

**PBCs: a suggestion**

The attraction of proposed Pakistan Banao Certificates (PBCs) can be greatly enhanced by adding a simple feature to these instruments. SBP should permit all banks operating in Pakistan to accept these certificates as a collateral for extending facilities to individuals and corporate entities in the country.

Currently SBP doesn't allow banks to grant facilities to companies against pledge of foreign currency deposits held in individual names. This has encouraged, rather forced, businessmen to send all their "savings" abroad. Of course other factors like poor economy, deteriorating rupee, and political uncertainty have also played a role in this flight of capital.

Now, all these savings can come back to Pakistan in the form of PBCs, provided that businessmen can obtain facilities in local currency against them.

The government can achieve the twin objective of increasing forex reserves and promoting local investment by a single move. Our economy will be the net gainer in the exercise. And there will be no additional cost to the exchequer.

I urge Ministry of Finance and SBP to seriously consider this proposal.

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**LETTERS**