



**ROLE OF STATE BANK OF PAKISTAN; IN PAKISTAN ECONOMY AND  
BANKING A CASE STUDY CENTRAL BANK, ECONOMY, AND BANKING OF  
PAKISTAN**

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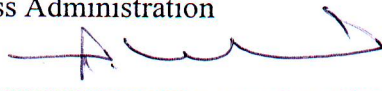
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## Abstract

Title: Role of the State Bank of Pakistan in Pakistan economy and banking.  
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The "State Bank of Pakistan" is the central bank of Pakistan that has contributed to the development of the economy of the country. The State Bank of Pakistan's role in the management of financial systems of the country is vital. The basic features of State Bank of Pakistan is to prepare the monetary policy of the government of Pakistan, and organization, management of the entre economic, banking, and financial systems. Further State Bank of Pakistan also control all financial matters of the government of Pakistan such as control the foreign reserve of the country, currency rate, currency supply in the open market, etc.

State Bank of Pakistan also established several financial institutes to improve the performance of financial and economic matters of Pakistan. For facilitation of government and general consumers, SBP establishes NBP (National Bank of Pakistan). It is the largest commercial bank of Pakistan, and it is an agent to SBP that handles treasury transactions for the government of Pakistan. The government of Pakistan established two banks under SBP for the promotion of the agriculture sector and the industry sector, Agriculture Development Bank of Pakistan (ADBP) Industrial Development Bank of Pakistan (IDBP). Both banks give soft loans to consumers for the development of the agriculture and industrial sectors.

Further The State Bank of Pakistan promotes the Islamic mode of the banking system in the country because it was a public demand to the government of Pakistan. For this purpose, SBP gave the order to the commercial bank that they establish a separate counter for consumers if they want to deposit in an Islamic mode of investment then, they can do this easily.



For the development of export, SBP makes possible for exporters to get easy foreign remittance in the country without any hurdles; for the encouragement of exporter State Bank of Pakistan give incentives to exporters with the understanding of central government of Pakistan. On another hand, SBP makes such rule and regulations to discouraged unnecessary import from foreign country, particularly luxury goods and services.

The State Bank of Pakistan' role in the controlling of inflation in the county is very important and essential. For this purpose, SBP use the method of open market operation techniques, such as control the currency circulation in the country, fixed rate of interest, fix the foreign exchange rate and control the banking loans in the country.

For the management of whole systems of economy, SBP established almost 33 departments. The important departments of the bank are as follows: banking policy & financial regulation department, exchange policy department, banking inspection department, financial stability department, Islamic banking department, risk management department, monetary management department, HR department, IT department and legal service department. The Head of SBP is called Governor, with three deputy governors that work in different sectors of the economy. There is also the central board of governors working under the Governor of State Bank of Pakistan.

As per survey report, which is dependent on public opinion, the majority of people were satisfied with the role of State Bank of Pakistan in the economy of the country, particularly in the reference of monitory policy, organization& management, and controlling.

**Keyword:** State Bank of Pakistan, financial systems, commercial bank.

Approved by

# Acknowledgments

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My Research thesis name is **“Role of State Bank of Pakistan; in Pakistan economy and Banking.”** “During the thesis, I study several books and articles, economics magazines, and view the internet, etc. Let me thank some friends of Siam University like, Ashutosh Mishra, and outside of University friends Zulfqar Qurashi and all my professors throughout my MBA program they guide me time to time.

I want to express my deep and true feeling towards my parents, my late father Muhammad Amin Majoka always encourage for higher study; my mother Ghulam Fatima and finally my wife Amtul Hafeez always warm care, love, and blessing.

This IS research about **“Role of State Bank of Pakistan; in Pakistan economy and Banking.”** has been done as a fulfillment of my IMBA Graduation this is not single-handed efforts, but it is the contribution of several persons at different stages of my IMBA.

Finally, I am deeply thankful to the Public information office of SBP given me the right information and relevant data related to Pakistani economy, banking sector, industrial sector growth, without which IMBA on this topic for me would have been just impossible.

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## Chapter 1



## **1.-Introduction:**

When Pakistan takes the independent from British Rule there were working Central Bank in the name of Reserve Bank of India. Therefore, after Independent RBI also work as Central Bank for the government of Pakistan. But after 30<sup>th</sup> September 1948 Government of Pakistan established its own central bank in the name of “State Bank of Pakistan”. It is also called the Central Bank of Pakistan.

On 30<sup>th</sup> September 1948 inauguration of SBP by the founder of Pakistan, Qaid-e-Azam Muhammad Ali Jinnah and its regular functions and own banking system started working as well as a separate system of currency established by State Bank of Pakistan immediately. The State Bank of Pakistan Order is not guided by the profit motive in its operation. It is to regulate the monetary and credit system of Pakistan. It fosters its growth in the best national interest with a view to securing monetary stability and fuller utilization of the country productive resources.

It is a bank which is responsible for the financial and economic stability of the country. The State Bank of Pakistan is a symbol of its sovereignty and solidarity as well as responsible for the financial and economically prosperity of the country. Every country, whether developed or not, capitalist or otherwise must have a central bank. It has a pivotal position in the banking system and regulates and formulates policies for the scheduled commercial banks in a country. At the time of division of resources of British India; Pakistan gets just one-third of total resource of Central Bank of RBI as well as Pakistan was a newborn country that is why its face extraordinary shortage of trained banking staff, financial expert, economics specialist etc. Therefore, State Bank established deferent departments, and Institutes to fill that gap etc. Details of these departments are as follows, training department, banking inspection department, statistic department, banking control department, audit department, and research department etc.

The Board of directors has supervised and gives the direction for the affairs of the State Bank of Pakistan. The Board of Directors works under Chairman of the Board he also called Governor further there are three Deputy Governors, eight Directors, and several

departments work under Board of Director more the 5500 employees working in the management of State Bank of Pakistan.

### **1.1-Purpose of Study:**

State Bank of Pakistan is very important as the state institution of the country. Its role in the economy of the country is very essential, particularly in the industry sector, agriculture sector, banking and finance sector, social sector, and the government sector etc.

We discuss the role of State Bank of Pakistan to control the inflation and growth of GDP of the country. The State Bank of Pakistan is playing a significant role in facilitating and fostering economic development and growth of the banking system and other financial institutions in the country.

### **1.2 Objective of the study:**

The State Bank of Pakistan is the Central bank of the country regulate the financial system and economy of the country its role as advisor of government to control and monitoring of the country banking system as well as economic activities of the country.

The objective of research of State bank of Pakistan to know what effect comes on Pakistan economy and banking sector if Central Bank of Pakistan improves their functions. Some special right of State Bank of Pakistan the issue of Bank notes the keeping of reserves with a view to securing monetary policy and stability in Pakistan banking system.

### **1.3 Scope of Central Bank of Pakistan:**

That study covered the Central Bank of Pakistan their functions in Pakistan.

There are three major functions of State Bank of Pakistan preparation of Monetary Policy, Management & Organization, and Controlling.

### **1.4.1 Monetary Policy:**

Monetary policy is the deliberate exercise of the monetary authority power to induce expansion or contraction in the money supply”

#### **Deification:**

“Monetary policy is an attempt to influence the economy by operating on such monetary variables as per the quantity of money and the rate of interest”

#### ***Objectives of Monetary Policy:***

The objectives of monetary policy differ from country to country according to their economic conditions. The main objectives of monetary policy are however grouped under the following heads.

- i- Promoting high employment.
- ii- Achieving steady economic growth.
- iii- Stable price level as a goal.
- iv- Stability in the interest rate.
- iv- Promoting more stable financial markets.
- v- Stability in the foreign exchange markets.

### **1.4.2 Management and Organization:**

The State Bank of Pakistan is the highest financial institute of the country. It's established through an Act which is introduced on 30<sup>th</sup> September 1948 by the government of Pakistan. The constitution of Pakistan gives the power to SBP it oversees the banking systems and

acting as a banker to the central government. It is fully charged with the responsibility for maintaining the internal and external financial stability of the country.

In short Central Bank is also responsible for directly contributing to the promotion of the planned economic development of the economy, and banking systems, foreign exchange management, currency management, and monetary management etc.

#### **1.4.3 Board of Director:**

The Board of Directors has consisted of one Governor, three Deputy Governor, and eight directors. There is also a Chairman which is empowered to transact business on behalf of the Central Board of Directors. Therefore, he acts as a chief executive of the bank is the Governor who controls and directs the affairs of the Bank. The Central Directorate of State Bank of Pakistan has thirty-two departments and thousands of employees. They implement the policies of the State Bank of Pakistan.

#### **1.4.4 Controlling:**

The State Bank of Pakistan has a function to controlled currency circulation in the country, manage credit money, and regulate the foreign exchange reserve in the country. Further some time SBP fixed currency exchange Pak-rupee rate in the open market. The central bank controls the credit money for keeping it at a certain level by using one or more of the following methods.

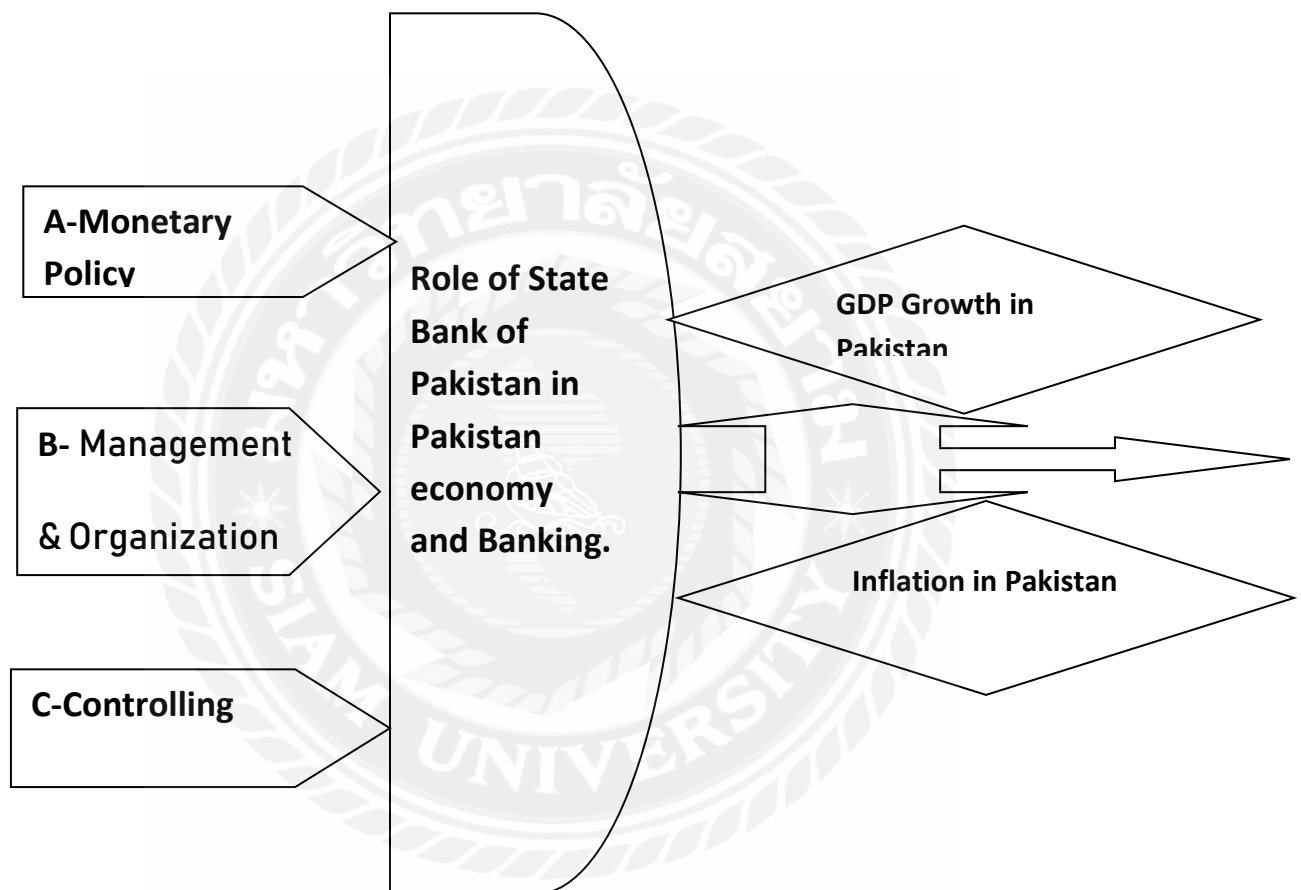
- a. Bank rate policy.
- b. Open market operation.
- c. Bank reserve ratio.
- d. Rationing of credit.
- e. Other miscellaneous methods.



### 1.5 Conceptual Model:

**INDEPENDT VARIABLE  
VARIABLE**

**DEPENDENT**



## **Chapter-2**

### **2.1 Background of the study**

#### **2.1.1 Economic of Pakistan**

Pakistan, s in the term of (PPP) crossed \$1 trillion in value 24th position in the world, its economy is 42<sup>th</sup> largest in the world GDP. Pakistan is the 5<sup>th</sup> largest population in the world which 207 million per capita GDP \$ 1617 -147<sup>th</sup> rank in the world in the year 1916. Pakistan is an under developing country its economy almost 36% undocumented that is why actual financial strength is not cleared. Pakistan economy potential is the greatest the basic items of export are as follows,

leather products and raw leather, textile product and raw cotton, carpet/rugs, medical instruments, sports goods etc. The negative trade gapes going width day by day and reducing export of the country and increasing the import of the country. The Pakistan economy has not stable due to political disputes; on another hand a fast-growing population country in the world but its foreign investment is very low. The foreign worker remittance amount is very reasonable almost 20 billion dollars in the year 2016. Therefore, that worker remittance very much supports to the balance of payment of the country. In October 2016, foreign currency reserves crossed \$20.0 billion. As per the World Bank, the poverty rate decreased in the country from 64.3% in 2002 to 29.5% in 2014, the budget deficit has reduced up to 6.4% in 2016.

#### **2.1.2 State Bank of Pakistan Role in Pakistani Economy:**

The State Bank of Pakistan (SBP) was established on July 1, 1948. Since its establishment, besides performing its traditional functions. It's undertaking a number of developmental and promotional functions in the best interest of the country. These functions in the past were regarded outside the purview of the central bank. The main developmental and promotional functions, in brief, are as under.

**A-Traditional functions:** The State Bank of Pakistan was originally established to perform the traditional functions of the central bank of a country; Monopoly of note issue, acting as a banker to the government, controller of credit, functioning lender of the last resorts.

**B-Building up a sound banking system:** For the rapid economic development of a country, the building of a sound financial system is necessary. The SBP, immediately after its establishment in 1948, took up this task. The starting was made with the establishment of National Bank of Pakistan in 1949. Since then the number of domestic schedule banks has increased significantly almost five commercial banks were at the time of establishment of Pakistan as well as few dozen branches were working whole over the country. But now almost more than two dozen commercial bank working here and almost more than 5,000 branches working in Pakistan. The banks are playing a prominent role in the mobilization of savings in rural and urban areas of the country. Majority of commercial activities depend on the commercial banking sector.

**C-Assistance to specialized financial institution:** The SBP is providing financial assistance to specialized financial institutions such as ADBP, IDBP and PICIC etc.

These financial institutions provide medium and long-term loan to the leading sectors of the economy. The Agricultural Development Bank of Pakistan (ADB) provides credit facilities in rural low-income frames, rural artisans etc. The Industrial Development Bank of Pakistan (IDBP) provides credit on a long-term basis and on easy terms to industries etc.

**D-Promotion of export finance:** Under the SBP Finance Scheme, the commercial banks are providing finance to the exporters at the concessional rates. The SBP is helping the commercial banks in refinance at the low rate of interest to the commercial banks it also formulates various policies relating to export credit.

**E-Credit targets:** The SBP gives targets to commercial banks for providing loans in the field of agricultural, industry, and housing every year. The prescribing of credit targets for these priority sectors has greatly helped in raising production.

**F-Exchange control:** The SBP exercises full control and overviews all type of payments coming to and going out of the country. It also fixes the Pakistani rupees exchange rate with other

selected countries of the world. All foreign exchange transactions are made at the official exchange rate.

**G-Training facilities:** The SBP provides a training scheme for imparting banking knowledge to the employees working in the banks and to those who are to join banks as their profession.

**H-Proper Interest rate structure:** In order to encourage investment and promote development activities, the SBP fixes a suitable markup both for the savers of funds and the investors.

**I-Ensuring internal price stability:** Along with another objective of economic growth the SBP attempts to maintain internal price stability. The inflationary pressures are brought under control through the credit control measures (quantity and qualitative) from time to time.

### **2.1.3 Central Bank System:**

Before the First World War, there were only a few countries which had their own central banks. After the War, the number of central banks has increased and now there is not a single country in the world which does not have its own central bank.

There were many considerations underlying the establishment of a central bank after the First War, there was complete confusion in the currency and exchange markets. There were large withdrawals of money from banks. The bank reserves fell below the needed levels. There was no institution which could supervise the working of banks and also serve as a fiscal agent in addition to the above difficulties, there was rigidity or lack of elasticity in the supply of currency.

Further, there were also re occurrences of failures among the commercial banks in order to solve the monetary problems of the countries and set them on healthy foot-ages, a Conference was held in Brussels in 1920.

It was decided in that Conference that to control the supply of money and credit in the economy and maintain stable business conditions, each country must establish its own central bank.

The Central Bank of Pakistan is the main monetary authority in our country According to the State Bank of Pakistan Act 1956, the SBP is charged with regulating the monetary and credit system of Pakistan.

**A-Monopoly of Note Issue:** The State Bank of Pakistan has the monopoly of note issue in Pakistan. the main reasons for delegating the authority of note issue to the central bank in the country are as follows.

- i-It brings uniformity in the system of note issue.
- ii-The SBP exercise better control over the money supply in the country.
- iii-It increases public confidence in the monetary system of the country.
- Iv-SBP enables to control the lending operations of the commercial banks.

**B-The central bank acts as a banker to the government:** It deposits free of interest all the cash balance of the country. It performs all the services which commercial bank ordinarily does for its customers. It receives income taxes and other internal revenue taxes. It also undertakes the work of collection of cheques and drafts drawn on other banks and provides cash to the government. The SBP pay salaries, pensions, reliefs public work, etc.

On behalf of the government of Pakistan transfer the funds from one part of the country to another or from one account to another account.

The SBP grants short-term loans to the government against government securities in times of emergencies like war or depression, it makes extraordinary advances to the government. The bank charges no commission from the government for all these banking services rendered by it.

**C-Bank as Agent of the Government:** The SBP act as an agent of the government of Pakistan. It is entrusted with the issue of new loans and treasury bills on behalf of the government. It pays interest on the public debt and redeems maturing securities. It also underwrites securities of the government.



The central bank also acts as an agent in gold and foreign exchange transactions for the treasury. It buys and sells foreign exchange on its own account and as agent for the treasury. It serves as depository. It serves as a depository of IMF and IBRD.

**D-Bank as Financial Adviser:** The State Bank of Pakistan is constantly in touch with the money securities and foreign exchange market conditions in the country. It, therefore, gives advice to the government in its debt management, foreign exchange transaction, deficit financing, devolution of the currency, trade policies, mobilization of saving, agriculture and industrial credit etc. The central bank also acts as fiscal agents for various agencies and corporations established by the government.

#### **2.1.4 Monetary Policy:**

The State Bank of Pakistan regulates the flow of money in the economy. This management of the flow of money is called monetary policy according to Professor Spencer “Monetary policy is the deliberate exercise of the monetary authorities’ power to induce expansions or contraction in the money supply”. Further, Lipsey has defined monetary policy in the following words “Monetary policy is attempted to influence the economy by operating on such monetary variables as per the quantity of money and the rate of interest”.

#### **2.1.5 Tools of monetary policy or methods of credit control:**

The main tools or weapons or methods of credit control available to the central bank for influencing the level of economic activity in a country are as follows.

**(a) Quantitative Controls:**

**(1) Open Market Operation:** The State Bank of Pakistan influences the money supply by sale and purchase of government securities in financial or money market. It is also called open market operation of the central bank of the country. When increased the money in open market Central Bank of Pakistan sale the government securities in the open market as the result of that activates reduced the money in the market. On another hand, if reduced the money in the open market than Central Bank of Pakistan buy the government securities the result of that increased the money in the market and increased the financial activates as well as production and manufacturing activities improved.

**(2) Variation in the Bank Rate:** The Bank rate also knows as the discount rate is the rate at which the central bank of a country re discounts or buys the eligible bills of exchange. Changes in the discount or bank rate are usually associated with like changes in other interest rates. This short-term tool of the monetary policy is used to affect not only bank reserves but also credit conditions in the economy as a whole. If there is a recession in the economy and the central bank wants to encourage banks to provide loans in the country, it lowers its bank rate. The borrowing from the central bank becomes an attractive and large volume of loans is taken out by member's banks for development purposes. On the other hand, If the economy is inflationary and the central bank wants to restrict bank lending, it raises the bank rate. **In short, an increase in the bank rate is usually associated with a rise in market interest rates and a general tightening of credit. A decrease in the bank rate tends to be associated with a reduction in market interest rates and an overall easing of credit.**

**(3) Credit Rationing:** The method of credit control is applied by the central bank in times of financial crisis. The central bank rations the credit of each member bank. It fixes the maximum amount which each member bank can draw by re discounting bills of exchange.

**(4) Varying Reserve Requirement:** SBP affect the supply of money and the availability of bank credit in a country changing the legal reserve requirement of the commercial banks. If there is a recession in the economy the central bank decreases the required reserve ratio of the member

banks. It permits banks to lend more money and thereby enlarge the money supply in case the economy is inflationary, the central bank can increase the reserve requirements of the banks. The lending power of the banks is reduced which ultimately results in a decrease in the money supply.

**(b) Qualitative Controls:**

The selective or qualitative credit controls are the measures which influence the allocation of credit. The central bank of the country directs the commercial banks to restrict credit for certain specified purposes. The selective controls can either be positive or negative. Positive credit controls are those which aim to increase the supply or reduce the cost for specified purposes. The negative selective controls aim to restrict credit for specified purposes. There are three weapons of selective control which are used to regulate the total supply of money and bank credit in the country. They, in brief, are discussed below.

**(1) Varying Margin Requirements:** Margin requirement means minimum percentage down payments which the purchaser of stock must make on the market value of the securities. Marginal requirement is the difference between the market value of the security and its maximum loan value. For example, If a security has a market value of Rs.200, in case the marginal requirement is 60%, the maximum loan which can be advanced for the purchase of a security is Rs.80. An increase in the marginal requirements reduces the amount that can be borrowed for the purchase of a security and vice versa. This qualitative technique is employed to limit the borrowing for the purchase of listed common stocks so that economic difficulties do not arise in speculative stock market purchases.

**(2) Consumer Credit Regulation:** The Consumer credit control technique of monetary management can be applied when there arises a scarcity of certain listed articles in the country. The central bank will invoke specific restraints on consumer credit by raising the required down payment and shortening the maximum period of repayment.

**(3) Direct Action:** If the commercial banks are following a policy which is inconsistent with the monetary policy of the State Bank of Pakistan, it can take direct action. It can either refuse to discount the bills of exchange or impose penalty rate over and above the official rate.

**(4) Use of Moral Persuasion:** The State Bank of Pakistan has wide power to check any expansion and also to force any mass contraction of credit by the use of monetary instruments stated above. If these weapons of credit control are effectively used along with fiscal policy, they can greatly help in achieving a stable economic growth with a high level of employment without inflation in the country.

#### **2.1.5 Open Market Operations:**

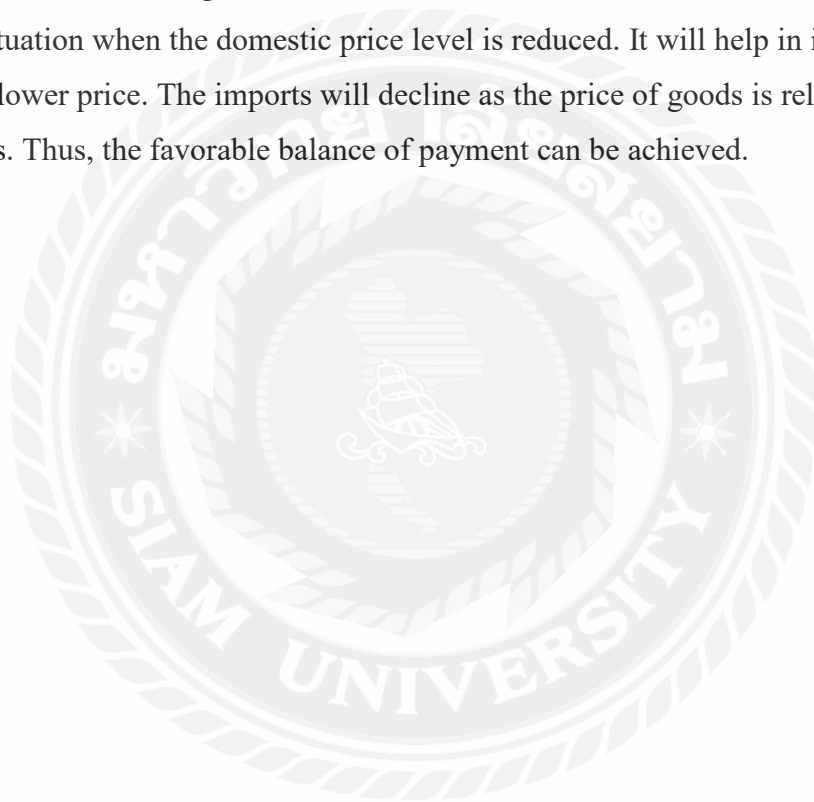
**(a) Effects on the reserves of commercial banks:** Open market operations bring changes in the reserves of commercial banks. When the central bank purchase securities from the commercial banks and makes their payment, the cash reserves of the bank increase by exactly the same amount of the purchase when the central bank sells securities, the cash reserves of the banks are reduced by the value of securities.

**(b) Effect on interest rate:** The open market operations affect the quantity of money supply in the economy. It also affects the market rates of interest indirectly when the central bank purchase securities there results in an increase in the money supply leading to falling in the market rates of interest and vice versa.

**(c) Open market operation policy during inflation:** During inflation, the central bank sells securities to the public. It receives payment by cheques drawn on commercial banks. This reduces the cash reserves of the commercial banks. The ability of the banks to create credit is also curtailed. The fall in the amount of money in circulation and the volume of credit help in bringing down the general price level.

**(d)Open market policy during the depression:** During the depression the central bank attempts to increase the volume of credit by purchasing the securities from the public. The payment is made by the central bank to the sellers through cheques. The deposits of the commercial banks increase. The credit creation capacity of the banks is increased. The increase in loans from commercial banks results in the expansion of investment, employment, and output.

**(e)Effect on the balance of payments:** Open market operation is also carried out on the influence the balance of payment favorably. For example, the selling of securities by the central bank has the effect of contracting the volume of credit with the commercial banks and generates a deflationary situation when the domestic price level is reduced. It will help in increasing export, due to a lower price. The imports will decline as the price of goods is relatively higher in foreign countries. Thus, the favorable balance of payment can be achieved.





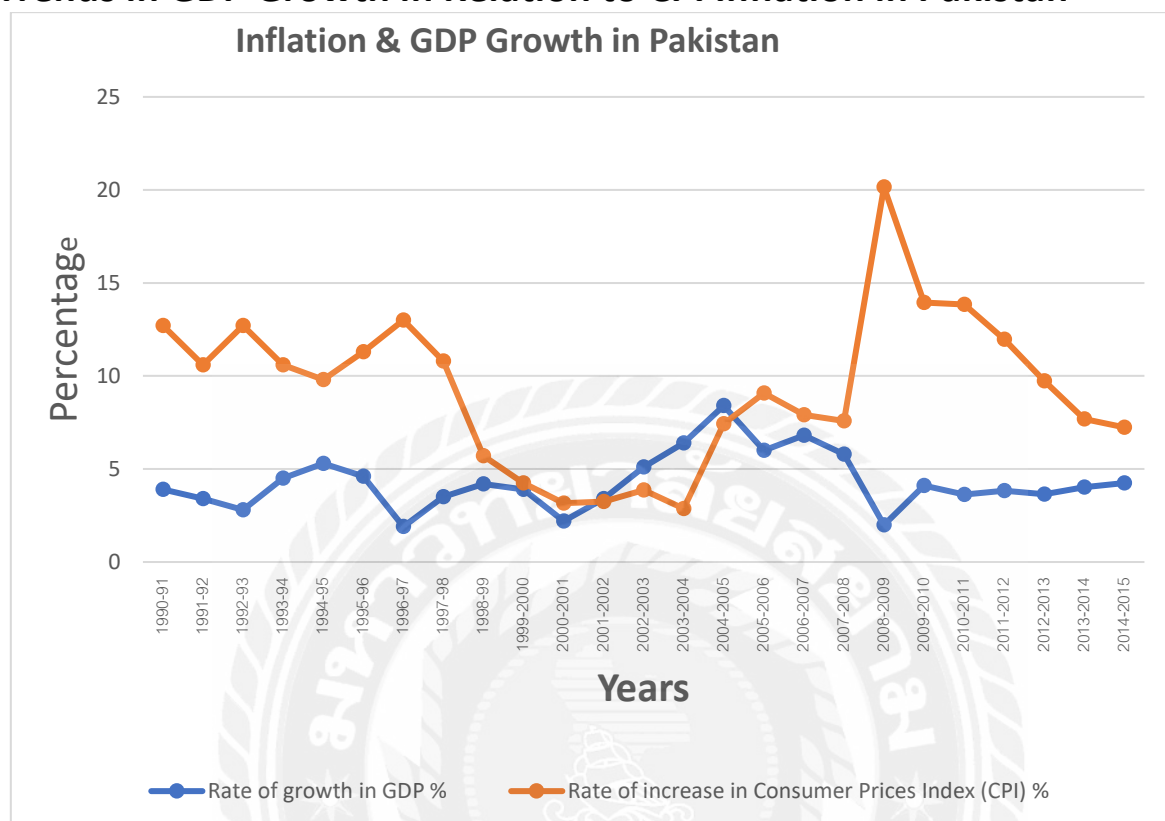
## **2.2 Literature Review:**

I prepared my research paper by using Qualitative research methodology in which i prepared 215 forms to get filled by a sample. I came across some hurdles during data collection. First of all, only 165 forms filled and returned with full response rest 50 forms were not fully answered and few were ignored by the interviewee. I learned that opened end questions were more courageously answered by people whereas closed-end questions were sometimes tricky to answer for people as they thought that my questions might be personal or insecure for them. However, my questions were not so personal but people showed concern in sharing any sort of information on an untrusted source. Finally, it was a magnificent experience for me doing this research and collecting information from both Thai and Pakistani citizens.

### **2.2.1 Inflation in Pakistan:**

Inflation means a situation where the general price level increasing upward in the country. Since independent of the Pakistan price level is increasing day by day. The main reasons for the upward price trend are low economic growth, low direct tax collection, low export and high value of the import. But inflation in Pakistan is reducing since 2013 10% to 5% in 2017 because of reducing the oil price in the International market.

## Trends in GDP Growth in Relation to CPI Inflation in Pakistan



The consumer price index is a tool of measurement of inflation in the country through consumer price index we can find the purchasing power of currency through analyzing of the consumer price index. We find that GDP and Price Index is also dependent on each other, but some other factor also impacts GDP and inflation in the country. In the most case, if increased in the GDP than decreased inflation, the following are some examples of this as follows.

Decreased in GDP & increased in Inflation			Increased in GDP & decreased in Inflation		
Years	The rate of growth in GDP %	The rate of increase in the Consumer Prices Index (CPI) %	Years	The rate of growth in GDP %	The rate of increase in the Consumer Prices Index (CPI) %
<b>1990-91</b>	<b>3.9</b>	<b>12.7</b>	<b>1993-94</b>	<b>4.5</b>	<b>10.6</b>
<b>1992-93</b>	<b>2.8</b>	<b>12.7</b>	<b>1994-95</b>	<b>5.3</b>	<b>9.8</b>
<b>1996-97</b>	<b>1.9</b>	<b>13</b>	<b>2002-2003</b>	<b>5.1</b>	<b>3.87</b>
<b>2008-2009</b>	<b>2</b>	<b>20.15</b>	<b>2003-2004</b>	<b>6.4</b>	<b>2.87</b>
<b>2010-2011</b>	<b>3.62</b>	<b>13.85</b>	<b>2004-2005</b>	<b>8.4</b>	<b>7.43</b>

<b>Years</b>	<b>The rate of growth in GDP %</b>	<b>The rate of increase in the Consumer Prices Index (CPI) %</b>	<b>The rate of growth in monetary assets (M2) %</b>
<b>1990-91</b>	<b>3.9</b>	<b>12.7</b>	<b>17.4</b>
<b>1991-92</b>	<b>3.4</b>	<b>10.6</b>	<b>26.2</b>
<b>1992-93</b>	<b>2.8</b>	<b>12.7</b>	<b>17.8</b>
<b>1993-94</b>	<b>4.5</b>	<b>10.6</b>	<b>18.1</b>
<b>1994-95</b>	<b>5.3</b>	<b>9.8</b>	<b>17.2</b>
<b>1995-96</b>	<b>4.6</b>	<b>11.3</b>	<b>13.8</b>
<b>1996-97</b>	<b>1.9</b>	<b>13</b>	<b>12.2</b>
<b>1997-98</b>	<b>3.5</b>	<b>10.8</b>	<b>14.5</b>
<b>1998-99</b>	<b>4.2</b>	<b>5.7</b>	<b>6.2</b>
<b>1999-2000</b>	<b>3.9</b>	<b>4.24</b>	<b>9.4</b>
<b>2000-2001</b>	<b>2.2</b>	<b>3.16</b>	<b>9</b>
<b>2001-2002</b>	<b>3.4</b>	<b>3.24</b>	<b>15.4</b>
<b>2002-2003</b>	<b>5.1</b>	<b>3.87</b>	<b>18</b>
<b>2003-2004</b>	<b>6.4</b>	<b>2.87</b>	<b>19.6</b>
<b>2004-2005</b>	<b>8.4</b>	<b>7.43</b>	<b>19.1</b>
<b>2005-2006</b>	<b>6</b>	<b>9.08</b>	<b>15.1</b>
<b>2006-2007</b>	<b>6.8</b>	<b>7.91</b>	<b>19.32</b>
<b>2007-2008</b>	<b>5.8</b>	<b>7.58</b>	<b>9.06</b>
<b>2008-2009</b>	<b>2</b>	<b>20.15</b>	<b>4.59</b>
<b>2009-2010</b>	<b>4.1</b>	<b>13.94</b>	<b>5.5</b>
<b>2010-2011</b>	<b>3.62</b>	<b>13.85</b>	<b>11</b>
<b>2011-2012</b>	<b>3.84</b>	<b>11.97</b>	<b>12</b>
<b>2012-2013</b>	<b>3.65</b>	<b>9.73</b>	<b>9</b>
<b>2013-2014</b>	<b>4.03</b>	<b>7.68</b>	<b>8</b>
<b>2014-2015</b>	<b>4.24</b>	<b>7.23</b>	<b>7.9</b>
<b>Source: State Bank of Pakistan Federal Bureau of Statistics</b>			

**A-Cause of Inflation in Pakistan:** The causes of the persistent rise in prices are usually grouped under the following two main heads.

1-Demand pulls inflation

2-Cost-push inflation

These two types of inflation are now discussed in brief in the context of Pakistan economy.

**B-Price Un-stabilization issues in Pakistan:** The inflation was well under control from the fiscal year 2000 to 2004. However, it shoots up to 9.08% in the year 2005-06 mainly due to the rise the support price of wheat and a huge increase in the price of oil, in the international market. It has been brought down to 7.9% in 2006-7. But in the year 2008-9 inflation increased at the highest level of 20.15% and GDP growth reduced on the lowest level of 2%. Because oil price increased in the international market but the government has not to transfer oil price to consumers due to political reasons, that is why the economy of the country take the huge burden on own shoulders, therefore, create **Circular debt (480 Billion-Rupees)** in the year 2008-9. The Government of Pakistan is well aware of the adverse effects of inflation is taking the following measures, to bring down the inflationary pressure in the economy.

**C-Devaluation and depreciation:** If an economy is operating under a fixed exchange rate and it officially towers the price of its currency in the foreign exchange market. It is referred to is as Devaluation. There is a difference between Devaluation and Depreciation.

Devaluation is a decrease in the exchange rate system. It is the result of official government action. If a country has a floating exchange rate and it allows the external value of its currency to decrease due to market forces, it is named as depreciation. Depreciation is a fall in the rate of domestic currency with foreign currencies in the free exchange market. The State Bank of Pakistan devalued its exchange rate number of times before Jan 8, 1982.

However, when it delinked the rupees from the dollar in 1982, the rupee parity stood at Rs.9.90 to a dollar. Since 1982, Pakistan has a floating exchange rate. The Pakistan rupee has depreciated too much. The market rate of the rupee to the dollar now stands at Rs.83 as of December 2009, now finally dollar rate in the year 2017 equal to Rs.105.

**D-Privatization of Nationalized Bank:** This is a fact that government cannot manage work as a private businessman or private organization that is why the government of Pakistan was also not satisfied with the performance of nationalized banks. After Nationalization of banks performance of banking systems in Pakistan become unsatisfactory. First of all, falling of standard of banking services like poor public dealing of banking staff, over staffing, inefficacy staff, lack of training of banking staff, high bad debts, misuse of unionism in the banking sector, misuse of banking loan, low profit of banking sector, etc. Therefore, the Government of Pakistan decided to privatize all public-sector banks or financial institutes. That is why governments of Pakistan set up the Privatization commission on January 22, 1991.

Therefore, Commission has transferred several banks to the private sector namely MCB, ABL, UBL, HBL, now these banks working under private management and progressing with fast speed. They are getting profit in Billions of rupees annually due to efficient management.

**E-Process of Privatization:** The process of privatization of banks has almost completed because major four nationalized banks privatized by Privatized Commission like MCB 75% shares ABL 51% share UBL 51% share and finally HBL share also transfer in private sector. Therefore, after the transferred of management to the private sector than the performance of these banks extraordinary improved. These banks profitably increased many times, non-performing loan recovered no doubt it is a big achievement. On other hands, NBP share also offer to the general public. The further government of Pakistan is also in the process of reconstructed IDBP, ZTBL and SME bank.

### **2.2.2 Pakistan Balance of Trade:**

The meaning of balance of trade is the difference between the value of exports and imports of a country during the particular period of time. When the value of commodity exports exceeds the value of commodity imports, the balance of trade will be favorable. The country will be called a creditor. Whereas, in the case, if values of imports of a country record at the custom exceed the value of exports in a given period of time, the balance of trade is said to be unfavorable and the country will be called a debtor.



But due to less export and more import, the balance of trade is not favorable in the reference of Pakistan. In the year 2017 Pakistan trade deficit is almost 30 billion USA dollar. Therefore, Pakistan is facing a shortage of foreign reserve.

### **2.2.3 Pakistan Balance of Payment:**

The balance of payments is economic transactions between the country and the rest of the world during the particular year. The balance of payment means whole balance sheet balance foreign earning inflow credit side of the balance sheet where is item outflow foreign currency are placed on the debit side.

a- Current account

b- Capital account

### **2.3.1 Islamic Banking in Pakistan:**

Islamic modes of financing refer to the interest-free economy. In the constitution of Pakistan that interest should be eliminated from financial systems of Pakistan. Start the process of Islamization in the financial institutions and economy of Pakistan.

**A-From 1960 to 1977:** The government of Pakistan received number of reports by the Council of Islamic Ideology (CII), for elimination of interest form economy of Pakistan the council (CII) established by central government for purpose of the changes in the law and mode of investment in Pakistan for purpose implementation constitution Pakistan in economic institutions.

**B-From 1977-1980:** The (CII) and State Bank of Pakistan worked out to make possible to removed interest from the economy of Pakistan from the State Bank of Pakistan worked out the details and proposed concrete steps for removing interest from the economy. The main steps which were taken towards a system of Islamic Finance were as follow.

**1-In Feb 1979,** the operations of three financial institutes (i) National Investment Trust (NIT) Investment Corporation of Pakistan (ICP), and House Building Finance Corporation (HBFC) were targeted for removing the interest.

2-The government established the profit and loss sharing deposit counters in commercial banks on July 1, 1961. Give the People had the option to deposit their savings in Islamic mode of investment.

3- In 1980, the government introduced a new law in the name of Mudarba law one person provides money for business and another one gives their skill and knowledge to manage the business in the mutual partnership.

4-From July 1, 1984, the State Bank of Pakistan directed all the commercial banks and development financial institution in the country to convert their operations on the non-interest basis. The State Bank announced 12 modes of interest-free financing for domestic transactions.

5-On January 1, 1985, the SBP directed the entire commercial banks not to accept any interest-bearing deposits. All saving and term deposits are now on the basis of Profit and Loss Sharing.

### **2.3.2 Main instruments of Islamic Finance:**

The main instruments of Islamic Financing are as under.

**I-Participation Term Certificate:** (PTC) was introduced to replace debenture financing. It is a common method of financing industrial investment. A company is authorized under the Companies Ordinance to issue Participation Term Certificates (PTC) for balancing, modernization and expansion of the existing industrial units.

**2-Musharaka:** Musharaka refers to profit and loss sharing between the lender and the borrower completely doing away with the interest. It is an arrangement of financing in which parties offer funds, efforts, and skills. Profit is shared among them according to the rate agreed upon. In case of loss, only one party suffers it which is the investor. In Pakistan, the Musharaka Financing mode has been launched by commercial banks to meet their working capital requirements of the trade and industry. The banks carry out Musharaka functions out of profit and loss accounts (PLS) deposit. Musharaka is the temporary partnership between the investor and financial company. The bank as a trustee will watch, evaluate, and supervise the performance.

**3-Modaraba:** Modarba can be defined as “an agreement between the investor (Modarba) and the Modarba Company allowing the company to carry out business with the invested amount and pay profit to the investor according to the ratio of the borrowed amount”. Here, the lender is the capitalist, individual, or the investor.

**4-Leasing (Ijara):** A lease is a contract letting or renting a house, equipment, machinery, or any other durable goods. It calls for an agreement between the owner of the asset and the user. The owner who lets his asset is called the lessor, and the user who has to make periodic payments to the owner for obtaining the right to use the asset is referred to as the lessee.

The lessee first selects a particular asset for the lease and decides on a price with the manufacturer who will contact a leasing company or a bank. It will make an outright purchase of the assets that will be leased to the lessee for a rental. The lessee will have to pay regularly a certain sum as a rental failing which he would be liable to be declared as bankrupt by the asset by the lesser as another way out. In such a case, the lessee will have to make a part payment of the rental for the remaining period of the lease.

Islam allows lease because it does not carry interest. When an asset has leased the charge made on its use is referred to as a rent which is permissible in Islam. It is only a cash loan that carries interest which is an addition to the principal amount lent. This addition is Haram (Prohibited) in Islam.

## **2.4 PAKISTAN'S SPECIALIZED FINANCIAL INSTITUTIONS**

**2.4.1 National Bank of Pakistan:** National Bank of Pakistan (NBP) has established in 1949. It is 76% owned by the Government of Pakistan. It is now the largest commercial bank in Pakistan. National Bank of Pakistan (NBP) is an agent to the State Bank of Pakistan and handles treasury transactions for the Government. It was awarded the best bank of Pakistan in 2001, 2002, 2004, 2005 and 2015 etc.

**2.4.2 Investment Corporation of Pakistan:** In the decade of 1960s Pakistan entered the industrial era. To hone the industrial growth in the country, Investment Corporation of Pakistan was also established. Its other objectives were to increase the number of industrialists, attack and weaken monopolies and cartels, and bring about a strong middle class – which should have a direct interest in the country economic development and could perform by pulling its weight. ICP deposit 93.96 Billion and mutual Investment Corporation Pakistan fund are Rs.6 Billion in June 2013.

**Objectives:**

- 1- To encourage and enhance industrial investment.
- 2- To the development capital market.
- 3- To raise industrial investment.
- 4- To receive deposits from the investor.

**2.4.3 National Investment Trust (NIT):** Economic and industrial growth requires a large amount of capital which one or a few banks or financial institutions cannot make it available. Large funds can be raised by collecting small savings. National Investment Trust receives is the First Asset Management Company of Pakistan, small deposits from the general public by selling units in the denomination of Rs.1, 5, 50, 100, 1000, 10000. Consequently, it manages to raise huge funds on which it pays handsome returns on the non-interest basis. The trustee of the NIT is National Bank of Pakistan. The NIT was created by a Deed Agreement of November 12, 1962, between the National Bank of Pakistan as the trustee and the National Investment Trust Limited as the management company. The National Bank acts as the custodian of the property of the trust. The administration of the investment is carried out by the management company.

**Advantages of holding Unit:**

- 1- The units have been declared approved securities and investment.
- 2- Provident funds and benevolent funds can be invested in these units.

- 3- The buyer of the units is eligible for getting an income tax exemption.
- 4- Non-resident Pakistanis can buy them.
- 5- Resident foreigners can also buy them.

**2.4.4 Agricultural Development Bank of Pakistan (ADBP):** The Agriculture Development Bank of Pakistan came into being under Agriculture Bank Ordinance 1961 under which Agricultural Development Finance Corporation (ADFC) formed in 1952 and Agriculture Bank of Pakistan (ABP) formed in 1957 were merged to give way to ADBP.

**Objectives:** The main objectives of the bank are to enhance the agriculture development in the country. The main function of the bank is as follows.

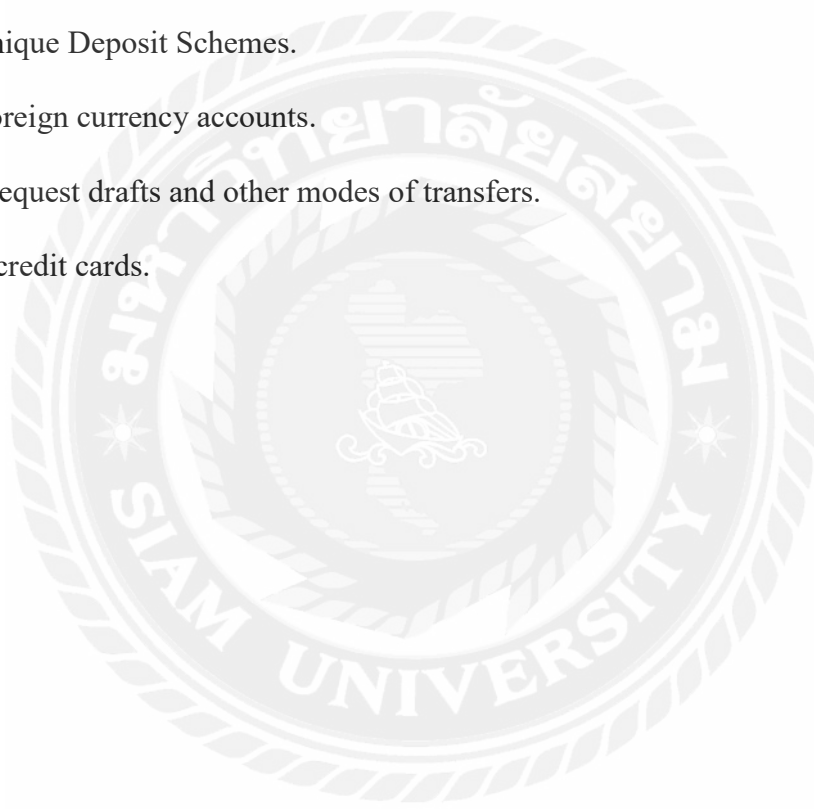
- 1- To give the advance and loan in cash those people they are belonging to cottage industry.
- 2- Bank provide loan for purchasing of light machinery agriculture implementations, means of transportation.
- 3- It offers loans to financing livestock, dairy farming, cattle breeding, and poultry farming.
- 4- The bank also helps farmers in the reclamation of land.
- 5- Purchasing seeds and fertilizer are also financed from the bank loan.

**2.4.5 Pakistan Industrial Credit & Investment Corporation (PICIC):** Pakistan Industrial Credit & Investment Corporation (PICIC) not only provides long-term loans for the establishment or expansion of industrial units but also makes arrangements of foreign exchange for them to finance the import of machinery and equipment. It has been established with foreign investment.

On 28 June 2001, the PICIC took a leap forward when it bought the controlling shares of the Gulf Commercial Bank, previously known as Schon Bank, and got them transferred to its name.

The bank has been named as PICIC Commercial Bank Limited and got the status of the scheduled bank. It is also listed at Pakistan's three stock exchanges. Being the listed company its non-government shares can be bought and sold on the stock exchange. It performs all those functions that a commercial bank does, however; it has focused on the following.

- 1- It helps set up new mills and industrial units.
- 2- It provides a guarantee of loans.
- 3- Credit and loan facilities offered to businessmen.
- 4- Offering Unique Deposit Schemes.
- 5- Allowing foreign currency accounts.
- 6- Issuing on request drafts and other modes of transfers.
- 7- Furnishing credit cards.



## **2.5 DEPARTMENTALIZATION OF STATE BANK OF PAKISTAN**

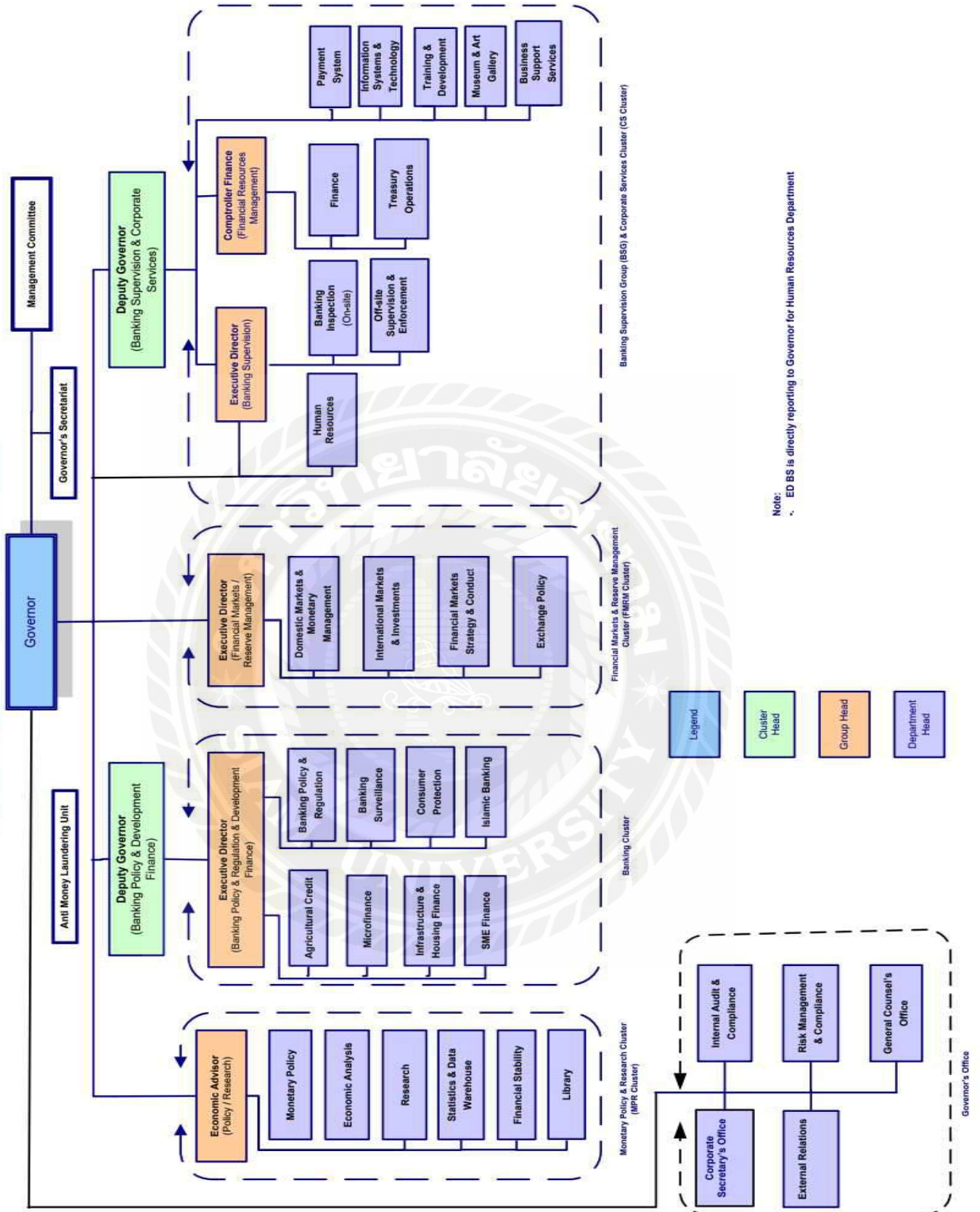
### **2.5.1 Departments of State Bank of Pakistan:**

<b>i-</b>	Banking Policy & Regulation Department.
<b>ii-</b>	Exchange Policy Department.
<b>iii-</b>	Banking Inspection Department-I.
<b>iv-</b>	Banking Inspection Department-II.
<b>v-</b>	Banking Conduct Consumer Protection Department.
<b>vi-</b>	Off-site Supervision & Enforcement Department.
<b>vii-</b>	Financial Stability Department.
<b>viii-</b>	Islamic Banking Department.
<b>ix-</b>	Agriculture Credit & Microfinance Department.
<b>x-</b>	Infrastructure, Housing & SME Finance Department.
<b>xi-</b>	Financial Department.
<b>xii-</b>	Domestic Market & Monetary Management Department.
<b>xiii-</b>	International Markets & Investments Department.
<b>xiv-</b>	Financial Department.
<b>xv-</b>	Risk Management Department.
<b>xvi-</b>	Treasury Operations Department.
<b>xvii-</b>	External Relations Department.
<b>xviii-</b>	Office of the Corporate Secretary.

<b>xix-</b>	Internal Audit & Compliance Department.
<b>xx-</b>	Human Resource Department.
<b>xxi-</b>	Monetary Policy Department.
<b>xxii-</b>	Research Department.
<b>xxiii-</b>	Economic Policy Review Department.
<b>xxiv-</b>	Statistics and Data Warehouse Department.
<b>xxv-</b>	Library.
<b>xxvi</b>	Information Technology Strategy & Project Management Department.
<b>xxvii-</b>	Information Systems Department.
<b>xxviii-</b>	Information Technology Department.
<b>xxix-</b>	Payment Systems Department.
<b>xxx-</b>	Legal Services Department.
<b>xxxi-</b>	Museum & Art Gallery Department.
<b>xxxii-</b>	Strategic Planning Department.



# State Bank of Pakistan - Existing Organization Structure



### 2.5.2 The list of Ex-Governors of the State Bank of Pakistan:

i-Mr.Zahid Hussain	(From 10-06-1948 To 19-07-1953)
ii-Mr.Abdul Qadir	(From 20-07-1953 To 19-07-1960)
iii-Mr.S.A. Hasnie	(From 20-07-1960 To 19-07-1967)
iv-Mr.Mahbubur Raschid	(From 20-07-1967 To 01-07-1971)
v-Mr.S, U. Durrani	(From 01-07-1971 To 22-12-1971)
vi-Ghulam Ishaq Khan	(From 22-12-1971 To 30-11-1975)
vii-Mr.S.Osman Ali	(From 01-12-1975 To 01-07-1978)
viii-Mr.A.G.N.Kazi	(From 15-07-1978 To 09-07-1986)
ix-Mr.V.A.Jafarey	(From 10-07-1986 To 16-07-1988)
x-Mr.I.A.Hanfi	(From 17-08-1988 To 30-06-1993)
xi-Kassim Parekh	(From 05-09-1989 To 30-08-1990)
xii-Dr.Muhammad Yaqub	(From 25-07-1993 To 05-11-1999)
xiii-Dr.Ishrat Husain	(From 02-12-1999 To 01-12-2005)
xiv-Dr.Shamshad Akhtar	(From 02-01-2006 To 01-01-2009)
xv-Syed Salim Raza	(From 02-01-2009 To 02-06-2010)
xvi-Mr.Shahid Hafiz Kardar	(From 09-09-2010 To 18-07-2011)
xvii-Mr.Yaseen Anwar	(From 20-10-2011 To 31-01-2014)
xviii-Mr.Ashraf Mahmood	(From 29-04-2014 To 28-04-2017)

### **2.5.3 Importance of State Bank of Pakistan in Pakistan economy:**

First of all, it is a bank of government all monetary policy of government establishes with the help of SBP it guides mainstay of finance how to create monetary policy and how to implement on policy. Further SBP observes what the impact of new policy is whether it is good for the economy or any type of negative impact then SBP advice to government for taking the corrective measures.

State Bank of Pakistan monitor all type of financial institutions and issue the directives from time to time for correction of any ill-regulatory in routine work and functions. As well as SBP take the report of all financial institutes for monitoring purpose.

SBP regulate the foreign exchange reserve of the country and foreign exchange companies. If reduce the foreign exchange reserve in the country, then SBP take measure to control it and give advice to the government how to control it.

SBP also issue a loan to government time to time as per requirement of the state.

## Chapter-3

### 3. RESEARCH DESIGN AND METHODOLOGY

In this chapter, we discussed and explain the process & method which we used in that research. What methodology we used, how collected the data, how the selection of population, and finally data analysis.

#### 3.1 Research Methodology:

The methodology is a systematic, theoretical analysis of the method applied to field study. Selection of research methodology is a very important part of research design which includes primary data variables, populations, sampling, and data analyzing. This is a process of collecting information and data there is include present and past information. For this purpose, we are using questionnaires as a tool for data collection from a different segment of people and organizations. We are adopting the numerical approach in this research study.

As we know our research topic is ***“Role of State Bank of Pakistan in the economy of the country and Banking System”***. This research depends on some interviews observations, descriptions and behavior. This type of research design attempts to address who, what, where, and how as per situation.

#### 3.2 Data Collection:

Data collection is the process of gathering information and data with accuracy. We can collect data through the questionnaire, interviews, and survey. Therefore, we use these ways to a collection of primary and secondary data.

**1-Questionnaire:** For a collection of primary data I prepare a questionnaire and sent to related institutions and persons through personally and by post in Pakistan and in Thailand. Almost I sent 215 forms but collect just 165 forms about the role of State Bank of Pakistan.

**2-Interview:** Through a questionnaire, we take interview of related people dependent variables and independent variables.

**3-Survey:** Survey is a tool of research for data collection and it is an instrument of sampling data I used in survey form in my research for SBP.

### **3.3 Population and Sample Group:**

The sample is part of the population we take a sample on a random basis from the whole population, on a random basis from Pakistan and Thailand. I have sent 215 questionnaires as the sample size for this research. The sample group focused on the people has related the State Bank of Pakistan working that why we applied all type of sample techniques in this research.

### **3.4 Data Analysis Instrument:**

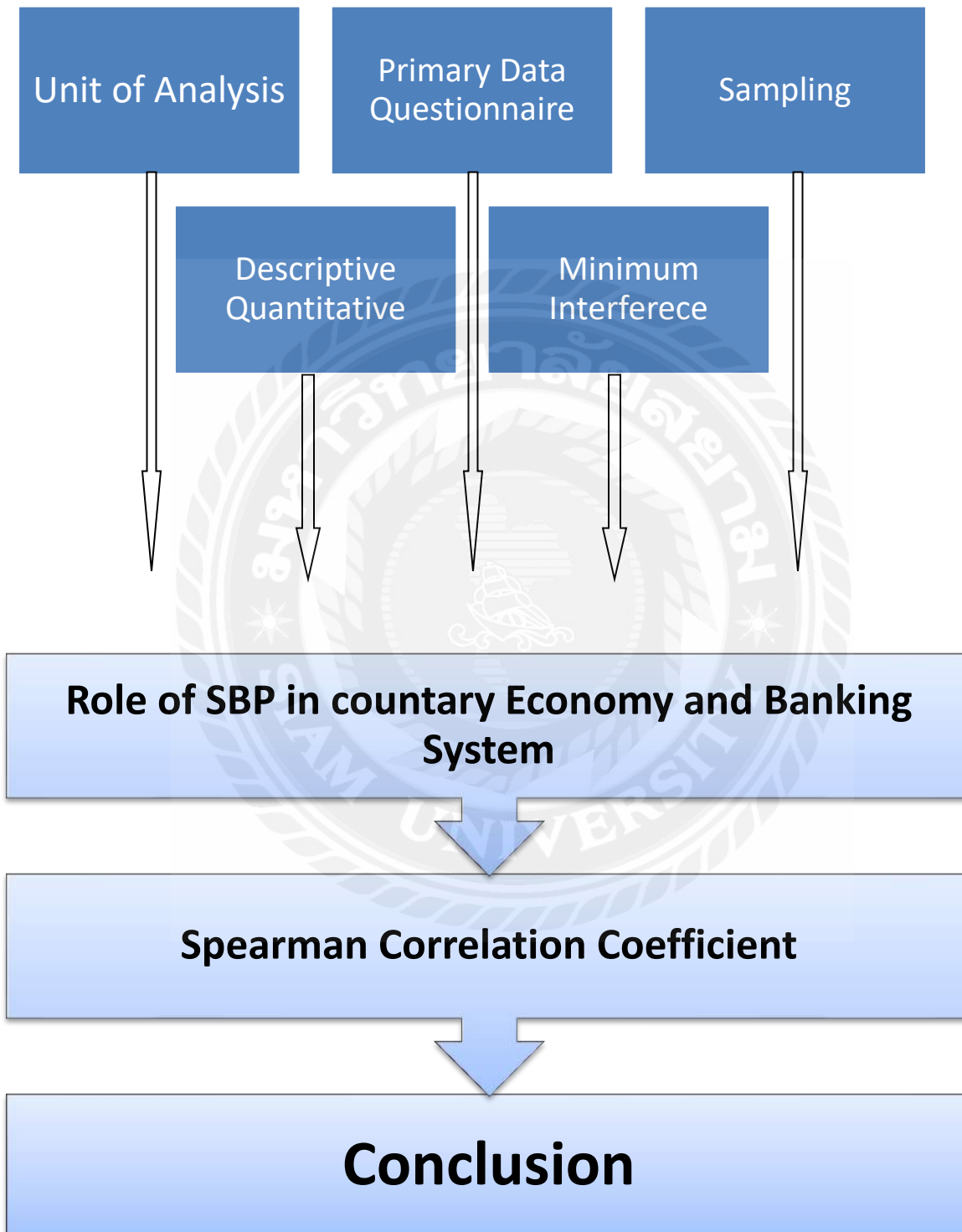
The basic purpose of data collection is the analyzing of data because through analyzing of data we can get the result whether as per our research State bank role in the economy of Pakistan as important and vital which we explain in our research paper. For this purpose, we summarize, analysis, find the relationship between variables of data, compare variable data and finally focused on outcomes. For this purpose, we use the following instruments to analyze the data Mean, Slandered Deviation, Regression, sampling and Hypothesis Testing etc.

### **3.5 Reliability & Validity:**

Reliability and validity of data are very compulsory for slandered research.

If data is not reliable and valid than the result of research is also not reliable and valid.

### 3.6 Research Design:



## Chapter-4

### 4. Research Data Analysis related to State Bank of Pakistan

My research depends on “The Role of State Bank of Pakistan in the economy” of our country also in the role in the banking system of Pakistan. In this research, we will discuss the data analysis and its conclusion.

#### 4.1 Data Analysis:

For data analysis, I have prepared a questionnaire for a survey about the role of SBP in the economy of Pakistan. For this purpose, I contact with Pakistani community they live in Thailand further I have contacted some my fellow student those are a student of MBA English program they have good knowledge of Pakistani economy. My questioner not related to any type of gender and age of participants in a survey it basis of knowledge of participants. That survey only basis on the result of the survey report. Further, I have not considered geographical location because it is not important for our research. For the survey I have prepared criteria in five options for a survey of questioner's detail is as follows.

i-Below Average

ii- Average

iii-Good

iv-Very Good

v- Excellent

I have divided the data into four important categories these are very important for the Role of the State Bank of Pakistan.

A-Monitory Policies

B- Organizations.

C-Controlling

D- The Role of State Bank of Pakistan.

#### 4.2 Variable Information:

Variable	Position	Label	Measurement Level	Role	Column Width	Alignment
Mandatory	1	Are you live in Pakistan or strong information about Pakistan?	Nominal	Input	10	Right
Monetary Policy 1	2	What is the impact of monetary policy on the Pakistani economy?	Ordinal	Input	8	Right
Monetary Policy 2	3	How the monetary policy controls inflation of Pakistan economy?	Ordinal	Input	8	Right
Monetary Policy 3	4	How the monetary policy impact on the reserve system of SBP?	Ordinal	Input	8	Right
Monetary Policy 4	5	How the monetary policies establish the confidence of foreign investor on the economy of Pakistan?	Ordinal	Input	8	Right
Monetary Policy 5	6	How monetary policy promote local inventor in the country?	Ordinal	Input	8	Right
Organization 1	7	How the SBP Organization & Management are working in the economy of the country?	Ordinal	Input	8	Right
Organization 2	8	How the State Bank of Pakistan Organization stricture is working successfully?	Ordinal	Input	8	Right
Organization 3	9	How the SBP develop the Banking systems of Pakistan?	Ordinal	Input	8	Right
Organization 4	10	How the SBP exchange Management is appropriate?	Ordinal	Input	8	Right
Organization 5	11	How the State Bank of Pakistan risk management is successful?	Ordinal	Input	8	Right
Controlling 1	12	How the SBP control appropriately foreign exchange management?	Ordinal	Input	8	Right
Controlling 2	13	How far do you think the State Bank of Pakistan controlling on currency supply is successful?	Ordinal	Input	8	Right
Controlling 3	14	How the SBP control the banking rate of interest in the country?	Ordinal	Input	8	Right
Controlling 4	15	How the SBP effect of controlling protocols and GDP appropriation?	Ordinal	Input	8	Right
Controlling 5	16	How the State Bank of Pakistan control Banking system?	Ordinal	Input	8	Right



<b>Variable</b>	<b>Position</b>	<b>Label</b>	<b>Measurement Level</b>	<b>Role</b>	<b>Column Width</b>	<b>Alignment</b>
Role of State Bank of Pakistan 1	<b>17</b>	How the important role of SBP to development of Islamic banking in Pakistan?	Ordinal	Input	8	Right
Role of State Bank of Pakistan 2	<b>18</b>	How the important role of SBP to development of industrialization in Pakistan?	Ordinal	Input	8	Right
Role of State Bank of Pakistan 3	<b>19</b>	How the important role of SBP in rural development & agriculture development in Pakistan?	Ordinal	Input	8	Right
Role of State Bank of Pakistan 4	<b>20</b>	How far the do you think SBP role in the growth of GDP and PPP of the country?	Ordinal	Input	8	Right
Role of State Bank of Pakistan 5	<b>21</b>	How the important role of SBP to Pakistan to development of social sector & SME in the country?	Ordinal	Input	8	Right

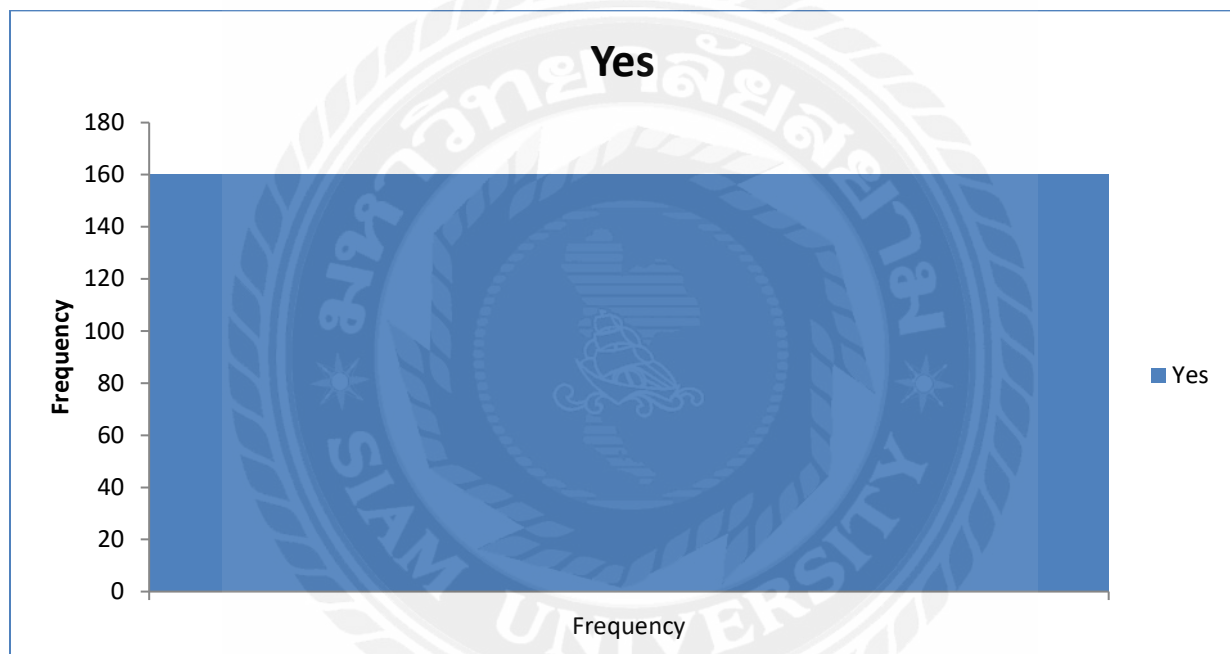
#### 4.3 Variable Value:

Value		Label
Mandatory	1	No
	2	Yes
Monetary Policy	1	Below Average
	2	Average
	3	Good
	4	Very Good
	5	Excellent
Organization and Management	1	Below Average
	2	Average
	3	Good
	4	Very Good
	5	Excellent
Controlling Policy	1	Below Average
	2	Average
	3	Good
	4	Very Good
	5	Excellent
Role of SBP in Pakistan	1	Below Average
	2	Average
	3	Good
	4	Very Good
	5	Excellent

#### 4.4 Frequency table and Bar chart

	Frequency	Percent	Cumulative Percent
Below Average	160	100	100

☑ ARE YOU LIVING IN PAKISTAN OR HAVE STRONG KNOWLEDGE ABOUT PAKISTAN?

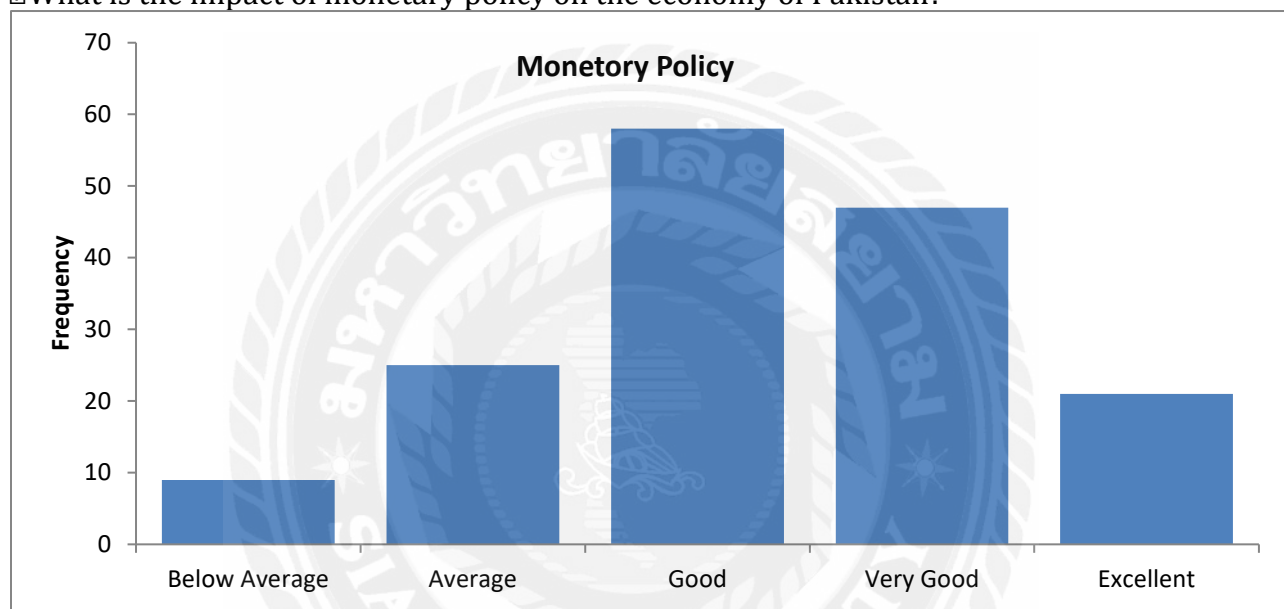


We can easily find in the above chart that how many people participate in that survey which belongs my research on “Role of State Bank of Pakistan in Pakistan economy and banking”.

The total participant was 160 the 55% percent were male, and 45% percent were female. An important condition for participants as they have strong knowledge of Pakistan and State bank of Pakistan and its role. That is why the majority of participant belongs Pakistan.

	Frequency	Percent	Cumulative Percent
Below Average	9	5.63	5.63
Average	25	15.63	21.25
Good	58	36.25	57.50
Very Good	47	29.38	86.88
Excellent	21	13.13	100.00
	160	100	

What is the impact of monetary policy on the economy of Pakistan?

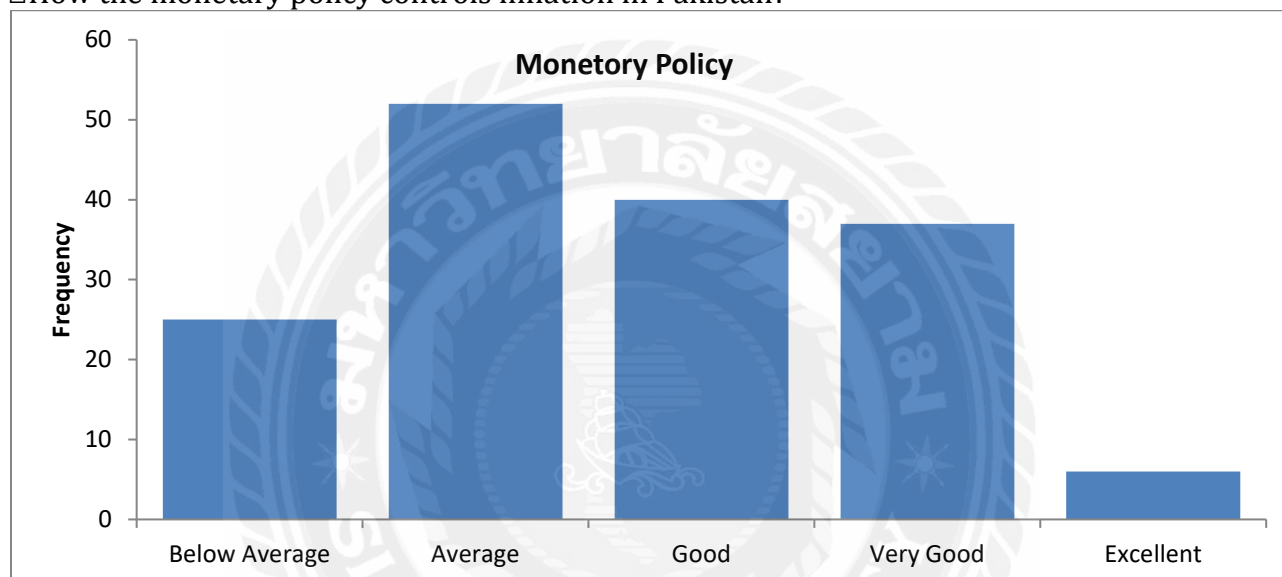


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1-Good	It is the first option chosen by survey participants.
2-Very Good	It is the second option chosen by survey participants.
3-Average	It is the third option chosen by survey participants.
4-Excellent	It is the fourth option chosen by survey participants.
5-Below Average	It is the fifth option choose of survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	25	15.63	15.63
Average	52	32.50	48.13
Good	40	25.00	73.13
Very Good	37	23.13	96.25
Excellent	6	3.75	100.00
	160	100	

How the monetary policy controls inflation in Pakistan?

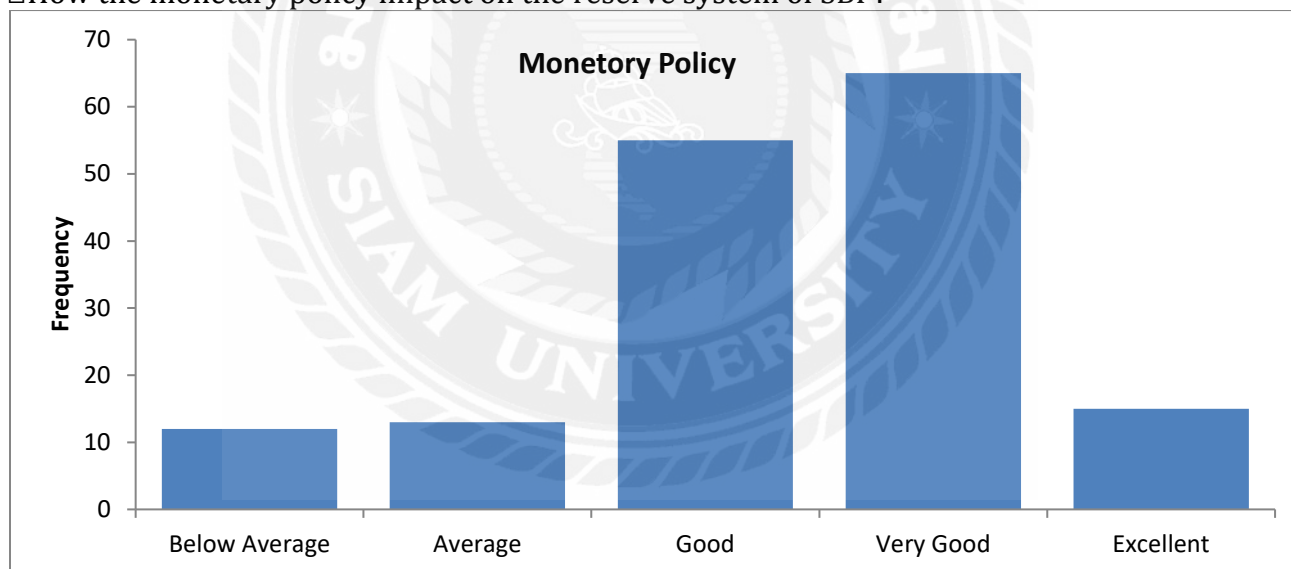


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Average	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3-Very Good	It is the third option chosen by survey participants.
4-Below Average	It is the fourth option chosen by survey participants.
5-Excellent	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	12	7.50	7.50
Average	13	8.13	15.63
Good	55	34.38	50.00
Very Good	65	40.63	90.63
Excellent	15	9.38	100.00
	160	100	

How the monetary policy impact on the reserve system of SBP?

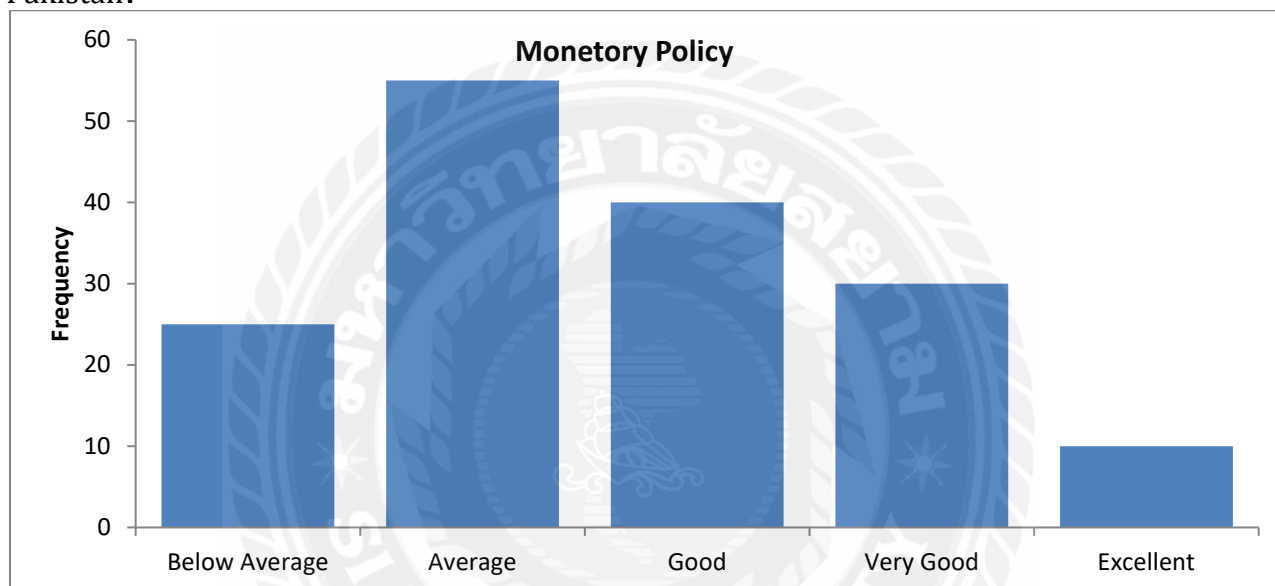


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Very Good	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3-Excellent	It is the third option chosen by survey participants.
4-Average	It is the fourth option chosen by survey participants.
5-Below Average	It is the fifth option chosen by survey participants.

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Below Average	25	15.63	15.63
Average	55	34.38	50.00
Good	40	25.00	75.00
Very Good	30	18.75	93.75
Excellent	10	6.25	100.00
	160	100	

How the monetary policies establish the confidence of foreign investor on the economy of Pakistan?

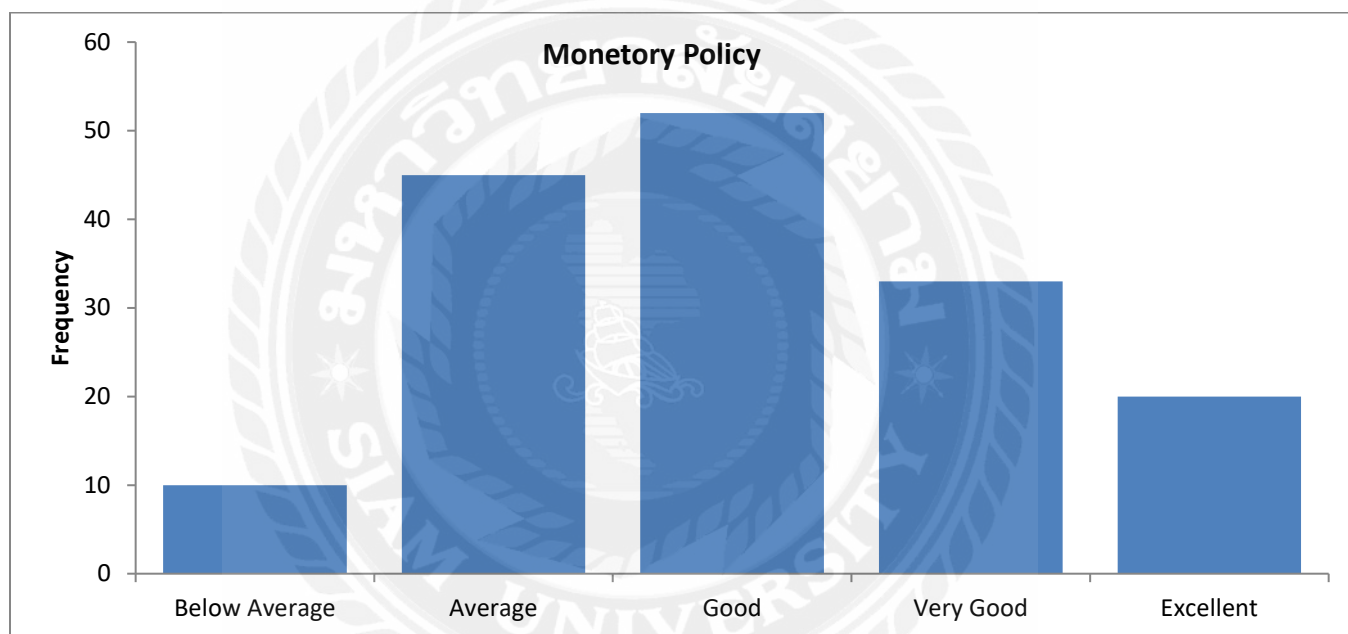


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Average	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3-Very Good	It is the third option chosen by survey participants.
4- Below Average	It is the fourth option chosen by survey participants.
5-Excellent	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	10	6.25	6.25
Average	45	28.13	34.38
Good	52	32.50	66.88
Very Good	33	20.63	87.50
Excellent	20	12.50	100.00
	160	100	

How monetary policy promote local inventor in the economy of Pakistan?



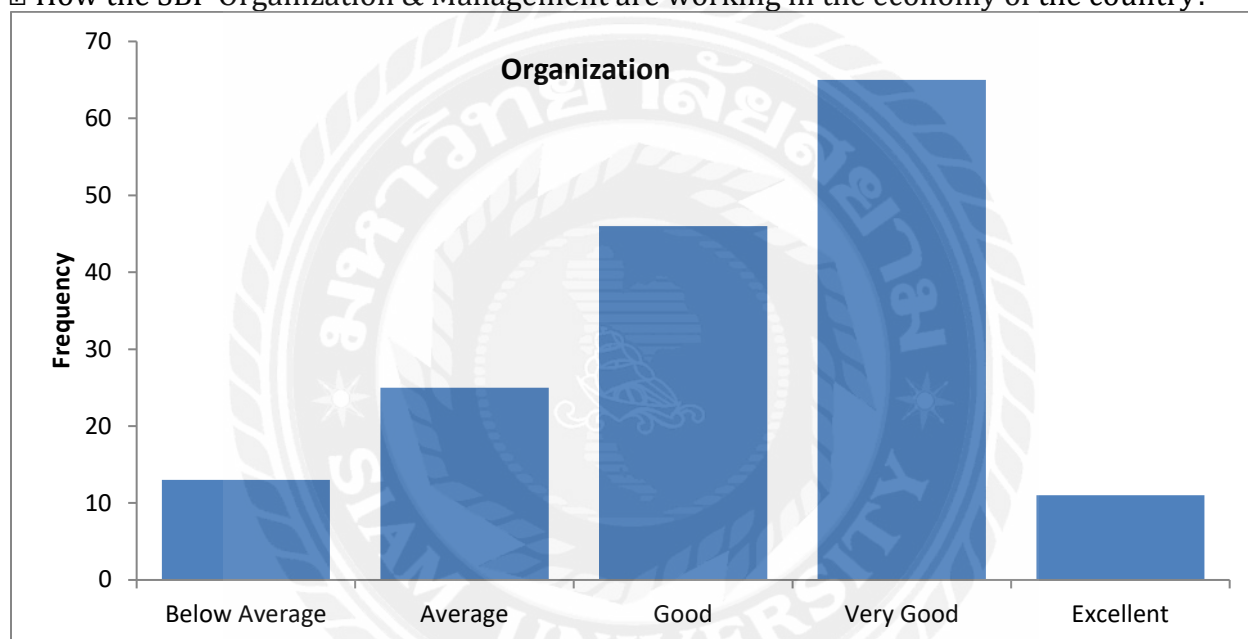
From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Good	It is the first option chosen by survey participants.
2- Average	It is the second option chosen by survey participants.
3-Very Good	It is the third option chosen by survey participants.
4- Excellent	It is the fourth option chosen by survey participants.
5-Below Average	It is the fifth option chosen by survey participants.



	Frequency	Percent	Cumulative Percent
Below Average	13	8.13	8.13
Average	25	15.63	23.75
Good	46	28.75	52.50
Very Good	65	40.63	93.13
Excellent	11	6.88	100.00
	160	100	

☐ How the SBP Organization & Management are working in the economy of the country?

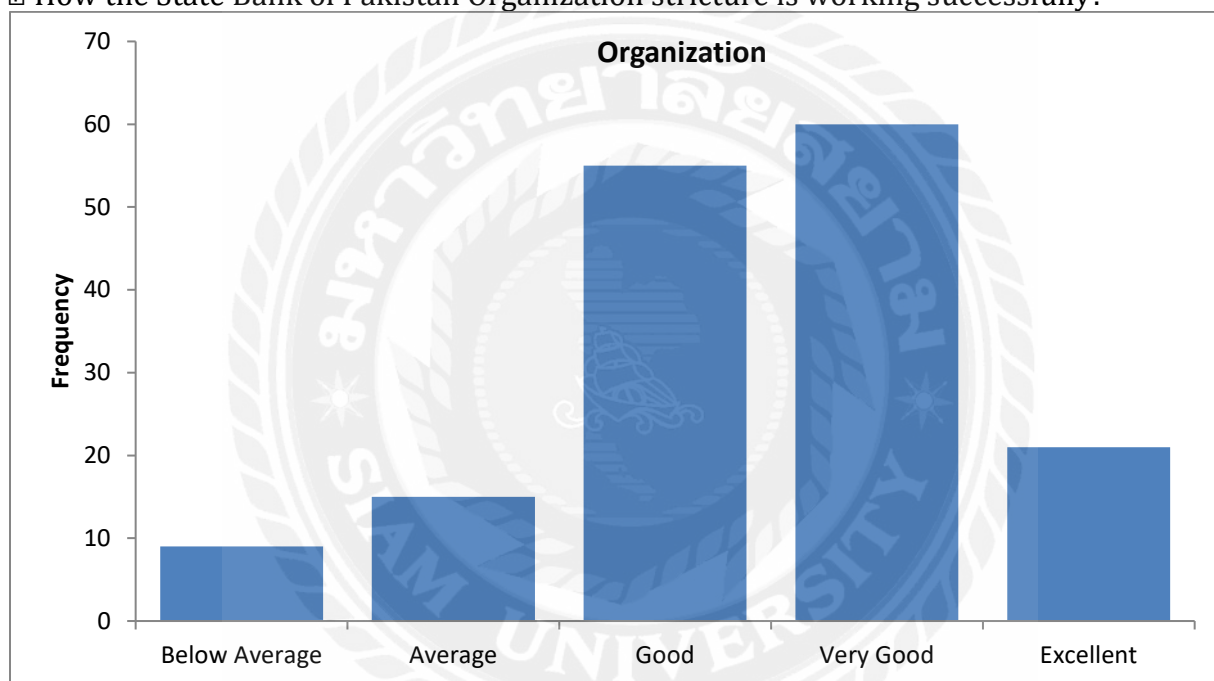


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1-Very Good	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3- Average	It is the third option chosen by survey participants.
4-Below Average	It is the fourth option chosen by survey participants.
5-Excellent	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	9	5.63	5.63
Average	15	9.38	15.00
Good	55	34.38	49.38
Very Good	60	37.50	86.88
Excellent	21	13.13	100.00
	160	100	

How the State Bank of Pakistan Organization stricture is working successfully?

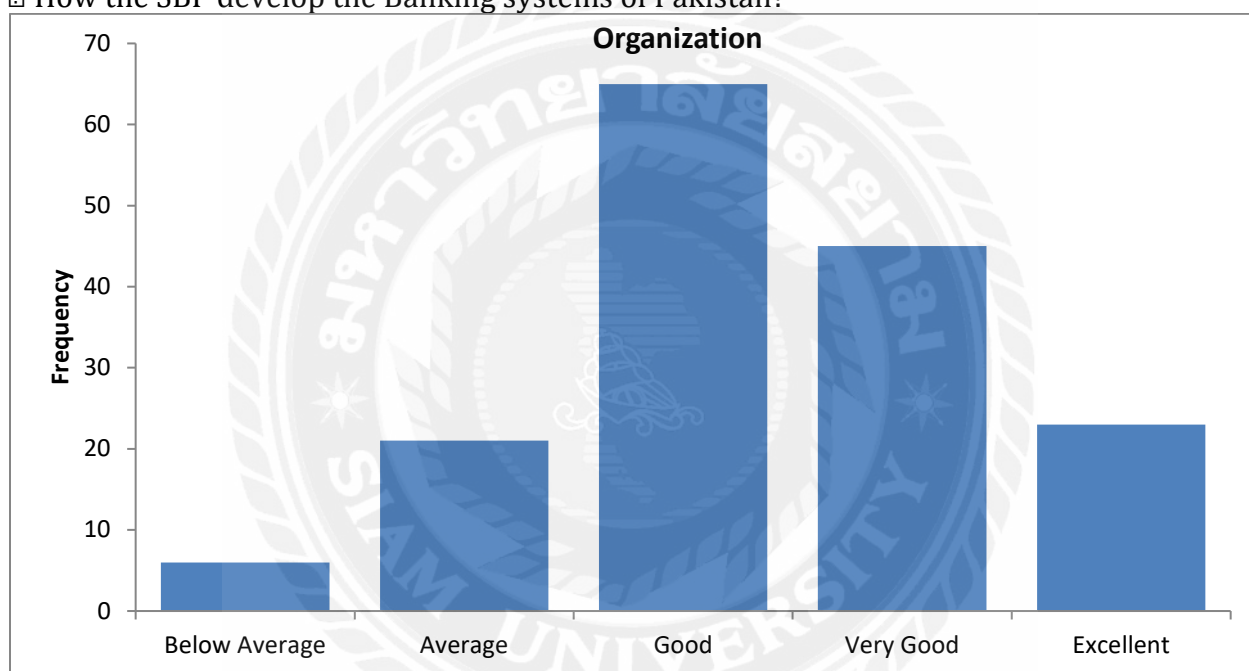


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1-Very Good	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3- Excellent	It is the third option chosen by survey participants.
4-Average	It is the fourth option chosen by survey participants.
5- Below Average	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	6	3.75	3.75
Average	21	13.13	16.88
Good	65	40.63	57.50
Very Good	45	28.13	85.63
Excellent	23	14.38	100.00
	160	100	

How the SBP develop the Banking systems of Pakistan?

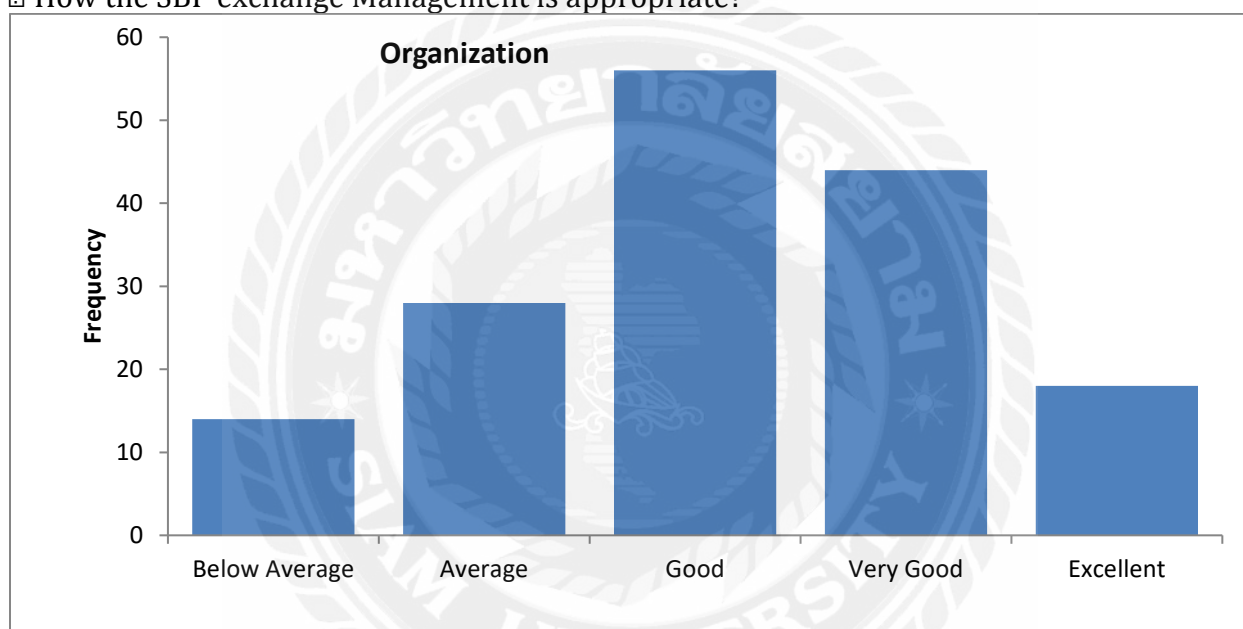


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1-Good	It is the first option chosen by survey participants.
2- Very Good	It is the second option chosen by survey participants.
3- Excellent	It is the third option chosen by survey participants.
4-Average	It is the fourth option chosen by survey participants.
5- Below Average	It is the fifth option chosen by survey participants.

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Below Average	14	8.75	8.75
Average	28	17.50	26.25
Good	56	35.00	61.25
Very Good	44	27.50	88.75
Excellent	18	11.25	100.00
	160	100	

☐ How the SBP exchange Management is appropriate?

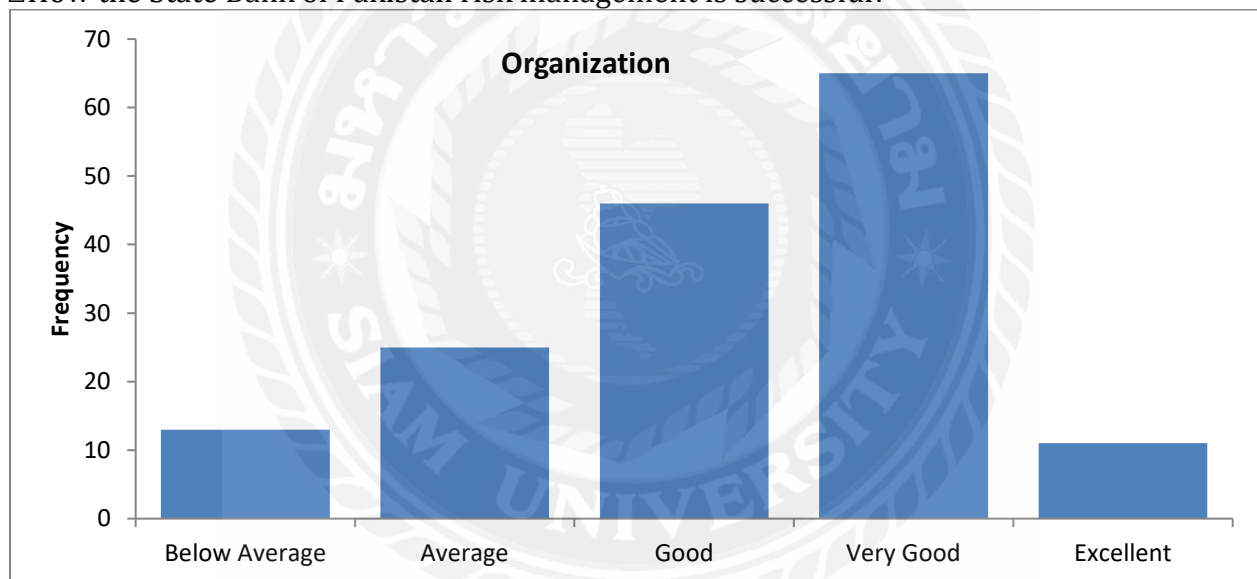


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1-Good	It is the first option chosen by survey participants.
2- Very Good	It is the second option chosen by survey participants.
3-Average	It is the third option chosen by survey participants.
4- Excellent	It is the fourth option chosen by survey participants.
5- Below Average	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	13	8.13	8.13
Average	25	15.63	23.75
Good	46	28.75	52.50
Very Good	65	40.63	93.13
Excellent	11	6.88	100.00
	160	100	

How the State Bank of Pakistan risk management is successful?

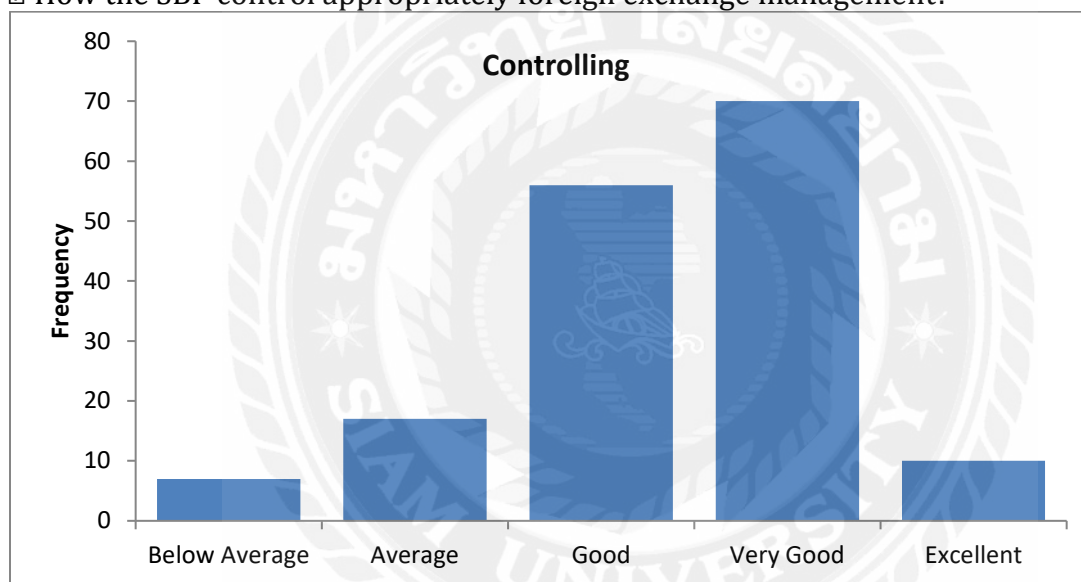


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Very Good	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3- Average	It is the third option chosen by survey participants.
4- Below Average	It is the fourth option chosen by survey participants.
5- Excellent	It is the fifth option chosen by survey participants.

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Below Average	7	4.38	4.38
Average	17	10.63	15.00
Good	56	35.00	50.00
Very Good	70	43.75	93.75
Excellent	10	6.25	100.00
	160	100	

☐ How the SBP control appropriately foreign exchange management?

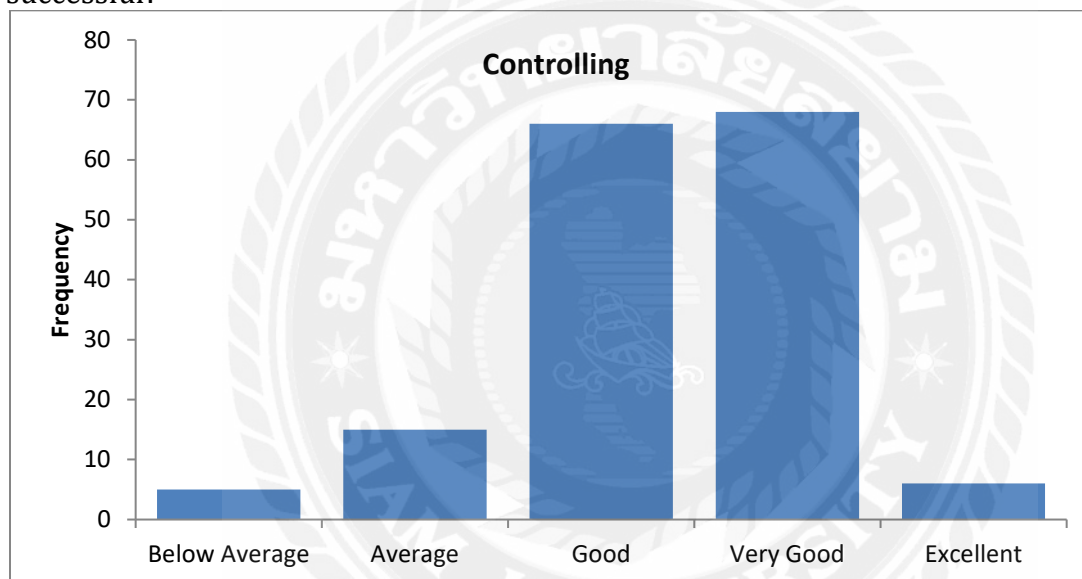


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Very Good	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3-Average	It is the third option chosen by survey participants.
4- Excellent	It is the fourth option chosen by survey participants.
5- Below Average	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	5	3.13	3.13
Average	15	9.38	12.50
Good	66	41.25	53.75
Very Good	68	42.50	96.25
Excellent	6	3.75	100.00
	160	100	

☐ How far do you think the State Bank of Pakistan controlling on currency supply is successful?

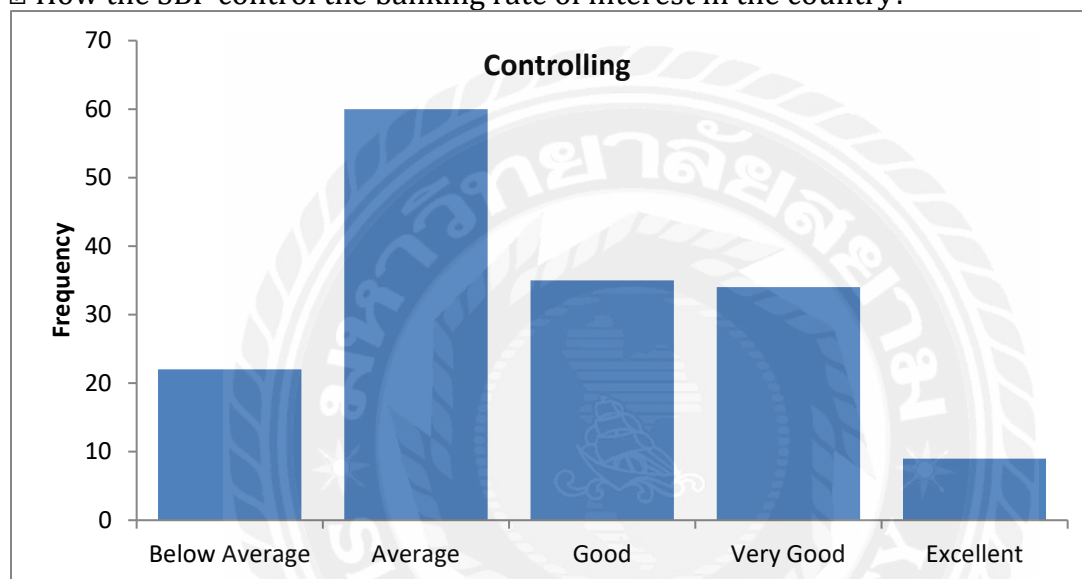


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Very Good	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3-Average	It is the third option chosen by survey participants.
4- Excellent	It is the fourth option chosen by survey participants.
5- Below Average	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	22	13.75	13.75
Average	60	37.50	51.25
Good	35	21.88	73.13
Very Good	34	21.25	94.38
Excellent	9	5.63	100.00
	160	100	

2 How the SBP control the banking rate of interest in the country?



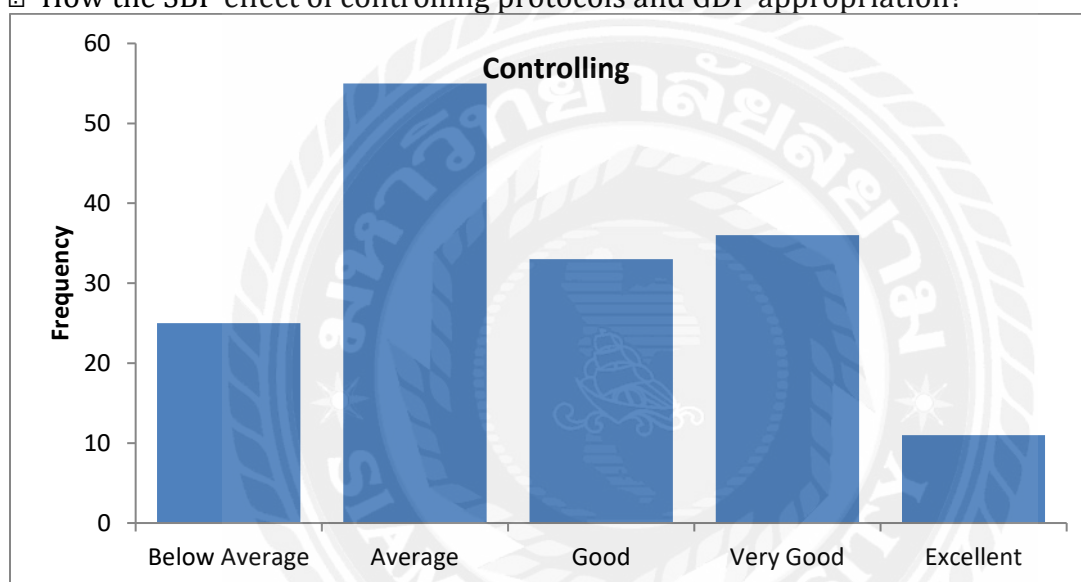
From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Average	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3- Very Good	It is the third option chosen by survey participants.
4- Below Average	It is the fourth option chosen by survey participants.
5- Excellent	It is the fifth option chosen by survey participants



	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Below Average	25	15.63	15.63
Average	55	34.38	50.00
Good	33	20.63	70.63
Very Good	36	22.50	93.13
Excellent	11	6.88	100.00
	160	100	

☐ How the SBP effect of controlling protocols and GDP appropriation?

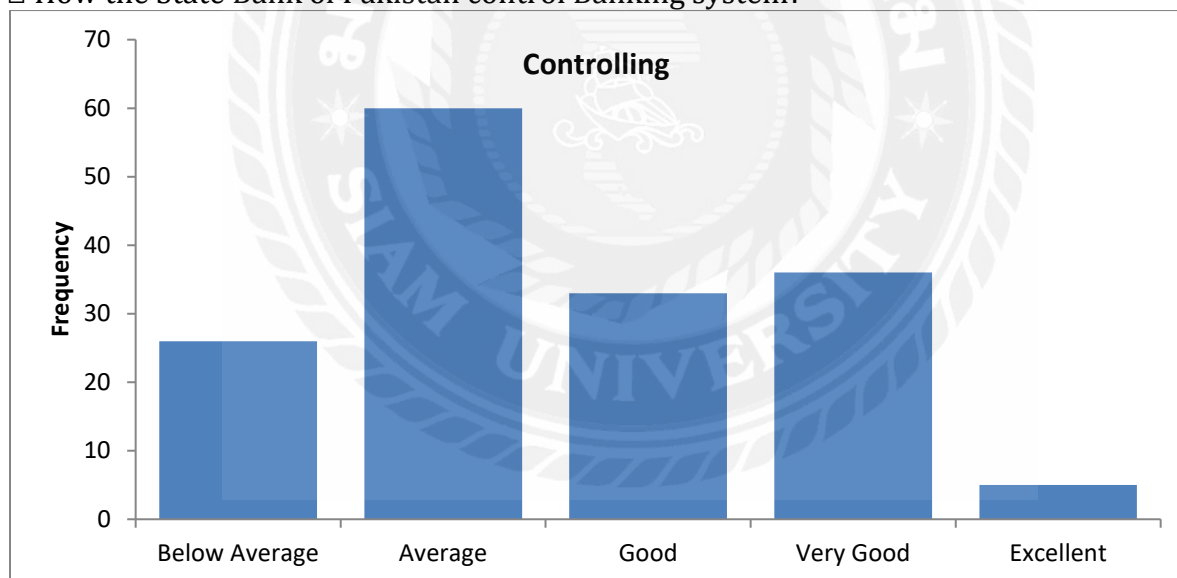


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Average	It is the first option chosen by survey participants.
2-Very Good	It is the second option chosen by survey participants.
3- Good	It is the third option chosen by survey participants.
4- Below Average	It is the fourth option chosen by survey participants.
5- Excellent	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	26	16.25	16.25
Average	60	37.50	53.75
Good	33	20.63	74.38
Very Good	36	22.50	96.88
Excellent	5	3.13	100.00
	160	100	

How the State Bank of Pakistan control Banking system?

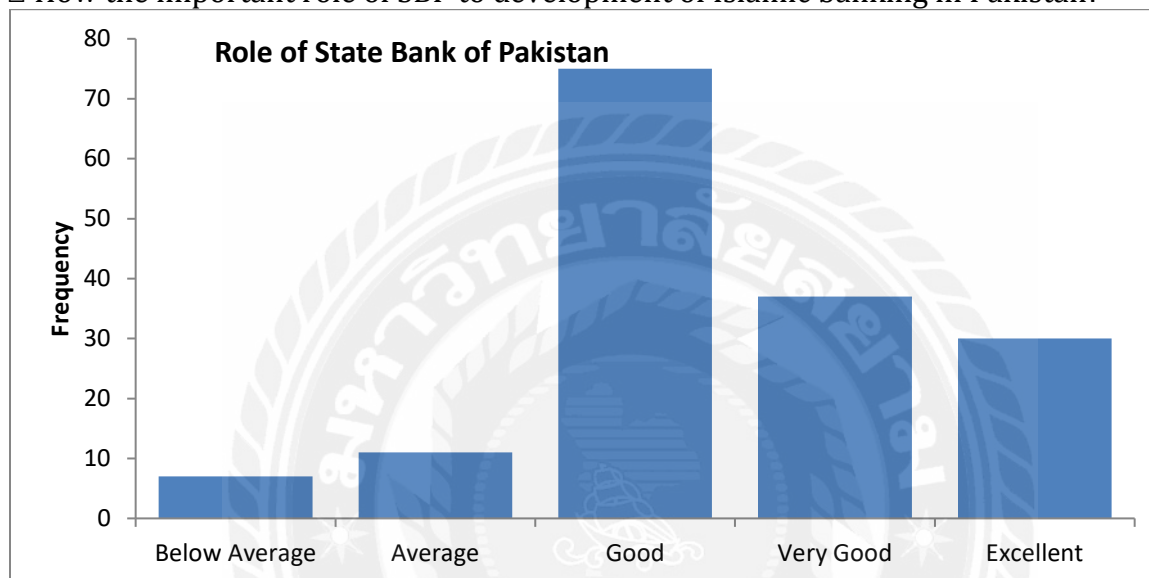


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1- Average	It is the first option chosen by survey participants.
2-Very Good	It is the second option chosen by survey participants.
3- Good	It is the third option chosen by survey participants.
4- Below Average	It is the fourth option chosen by survey participants.
5- Excellent	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	7	4.38	4.38
Average	11	6.88	11.25
Good	75	46.88	58.13
Very Good	37	23.13	81.25
Excellent	30	18.75	100.00
	160	100	

2 How the important role of SBP to development of Islamic banking in Pakistan?

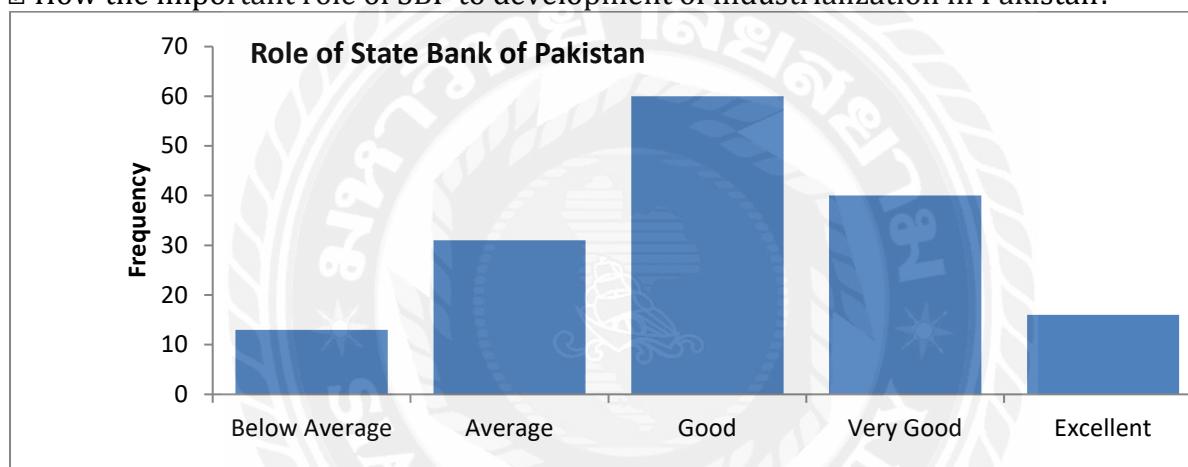


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1 Good	It is the first option chosen by survey participants.
2-Very Good	It is the second option chosen by survey participants.
3- Excellent	It is the third option chosen by survey participants.
4- Average	It is the fourth option chosen by survey participants.
5- Below Average	It is the fifth option chosen by survey participants.

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Below Average	13	8.13	8.13
Average	31	19.38	27.50
Good	60	37.50	65.00
Very Good	40	25.00	90.00
Excellent	16	10.00	100.00
	160	100	

☐ How the important role of SBP to development of industrialization in Pakistan?

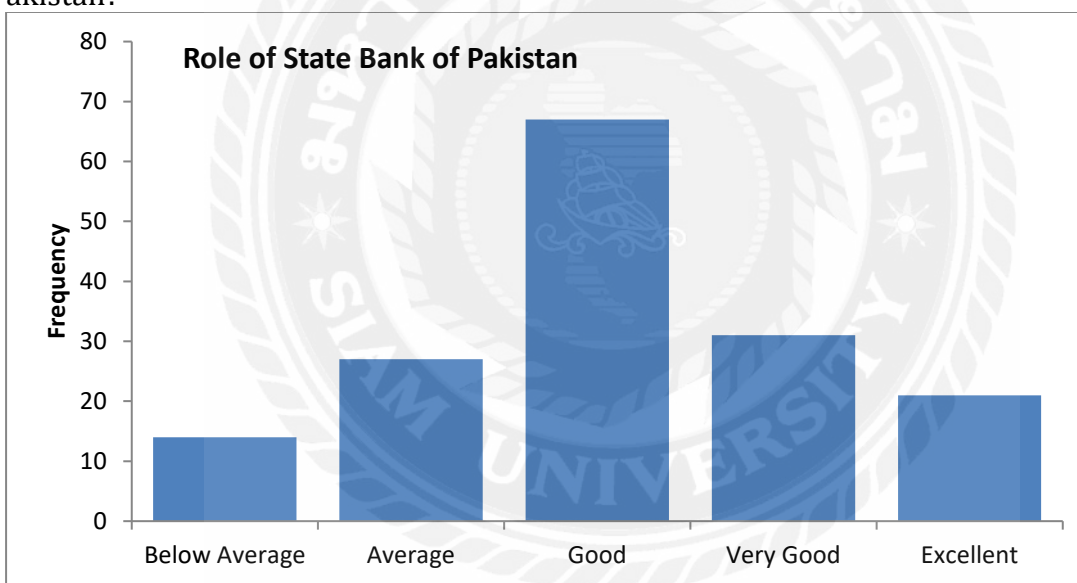


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1 Good	It is the first option chosen by survey participants.
2-Very Good	It is the second option chosen by survey participants.
3 Average	It is the third option chosen by survey participants.
4- Excellent	It is the fourth option chosen by survey participants.
5- Below Average	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	14	8.75	8.75
Average	27	16.88	25.63
Good	67	41.88	67.50
Very Good	31	19.38	86.88
Excellent	21	13.13	100.00
	160	100	

7 How the important role of SBP in rural development & agriculture development in Pakistan?

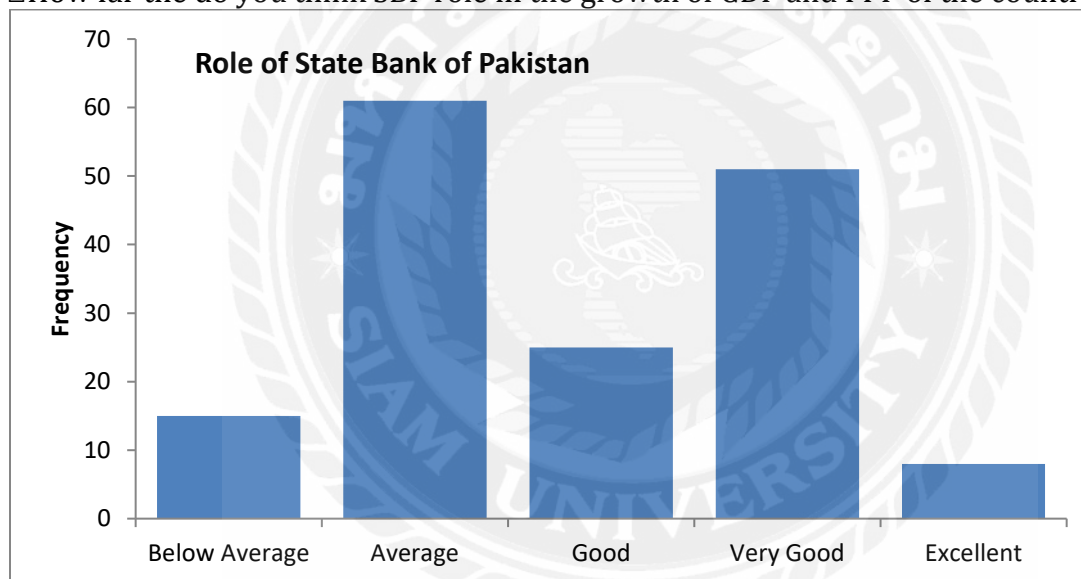


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1 Good	It is the first option chosen by survey participants.
2-Very Good	It is the second option chosen by survey participants.
3- Average	It is the third option chosen by survey participants.
4- Excellent	It is the fourth option chosen by survey participants.
5- Below Average	It is the fifth option chosen by survey participants.

	Frequency	Percent	Cumulative Percent
Below Average	15	9.38	9.38
Average	61	38.13	47.50
Good	25	15.63	63.13
Very Good	51	31.88	95.00
Excellent	8	5.00	100.00
	160	100	

2 How far the do you think SBP role in the growth of GDP and PPP of the country?

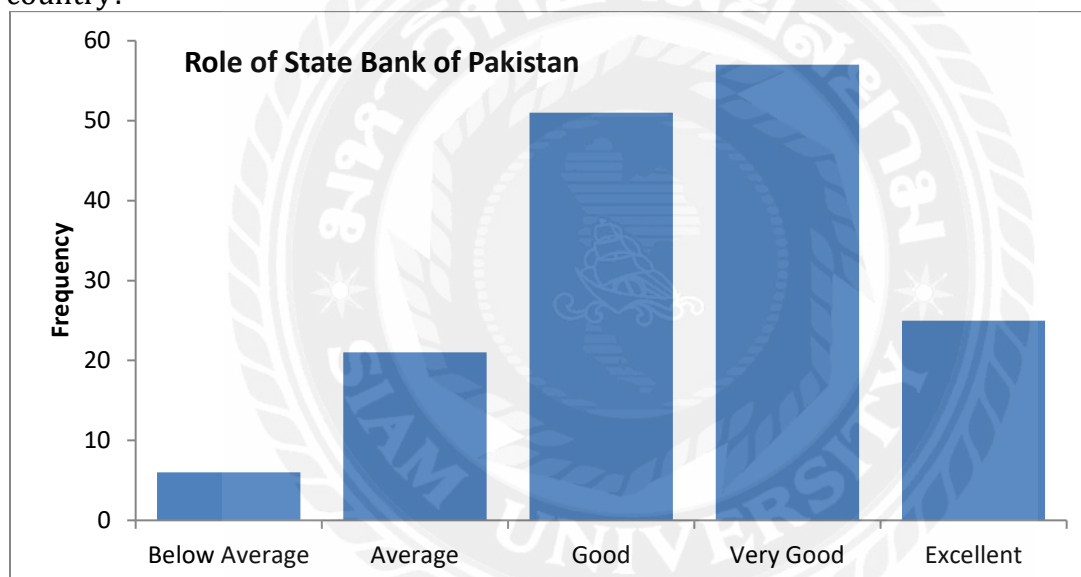


From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1-Average	It is the first option chosen by survey participants.
2-Very Good	It is the second option chosen by survey participants.
3- Good	It is the third option chosen by survey participants.
4- Below Average	It is the fourth option chosen by survey participants.
5- Excellent	It is the fifth option chosen by survey participants.

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Below Average	6	3.75	3.75
Average	21	13.13	16.88
Good	51	31.88	48.75
Very Good	57	35.63	84.38
Excellent	25	15.63	100.00
	160	100	

☐ How the important role of SBP to Pakistan to development of social sector & SME in the country?



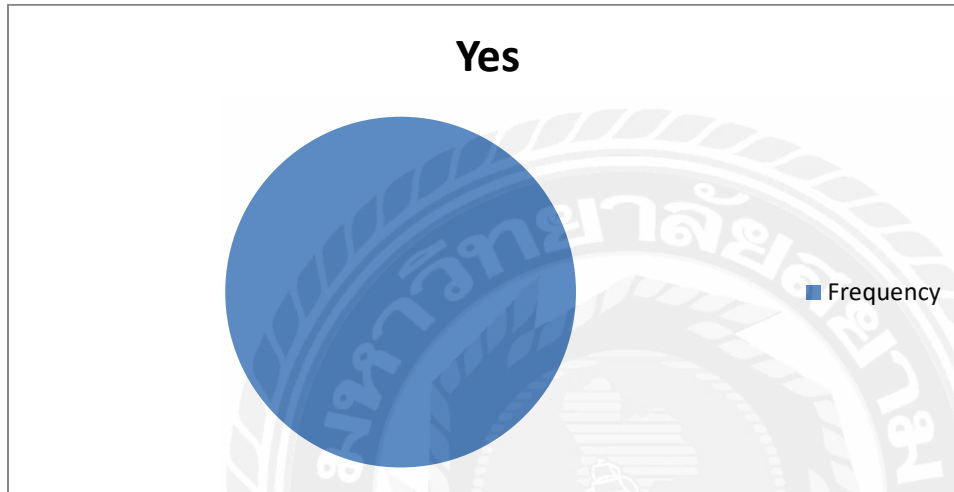
From the above chart, the majority of participants of the survey choose their choices in the following sequence.

1-Very Good	It is the first option chosen by survey participants.
2- Good	It is the second option chosen by survey participants.
3- Excellent	It is the third option chosen by survey participants.
4- Average	It is the fourth option chosen by survey participants.
5- Below Average	It is the fifth option chosen by survey participants.

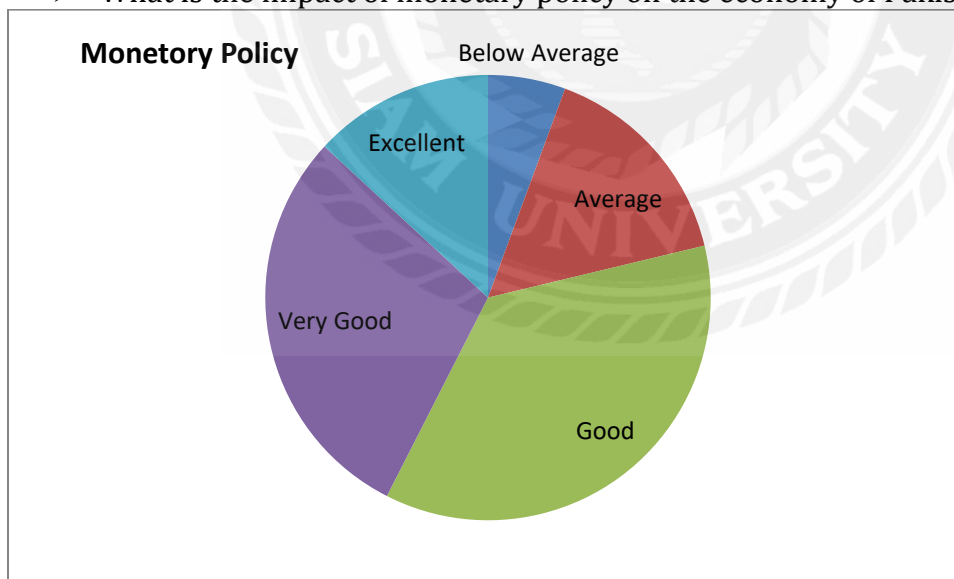
#### 4.5 Geographical Representation

	Frequency	Percent	Cumulative Percent
Yes	160	100.00	100.00
	160	100	

- Are you living in Pakistan or have strong knowledge about Pakistan?

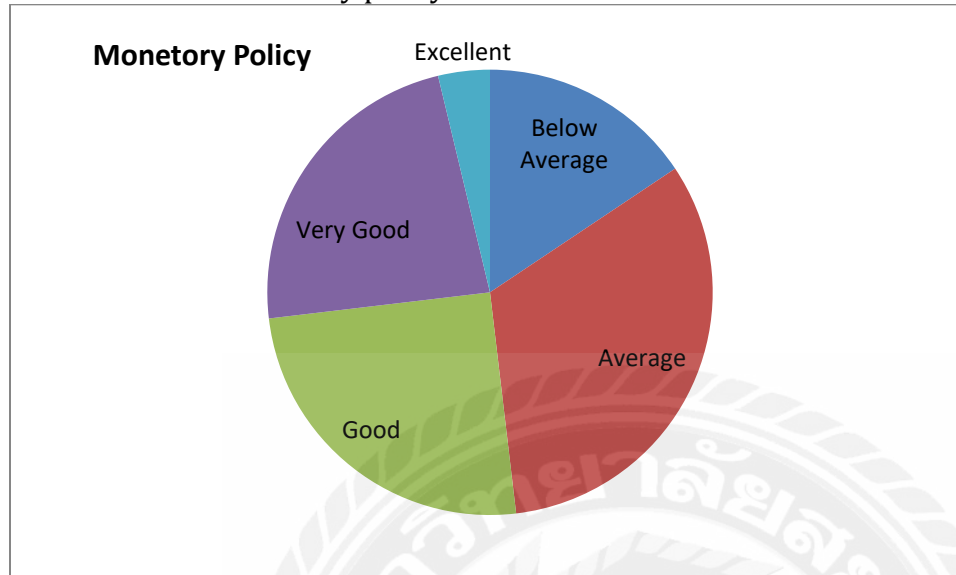


- What is the impact of monetary policy on the economy of Pakistan?

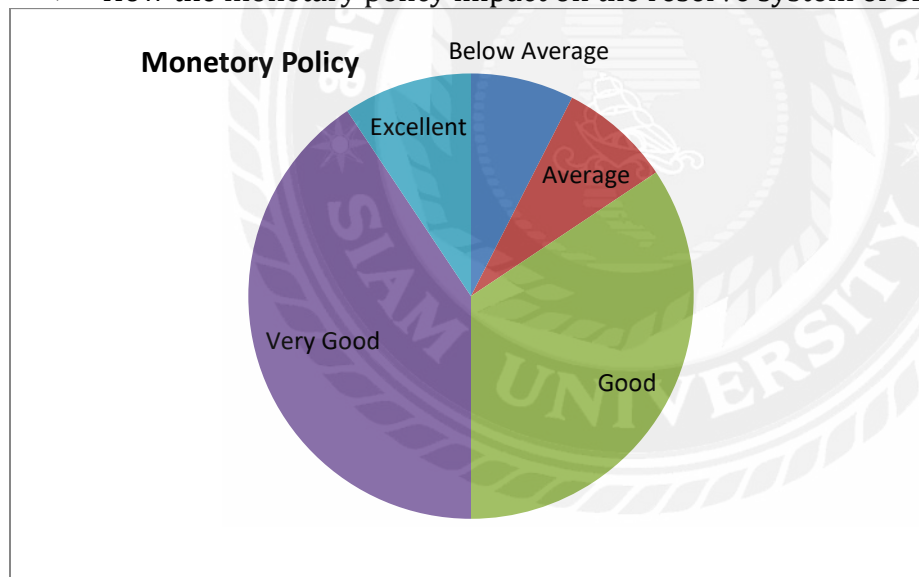




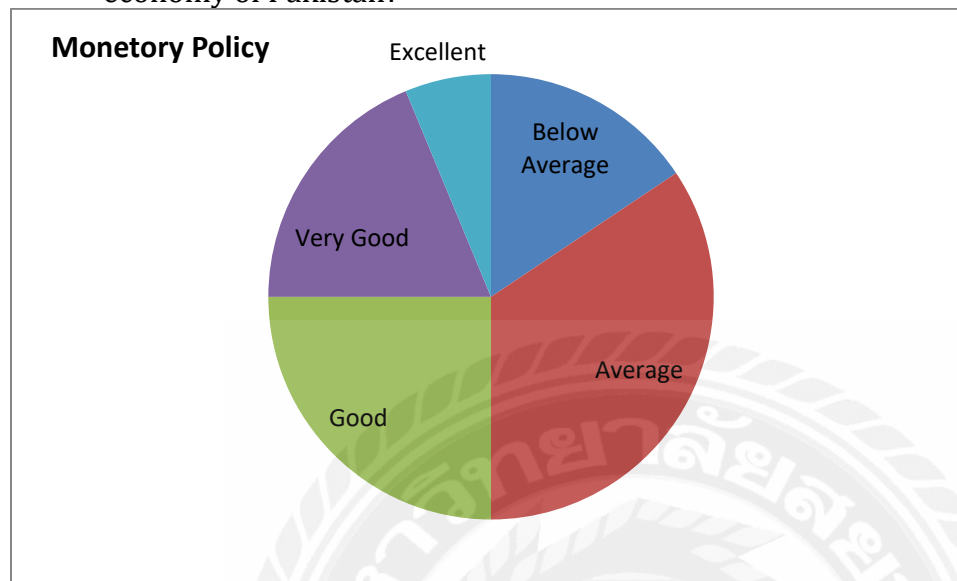
- How the monetary policy controls inflation in Pakistan?



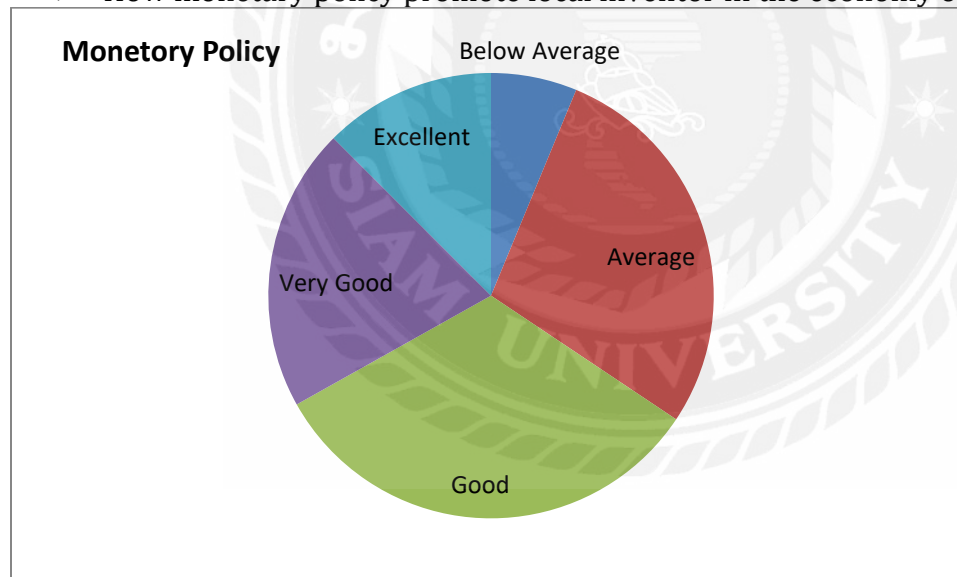
- How the monetary policy impact on the reserve system of SBP?



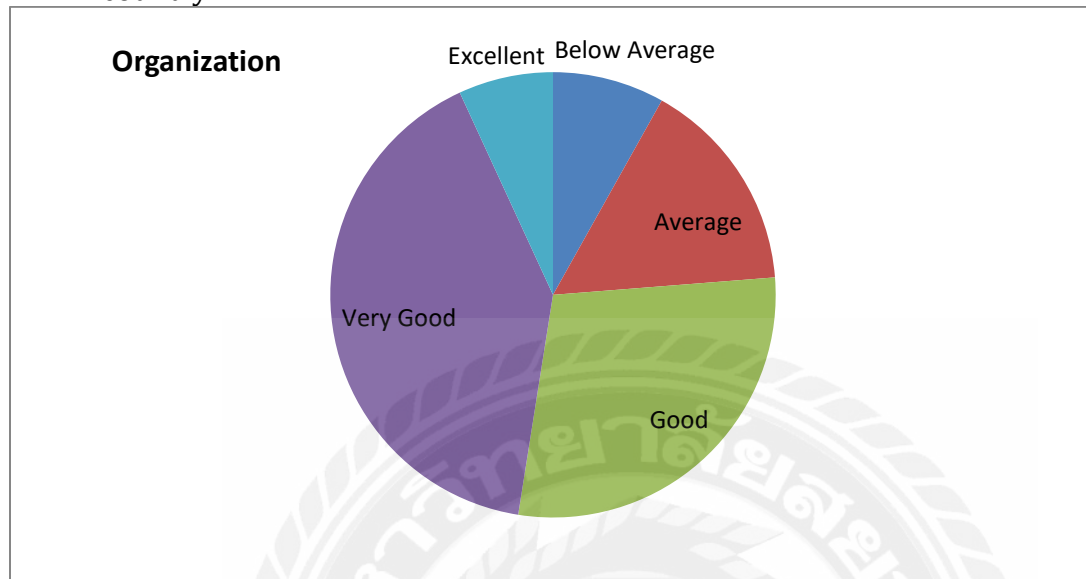
- How the monetary policies establish the confidence of foreign investor on the economy of Pakistan?



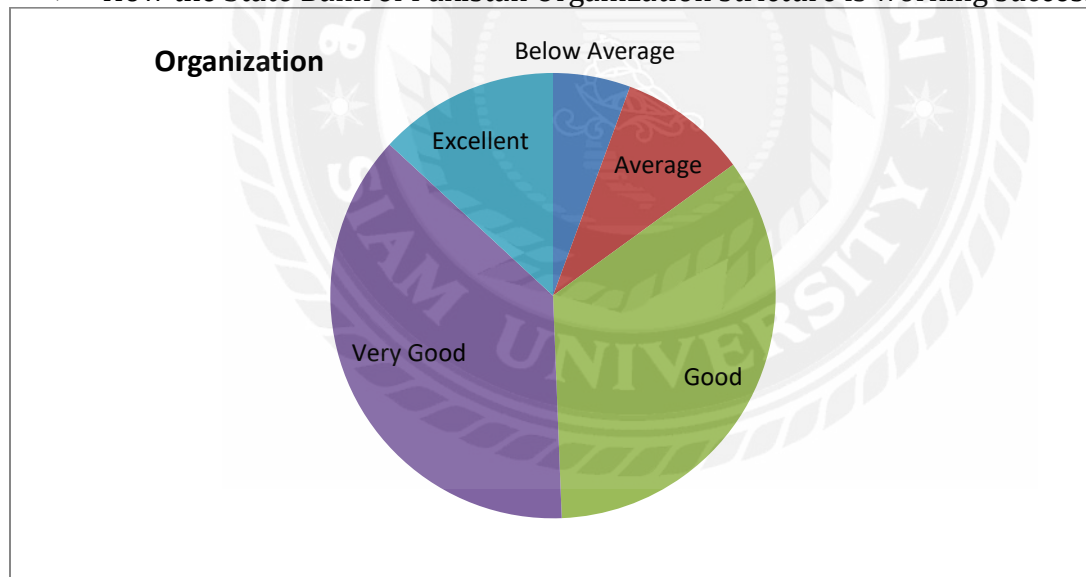
- How monetary policy promote local inventor in the economy of Pakistan?



- How the SBP Organization & Management are working in the economy of the country?

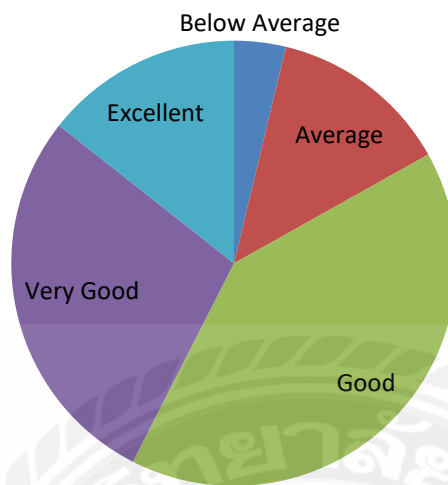


- How the State Bank of Pakistan Organization structure is working successfully?



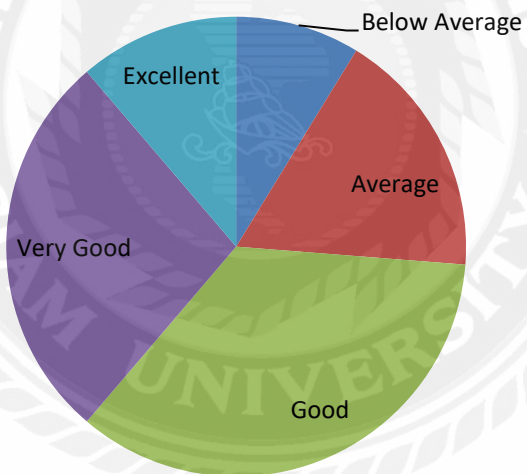
- How the SBP develop the Banking systems of Pakistan?

**Organization**



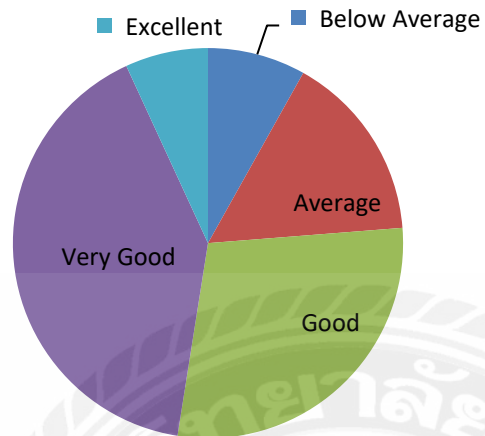
- How the SBP exchange Management is appropriate?

**Organization**



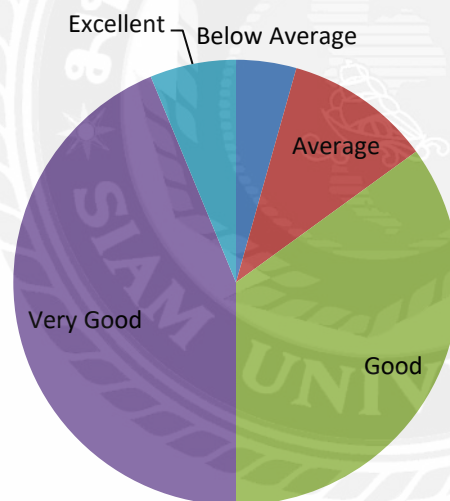
- How the State Bank of Pakistan risk management is successful?

**Organization**

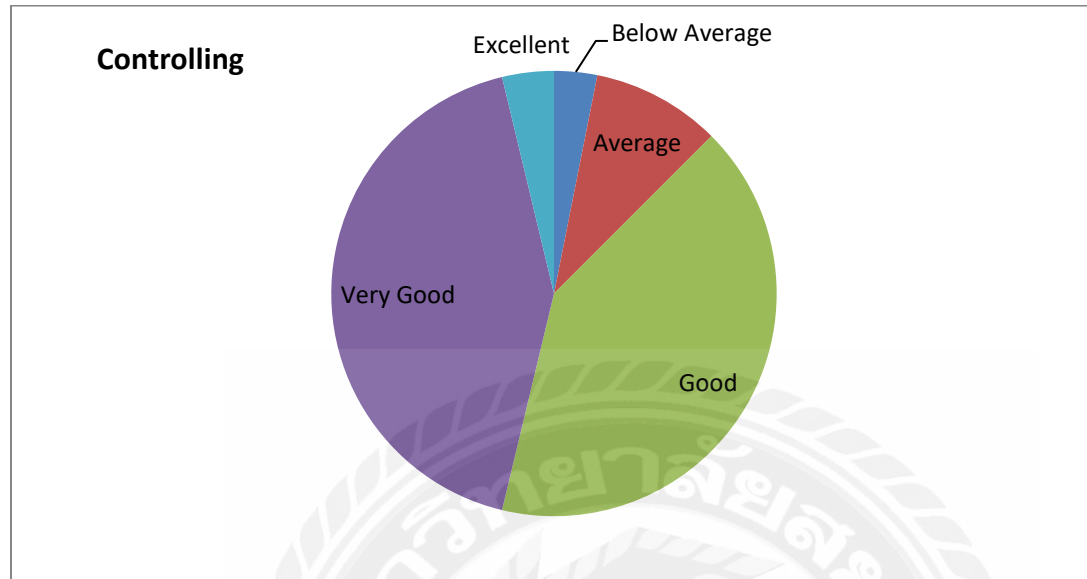


- How the SBP control appropriately foreign exchange management?

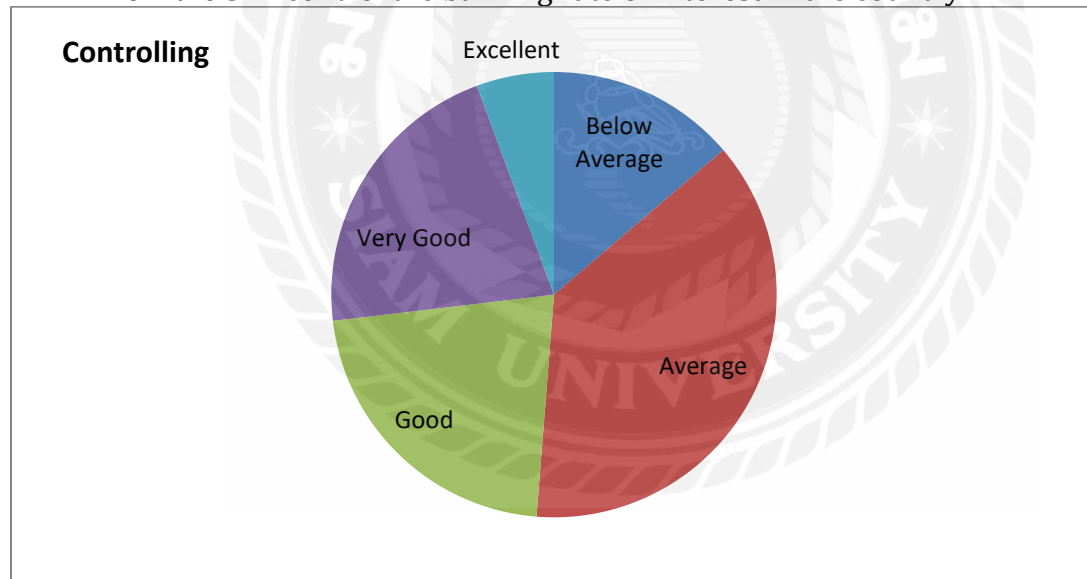
**Controlling**



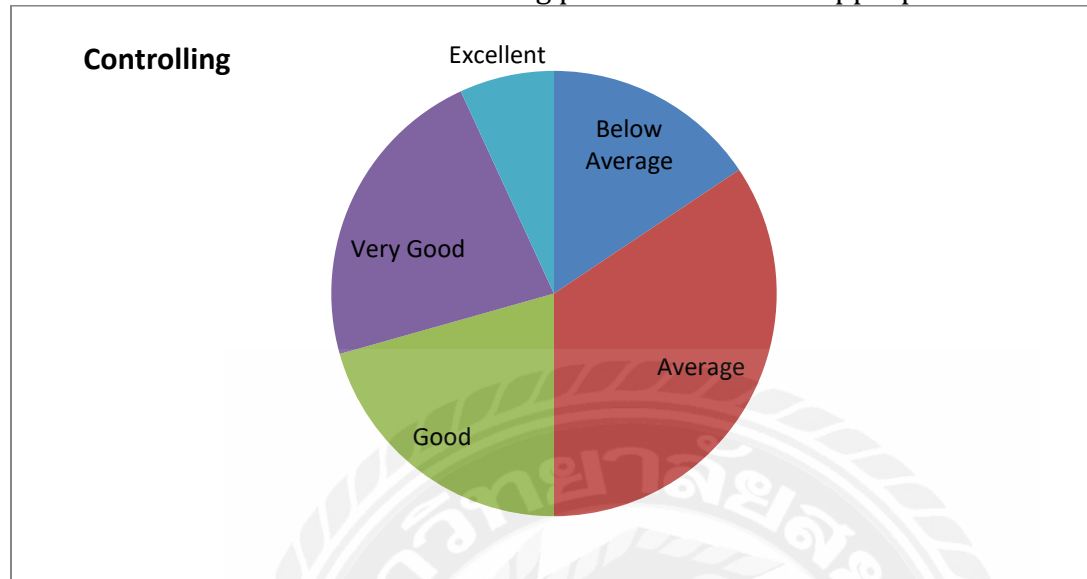
- How far do you think the State Bank of Pakistan controlling on currency supply is successful?



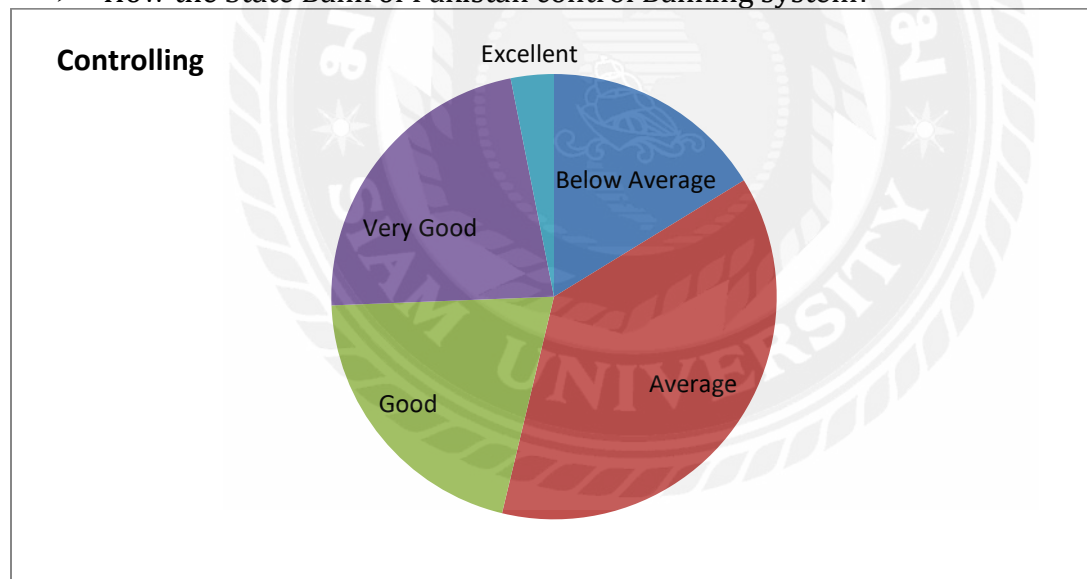
- How the SBP control the banking rate of interest in the country?



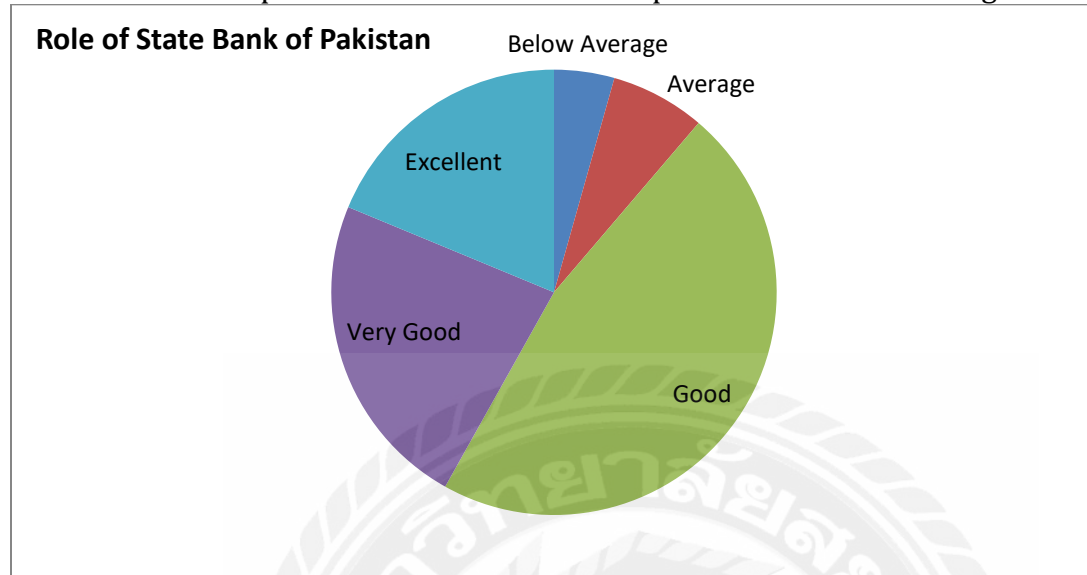
- How the SBP effect of controlling protocols and GDP appropriation?



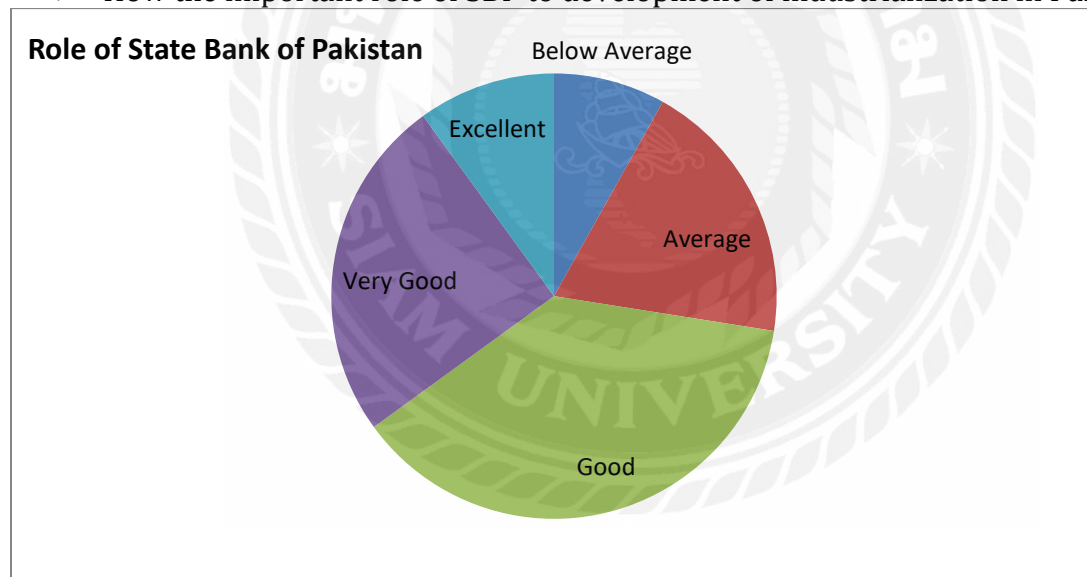
- How the State Bank of Pakistan control Banking system?



- How the important role of SBP to development of Islamic banking in Pakistan?



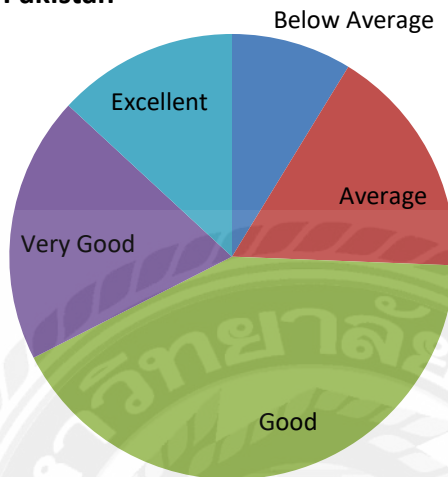
- How the important role of SBP to development of industrialization in Pakistan?





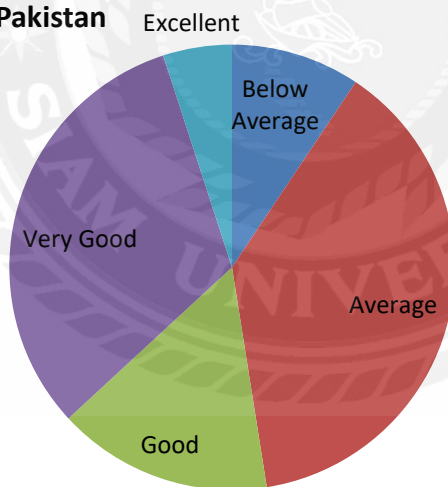
- How the important role of SBP in rural development & agriculture development in Pakistan?

**Role of State Bank of Pakistan**



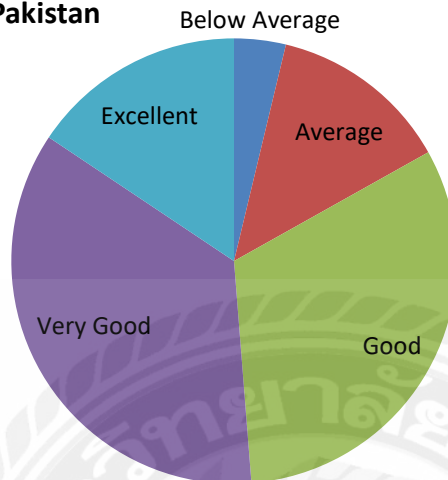
- How far the do you think SBP role in the growth of GDP and PPP of the country?

**Role of State Bank of Pakistan**



- How the important role of SBP to Pakistan to development of social sector & SME in the country?

**Role of State Bank of Pakistan**



## Chapter: 5

### 5 Summary:

#### 5.1 The Role of SBP in Pakistani Economy and Banking:

It is a bank which is responsible for the financial and economic stability of a country's. It is a symbol of economic sovereignty and solidarity of Pakistan. It has a pivotal position in the banking system and regulates and formulates policies for the scheduled commercial banks in a country, in Pakistan the central bank is known as State Bank of Pakistan.

The world has turned into a global village, every country is increasingly dependent on one another; Consequently, it has not only augmented the role of a central bank but also necessitated the establishment of a world central bank that regulates the functions of all central banks under the Sun. Hence, the World Bank (IBRD) and International Monetary Fund (IMF) have come into being exercising their full control over all central banks, especially those in the Third World countries. Even evolved, every country, being the member of the UN, has (SDE) has been evolved. Every country, being the member of the UN, has no option except to follow the dictates of the IMF and the World Bank.

**Functions of State Bank of Pakistan:** The State Bank of Pakistan work in two ways in the country as Government Bank and Banker Bank.

A-Government Bank:

- ✓ The monopoly of note issue.
- ✓ The controller of credit.
- ✓ Custodian of foreign exchange.
- ✓ Issue and management of public debts.
- ✓ Development of financial institutions.

B-Banker Bank :

- ✓ Lender of the last resort.
- ✓ Re-discounting of the bill of exchange.
- ✓ Clearinghouse services.
- ✓ Cash reserve.

✓ Counseling services.

### **Islamization of Economy in Pakistan:**

To start the process of Islamization the State Bank of Pakistan in 1984 prohibited interest-based bank accounts and replaced them with profit and loss sharing accounts. It specified the modes of financing out of these deposits as follows.

#### **1-Financing by lending:**

- Loans with service charges.
- Qarze Hasana.

#### **2-Trade Financing:**

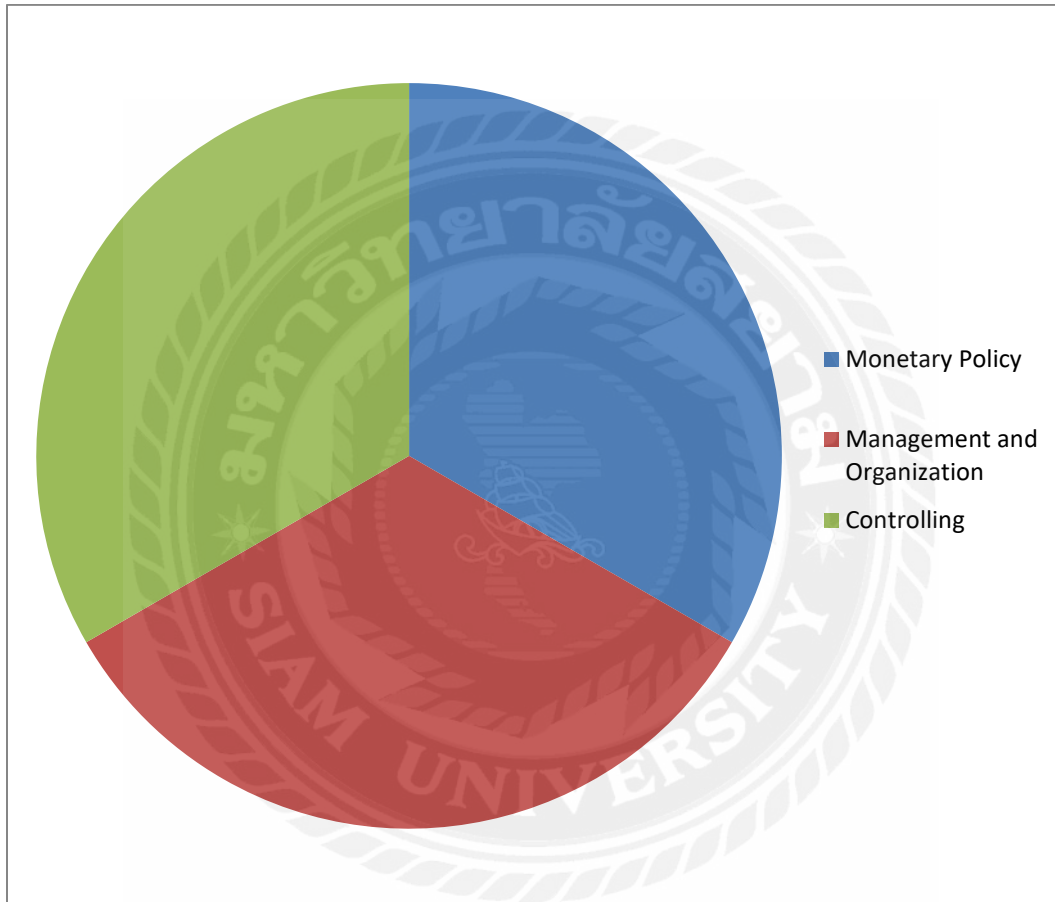
- Leasing.
- Buying and selling of goods.
- Hire-Purchase.
- Buying of trade bills.
- Development of property on service charges.
- Purchase of estate with buy-back agreement.

#### **Investments:**

- House building loans on rent-sharing.
- Musharaka (profit or loss sharing)
- Modaraba certificates.
- Purchase of shares
- Equity participation.

This research mainly emphasized three important pillars of the economy this detail is as follows.

- ❖ Monetary Policy
- ❖ Management and Organization
- ❖ Controlling



## 5.2 Conclusion:

State Bank of Pakistan Role in the country economy is very vital it is not possible in the present World that any country function without the central bank that is why after the 2<sup>nd</sup> World war international economy has readily changed.

In the international economy; the World Bank and IMF role are increasing day by day.

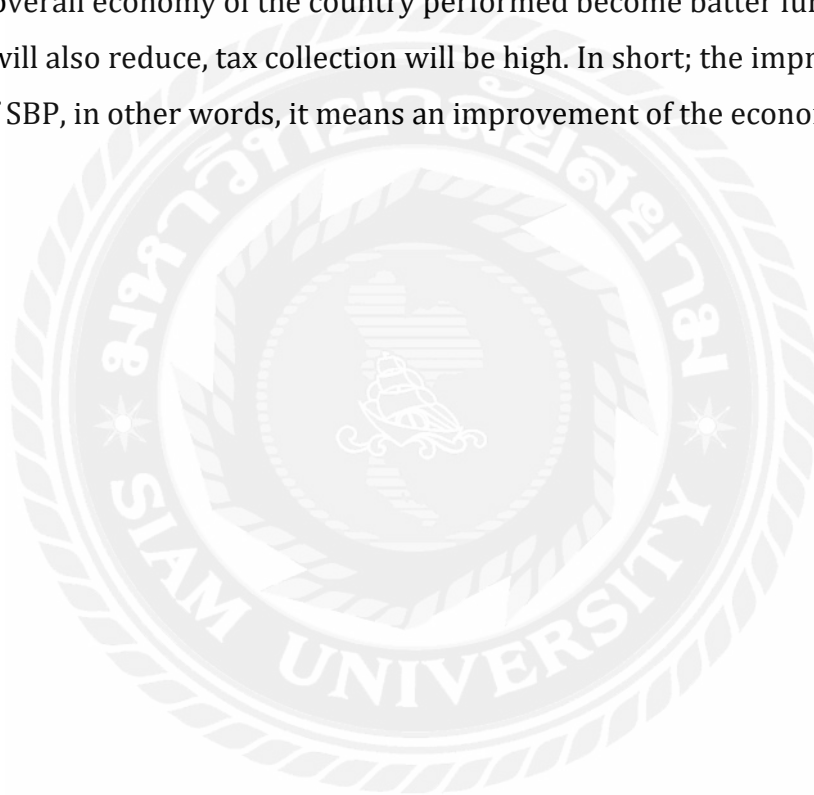
Therefore, the Central Bank role is also increasing in all developing countries and economically strong countries.

Central Bank role in Pakistan is very strong in all segments of the economy of the country as well as government financial institutions, social sectors, and import and export of country etc. State Bank of Pakistan has a monopoly to issue the currency of, control the inflation, regulate the foreign exchange, and make possible to stable the current trade deficits account. State Bank of Pakistan gives the guideline to the government of Pakistan how to make economic policy for the betterment of the people of Pakistan. Further SBP has a mechanism to overview the economic activities of the country on a regular basis because without that mechanism SBP cannot find the positive and negative impact finance ministry financial policies. That Research paper guide to MBA student how three-factor involved Monetary Policy of SBP Organization & management and Controlling. Further through the research paper, any person can find the role SBP in any financial sector of the country like the financial sector, Industrial sector, Agriculture sector, Banking sector, Trade sector, the Manufacturing sector, Service sector, Social sector, and Insurance sector etc.

### **5.3 Recommendation and Suggestions:**

The State Bank of Pakistan Should be increased their expertise in the following sectors Industrial sector, financial sector, agriculture sector, social sector. Because due to poor management of government sector progress of Pakistani economy is very low if State Bank improved their function it is possible it makes strong check and balance for the financial sector as well as social sector improve the performance of this sector and reduced the wastage of fund of government.

Therefore, the overall economy of the country performed become better further corruption in the country will also reduce, tax collection will be high. In short; the improvement in performance of SBP, in other words, it means an improvement of the economy of Pakistan.



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## Appendix

### Organizational Structure:

*Governor is the head of the State Bank of Pakistan (SBP) and has three Deputy Governors.  
Governor of SBP role is central in the SBP.*

*All function of SBP works under the supervision of Governor of SBP.*

<b>Governor State Bank of Pakistan:</b>	<b>Tariq Bajwa</b>
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**Deputy Governors of State Bank of Pakistan appointed by Governor:**

<b>Mr.Riazuddin</b> Deputy Governor Polcy	<b>Mr.Jameel Ahme</b> Deputy Governor (FMRM)	<b>Mr.Shamsul Hasan</b> Deputy Governor Islamic Banking, Finance & IT.
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### **Central Board of Directors:**

**Consists of 8 directors one of them acts as the Chairman of Board of Director he is also called Governor of SBP.**

Chairman: Tariq Bajwa
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Mr. Arif Ahmed Khan  
Secretary, Finance Division  
Government of Pakistan



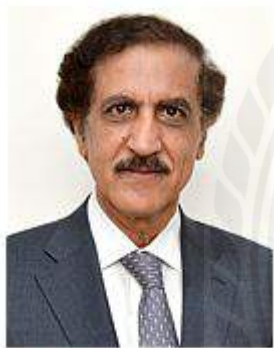
Mr. Muhammad Mansoor Ali  
Cooperate, Secretary  
Government of Pakistan



Mr.Muhammad Riaz  
Appointed From 22, March 2016 To March 21, 2019



Mr.Sarmad Amin  
Appointed From 22, March 2016 To March 21, 2019



Mr.Ardeshir Khursheed Marker  
Appointed From 22, March 2016 To March 21, 2019



Mr.Khajawa Iqbal Hussain  
Appointed From 22, March 2016 To March 21, 2019



Mr.Zubyr Soomro  
Appointed From 22, March 2016 to March 21, 2019



Mr.Hafeez Muhammad Yousuf  
Appointed From 22, March 2016 to March 21, 2019



Mr.Tariq Hassan  
Appointed From 22, March 2016 to March 21, 2019



## **Questionnaires/Survey**

### **Survey questionnaire for the “Role of State Bank of Pakistan; in Pakistan economy and banking”**

This survey aims to find out the participants perspective on the impact of monetary policy, Management, and organization, Controlling and Role of State Bank of Pakistan in Pakistan economy and Banking.

#### **Please read carefully before you tick:**

Please answer the below question before you proceed to attempt to fill out the survey form.

Are you live in Pakistan or have strong knowledge about Pakistan?

- ☐ No
- ☐ Yes

If “Yes” Please continue this survey

If “No” Please handover the survey sheet to the surveyor and we are thankful for your precious time.

**Note: Only citizens of Pakistan whether living in Pakistan or abroad are eligible to fill this survey.**



This survey is divided into four sections and every section has five questions.

Section A: Monetary policy

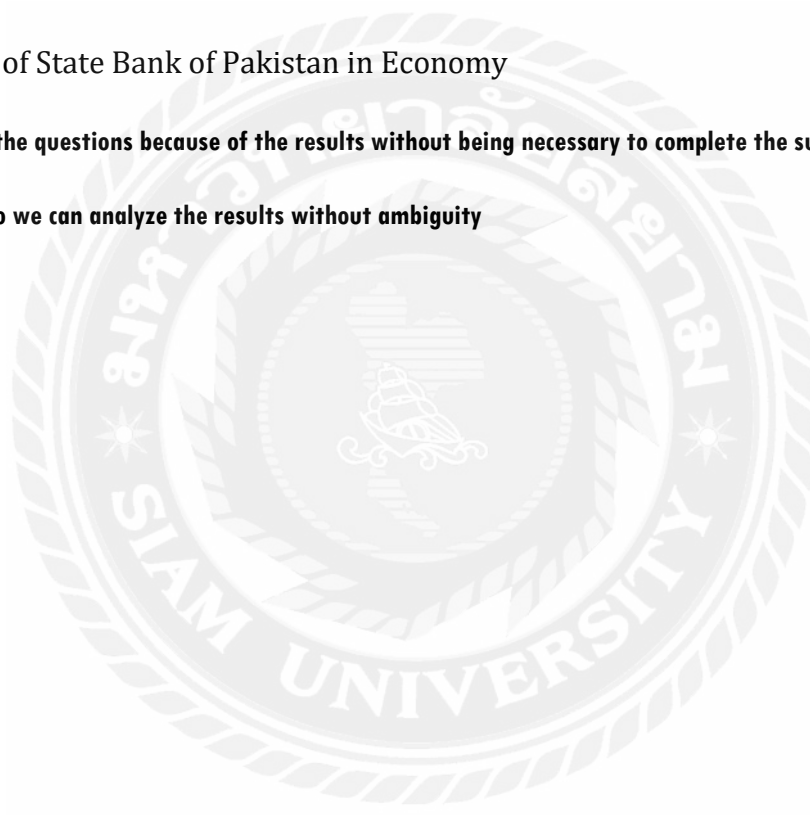
Section B: Management & Organization

Section C: Controlling policy

Section D: Role of State Bank of Pakistan in Economy

**Please complete all the questions because of the results without being necessary to complete the survey.**

**Please Tick clearly so we can analyze the results without ambiguity**



## Section A: Monetary policy

- ❖ What is the impact of monetary policy on the economy of Pakistan?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
- ❖ How the monetary policy controls inflation in Pakistan?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
- ❖ How the monetary policy impact on the reserve system of SBP?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
- ❖ How the monetary policies establish the confidence of foreign investor on the economy of Pakistan?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
- ❖ How monetary policy promote local inventor in the economy of Pakistan?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent

## Section B: Management & Organization

- ❖ How the SBP Organization & Management are working in the economy of the country?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
- ❖ How the State Bank of Pakistan Organization structure is working successfully?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
- ❖ How the SBP develop the Banking systems of Pakistan?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
- ❖ How the SBP exchange Management is appropriate?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
- ❖ How the State Bank of Pakistan risk management is successful?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent

### Section C: Controlling policy

- ❖ How the SBP control appropriately foreign exchange management?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
  
- ❖ How far do you think the State Bank of Pakistan controlling on currency supply is successful?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
  
- ❖ How the SBP control the banking rate of interest in the country?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
  
- ❖ How the SBP effect of controlling protocols and GDP appropriation?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
  
- ❖ How the State Bank of Pakistan control Banking system?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent

## Section D: Role of State Bank of Pakistan in Economy

- ❖ How the important role of SBP to development of Islamic banking in Pakistan?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
  
- ❖ How the important role of SBP to development of industrialization in Pakistan?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
  
- ❖ How the important role of SBP in rural development & agriculture development in Pakistan?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
  
- ❖ How far the do you think SBP role in the growth of GDP and PPP of the country?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent
  
- ❖ How the important role of SBP to Pakistan to development of social sector & SME in the country?
  - Below Average
  - Average
  - Good
  - Very Good
  - Excellent