

SBP imposes 100 percent cash margin restriction on 131 items

Page No.01 ColNo.07

The State Bank of Pakistan (SBP) on Monday announced 100 percent cash margin restrictions on the import of 131 items to discourage import of nonessential items. The SBP has taken this step with a view to reducing pressure on external account as higher imports have resulted in all-time high current account deficit of \$16 billion in July-May FY18 and the sheer size of imports continues to pressurize foreign exchange reserves.

According to a circular, in exercise of powers vested in the State Bank of Pakistan under the Foreign Exchange Regulations Act, 1947, State Bank of Pakistan Act, 1956 and other enabling laws, it has been decided that banks, with immediate effect, will obtain 100 percent cash margin on the import 131 items. The SBP also believed that favorable impact of a strong recovery i.e., 13 percent growth in exports in Jul-May FY18 and 3 percent increase in workers' remittances in Jul-May FY18 was more than offset by growing imports. Specifically, a strong demand for productive imports like metal, transport, machinery and petroleum, to support higher economic activity and a sharp increase in international oil prices have pushed the current account deficit to levels not sustainable beyond the short term, it added.

In the absence of matching financial flows, a notable portion of this higher current account deficit was financed by using the country's own resources. As a result, SBP's liquid FX reserves witnessed a net reduction of \$ 6.7 billion during the last fiscal year to reach \$ 9.5 billion as of July 6, 2018.

Therefore as precautionary measure the SBP has imposed cash margins on several items including Pneum Tyre Rubber For Bus, Motor Cycles (Old Used Or Recondition), Sack Kraft Paper, Tropical Wood, Gum Base Used For Chewing Gum, CNG Kits For Vehicles, Remote Control, Air Conditioning Machines, Air Pumps And Gas Compressors, Part Of Air/Vacuum Pumps, Sim Cards, Paper & Paper Board In Sheet, Coin Sorting Or Coin Counting Machine, Data Processing Equipment and other items.

It may be mentioned here that on Saturday, SBP already withdrew advance payment against imports. Earlier, Authorized Dealers were allowed to make import advance payments against irrevocable Letters of Credit (L/C) upto 100% of the value of the goods and upto US\$10,000/- per invoice for the import of all eligible items without the requirement of L/C or Bank Guarantee from the supplier abroad.

However, now the SBP has withdrawn this facility, which allowed Authorized Dealers to make advance payment. However, in case, Authorized Dealers deem that a request on the subject merits consideration, they may approach State Bank of Pakistan along with appropriate recommendations on a case to case basis.

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S	No .HS-8	Commodity
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1	40112090	OTH PNEUM TYRE RUBBER FOR BUS

2	87112010	MOTOR CYCLES,OLD USED OR RECONDITION,OF
3	84731000	PARTS/ACCESS OF MACH H-84.69
4	87089990	OTHERS
5	48042100	SACK KRAFT PAPER,UNBLEACHED
6	40112010	NEW PNEUM TYRES LIGHT TRUKS
7	40111000	NEW PNEUM TYRES FOR MOTOR CARS
8	39269099	OTHER
9	44072900	OTH TROPICAL WOOD NON-CONF SA
10	08029010	ARECA(BETAL NUTS)
11	87141100	SADDLES OF MOTORCYCLES,MOPEDS
12	39199090	OTHER:OTHER
13	38249010	GUM BASE USED FOR CHEWING GUM
14	84099999	CNG KITS FOR VEHICLES oth than CHAP 87
15	85437090	OTHER -REMOTE CONTROL
16	84159099	OTHER -AIR CONDITIONING MACHINES
17	84148090	OTHER,AIR PUMPS AND GAS COMPRESSORS,N.S.
18	84149090	OTH PARTS AIR/VACUUM PUMPS
19	85179000	PARTS OF APPARATUS HEAD 85.17
20	84159030	COVERS INER BODY AC MACHINES
21	44039900	WOOD OF OTHER NON-CONF SPECIES
22	87021090	OTHER
23	85235210	SIM CARDS
24	48026200	OTH PAPER&PAPER BOARD IN SHEET

25	44079900	OTH WOOD NON-CONF.SPECIES
26	39232100	SACK&BAG OF POLYMER OF ETHYL
27	39201000	OTH PLATES,ETC PLASNON-CELULAR
28	48025600	OTH PAPER&PAPERBOARD IN SHEETS
29	21069030	FLAVOUR POWDER FOR PREP.FOOD
30	84186990	OTHERS
31	39211300	PLAT ETC PLA CEL OF POLUURETHA
32	85393100	FLUORESCENT,HOT CATHODE
33	40094190	OTHERS
34	84729010	COIN SORTING OR COIN COUNTING MACHINE
35	87141090	OTHER
36	04041010	WHEY POWDER
37	84719090	OTH DATA PROCESSING EQUIPMENTS
38	87088090	OTHER,SUSPENSION SHOCK-ABSORBERS,FOR TH
39	84189910	EVAPORATORS,
40	14049020	BETAL LEAVES
41	85391000	SEALED BEAM LAMP UNITS
42	39219090	OTHER
43	85392110	AUTO BULBS
44	35069190	OTHER
45	70139900	OTHER,GLASSWARES
46	12021000	GROUND-NUTS IN SHELL
47	38089110	Mosquito coils,mats and the like
48	48041100	KRAFTINER UN COATED UN-BLEACH

49

96091000

PENCILS&CRAYON W-LEADS ENCASD.

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