



# TRANSPARENCY INTERNATIONAL-PAKISTAN

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**Advisory Committee**

29<sup>th</sup> February 2012

Mr. Yaseen Anwar,  
Governor,  
State Bank of Pakistan,  
I.I. Chundrigar Road,  
Karachi.

**Sub: Objection on NBP's purchase of 15,406 Sq. Yds. Plot No. LA-2/B from Afroze Textile Industries (Pvt.) Limited –TIP Letters dated 23<sup>rd</sup> January 2012 & 09<sup>th</sup> February 2012 and PPRA Letter dated 25<sup>th</sup> January 2012.**

Dear Sir,

TI Pakistan has received the reply from Mr. Amjad Ali, Joint Director, State Bank of Pakistan, regarding allegations of purchase of 15,406 Sq. Yds. Plot No. LA-2/B from Afroze Textile Industries (Pvt.) Limited vide letter No. BPRD/ BRD-03/NBP/2012/2579 dated 27<sup>th</sup> February 2012.

The clarification given by SBP's Joint Director does not seem to be in accordance with the PPRA Ordinance 2002 and the Public Procurement Rules 2004 as well as the land acquisition laws of Pakistan.

Though procurement is not the core business of NBP, however in accordance with the PPRA Ordinance 2002 whenever NBP proceeds to procure anything like check books, stationery, building, equipment, land, etc. or appointment of auditors or legal advisers, etc., it has to follow the Public Procurement Rules 2004.

National Bank of Pakistan is conducting all its procurements in accordance with the Public Procurement Rules 2004 and therefore the purchase of 15,406 Sq. Yds. Plot from M/s Afroze Textiles also comes under the same rules.

Second issue is about the adjustment of loans of a defaulting company where the bank is adjusting the value determined by the Pakistan Banking Association approved valuers.

TI-Pakistan would like to refer the case of the properties acquired by the M/S NICL in Karachi and Lahore whereby the Pakistan Banking Association approved valuers determined the value of Lahore land 9 times higher than the market price (M/S Tri Star and M/S Medallion Services) and the value of Karachi land was determined 2 times higher than the market value (M/S Consultancy Support Services). These lands were procured in the violation of law and the difference or full amount has been refunded by the parties, Reference Suo-Moto Case No. 18 of 2010, and over Rs. 2 Billion have so far been recovered by the Supreme Court of Pakistan.

TI-P agrees that under Section 7 of the Banking Companies Ordinance 1962, NBP maybe authorized to acquire the property and adjust the customer's liability, but at what value. The value of the property mortgaged in previous times maybe higher or lower than the present market value and therefore the law of Pakistan binds NBP to sell / auction the property and adjust the value towards the liability of the customer.

There are a number of cases where the mortgaged property's value has been inflated in connivance with the valuers, which has caused loss to the national exchequer of about Rs. 200 Billion in the form of non-performing loans in the past. If the stance of NBP and SBP was correct, under the Banking laws, all defaulted loans should have been sufficient to recover the mortgaged amount from the mortgaged assets.





TI-P requests the Governor to kindly review the SBP clarification and issue a clear cut order for NBP to auction the property publically as is being done by the Askari Bank in case of 13842 sq. yds. and 10648 Sq. Yds. industrial plot in S.I.T.E.

With Regards,

Syed Adil Gilani  
Adviser

Copies forwarded for the information of:

1. Chairman, Public Accounts Committee, Islamabad.
2. Chairman, NAB, Islamabad.
3. Registrar, Supreme Court of Pakistan, Islamabad.
4. Auditor General, Islamabad.
5. President, NBP, Karachi.
6. Managing Director, PPRA, Islamabad.