

SC losing Rs10m a day as interest on Rs10.6bn collected for dams

ISLAMABAD: The Supreme Court was told on Tuesday that it was losing approximately Rs10 million a day as interest by not timely investing over Rs10.6 billion funds collected so far from donations for Diamer-Bhasha and Mohmand dams.

“This is all because of the State Bank of Pakistan (SBP),” regretted Justice Sheikh Azmat Saeed while heading a five-judge SC bench.

The implementation bench of the Supreme Court which had taken up the Diamer-Bhasha-Mohmand Dams Fund also hinted that it might not waste further time and rather determine how to invest the available funds on short-term instruments in the interregnum period for two, three or seven days or three months till a proper investment mode is determined.

Apex court regrets SBP did not advise it about investing money it received as donations for Diamer Bhasha-Mohmand Dams Funds

“Imagine how much money we have lost in the past three months, because the SBP did not provide proper advice to the court,” Justice Ijaz-ul-Ahsan observed, regretting that the SBP was not fair and upright.

The apex court was informed about the loss by the Secretary of the Law and Justice Commission of Pakistan (LJCP), Dr Raheem Awan, who highlighted that the commission was losing over Rs350m per day as interest by not investing Rs3.5bn Access to Justice funds in the treasury bills since the body was not a primary dealer for investment.

Like the LJCP, the SC is also losing approximately Rs10m per day as interest, the secretary said.

An SBP representative, Mohammad Ali Malik, conceded before the apex court that the funds collected on its call was being retained with the central bank, which never provides any interest on deposits.

“That is the reason why the SBP is wasting court’s time by holding the money since no interest is given on such deposits,” retorted Justice Saeed.

Consequently, the SC issued a notice to the National Bank of Pakistan (NBP) for June 13 with a directive to depute a responsible officer who could suggest the court best investment options.

The SBP representative also told the apex court that the next auction date for investment of the treasury bills would be June 19 after which the SBP could invest the dam funds in the treasury bills on June 20 after the court’s approval.

He explained that for three months, the interest rate would be 12.7 per cent, 12.8pc for six months and 13pc for one year.

But Justice Saeed regretted that the SBP was not helpful and the court should have dealt with someone else in seeking investment proposals, adding that a bank manager of a small city could suggest better investment options than the central bank.

Justice Saeed highlighted that the Supreme Court wanted to get best options for investment, adding that the SBP representative obviously did not have a professional expertise to suggest good investment options.

During the hearing Justice Muneeb Akhtar regretted that the SBP was considering the court as a bidder, adding that the SBP might be the master of all banks but not the master of the apex court since the funds it was holding were public money and that the court was not a private investor.

“The apex court is not interested in participating in any bidding or auction to invest its funds but only in the auction date,” Justice Akhtar observed, adding that if the rate so determined on June 19 was acceptable to the court, it would invest the funds. “The court only wants to lock in the investment rate,” Justice Akhtar said.

“The bank’s assurance to the court is similar to the reassurance as if Pakistan will win the cricket world cup,” Justice Saeed said.

Advocate Saad Rasool, representing Wapda, told the court that work on Mohmand dam was on schedule since contracts for consultancy as well as civil works have been awarded. For Diamer-Bhasha dam, the bidding had been invited on June 2, he said.

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