



# GOVERNMENT OF KHYBER PAKHTUNKHWA FINANCE DEPARTMENT

Finance Department Civil Secretariat Peshawar

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No.2/3-(F/L)/FD/2019-20/Vol-XIII  
Dated Peshawar the 22<sup>nd</sup> October 2020

To

1. Additional Chief Secretary, P&DD, Govt. of Khyber Pakhtunkhwa, Peshawar.
2. Senior Member Board of Revenue, Khyber Pakhtunkhwa, Peshawar.
3. Principal Secretary to Chief Minister, Khyber Pakhtunkhwa, Peshawar.
4. Principal Secretary to Governor, Khyber Pakhtunkhwa, Peshawar.
5. All Administrative Secretaries to Govt of Khyber Pakhtunkhwa, Peshawar.
6. All Heads of Attached Departments in Khyber Pakhtunkhwa.
7. All Deputy Commissioners in Khyber Pakhtunkhwa.
8. Registrar, Peshawar High Court, Peshawar.
9. Chairman, Khyber Pakhtunkhwa Public Service Commission, Peshawar.
10. Chairman, Khyber Pakhtunkhwa Service Tribunal, Peshawar.
11. Chairman, Right to Information Commission.
12. Chairman, Right to Public Services Commission.
13. All Chief Executives Autonomous/ Semi-Autonomous Bodies/ Organizations /Corporations in Khyber Pakhtunkhwa.

Subject: - DEPOSITS OF WORKING BALANCES AND INVESTMENT OF SURPLUS FUNDS BELONGING TO PUBLIC SECTOR ENTERPRISES AND LOCAL/AUTONOMOUS BODIES IN KHYBER PAKHTUNKHWA

Dear Sir,

I am directed to enclose herewith Federal Government's policy on the subject noted above, bearing No. No.F.4 (1)2002 BR.II dated 02.07.2003, 22.09.2005 and 23.12.2014.

2. In supersession of this department letter No.2/3(F/L)FD/2016/Vol-X dated 07.11.2017, the Provincial Government has decided that all Government Departments, Autonomous Bodies, Corporations and Local Bodies shall place their approved imprest/working balances as per Federal Government instructions, referred to above, in the following Banks/DFIs with ratio mentioned against each:

S.No	Name of Bank/DFIs	Percentage
(i)	Bank of Khyber shall be given the mentioned share at market rate of return, however, if the Bank of Khyber matches the highest profit rate then this limit is not mandatory.	20%
(ii)	Public or private banks/Development Financial Institutions subject to the requirements mentioned in the Finance Division letter No.F.4(1)2000 BR.II dated 02.07.2003, 22.09.2005 & 23.12.2014.	80%

3. As the investment seems a very sensitive, technical and risky issue it is, therefore, requested that the autonomous bodies and other institutions who have surplus funds for investment may be directed to get advice of Finance Department / Khyber Pakhtunkhwa Fund Management (KPFM) in this regard.

4. Further, all heads of Government Departments/Offices/Autonomous/Semi-Autonomous Bodies/Corporations are hereby advised to ensure strict compliance with the above policy instructions of the Government in letter and spirit.

Yours faithfully,

(HAMMAD RAZA)  
BUDGET OFFICER (FUNDS/LOANS)

9210436

P.T.O



# GOVERNMENT OF KHYBER PAKHTUNKHWA FINANCE DEPARTMENT

Finance Department Civil Secretariat Peshawar

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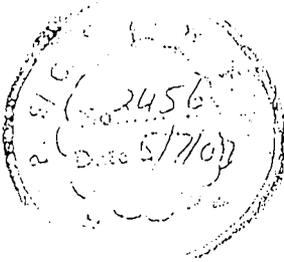
--- 2 ---

Endst. No. & Date even.

Copy forwarded to:

1. The Accountant General, Khyber Pakhtunkhwa
2. The Managing Director, Bank of Khyber, 34 the Mall, Peshawar Cantt.
3. PSO to Chief Secretary Govt. of Khyber Pakhtunkhwa, Peshawar.
4. The Coordinator, PMRU o/o Chief Secretary, Peshawar
- ✓ 5. The Director, FMIU, Finance Department with the request to upload on Finance Department's website.
6. The Section Officer (Cabinet), Establishment and Administration Department (Cabinet Wing), Peshawar letter No.SOC(E&AD)944/2020 dated 09.10.2020.
7. PS to Minister Finance, Khyber Pakhtunkhwa.
8. The Director, Local Fund Audit, Peshawar.
- ✓ 9. The Director, FMIU, Finance Department.
10. All Section / Budget Officers in Finance Department.
11. Private Secretary to Finance Secretary
12. PS/PAs to SSF-I & II/Additional Secretaries/Deputy Secretaries in Finance Department.

BUDGET OFFICER (FUNDS/LOANS)



Government of Pakistan  
Finance Division  
(Budget Wing)

No.F.4(1)/2002-BR.II

Islamabad, the 2<sup>nd</sup> July, 2003

OFFICE MEMORANDUM

Subject:- DEPOSIT OF WORKING BALANCES AND INVESTMENT OF SURPLUS FUNDS BELONGING TO PUBLIC SECTOR ENTERPRISES AND LOCAL/AUTONOMOUS BODIES UNDER FEDERAL GOVERNMENT:

The undersigned is directed to issue the following consolidated instructions for depositing working balances as well investment of surplus funds of the public sector enterprises and local/autonomous bodies. These instructions supersede all previous instructions issued from time to time in this regard.

2. As a part of its programme for further development of the financial sector, the Government is pursuing actively a policy of privatizing public sector banks and creating an even playing field for public and private sector financial institutions. In view of this, it has been decided to revise the policy on banking facilities for public sector enterprises and local/autonomous bodies.

Working Balances:

3. Under the new policy, public sector enterprises and local/autonomous bodies can deposit their working balances required for their operations with any public or private bank subject to the following requirements:

(a) For the sake of the safety and security of deposits, the bank/financial institutions taking a deposit should have a minimum "A" rating (long-term) as appearing on the web-site of the State Bank of Pakistan. This "A" rating refers to the rating scale used by Pakistan Credit Rating Agency and JCR-VIS Credit Rating Company for banks incorporated in Pakistan and Moody's, Fitch's and Standard & Poor's rating for foreign banks operating in Pakistan. Rating scales of other agencies acceptable to the State Bank should be equivalent to the rating of the above mentioned companies. Information and clarification on this matter may be obtained from Banking Policy Department of the State Bank of Pakistan;

(b) The process of selection of bank/(s) should be transparent. Therefore, prior to placing deposits with a bank under this new policy, and in case the total working balances exceed Rs.10 million, the selection of the bank/(s) as well as the terms of

deposits will be approved by the concerned Board of Directors/Governing Body on the basis of competitive bids from at least three independent banks;

- (c) The risk associated with keeping deposits should be diversified. Therefore, in cases where total working balance of an enterprise exceeds Rs.10 million, not more than 50% of such balance shall be kept with one bank;
- (d) In case the rating of the deposit taking bank drops below "A", the concerned enterprise/local/autonomous body will shift new deposits within a period of one month and old deposits within a period of two months to a bank/(s) with at least "A" rating;
- (e) The working balance limit of each organization should be determined with the approval of the administrative ministry in consultation with Finance Division. The account of this working balance may be maintained in a current or savings bank account.

#### Surplus Funds:

4. It has been decided to allow the public sector entities to invest their surplus funds in the non-government securities/TFCs/shares also, upto maximum of 20% of the total funds under management. This relaxation will not be available to public sector enterprises/autonomous bodies that have statutory restrictions on their investing in non-government securities. Corporate entities, which receive support from the current budget, are also excluded from the policy. Public sector entities, which are holding trust funds such as pension funds, benevolent funds or insurance funds, will devise their investment policies through their own Boards.

5. Eligibility criteria of non-government investment instruments will be as follows:

- (a) Non-government debt instruments should have a major rating category of A and above;
- (b) Public listed shares/units should have a total return comprising the dividend paid and appreciation in value, which exceeds the average six months Treasury Bill rate for the last three years. The formula for the calculation of the total return would be provided by the Securities and Exchange Commission of Pakistan (SECP) from time to time;
- (c) Initial Public Offerings (IPOs) of shares of existing companies should have a track record of three year profitability at least equal to the average of twenty best performing companies on Karachi Stock Exchange;

- (d) Total investment in debt instrument of a company not to exceed 10% of size of the issue or 10% of the total size of funds managed by the public sector entity, whichever is lower;
- (e) Total investment in the shares of a company not to exceed 5% of the paid up capital of that company or 5% of the total funds managed by the public sector entity, whichever is lower; and
- (f) Investment in shares of Greenfield projects/companies will not be eligible.

6. Before making any investment under this policy, it would be necessary for public sector entities to set up in-house professional treasury management functions. Specifically, they would need to have an Investment Committee (IC) with defined investment approval authority. Transactions above the approval authority of the IC will be subject to approval of the Board of Directors or an equivalent forum. The IC should be assisted by an Investment Management Unit employing qualified staff with at least 3-5 years of experience of managing investment in debt/equity instruments. However, it will be necessary for public sector enterprises to use the services of professional fund managers approved by SECP.

7. The Principal Accounting Officer of the ministry concerned will be responsible for the implementation of the above instructions regarding the PSEs/local/autonomous bodies under his control. The Chief Executive of PSE/Local/Autonomous body will be required to issue a certificate on annually basis that the above instructions are being followed in respect of the working balance and surplus funds of the organization.

8. All the PSEs/local/autonomous bodies under your administrative control may please be directed to keep their working balances and invest their surplus funds in accordance with the above mentioned policy instructions.

9. This issues with the approval of the Finance Secretary.

*Samiullah*  
(SAMIULLAH)

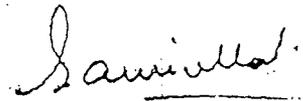
Asstt. Economic Adviser (BR.II)

Phone: 9209243

All Secretaries of the Federal Government:

Copy forwarded to:

1. Auditor General of Pakistan, Constitution Avenue, Islamabad.
2. Controller General Accounts, Federal Bank for Cooperative's B Islamabad.
3. Chairman, Securities and Exchange Commission of Pakistan, Islamabad.
4. Director of Accounts, State Bank of Pakistan, Central Directorate, Chundrigar Road, Karachi.
5. All Joint Secretaries, Finance Division, Islamabad.
6. All Financial Advisers/Deputy Financial Advisers attached administrative Divisions of the Federal Government.
7. Finance Secretaries, Governments of Punjab, Sindh, NWFP, Balochistan, with the request that similar action be taken in respect autonomous organizations under their administrative control.
8. Prime Minister's Secretariat (Internal), Islamabad.

  
(SAMIULLAH)

71

345

Government of Pakistan  
Finance Division  
(Budget Wing)

No.F.4(1)/2002BR.II - 460

Islamabad, the 22<sup>nd</sup> September, 2005

OFFICE MEMORANDUM

2/10  
7/15/05

Subject:- DEPOSITS OF WORKING BALANCES AND INVESTMENT OF SURPLUS FUNDS BELONGING TO PUBLIC SECTOR ENTERPRISES AND LOCAL/AUTONOMOUS BODIES UNDER FEDERAL GOVERNMENT:

The undersigned is directed to refer to this Division's OM of even number, dated 2<sup>nd</sup> July, 2003 on the above subject. The para 3(a) of the said OM may please be read as follows:

3(a):For the sake of the safety and security of deposits, the banks/financial institutions taking a deposit should have a minimum "A" rating as appearing on the web-site of the Credit Rating Agency. This "A" rating refers to the rating scale used by Pakistan Credit Rating Agency and JCR-VIS Credit Rating Company for banks incorporated in Pakistan and Moody's Fitch's and Standard & Poor's rating for foreign banks operating in Pakistan. Rating scales of other agencies acceptable to the State Bank should be equivalent to the rating of the above mentioned companies. Information and clarification on this matter may be obtained from Banking Policy Department of the State Bank of Pakistan"

17626  
26/9/05

recd  
(Muhammad Younas)  
Assistant Economic Adviser (BR-II)  
Phone: 9209243

All Secretaries of the Federal Government:

AS (B)  
26.9.05  
AS (BII)  
PSE

No.F.4(1)/2002-BR-II

Islamabad the 23<sup>rd</sup> December, 2014

OFFICE MEMORANDUM

SUBJECT: DEPOSIT OF WORKING BALANCES AND INVESTMENT OF SURPLUS FUNDS BELONGING TO PUBLIC SECTOR ENTERPRISES AND LOCAL/AUTONOMOUS BODIES UNDER FEDERAL GOVERNMENT.

The undersigned is directed to refer Finance Division's O.M. No. F.4(1)/2002-BR-II dated 2<sup>nd</sup> July, 2003 (As amended from time to time) on the above noted subject and to clarify that the term "A" rating (long term) used in Para-3(a) of the said memorandum means and includes all the categories of "A" in the rating scale of Pakistan Credit Rating Agency (PACRA). These categories as detailed below:-

AAA	Highest credit quality
AA+, AA., AA-	Very high credit quality
A+, A, A-	High credit quality.

2/1  
11/1/15

Qamar

(M.Qamar -uzzaman Farooqui)  
Joint Secretary (BI)

All the Secretaries of the Federal Government

Copy forwarded to.

1. The Auditor General of Pakistan, Constitution Avenue, Islamabad.
2. The Controller General of Accounts, CGA Complex, G-5/2, Islamabad.
3. The Chairman, Securities Exchange Commission of Pakistan, Islamabad.
4. The Director of Accounts, State Bank of Pakistan, Central Directorate, I.I. Chundrigar Road, Karachi.
5. The Director, Banking Policy Department, State Bank of Pakistan, Central Directorate, I.I. Chundrigar Road, Karachi
6. All Additional Finance Secretaries/Joint Secretaries, Finance Division, Islamabad.
7. All Financial Advisers/ Deputy Financial Advisers attached to administrative Divisions of the Federal Government.
8. Finance Secretary, Government of Punjab, Sindh, Khayber Pakhtunkhwa and Balochistan.
9. Prime Minister's Office (Internal), Islamabad.

Qamar  
Joint Secretary (BI)

Copy also for:

PS to Finance Secretary,

21025  
Secretary Finance  
Khayber Pakhtunkhwa  
Date: 2/12/14  
Date: 30/12/14

31/12/2014  
AF/B

AFSPF  
D.S (NPL)

1-1-15  
21/11/15 BE



General

# GOVERNMENT OF KHYBER PAKHTUNKHWA FINANCE DEPARTMENT

No.2/3(F/L)/FD/2016/Vol-X  
Dated Peshawar the 7<sup>th</sup> November 2017

To

1. The Additional Chief Secretary, P&D Department Govt of Khyber Pakhtunkhwa, Peshawar.
2. The Senior Member Board of Revenue, Khyber Pakhtunkhwa, Peshawar.
3. The Principal Secretary to Chief Minister, Khyber Pakhtunkhwa, Peshawar.
4. The Secretary to Governor, Khyber Pakhtunkhwa, Peshawar.
5. All Administrative Secretaries to Government of Khyber Pakhtunkhwa, Peshawar.
6. All Heads of Attached Departments in Khyber Pakhtunkhwa.
7. All Deputy Commissioners / Political Agents in Khyber Pakhtunkhwa.
8. The Member Board of Revenue, Khyber Pakhtunkhwa, Peshawar.
9. The Registrar, Peshawar High Court, Peshawar.
10. The Chairman, Khyber Pakhtunkhwa Public Service Commission, Peshawar.
11. The Chairman, Khyber Pakhtunkhwa Service Tribunal, Peshawar.
12. All Chief Executives Autonomous/Semi-Autonomous Bodies/Corporations in Khyber Pakhtunkhwa.

Subject: - PLACEMENT OF PUBLIC FUND IN BANKS

Dear Sir,

In continuation of this department letter of even number dated 12.01.2015 on the subject noted above, I am directed to invite your kind attention to the decision taken in the meeting held under the chairmanship of Chief Secretary, Khyber Pakhtunkhwa on 02.11.2017 which stipulates that the Provincial Government Departments should place / keep their funds with maximum three banks having Credit Rating 'A' in future. No any department will deposit money / fund in commercial banks without prior approval of Finance Department.

2. All heads of Government Departments/Offices/Autonomous/Semi-Autonomous Bodies/Corporations are hereby advised to ensure strict compliance with the above instructions of the Government in letter and spirit.

3. Failure to comply with these instructions shall be taken seriously and stern disciplinary proceedings will be initiated against the concerned Departments / Offices / Autonomous / Semi-Autonomous Bodies/Corporations.

Yours faithfully,

(HAMMAD RAZA)

BUDGET OFFICER (FUNDS/LOANS)

091-9210436

Endost: No. & Date even.

Copy forwarded to:-

1. The Accountant General, Khyber Pakhtunkhwa.
2. PS to Minister for Finance, Khyber Pakhtunkhwa.
3. PSO to Chief Secretary Govt of Khyber Pakhtunkhwa, Peshawar.
4. The Director, Local Fund Audit, Peshawar.
5. The Director, FMIU, Finance Department with the request to upload the above instructions on FD's Website.
6. All Section / Budget Officers, Finance Department.
7. PS to Finance Secretary.
8. PA to Additional Secretaries/Deputy Secretaries, Finance Department.

BUDGET OFFICER (FUNDS/LOANS)