



ECONOMIC LETTER

a weekly publication of The Institute of Bankers Pakistan

Page No. 01

VOLUME 16

ISSUE 19

MAY 07, 2021

A Company Set Up Under Section 42 of the Companies Act, 2017

PAKISTAN TIDINGS

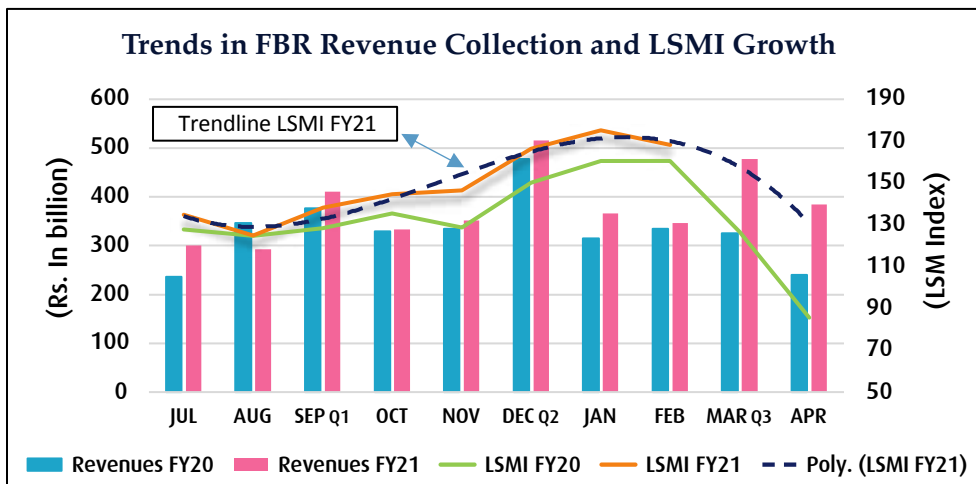
COVID-19: Impact of SBP's Measures as of April 16 – May 03, 2021

(Rs. in billion)			
Loans Deferred	657.0	Loans Approved for Hospitals	12.6
Loans Restructured	253.6	Loans Approved for Investment	436.0
Loans Approved for Wages*	238.0	ATMs' Availability	96 Percent

* Since the scheme is no longer available, the data has not been updated after November 13, 2020.

Growing Economic Activities Spur FBR's Revenue Collection during Jul-April FY 21

According to the provisional information released by Federal Board of Revenue (FBR), net revenue collection for the first ten months of the current fiscal year at Rs. 3,780 million, exceeded the target by more than Rs. 143 billion and surpassed the previous year's collection by 13.9 percent. Moreover, the net collection during April 2021 reached Rs. 384 billion, i.e., 57.0 percent higher than the net collection realized during April 2020. The improved revenue performance is a reflection of growing economic activities in the country where large-scale manufacturing industries (LSMI) registered higher growth in first eight months of FY21 compared with the growth during corresponding months previous year.



"Efforts to broaden the tax base are also bearing the fruits", the FBR says. "As on May 1, 2021, income tax returns for the tax year 2020 have reached 2.9 million compared to 2.6 million in tax year 2019. Tier-I retailers have been registered with POS system. Data showed that 10,583 sales points have been integrated with Point of Sales (POS) linked invoicing System", FBR said in the press release.

MARKETS AT A GLANCE

Rates taken till Friday, May 07, 2021

MONETARY POLICY RATE

7pc | Effective from June 25, 2020

KIBOR (6 MONTHS)

	Bid%	Offer%
STARTING	7.39	7.64
ENDING	7.37	7.62
CHANGE	-0.02	-0.02

FOREIGN EXCHANGE RATES

	GBP (£)	EURO (€)	USD (\$)
STARTING	PKR 213.95	PKR 185.85	PKR 153.45
ENDING	PKR 212.03	PKR 183.94	PKR 152.28
CHANGE	-1.92	-1.91	-1.17

PAKISTAN STOCK EXCHANGE

100 Index	
STARTING	44,262
ENDING	45,174
CHANGE	+912

GOLD RATE

(10 GM, 24K)

STARTING	PKR 89,678
ENDING	PKR 89,500
CHANGE	-178



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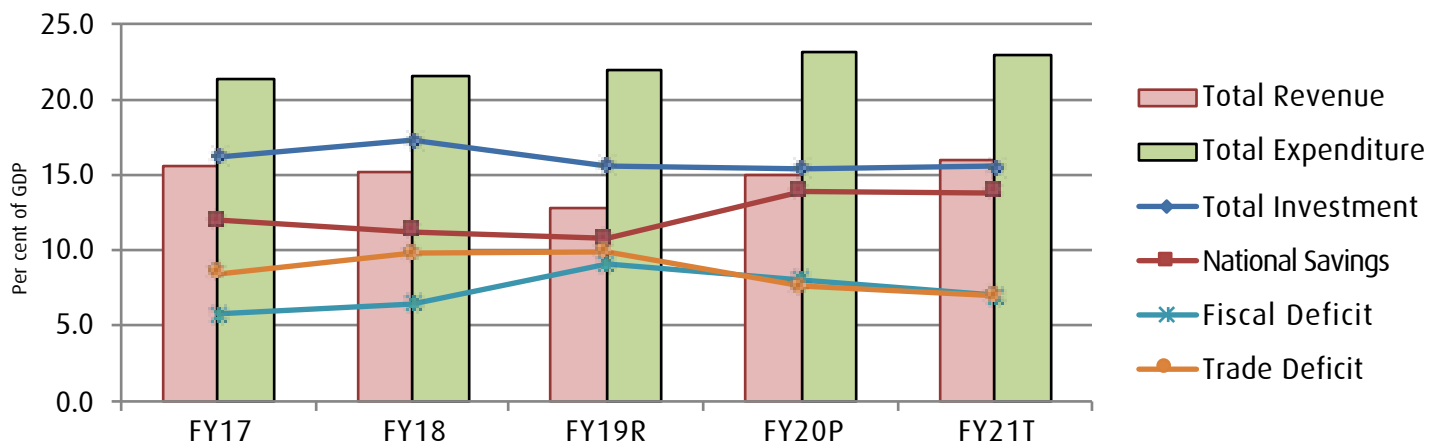
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Pakistan's Major Economic Indicators

Real Sector (Percent Growth)	FY17	FY18	FY19 ^R	FY20 ^P	FY21 ^T
GDP (Real)	5.5	5.5	1.9	-0.4	2.1
Agriculture Sector	2.2	4.0	0.6	2.7	2.8
Industrial Sector	4.6	4.6	-2.3	-2.6	0.1
Services Sector	6.5	6.3	3.8	-0.6	2.6
GNP (mp) Rs. Per Capita	170,672	181,453	198,028	214,539	229,519
GNP (mp) US \$ Per Capita	1,630.1	1,651.9	1,455.1	1,355.0	1,408.1

As Percent of GDP (mp)



CPI INFLATION (YoY%)	FY17	FY18	FY19	FY20	FEB 2021	MAR 2021
General	4.8	4.7	6.8	10.7	8.7	9.1
Food (Urban)	4.3	3.8	4.6	13.6	10.3	11.5
Non-Food (Urban)	5.1	5.8	8.5	8.3	7.6	7.1

Currency in Circulation as on (Stock data)

Rs. in billion

June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	April 16, 2021	April 23, 2021
3,911.3	4,387.8	4,950.0	6,142.0	6,786.5	6,806.3

T = Target | P = Provisional | R = Revised

Sources: i) Annual Plan 2020-21, Planning Commission | ii) Pakistan Economic Survey 2019-20, Finance Division
iii) Data published on SBP website



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Banking Briefs – All Scheduled Banks

	(Rs. in billion)			% age change over	
	23-Apr-21	16-Apr-21	24-Apr-20	Previous Week	Corresponding Week
Investments	12,377.8	12,492.9	9,793.6	- 0.92	26.39
Gross Advances	8,569.5	8,525.9	8,216.6	0.51	4.29
Borrowings	3,855.8	3,974.7	3,544.3	- 2.99	8.79
Deposits and other accounts	17,111.1	16,979.3	14,475.8	0.78	18.20

PSX Announces Appointment of First Woman Chairperson in 73 Years

Dr. Shamshad Akhtar has been unanimously elected as the PSX Board Chairperson on May 4, 2021. This is the first time in the 73-year history of Pakistan Stock Exchange (PSX) that a woman Chairperson has been elected on the Board of Directors. In the first meeting of the newly elected PSX Board held on May 4, 2021, Dr. Shamshad Akhtar has been unanimously elected as the PSX Board Chairperson. This is a momentous occasion for the women of Pakistan that for the first time in the history of the capital market of the country, a woman has been elected as the Board Chairperson. Dr. Shamshad Akhtar needs no introduction as she is a veteran of the financial markets of Pakistan and has also held the honourable position of Governor, State Bank of Pakistan, in the past. She spearheaded the capital market development reforms during her tenure at the Asian Development Bank in 1990s and more recently worked with the industry on the Capital Market Roadmap in her capacity as the Caretaker Finance Minister.

On being elected as the Chairperson of the Board of Pakistan Stock Exchange, Dr. Akhtar commented, "After my long association with Pakistan's capital market, it is a proud moment for me to represent the Pakistan Stock Exchange as its Chairperson and join the efforts of the SECP, the new Board and Management to take this institution to new heights. I look forward to our joint endeavors to further transform PSX as a premier institution so it can play a critical role in raising its market capitalization through deepening of debt and equity markets, broadening

its investor and product base and service efficiently all its clients upholding high standards of governance." PSX's CEO, Mr. Farrukh H. Khan, welcomed the appointment of the first woman Chairperson of the Board and the new and returning directors. He said "We have an outstanding new board and I am confident that the newly appointed Board of Directors will lead and direct the Exchange to even greater heights of success, prosperity and progress for all stakeholders and Pakistan's capital markets. I am grateful to the cooperation extended by the SECP in this regard and for its approval of the PSX nominated directors."

He added, "We are particularly excited and proud to have someone of the caliber of Dr. Akhtar, to be the Chairperson of PSX. Her understanding of capital markets and global experience will be invaluable in the development of capital markets and PSX. The fact that she is the first woman to chair PSX adds to our pride and excitement in welcoming her."

State Bank of Pakistan and Unilever Pakistan Join Hands to Promote Renewable Energy

Governor State Bank of Pakistan (SBP) Dr. Reza Baqir has said that financing for sustainable development is the need of the hour and Financial Institutions have a crucial role in this area. He was addressing a webinar jointly hosted by SBP and Unilever Pakistan to create awareness about the SBP's Renewable Energy Financing Scheme which has been used by Unilever to convert 30 percent of its factories to renewable energy. Dr. Baqir stated that the Pakistan faces a challenge as a result of climate change and adopting prevention strategies are of paramount importance. In this



regard, he pointed out that the SBP has issued Financing Scheme for Renewable Energy with a view to promote renewable energy projects. (<https://www.sbp.org.pk/In-cen-others/sme-4.asp>)

Governor Baqir highlighted the key features of the scheme that can be beneficial for the stakeholders ranging from the corporates to the individuals. The scheme has evolved over time and received strong response and Dr. Baqir urged participants to benefit from this facility. As of February 2021, financing of around Rs. 36 billion have been extended for 521 projects producing approximately 850 MW. He went on to add that mobilization of financial resources towards resource efficient and sustainable avenues would play a central role in mitigating climate change. Pakistan is member of Global Sustainable Banking Network (SBN) since 2015 and green/ sustainable finance policies are being aligned with global environmental and social standards and best practice.

Chairman and CEO of Unilever Pakistan, Mr. Amir Paracha in his address said that the Renewable Energy Financing Scheme offers tremendous social and business value to companies and producers both in terms of their environmental footprint and cost savings ambitions. The financing scheme in Pakistan has enabled them to fast-track their renewable energy goals whilst remaining financially feasible. He mentioned that Unilever is sharing this as a best practice for other corporate players, as its sustainability in its best form. They are benefitting the country and environment whilst their own business has seen a positive impact.

SBP's Renewable Energy Financing scheme is an innovative solution that aims to encourage investments for clean energy in Pakistan. This is part of the country's efforts to diversify the energy mix and reduce climate change impact. The scheme offers varied financing options ranging from Rs. 400 million to Rs. 6 billion for a range of entities and persons. This includes captive energy units as well as commercial projects and individual consumers who may share excess production with the national grid. The SBP issued its Financing Scheme for Renewable Energy in 2016 and based on positive feedback the scheme was revised in July 2019. SBP also introduced a Shariah compliant version of this Scheme in August 2019. The scheme aims at meeting Pakistan's

growing electricity demand through renewable energy and promoting clean energy projects as part of Sustainable Development Goals (SDGs).

It promotes the use of indigenous resources such as wind, solar and hydro to generate electricity, as well as encourages the use of renewable energy at consumer level to support NEPRA's Net Metering Regulations.

As part of this financing scheme, Unilever availed a loan of Rs. 833 million through Standard Chartered Bank to set up 8.85 MW of renewable energy production facilities across four factories in Punjab. This effort is in line with Unilever's global mission for carbon neutrality and sustainability in its manufacturing process. Unilever has committed to remove carbon emissions from operations by 2030, as well as net zero emissions from their products by 2039, which will be 11 years ahead of the 2050 Paris Agreement. The renewable energy solution was implemented by Reon Energy Limited, producing 13 million KW units of energy per year, resulting in annual savings of Rs. 182 million and a reduction in 5,075 tons of CO2 emissions. The impact of projects such as the one implemented by Unilever prove the benefits of adopting renewable energy solutions by the wider industry in Pakistan.

The webinar was attended by various chambers, media organizations, Presidents and CEOs of banks, energy experts, representatives of Pakistan Business Council and senior officials from SBP.

Govt. Announces Discontinuation of Rs. 15,000 and Rs. 7,500 Prize Bonds

A notification issued by the federal government on April 28, 2021 mentioned that the Rs. 15,000 and Rs. 7,500 bonds have been discontinued with immediate effect. The government said that Rs. 15,000 bonds will no longer be cashable after June 30, 2021 and the Rs. 7,500 bonds can only be encashed till December 31, 2021.

The notification stated that people who do not wish to cash the bonds can pay an additional amount and convert them into Rs. 25,000 and Rs. 40,000 bonds. It also stated that the users can convert those bonds into special savings and defence saving certificates.



The government said that the prize bonds can be encashed by people via their bank accounts.

This is the second time that the government has stopped the sale of a bond within a year. Last year in December, the federal government discontinued the sale of Rs. 25,000 National Prize Bonds, according to a notification issued by the Finance Division. It was reportedly done to address the Financial Action Task Force's concerns over money laundering and terror financing.

At the time, existing bondholders were given the option to encash/redeem/convert their bonds by May 31, 2021 in the following ways:

1. The bonds can be converted to Premium Prize Bonds (Registered) through the 16 field offices of the State Bank of Pakistan's Banking Services Corporations or through branches of six commercial banks, namely National Bank of Pakistan, Habib Bank Limited, United Bank Limited, MCB Bank Limited, Allied Bank Limited and Bank Alfalah Limited.
2. The bonds can also be converted to Special Savings Certificates or Defence Savings Certificates through SBP's field offices, authorized commercial banks or National Savings Centers.
3. The bonds can be encashed through transferring the proceeds to the holder's bank account through SBP's field offices, authorized commercial banks or National Savings Centers.

People opting to cash out their bonds were told they will only be able to transfer money to their account in person.

The notification also stated that to get the prize money the person will have to submit the prize bond and give a copy of their CNIC to the SBP. At the time, the Finance Division, in a separate notification, issued a new Premium Prize Bond of Rs. 25,000 with 'immediate effect'. Further details may be seen at: <https://www.sbp.org.pk/CM-D/2021/C1.pdf>

INTERNATIONAL SCENARIO

World Food Price Index Climbs in April, Highest Since May 2014: FAO

World food prices increased for an 11th consecutive month in April, hitting their highest level since May 2014, with sugar leading a rise in all the main indices, the United Nations food agency said on May 6, 2021.

The Food and Agriculture Organization's food price index, which measures monthly changes for a basket of cereals, oilseeds, dairy products, meat and sugar, averaged 120.9 points last month versus a revised 118.9 in March.

The Rome-based FAO also said in a statement that new forecasts pointed to growth in both world wheat and maize output in the coming season. FAO's cereal price index rose 1.2 percent in April month-on-month and 26 percent year-on-year. Worries about crop conditions in Argentina, Brazil and the United States pushed maize prices up 5.7 percent last month, while wheat prices held largely steady. By contrast, international rice prices slipped, FAO said.

FAO's vegetable oil price index rose 1.8 percent on the month, pushed higher by rising soy, rapeseed and palm oil quotations, which offset lower sunflower oil values. Dairy prices rose 1.2 percent, with butter, skim milk powder and cheese all lifted by good demand from Asia, while the meat index climbed 1.7 percent. FAO said both bovine and ovine meat quotations rose, supported by 'solid demand' from East Asia.

After a sharp drop in March, sugar prices rebounded in April, posting a 3.9 percent increase on the month and an almost 60 percent surge on the year. The monthly increase was prompted by strong buying amid concerns over tighter supplies in 2020/21, due to a slow harvest in Brazil and frost damage in France, FAO said.

FAO raised its forecast for global cereal production in 2020 by 1.7 million tonnes to 2.767 billion tonnes, 2.1 percent up on 2019 levels. The U.N. agency also provided its first



outlook for wheat in the 2021/22 season, forecasting production at 778.8 million tonnes, up 0.5 percent on the 2020 estimate, lifted by an anticipated 6 percent increase in output in the European Union.

China's Global COVID-19 Vaccination Program May Face Production Problems

China's vaccination program faces production problems with an expert believing it to be inadequate to satisfy the domestic and international demand. Though China's drive to vaccinate its population with home-made COVID-19 vaccines is being extended to as many as 30 countries around the world, the program faces production problems with an expert believing it to be inadequate to satisfy the domestic and international demand.

According to South China Morning Post (SCMP), the so-called Spring Seedling Action program, announced in March by Foreign Minister Wang Yi, claims to avail vaccinations supplied by Beijing to tens of millions of Chinese nationals living overseas. However, it is not clear if China will be able to produce enough to meet demand at home and abroad.

Yanzhong Huang, a senior fellow for global health at the Council on Foreign Relations in New York, said: "The problem is that it currently does not have enough production capacity to satisfy both domestic and international demand, which makes its vaccine diplomacy unsustainable at least in the coming two months." Yin Weidong, the chairman of vaccine maker Sinovac Biotech, said last month that there was a shortage of COVID-19 jabs in China.

Meanwhile, health authorities in Sri Lanka approved Sinopharm's vaccine for local emergency use, however, it has come under intense criticism for being available only for Chinese nationals in the country, SCMP reported. The country has set a target of vaccinating 40 percent of the population - 560 million people - by June. However, experts believe it is unlikely to reach the target due to production problems. Another problem was that its vaccines had relatively low efficacy rates, which meant a larger number of people would have to be vaccinated for the country to reach herd immunity, said Nicholas Thomas,

an associate professor in the Asian and international studies department at City University of Hong Kong. "The parallel challenge for China is that it needs to have a much larger percentage of its population vaccinated if it is to reopen its borders for both inbound and outbound tourism and trade," he said. Concerns over the efficacy of Chinese vaccines and repeated delays of shipments to other nations are denting their fight against COVID-19.

"Allah said, 'Spend (O man), and I shall spend on you.' He also said, 'Allah's Hand is full, and (its fullness) is not affected by the continuous spending night and day.' He also said, 'Do you see what He has spent since He created the Heavens and the Earth? Nevertheless, what is in His Hand is not decreased, and His Throne was over the water; and in His Hand there is the balance (of justice) whereby He raises and lowers (people).'"

THE PROPHET MUHAMMAD ﷺ

Global Islamic Finance Forecast to Grow as Main Markets Recover: S&P

The \$2.2 trillion global Islamic finance industry is expected to grow 10 percent-12 percent over 2021-2022 due to increased Islamic bond issuance and a modest economic recovery in the main Islamic finance markets, S&P Global Ratings said.

The industry continued to grow last year despite the COVID-19 pandemic, although at a slower pace than in 2019, with global Islamic assets expanding by 10.6 percent in 2020 against growth of 17.3 percent the previous year. Islamic finance, which bans interest payments and pure monetary speculation, has been on the rise for many years across markets in Africa, the Middle East and Southeast Asia, but it remains a fragmented industry with uneven implementation of its rules. "Over the next 12 months, we could see progress on a unified global legal and regulatory framework for Islamic finance we believe that such a framework could help resolve the lack of standardization and harmonization that the Islamic finance industry has faced for decades," S&P said on Monday.



MANAGEMENT VIEWS

Lead Through Uncertainty

Uncertainty is unavoidable. As a manager, you need to be prepared to lead your team through murky waters, but doing so requires getting in the right mindset yourself. Here are six tips to help you shift your perspective:

- 1. Embrace the discomfort of not knowing.** Move from a know-it-all to a learn-it-all mindset. You do not need to have all the answers.
- 2. Distinguish between "complicated" and "complex" issues.** They require different solutions.
- 3. Let go of perfectionism.** Instead, aim for progress, expect mistakes and recognize that you have the ability to continually course correct as needed.
- 4. Resist the urge to oversimplify and come to quick conclusions.** Take a disciplined approach to understanding both the complexity of the situation and your own biases.
- 5. Do not do it alone.** Connect with your peers who have their own set of experiences and perspectives to draw from.
- 6. Zoom out.** Taking a broad, systemic view of the issues at hand can reveal unexamined assumptions that would otherwise be invisible.

(This tip is adapted from *6 Strategies for Leading Through Uncertainty*, by Rebecca Zucker and Darin Rowell – HBR.)

How to Manage a Team of Contractors and FTEs

As a team leader, it is easy to assume that everyone working together on a project should be treated and managed the same way. But full-time employees (FTEs) and contractors have different motivations, expectations and needs. As a manager, you need to be conscious of those distinctions and adjust accordingly. Begin by holding one-on-one or small-group discussions with your FTEs and then with your contractors to understand what people

want to get out of the project personally and professionally. With these insights in mind, focus on team-building and alignment. Have a team-wide conversation to ensure that everyone is on the same page about the project's overall goals, its organizational context, and the individuals involved — and reinforce this alignment throughout the project as needed. Finally, set clear ground rules and guidelines around communication, resources and roles, aiming to fulfill everyone's distinct needs. This will set clear expectations and ensure that no resentment builds up throughout the project.

(This tip is adapted from *"A Fair Way to Lead a Team of Contractors and Full-Time Employees,"* by Ron Ashkenas et al. – HBR.)

"There are some creatures of Allah whom Allah particularly chooses for His favors so that they may be of benefit to other people. Therefore, He keeps such favors in their hands so long as they give them out to others. But when they deny them to others, He takes away the favors from them and gives them to others."

HAZRAT ALI 

Showcase Your Accomplishments Without Bragging

Success at work often depends on being, and being seen as, both competent and likable. You need people to notice your growth and accomplishments while also enjoying your company. But how do you showcase your work without coming across as a shameless self-promoter? Here are a few tips:

Share when asked. Humility is admirable. But if someone requests information or an answer that requires you to reveal positives about yourself, you should oblige. Research



indicates that when someone details an accomplishment in response to a direct question, others do not judge that person as any less agreeable.

Share when others are sharing. The penalty for bragging seems to dissipate when others in the room are engaging in self-promotion.

Find a promoter. Peers, bosses, mentors and sponsors will likely be happy to speak up on your behalf if and when you ask them to.

(This tip is adapted from *Savvy Self-Promotion*, by Leslie K. John – HBR.)

SNIPS

Big Bucks by Apple

Apple says it will invest \$430 billion in the US over the next five years, creating 20,000 new jobs, according to Business Insider.

Find a Self-Care Routine That Works for You

When bringing self-care into your day feels impossible, finding a better workout routine or downloading yet another sleep app is not the solution. Ultimately, you need to change your mindset. By challenging your assumptions about what self-care is, you will be better equipped to find an approach that works for you. Here are three tips that can help.

1. Define self-care on your own terms. Self-care can look different for different people. It could be watching your favorite TV show at the end of a long day, turning off your phone, meditating, working out or something else entirely. Only you can determine what your mind, body and spirit need to thrive.

2. Beware of all-or-nothing thinking. You do not need to become a health and fitness expert or an expert meditator overnight. Little adjustments make a big difference.

3. Look for ways to integrate self-care into your existing habits and routines. Try a walking meeting with a colleague instead of a Zoom call, or make your next friend date a virtual workout class.

(This tip is adapted from *There's No 'Right' Way to Do Self-Care*, by Alyssa F. Westring – HBR.)

Feeling Overwhelmed? Avoid These Mistakes

When you feel overwhelmed, the way you react can actually make things worse. Here are five common, self-sabotaging mistakes to watch out for — and how to avoid them:

1. You think you do not have time for actions that might help you. Stop waiting for an ideal moment, and do something to help yourself immediately, such as finding a therapist, taking a day off to rest, or calling up a friend.

2. You do not use your unconscious mind enough. It is unreasonable to expect to be focused all the time. Try taking a walk and letting your mind drift and see what solutions emerge.

3. You interpret feeling overwhelmed as a weakness. Being hard on yourself will only lead you to procrastinate or become more perfectionistic. Replace your self-criticism with compassionate self-talk.

4. You default to your traditional approaches and defenses. Our strengths may not always work to our advantage; for example, thoughtfulness can become overthinking, or high standards can lead to perfectionism. Be mindful of your instinctive reactions in order to stay flexible in your approach to problem solving.

5. You withdraw from your support system. Find ways to connect with people even when you have got limited emotional energy.

(This tip is adapted from *5 Mistakes We Make When We're Overwhelmed*, by Alice Boyes – HBR.)

IBP TRAINING CALENDAR - MAY 2021



**MAY 8
SATURDAY**

10AM - 2PM

Collection/ Recovery: Techniques and Skills

FACILITATOR: Adnan Adil Hussain

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

**MAY 20
THURSDAY**

2PM - 6PM

Impactful Communication/Email Writing Skills

FACILITATOR: Erum Saleem

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

**MAY 21
FRIDAY**

4PM - 8PM

Governance and Management of Bank's IT

FACILITATOR: Syed Muhammad Ali Naqvi

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

**MAY 22
SATURDAY**

9AM - 1PM

SBP Guidelines on Compliance Risk Management

FACILITATOR: Aamir Shaukat Hussain

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

**MAY 22
SATURDAY**

2PM - 6PM

Trade Based Money Laundering

FACILITATOR: Salim Thobani

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING

**MAY 22
SATURDAY**

7PM - 10PM

The Role of Design Thinking in Banks

FACILITATOR: Ashar Kazi

COURSE FEE: PKR 7,000 (Excluding sales tax)

ONLINE
TRAINING