

Table of Contents

Governor's Message.....	I
Managing Director's Message.....	III

Key Functional & Operational Areas

1. Currency Management and Accounts

1.1 Overview.....	3
1.2 Automation of Currency Operations	3
1.3 Clean Note Policy	3
1.3.1 Non-Stapling of Banknotes	3
1.3.2 Establishment of Automated Currency Sorting Cell.....	4
1.3.3 Mechanization of Currency Operations.....	4
1.3.4 Establishment of Quality Assurance Unit and Banknote Research Wing.....	5
1.3.5 Environment Friendly Destruction of Soiled / Defective Notes.....	5
1.4 Detection of Counterfeited Currency Notes.....	6
1.5 Simplification of Systems & Procedures.....	6
1.6 Training and Skill Development Programs.....	6
1.7 Public Awareness Programs.....	7
1.8 One Window Facility – Exchange of Defective Notes.....	7
1.9 Supply of Fresh / Re-issuable Notes & Coins.....	7
1.10 Varnishing of Banknotes.....	8
1.11 Issuance of New Design Banknotes	8
1.12 Monitoring / On-Site Inspection of Commercial Banks.....	9
1.13 Monitoring Chests / Sub-Chests.....	10
1.14 Other Developments.....	10

2. Foreign Exchange Operations & Adjudication

2.1 Overview.....	11
2.2 Foreign Exchange Operational Activities.....	11
2.2.1 Export Overdue Cases.....	11
2.2.2 Research and Development Support to Garments Industry.....	12
2.2.3 Evaluation of Performance of Exporters	13
2.2.4 Technological Up-gradation.....	14
2.2.5 Enhanced Communication Network.....	14
2.2.6 Reorganization of Departmental Functions.....	14
2.2.7 Attachment/Internship with Authorized Dealers.....	14
2.2.8 In-house Training.....	14
2.2.9 Self Audit Plan.....	15

2.2.10	<i>Strengthening the Role of Internal Monitoring Unit (IMU).....</i>	16
2.2.11	<i>Rotation of Staff.....</i>	16
2.2.12	<i>Opening of New Dak Receipt Counter.....</i>	16
2.2.13	<i>Scrutiny of the cases at Counter.....</i>	16
2.2.14	<i>Improvement in Physical Environment.....</i>	17
2.3	Foreign Exchange Adjudication Department.....	17
2.3.1	<i>Realization of Export Proceeds.....</i>	17
2.3.2	<i>Penalty Imposed on Non-Realization of Export Proceeds.....</i>	18
2.3.3	<i>Co-ordination with Stakeholders.....</i>	19
2.3.4	<i>Monitoring & Adjudication.....</i>	19
2.3.5	<i>Automation.....</i>	19
2.3.6	<i>Capacity Building of Employees.....</i>	19
2.3.7	<i>Future Direction.....</i>	19
3. Export Finance Scheme		
3.1	Overview.....	21
3.2	Role of BSC in Credit Disbursement under Export Finance Scheme.....	21
3.2.1	<i>Conventional EFS (Part I, & II).....</i>	21
3.2.2	<i>Islamic Export Refinance Scheme (IERS).....</i>	23
3.2.3	<i>Scheme for Long Term Financing of Export Oriented Projects (LTF-EOP)...</i>	24
3.2.4	<i>Amount Outstanding under Export Finance Scheme.....</i>	24
3.2.5	<i>On-site Verification of Export Finance Cases</i>	25
4. Payment & Settlement System		
4.1	Overview.....	27
4.2	Clearing System.....	27
4.3	Real Time Gross Settlements.....	28
4.3.1	<i>NIFT's Role in the implementation of RTGS.....</i>	28
4.4	Standardization of Government Payment Instruments.....	29
4.5	Electronic Banking Infrastructure.....	30
4.5.1	<i>Transactions through ATMs.....</i>	31
4.5.2	<i>Contribution of ATMs, POS and Real Time Online Banking in E-Banking Operations.....</i>	31
4.6	Training on Payment and Settlement System.....	32
5. Banking Services to the Government		
5.1	Overview.....	33
5.2	Management of Government Accounts.....	33
5.3	Reporting of CBR Transactions.....	34
5.4	Operational work Relating to National Savings Schemes.....	34

5.4.1	National Prize Bonds.....	34
5.4.2	Defence Savings Certificates.....	36
5.4.3	Special Savings Certificates.....	36
Strengthening Institutional Capacity		
6. Human Resource Management		
6.1	Overview.....	41
6.2	Corporate Structure.....	41
6.3	Promotions.....	41
6.4	Employees Benefits & Compensation	43
6.4.1	Salary & Advances.....	43
6.4.2	Increase in the Salary on Promotion.....	43
6.4.3	Relief Measures initiated/taken by the Bank for the Staff / Officers Affected by the Earth quake.....	43
6.4.4	Grant of Interest Free Personal Loan	43
6.4.5	Disbursement of Incentive Bonus.....	43
6.4.6	Employees Recognition & Reward.....	43
6.4.7	Telephone Installation Charges.....	44
6.5	Training and Skill Development	44
6.5.1	Dissemination of Knowledge.....	45
6.6	Strategic Management Conference	45
6.7	Transfer and Job Rotation.....	45
6.8	Reimbursement of Educational Expenses.....	46
6.9	Recreational Activities.....	46
7. Information Technology and Infrastructure Development		
7.1	Overview.....	47
7.2	Role of Information System & Technology Department	47
7.3	Globus Banking Solutions.....	47
7.4	Oracle Enterprise Resource Planning Software.....	48
7.5	Infrastructure Development.....	48
7.6	Queue Management System.....	49
7.7	Basic Office Automation Training.....	50
8. Business Process Reengineering		
8.1	Overview.....	51
8.2	Technological Improvement.....	51
8.3	Currency Operations.....	52
8.4	Banking Operations.....	52
8.5	Human Resource Management.....	53

8.5.1	<i>Administration /Salary/Advances.....</i>	53
8.5.2	<i>Medical & Welfare.....</i>	53
8.5.3	<i>Settlement of Medical Bills /Payment.....</i>	54
8.6	Adoption of Public Procurement Rules.....	54
9. Internal Audit & Controls		
9.1	Overview.....	55
9.2	On-site Inspection Team.....	55
9.3	Off-site Surveillance Team.....	55
9.4	I.T. Audit.....	55
9.5	Internal Audit Units.....	56
9.6	Capacity Building of IAD Employees.....	56
9.7	Meeting of the Sub Committee on Audit.....	56
9.8	Future Direction.....	56
10. Performance of Common Services Departments		
10.1	Overview.....	59
10.2	Engineering & Maintenance.....	59
10.2.1	<i>Technological Up-gradation.....</i>	59
10.2.2	<i>Projects completed.....</i>	59
10.2.3	<i>Installation of Equipments / Machinery.....</i>	59
10.2.4	<i>Work in Progress.....</i>	60
10.2.5	<i>Acquisition of Land.....</i>	60
10.2.6	<i>Remodeling/Renovation.....</i>	60
10.3	Internal Bank Security	61
10.3.1	<i>Initiatives Taken.....</i>	61
10.3.2	<i>Developments during FY06.....</i>	61
10.3.3	<i>Procurement of latest Security Equipments.....</i>	61
10.3.4	<i>Improvement in the Physical Infrastructure of the IBSD.....</i>	62
10.4	Medical and Health Care Facilities	62
10.4.1	<i>Developments during FY06.....</i>	62
10.4.2	<i>Restructuring of Medical Services Department.....</i>	63
10.4.3	<i>Responsibilities of the Chief Medical Officer.....</i>	63
10.4.4	<i>Reimbursement & Payment of Bills.....</i>	63
10.4.4.1	<i>Claims Submission Desk.....</i>	63
10.4.4.2	<i>New Claim Forms.....</i>	64
10.5	Printing and Publishing	64
10.5.1	<i>Technological Up-Gradation.....</i>	65
10.5.2	<i>Capacity Building of Employees.....</i>	65

11. Role of Local Credit Advisory Committee

11.1	Overview.....	67
11.2	Meetings of the Local Credit Advisory Committee.....	67
11.3	Problems of Stakeholders.....	67
11.4	Workshop & Seminar arranged under LCAC.....	68

Financial Statements of SBP BSC

1	Auditors Report to the Share Holders.....	71
2	Balance Sheet.....	72
3	Profit & Loss Account.....	73
4	Cash Flow Statement.....	74
5	Statement of Changes in Equity	75
6	Notes to the Financial Statements.....	76

Annexure

I	Organizational Chart.....	89
II	Chain of Command.....	89
III	Board of Directors	90
IV	Sub-Committees of the Board of BSC	90
V	Members of Sub-Committees of the Board of Directors (As on 30-06-2006).....	91
VI	Managing Directors.....	91
VII	Functional Setup of BSC Head Office	92
VIII	Locations of Field Offices of BSC	92
IX	Management Directory.....	93
X	Working Strength of the SBP BSC.....	94
XI	Employees on Contract / Daily Wages / Part Time Basis in BSC	94
XII	Major Stakeholders.....	95
XIII	Issue Offices of SBP BSC	95
XIV	NBP Chests / Sub-chest Allocation.....	96
XV	Number and Amount of Prize on National Prize Bonds	98
XVI	Schedule of Prize Bonds Draws – 2007.....	99
XVII	Profit Payable on Special Savings Certificates..... (Purchased from 05-06-2006 till further Notification)	100
XVIII	Profit on Special Saving Certificates..... (In case the profit is due but not drawn on due date)	100
XIX	Profit Payable on Defence Savings Certificates..... (Purchased from 05-06-2006 till further Notification)	101
XX	Publications through our Printing Press.....	102
XXI	Price List f SBP Publications	103
XXII	Notified Bookshops for sale of SBP Publications.....	104
XXIII	Eligible Commodities Under Export Finance Scheme.....	105

XXIV	Security Features of Rs.10/- Denomination Banknote Launched on 26 th May, 2006.....	106
XXV	Security Features of Rs.20/- Denomination Banknote Launched on 13 th August, 2005....	109
XXVI	Security Features of New Design Rs.100/- Denomination Banknote Launched on 11 th November, 2006.....	113
XXVII	Security Features of New Design Rs.500/- Denomination Banknote Launched on 11 th November, 2006.....	117
XXVIII	Security Features of Rs.5,000/- Denomination Banknote Launched on 26 th May, 2006....	121
XXIX	Issues & Problems raised in LCAC Meetings.....	125
XXX	List of Abbreviation / Acronyms.....	128

List of Tables

Table #	Brief Description	Page #
1.3.3	Installation of Machines at Field Offices.....	5
1.3.5	Position of Cancelled Notes Destroyed During FY06.....	6
1.6	Training on Currency Management imparted to the employees of BSC during FY06....	7
1.9 (a)	Distribution of Coins to the Issue Offices.....	8
1.9 (b)	Fresh Notes received from PSPC during FY06.....	8
1.12	On-site Examination of Commercial Banks by SBP BSC Field Offices.....	9
2.2.2(a)	Summary of Payments under Research & Development Support	12
2.2.2(b)	Receipt & Disposal of 6% Research & Development Support Cases	13
2.2.3	EE/EF Cases received and disposed of during FY06.....	13
2.2.8 (a)	Training on Foreign Exchange Operations attached by the Officials of BSC.....	15
2.2.8 (b)	Detail of In-house Training.....	15
2.2.9	Self Audit Plan.....	15
2.3.1(a)	Amount Realized by Adjudication Courts.....	17
2.3.1 (b)	Details of FER Cases disposed of	18
3.2.1 (a)	Cases Processed under Export Finance Scheme.....	22
3.2.1 (b)	Rate of Refinance under Conventional EFS (Part I & II).....	23
3.2.2	Cases processed under Islamic Export Finance Scheme (IERS).....	23
3.2.3	Cases processed under Long Term Financing of Export Oriented Projects (LTF-EOP)..	24
3.2.4	Amount outstanding under Export Finance Scheme.....	25
3.2.5	On-site verification of EFS Cases (2004-2005).....	26
4.2	Number of Cheques Cleared through Clearing House Operations.....	28
4.5 (A)	Number of transactions in retail electronic & paper based payments.....	30
4.5 (B)	Amount of transactions in retail electronic and paper based payments.....	30
4.5.1	ATM transactions during the period (Number & Amount).....	31
4.6	Training Imparted to the employees of BSC during 2005-06.....	32
5.2	Government Receipts / Payments.....	34
5.4.1 (a)	Total Sale & Encashment of National Prize Bonds at Field Offices of BSC.....	35
5.4.1 (b)	Number of Prize paid against winning Prize Bonds.....	35
5.4.1 (c)	Total number of Prizes paid against winning Prize Bonds.....	35
5.4.2	Amount payable on Investment in Defence Saving Certificates.....	36
5.4.3 (a)	Amount payable on Investment in Special Saving Certificates.....	36
5.4.3 (b)	Profit on Special Savings Certificates.....	37
5.4 (a)	Number of cases of National Savings Schemes handled by the SBP BSC.....	37
5.4 (b)	Total number of cases of National Savings Schemes handled at Field Offices.....	37

5.4 ©	Total Sale & Encashment of National Savings Schemes.....	38
6.3	Promotions in SBP BSC during FY06.....	42
6.4.1	Rate of Annual Merit Increase during FY06.....	43
6.4.6	Employees Recognition & Reward.....	44
6.5 (a)	Number of officials of SBP BSC HOK imparted training and skill development programs	44
6.5.(b)	Number of officials of SBP BSC Field Offices imparted training and skill development programs	45
6.7	Transfer & Job Rotation during FY06.....	46
7.4	Details of Oracle (ERP) Modules.....	48
7.5	Number of computers / printers and scanners etc. deployed at BSC.....	49
7.7	Automation Training Imparted to employees of BSC during FY06.....	50
10.3.4	Installation of Security Devices / Equipments.....	62
10.5	Jobs undertaken by the Printing Press during 2005-06.....	64
11.2	Number of LCAC Meetings and Visits arranged.....	67
11.4 (a)	Seminars arranged by LCAC.....	68
11.4 (b)	Workshop arranged under LCAC.....	68