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**Q. Explain the origin and working of the following Credit Institutes?
IDBP, NDFC, BEL, PICIC, NIT, EPF.**

1- Industrial Development Bank of Pakistan (IDBP):

Origin:

With a view to provide monetary assistance to small and medium scale enterprises and businesses, government of Pakistan established, Pakistan Industrial Finance Corporation in 1949. Afterward on recommendation of credit commission appointed in 1959 the PIFC was converted to IDBP in 1961.

Management:

The bank is managed by board of directors consisting of 1 chairman, 1 managing director and seven other members.

Objective Functions:

The bank has been primarily setup to.

1. Promote the growth of small, medium and large scale enterprises.
2. Assist financially the import substituting industry.
3. Promote growth of export industry.
4. Provide financial aids to any such product which bank deems to be of national interest and profitable.

Present Situation:

The bank has been empowered to length to various industrial companies, it guarantees any loans or debts raised by industrial units, and it is also acting as a monetary agency for IMF and World Bank.

2- Pakistan industrial Credit and Investment Corporation (PICIC):

Origin:

As the industrial sector of the country was very backward at the time of independence so there was acute needs of any such body that could provide technical knowhow and assistance and foreign exchange for the imports of machinery besides providing finances for working capital. So PICIC was established in 1957 with a view to foster macro economic growth in all industrial fields.

Management:

The body is managed by a board of director consisting of 20 members. Out of 20 members one is elected as Chairman.

Functions:**The corporation performs following functions:**

1. It provides both local currency and foreign currency loans.
2. It provides technical assistance and specialized services to the industrial units.
3. It helps in raising financing through bonds and bearer certificates.
4. It is also engaged in underwriting and bridge financing
5. It also ensures the use of leasing financing to meet short and long term technical needs.

Conclusion:

Here is not doubt that by providing extremely essential and vital services to industrial sector the corporation has played an important role in development of our economy.

3- Investment Corporation of Pakistan (ICP).**Origin:**

ICP was established in 1966 with a view to develop the capital markets of the economy.

Management:

He Corporation is managed by board of director consisting of eleven members. A chairman and a managing director are appointed by federal government.

Objectives:**Following are the objectives of ICP.**

1. To underwrite the issue of new securities and debentures.
2. To promote and develop the capital market.
3. To help in the floatation of mutual funds.
4. To increase the use of equity financing in rising finance.
5. To safeguard the stability of share market.

Summing up.

It is agreed that ICP has played an efficient role in the development and maintenance of stability of capital market.

4- National Development Finance Corporation (NDFC):**Origin:**

NDFC was established in 1973 to promote macro level economic development.

Objectives:

The main objective for the establishment of NDFC is as follows:

1. To promote economic growth.
2. To provide Financial assistance to government sponsored enterprises.
3. To promote economic help and to satisfy working capital needs of government regulated enterprises.
4. To provide small scale and medium term loans.
5. To help in the expansion of industrial unit.
6. To provide technical assistance for balancing moderation and replacement of industrial units.

Management:

The corporation is managed by board of directors consisting of six persons. Four members are appointed by federal government and two are appointed from financial institutions.

Achievements:

The NDFC has successfully carried out the responsibilities. Many associated companies have been established such as Pakistan Consultancy.

Services, national Development Leasing Corporation, Pakistan Development Banking Institute, Asian Leasing Corporation Limited.

5- National Investment Trust : (NIT)

Origin:

The trust was established in 1962 under the company's act 1913 it was established with a view to channel savings of the economy to the production processes.

The trust is managed by board of directors. The managing director is appointed by federal government and there are twelve other members.

Objections:

Following are the objectives:

1. To promote the capital market of the country.
2. To mobilize savings of the economy.
3. To help the growing financial institutions in meeting their capital needs and working capital requirements.
4. To provide underwriting services.

Working:

The trust issue certificates called unit. The amount received from the sale of units is invested in shares and debentures of financially strong industrial units.

6- Equity participation Funds (FPF)

Origin:

In order to promote growth in small and medium scale enterprises the government established EPF in 1970.

Management:

The fund is controlled and managed by a board of directors consisting of ten members. Two members are appointed by federal government and rest is chosen from provincial government, SBP and IDBP.

Objectives:

The primary objectives of the fund are as follows:

1. To assist the formation and establishment of small and medium scale enterprises.
2. To provide financial assistance to public sector small scale enterprises working in rural areas.
3. To promote economic growth in under developed areas of country by providing finance to industrial units working there.

Capital:

The fund has an authorized share capital of Rs. 200 million and a paid up capital of Rs. 50 million.

7- Bankers Equity Limited: (BEL)

Origin:

The government of Pakistan established BEL as a private company in 1979 under companies act 1913. Afterwards it was converted in public limited company.

Management & Capital:

The authorized share capital of BEL is Rs. 5 million. The paid up capital is Rs. 1 billion the affairs are managed by a board of directors. The hoard consists of President of Nationalized Commercial banks, executive director of State bank of Pakistan and governor of State bank of Pakistan.

Objectives:

The main objectives are as follows:

1. To provide industrial financing for satisfactory running of medium and large scale projects.
2. To develop the capital market.
3. To develop the capital market.
4. To help in floatation of modarba and mutual funds.
5. To provide technical and managerial assistance.
6. To make direct equity investments in new fields.
7. To provide finance in both local and foreign currencies.

Summing up:

Since its establishment BEL has played a very efficient and significant role in the development of national economy.

Institutionalized Sources:

These sources are as follows:

1. Agricultural Development bank of Pakistan:

The ADBP was established in 1961 with the merger of Development Finance Co-operation and the agricultural bank of Pakistan. Other details about ADBP are given to next section.

2. Commercial banks;

Under the Banking reforms Act of 1972, commercial banks were inducted in the field of rural credit. Commercial banks provide short and medium term loans for the purchase of agricultural implements tools etc.

3. Co-operatives:

This is the oldest institutionalized source of rural credit in Pakistan. Agricultural co-operation societies help the poor farmers in meeting their credit needs. Such societies give Flexible terms and conditions.

The Non-Institutionalized courses comprise of money lenders, friends and relatives.