

FOREIGN EXCHANGE OPERATIONS

The implementation of foreign exchange policies and monitoring foreign exchange activities of authorized dealers and money changers is the responsibility assigned to the Foreign Exchange Operations Department (FEOD) of the SBP BSC. Besides bifurcating the policy function from the operations side, the main objective of this was to provide better services to stake holders through our field offices where the bulk of foreign exchange matters are dealt with. This includes, matters relating to import and export, export outstanding/overdue issues, export verification and claims, commercial remittances (insurance, shipping and airlines), private remittances, submission of returns and statistical data, money changers affairs and exchange allocations and releases.

The above operational activities form the basis for the foreign exchange policy formulated at the Exchange Policy Department (EPD) of the State Bank of Pakistan. The FEOD at the SBP BSC interfaces with the EPD to facilitate stakeholders. Currently FEOD is striving, in its capacity as front line manager, to meet the business needs of its counterparts by providing the following services:

- Facilitating importers and exporters in the performance of their international operations.
- Material information is provided to exporters regarding latest developments in the field of foreign exchange operations and regulations. Instant details are provided through coordinating with the EPD by way of seeking latest instructions and policies in the current liberalized foreign exchange environment and information on government policies.
- Prompt response to field offices with reference to their queries and issues rose during the disposal of cases of authorized dealers, exporters and importers.
- The Department has been monitoring the conduct of business of money changers in the country, who will cease to operate after June 30, 2004. After this date, Exchange Companies will take over the portfolio of money changers and will provide some other services relating to foreign exchange transactions.

6.1 STEPS TOWARDS AUTOMATION OF EXPORTS OVERDUE CASES

Realizing the significance of monitoring of export overdue cases, particularly the realization of export proceeds and failure of exporters in discharging of their obligations under a given export contract, the FEOD has started a Microsoft Access based program for prompt, correct and complete reporting of export over-due cases by authorized dealers. Instead of collecting the returns, the department collects data through email, which is scrutinized and consolidated by the Export Section to determine an overall status of overdue cases. Due to this improvement in processing, the department now generates automated show cause notices to defaulting exporters.

6.2 STEPS TOWARDS OPERATIONAL AND COST EFFICIENCY

In order to improve its operational efficiency, the backlog of overdue cases has been reduced to a considerable level and cases for enforcement purposes are expeditiously taken up with the concerned quarters.

Furthermore, the department has been working on a mechanism to improve its response to public grievances. Through an open door policy and a direct access system, the situation has improved further.

6.3 FOREIGN EXCHANGE ADJUDICATION PROCESS

After the creation of the SBP BSC, the business process of the Foreign Exchange Adjudication Department (FEAD) has been redefined and strengthened. Prior to the creation of the SBP BSC, power to issue notifications for appointment of Adjudicating Officer was vested in the Ministry of Finance. However, the powers are now reposed in the State Bank of Pakistan. Adjudicating Officers can start the proceedings immediately after issuance of notification with the approval of the Governor. This has improved the continuity of proceedings and development of the system.

To ensure uniformity in court proceedings and administrative matter, the Director of the FEAD is personally visiting all Courts on periodical basis to provide guidance and to ensure quality of judgments.

6.3.1 Improvements Carried Out

	BEFORE CREATION OF THE BANK	AFTER CREATION OF THE BANK
1.	TERITORIAL JURISDICTION – ISSUANCE OF NOTIFICATION	
	The powers to issue notification related to various courts vested in the Ministry of Finance and the Adjudicating Officer nominated by the State Bank of Pakistan could not conduct court proceedings until issuance/publication of notification, which took considerable time at the cost of substantial delay in the working of courts.	The powers are now vested in the Governor, State Bank of Pakistan. As a result, the Adjudicating Officers proposed to be posted can start the court proceedings immediately after issuance of notification with the approval of Governor. This has ensured continuity in proceedings of cases and has tremendously improved their performance.
2.	POSTING/TRANSFER OF ADJUDICATING OFFICER	
	On transfer/retirement of any Adjudicating Officer, it took some time to post a replacement officer. This disrupted continuation of court proceedings.	Now it is ensured that a replacement officer is posted simultaneously on transfer/retirement of an Adjudicating Officer.
3.	VISIT OF DIRECTOR TO VARIOUS COURTS	
	Earlier, the Director used to exercise his powers while sitting at the Head Office.	Now the Director is personally visiting all courts on periodical basis to provide guidance to the Adjudicating Officer and to

		ensure uniformity in court proceedings and judgments on an all- Pakistan basis. This has resulted in improving efficiency and quality of performance of all courts.
4.	REALIZATION OF EXPORT PROCEEDS	
	During the last decade, before the establishment of the SBP BSC, an amount of US\$73.839 million was repatriated to Pakistan at an average of US\$7.38 million per annum.	During the last two and half years (i.e. after the establishment of the SBP BSC), an amount of US\$ 30.8505 million has been repatriated at an average of US\$12.34 million per annum.

Due to the above operational framework, the FEAD has performed more efficiently in the last 2 ^{1/2} years and an amount of US\$ 30.8505 million was repatriated.