit the relevant accounts and report the tax revenue collected by them and NBP branches to FBR on daily basis through on line system. The **Table 2.4** and chart below give the summary of FBR receipts and payments during the year:



**Table 2.4 Summary of Collection of Government Taxes**  
(Rupees in Millions)

Head of Account	Receipts		Payments	
	2007-08	2008-09	2007-08	2008-09
Sales Tax	399,508	473,453	18,337	21,683
Central Excise	84,115	126,214	84	104
Customs	159,304	154,988	22,103	13,240
Income Tax	379,893	446,121	4,750	13,321
<b>Total</b>	<b>1,022,820</b>	<b>1,200,776</b>	<b>45,274</b>	<b>48,348</b>

## 2.5 Implementation of revised Version of Computerized Payment Receipt Software

A revised version of software on computerized payment receipt (CPR) with advanced features was implemented at some of the BSC field offices during FY09, while in the remaining offices the work for implementation is in progress. The software has the capability

to enter and process data for the cases where NTN is missing in the system and also to introduce E-portal reference number for bulk data and new tracking controls etc.

## **2.6 Monitoring of Railway account**

As directed by the Ministry of Finance, Government of Pakistan stricter controls to manage Railway account was implemented and their overdrawn balance was centralized and managed with 16 field offices on real time online basis with the help of Globus banking software.

## **2.7 Operational Work Relating to National Savings Schemes**

Pursuant to the powers vested in the BSC Ordinance 2001, the BSC through its 16 field offices and scheduled banks has been playing a pivotal role in savings mobilization by managing sale/ encashment/profit payment of certificates in respect of following schemes of the Central Directorate of National Savings (CDNS), Government of Pakistan:

- i) National Prize Bonds
- ii) National Saving Certificates
  - Special Saving Certificates
  - Defense Saving Certificates

### **2.7.1 National Prize Bonds**

The CDNS, Government of Pakistan has introduced Prize Bonds in six different denominations of Rs.200/-, Rs.750/-, Rs.1,500/-, Rs.7,500/-, Rs.15,000/- and Rs.40,000/- for attracting investment from all segments of the society. The draws for each denomination of National Prize Bonds for picking the prize winning bonds are held on quarterly basis at the BSC field offices strictly as per draw schedule provided by CDNS. Efforts have been made to make the draw process more transparent and widely representative. The CDNS selects the draw committee comprising of representatives of local Chamber of Commerce & Industry, CDNS, BSC and the notables of the city in which draw is to be held. The process of draw is conducted by “Special Children” of the nearby schools as selected by CDNS who operate a specially designed machine manufactured by the Heavy Mechanical Complex Taxila, a state owned engineering company. The draw process is also witnessed by a large number of members of the general public. The CDNS has increased the number of prizes and the value of prize money against the winning Prize Bonds twice during 2008-09 (i.e., w.e.f. 01-09-2008 & 15-02-2009)

During FY09 all 16 field offices continued to manage the sale, encashment and payment of prize money of various denominations of National Prize Bonds. During the year under review, the aggregate sale of National Prize Bonds of all denominations decreased marginally to Rs. 105.891 billion from Rs. 106.699 billion in FY08. The total encashment of Prize Bonds remained Rs. 91.241 billion during FY09 as compared to Rs. 98.422 billion in FY08. Thus the total value of the prize bonds of all denominations held by investors as on 30<sup>th</sup> June, 2009 stood at Rs.196.585 billion as compared to Rs.181.935 billion as on 30<sup>th</sup> June, 2008, showing an increase of 8%. The prize money paid against the winning prize bonds of all denominations stood at Rs. 14,016 million in FY09 as compared to Rs. 10,820 million in FY08 which was 29.5% higher than last year. The table 2.5.1 below gives the bonds denomination wise detail of sale, encashment and prize money paid during FY09 and FY08:

S #	Denom.	2007-08				2008-09			
		Sale	Encashment	Prize Money Payment	Value of Prize Bonds issued by SBP BSC held by public	Sale	Encashment	Prize Money Payment	Value of Prize Bonds issued by SBP BSC held by public
1	200	6,083.315	5,480.214	738.249	13,686.498	6,081.204	5,403.573	973.267	14,364.129
2	750	11,581.653	10,198.805	1,599.633	27,881.645	12,427.263	10,852.625	2,030.369	29,456.283
3	1,500	13,397.027	12,474.582	1,868.365	30,873.839	14,738.660	12,486.099	2,370.960	33,126.399
4	7,500	22,453.283	21,124.350	1,731.425	29,498.385	20,823.368	18,468.570	2,193.012	31,853.183
5	15,000	25,893.165	23,353.305	2,030.600	35,615.325	23,040.210	21,079.185	2,630.415	37,576.350
6	40,000	27,290.640	25,790.760	2,851.750	44,380.280	28,780.000	22,950.680	3,817.935	50,209.600
<b>Total</b>		<b>106,699.083</b>	<b>98,422.016</b>	<b>10,820.022</b>	<b>181,935.972</b>	<b>105,890.705</b>	<b>91,240.732</b>	<b>14,015.958</b>	<b>196,585.944</b>

During the year the BSC offices settled 979,413 cases of prize money payment as compared to 830,146 cases during FY08 showing an increase of 18 percent; the office wise detail of number of cases processed is given in **Table 2.7.1 (b)**

Prize Money Field office	First Prize		Second Prize		Third Prize	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Bahawalpur	5	2	5	16	4,163	4,376
D.I.Khan	3	4	9	11	8,217	5,528
Faisalabad	30	43	77	102	112,623	104,415
Gujranwala	4	11	18	29	14,069	14,189
Hyderabad	51	49	72	136	46,437	51,568
Islamabad	11	21	38	73	28,454	37,453
Karachi	57	90	231	191	203,877	235,678
Lahore	157	130	264	410	144,726	169,952
Multan	10	9	30	69	17,427	31,092
Muzaffarabad	2	2	5	4	2,891	2,929
N.N. Karachi	76	67	505	248	45,793	63,929
Peshawar	33	27	78	174	89,804	121,491
Quetta	30	17	19	54	18,489	25,544
Rawalpindi	32	32	85	142	62,401	69,188
Sialkot	7	9	30	22	15,633	17,102
Sukkur	7	12	15	49	13,146	22,724
<b>Total</b>	<b>515</b>	<b>525</b>	<b>1,481</b>	<b>1,730</b>	<b>828,150</b>	<b>977,158</b>

## 2.7.2 Special Saving Certificates

The sale/purchase etc of Special Savings Certificates (SSCs) introduced by CDNS in multiple denominations of Rs.500/-, Rs.1,000/-, Rs.5,000/-, Rs.10,000/-, Rs.50,000/-, Rs.100,000/-, Rs.500,000/- and Rs.1,000,000/-, having a maturity period of three years with biannual profit payments is also handled by BSC offices. During the year under review, 43,428 cases valuing Rs. 36.789

S #	Field	Sale		Encashment		Profit Payment	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
1	Bahawalpur	-	-	1	-	1	0
2	Faisalabad	591	1,246	467	1,121	983	1,203
3	Gujranwala	-	2	-	-	-	4
4	Hyderabad	492	875	540	1,080	1,942	1,772
5	Islamabad	62	162	177	229	173	193
6	Karachi	5,777	14,085	18,858	18,694	40,464	20,345
7	Lahore	9,945	8,471	25,057	17,487	52,826	25,562
8	Multan	1	4	6	6	12	8
9	Muzaffarabad	20	20	6	15	44	16
10	N. N. Karachi	1,804	15,166	4,865	14,499	9,208	10,217
11	Peshawar	105	224	147	331	481	605
12	Quetta	5	21	8	15	21	17
13	Rawalpindi	1,927	2,922	4,335	1,469	12,445	1,767
14	Sialkot	295	131	202	133	208	131
15	Sukkur	36	99	62	100	93	115
<b>Total</b>		<b>21,060</b>	<b>43,428</b>	<b>54,731</b>	<b>55,179</b>	<b>118,901</b>	<b>61,955</b>

billion for sale of SSC(R) were handled by BSC offices as compared to 21,060 cases involving Rs.6,940 million during last year, showing a substantial increase of about 430 per cent in terms of amount which is mainly attributable to increase in applicable rates of profit. The office wise detail of number of cases for sale, encashment and profit payments is given in **Table 2.7.2**.

### 2.7.3 Defence Saving Certificates

Defense Saving Certificates (DSC) is a long term investment scheme introduced in 1966 with a tenor of up-to 10 years. These certificates are also available in multiple denominations of Rs.500, Rs.1000; Rs.5000; Rs.10,000; Rs.50,000; Rs.100,000; Rs.500,000 and Rs.1,000,000.

During the year under review the BSC offices handled 10,055 cases valuing Rs.7.613 billion for sale of DSCs as compared to 11,667 cases valuing Rs.5.675 billion during FY08 showing an increase of about 34 percent in the value of investments as per details given in **Tables 2.7.3 (a) & (b)**.

S #	Field Offices	Sale		Encashment		Profit Payment	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
1	Bahawalpur	-	5	12	52	12	47
2	Faisalabad	322	376	653	893	650	869
3	Gujranwala	-	1	-	-	-	-
4	Hyderabad	235	286	368	385	243	365
5	Islamabad	121	123	296	372	382	370
6	Karachi	2,812	4,110	9,572	8,902	9,572	8,902
7	Lahore	5,789	1,019	25,516	10,719	25,516	10,719
8	Multan	10	1	4	11	3	11
9	Muzaffarabad	3	8	10	14	9	14
10	N. N. Karachi	398	1,804	1,768	2,886	1,763	2,881
11	Peshawar	21	49	163	300	163	300
12	Quetta	102	91	58	94	58	93
13	Rawalpindi	1,718	2,106	5,682	1,381	5,659	1,603
14	Sialkot	78	24	266	219	151	219
15	Sukkur	58	52	78	113	78	111
<b>Total</b>		<b>11,667</b>	<b>10,055</b>	<b>44,446</b>	<b>26,341</b>	<b>44,259</b>	<b>26,504</b>

S #	Instrument	Sale		Encashment	
		2007-08	2008-09	2007-08	2008-09
1	SSC	6,939.707	36,789.192	4,870.167	21,771.694
2	DSC	5,675.024	7,613.320	19,656.956	25,369.208
<b>Total</b>		<b>12,614.731</b>	<b>44,402.512</b>	<b>24,527.123</b>	<b>47,140.902</b>

### 2.7.4 Other Initiatives to facilitate Banking Services to Government

Some of the achievements during the year under review include:

- In order to get maximum utility of automation and business processing implemented in BSC pursuant to the introduction of Globus environment, daily manual reporting by offices to the respective Public Debt Offices (PDO) at BSC Karachi and Lahore on Forms PB-8, PB-12 and PB-15 were replaced with the system based access to these forms by the respective PDO. Similarly the requirements of manual marking in PB-18 in respect of prize bonds of Rs.200/- denomination and for third prize of Rs.1,250/- has also been replaced by system generated access to the data from 35<sup>th</sup> draw of the said bond held on 15.09.2008.
- Listing of prize bonds balances in PB-35 has always been a time consuming and lengthy process requiring additional human resources. To gain efficiency and optimize the use of human resources, a Concept Paper for automation of the PB-35 listing and its uploading on the existing Globus data base in coordination with ISTD has been prepared. Presently firms who had shown interest as a sequel to 'Expression of Interest' published in newspapers are making demonstrations of the programs developed by them for the purpose. Completion of this process will not only substantially reduce the time consumed in preparation of PB-35 but would also improve its accuracy.
- Modifications in the revised Procedure for Sale and Encashment of National Prize Bonds in accordance with the automated environment are in process. Most of the work has been completed and final draft is likely to be completed by the first half of 2009-2010.

- As a result of close coordination and follow up with the CDNS and PSPC, 34,999,965 pieces (35 Series) of fresh prize bonds of Rs. 200/- denomination have been got printed from PSPC to augment existing stock of fresh bonds of the said denomination.
- Owing to increase in number of prizes of Rs.200 prize bonds to 2400 from 1554, the Register PB-42(record of prize winning numbers) was replaced by 3 Registers viz. PB-42A, PB-42B and PB-42C containing 800 numbers of prizes each in chronological order to improve the speed and efficiency of the draw process. Likewise due to enhancement of prize money on National Prize Bonds(all denominations) w.e.f. 15.02.2009, timelines for settlement of prize money claims have also been revised as enlisted in the table 2.7.4:

Table 2.7.4 Timelines for settlement of prize money claims*	
Prize money up to Rs.18,500/-	Same day
Prize money from Rs.18,500/- to Rs.185,000/-	10 working days
Prize money from Rs.185,000/- to Rs.500,000/-	15 working days
Prize money of above Rs.500,000/-	20 working days
*From 30th draw onward	

- In pursuance of achieving operational efficiency due to implementation of Globus, time period of crediting prize money to the Government Account against winning prize bonds held on behalf of the government and listed in PB-35 was reduced from 20 to 15 working days.
- In order to curb the chances of tampering/ forgery in winning prize bonds, the size and shape of the stamps used in issuance of bonds and endorsement on the reverse thereof has been modified. The specimens of modified stamps have been forwarded to all offices for implementation.