

Bonds market in pakistan essay

[Business](#), [Industries](#)



Abstract: Bond market development has now gained priority in fostering financial sector growth in all economies whether developed or developing. Asian and Mexican crises have given a clear message that this market, falling between equity and bank finance, needs proper attention failing which investment climate within these countries would remain under threat.

With this perspective, the paper has been drafted highlighting Pakistan's economic conditions, its financial market architecture, securities market structure with its status, issues, and reforms in hand and then finally proposing future agenda. Role of the Central Bank / Government in Developing Bond Market: Government is very keen to develop Capital Market in Pakistan. SBP and SECP, the two main regulators of the whole financial system are bringing about reforms for the development of capital market of the country in conjunction with GOP support.

Recently the main efforts made in this direction can be summarized as under: Capital adequacy requirements have been raised for the participant institutions. T+3 system has been introduced to make the system efficient. T+0 is already in vogue for Government Securities. Badla Financing has been replaced with Continuous Financing System (CFS) with restriction on In-House CFS to curb speculative business in equity. Trading systems for Corporate Bonds and Risk mitigating mechanism are in phase of development.

Derivative instruments have been introduced and their further development is on agenda. The automation of SBP, Banking industry, Non-banking Financial Companies and stock exchanges are at full swing. RTGS system is

in wake of Implementation. Legislation on Payment system and Future Trading is in process of finalization at the level of GOP. New Government Securities Act to replace Public Debt Act 1944 for Government securities is under finalization. Further new Act for Corporate Securities to replace Securities and Exchange Ordinance 1969 is also under finalization.

Supervision systems of SBP and SECP have been revamped. Establishment of Commodity Exchange is in phase of Implementation. Demutualization of Stock Exchanges is in process. Professional hands are being appointed at the management level of all institutions of the financial system to take care of their affairs efficiently and diligently. Training arrangements have been given new importance and new shape to refresh and enhance the working capabilities of staff working in the financial institutions State Bank has been made completely free to decide its monetary management policies. SBP/SECP and GOP are providing full support in growth of Islamic/Mortgage/Infrastructure finance.