

Investment opportunities in pakistan finance essay

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Investment opportunities for individual person who have a lot of investment (RS1 cror), or for a company or organization that is looking forward to invest it in the money or capital market. Initially in Pakistan he should consider the following points that emphasis on the environment and economic condition of Pakistan

Location

Pakistan is located in the central Asia which is the heart of Asia and located in between many important countries, The Financial liquid Gulf state and developed eastern countries. The strategic advantage of the unique location makes Pakistan a market place for investors

Cheap Labor and Trained work force

The total population of Pakistan is more than 18 cror. A large number of skilled and talented people are available in Pakistan, It's also important that the labor force is also easily available and cheap and hard work as well.

There are many Lawyers, Bankers, Engineers, Doctors, Economists and other professionals are available

Investment Opportunities

Pakistan investment opportunities and policies have been tailor made to suit investor needs. Pakistan's policy trends have been consistent, with liberalization, de-regulation, privatization, and facilitation being its foremost cornerstones.

Financial Markets

The capital markets are being modernized, and reforms have resulted in development of improved infrastructure in the stock exchanges of the

country. The Securities and Exchange Commission of Pakistan has improved the regulatory environment of the stock exchanges, corporate bond market and the leasing sector. Whilst the Federal Board of Revenue has facilitated structural reform in tax and tariffs and the State Bank of Pakistan has invigorated the banking sector into high returns on investment.

Economic Position of Pakistan

Pakistan is currently having a good market condition and it is growing day by day. The GDP and other factors are as follows
 Pakistan GDP rate 3.7 % in 2012
 Per-capita income = 1378 \$ in 2012
 Foreign direct investment

Year

Greenfield Investment

Privatization Proceeds

Total FDI

Private Portfolio Investment

2011-1 (Amount in Million\$) 812.60.00
 2012-13 (Jul-Mar.) 621.90.00
 2012-13 (Jul-Mar.) 621.90.00
 Fiscal Deficit: Budget deficit of 2012 fiscal year was 4.3 % of the GDP for July - March
 For-ex Reserves Pakistan's foreign exchange reserves dropped to \$12.370 billion (March 2013)

Source (Economic Survey of Pakistan and Pakistan board of investment)

Foreign Exchange

As we know that each country have different currency sign and different buying power against other Currency and we also know that Pakistani

currency is continuously depreciate against other International currency like United states Dollar, Euro, Canadian dollar, pound sterling etc for example 4 month before 1 US \$ is equal to 97 Rs but current price 1 US\$ is equal is to 100Rs so if we do investment that time lets 1 Million Rs and the buying rate is 97 and we get 10309 US\$ and if we convert again into Pakistan currency after four month later so we get 1030927. 83Rs the difference is 30927. 83 is our profit.

Feature

Its 100% liquid Opportunity just likes cash we easily convert whenever we want into our domestic Currency but we face Exchange rate Risk.

How we avail opportunity in foreign exchange context

We find past data of different currency exchange rates and calculate a historical rate of return and then select that country for investment that's the difference is maximum in term of appreciation against Pakistan rupees. We also take as a portfolio in which numerous currencies chose to minimize risk.

Other Currencies

The return on the other currencies can be determine from the bid and ask (Buying and selling) spread which is the buying and selling difference. Which is also consider the commission from the broker point of view Few countries exchange rate as per date (30TH April 2013)

Currency

Symbol

Buying

Selling

<http://pakbiz.com/finance/images/USD.gif> U. S. DollarUSD99. 7599.

95<http://pakbiz.com/finance/images/EUR.gif> EuroEUR128. 75130.

00<http://pakbiz.com/finance/images/GBP.gif> British PoundGBP153. 50155.

00<http://pakbiz.com/finance/images/AED.gif> UAE DirhamAED27. 1527.

40<http://pakbiz.com/finance/images/SAR.gif> Saudi RiyalSAR26. 2526.

65<http://pakbiz.com/finance/images/KWD.gif> Kuwaiti DinarKWD346. 00347.

50<http://pakbiz.com/finance/images/CAD.gif> Canadian DollarCAD97. 5098.

50<http://pakbiz.com/finance/images/AUD.gif> Australian DollarAUD102.

65103. 15<http://pakbiz.com/finance/images/JPY.gif> Japanese YenJPY1. 011.

02<http://pakbiz.com/finance/images/MYR.gif> Malaysian RinggitMYR32. 4532.

65<http://pakbiz.com/finance/images/QAR.gif> Qatari RiyalQAR27. 0527.

40<http://pakbiz.com/finance/images/CNY.gif> Chinese YuanCNY15. 8516.

05<http://pakbiz.com/finance/images/CHF.gif> Swiss FrancCHF104. 65105.

35<http://pakbiz.com/finance/images/INR.gif> Indian RupeeINR1. 821. 90

Insurance Policies

Insurance policies can be a better option for an individual who have money for investment. It is a transfer of risk. It provide the compensation of loss and we pay premium on it there are different options available for an individual and many plans for an individualLife insuranceHealth insuranceChild protection insuranceWedding plans and Education plansCar insurance etc.

There are different organizations which are offering insurance facilities in

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which few government sector insurance corporations are as follows State life insurance Corporation Postal life insurance National Corporation. In the private sector the Adamjee Insurance Corporation. Allienze EFU health insurance American life insurance Corporation EFU life insurance Corporation New Jubilee Insurance Corporation These corporations have different plans according to individual need, Age and requirements. Taking an example of state life insurance corporation of Pakistan its investment portfolio contains different government securities, Approved government securities, different loans and equities and immovable investments are involved. Government securities such as treasury bills and Pakistan investment bonds are included. In approved government securities wapda bonds, Provincial securities or TFC are included Following are the income and division of state Life Corporation

Investment Income

As at 31-12-2011

Particulars

Govt. Securities TFCs/Approved Govt. Securities Equities Bank

Deposits Investment properties Policy Loans Other Income

Description: http://www.statelife.com.pk/images/statlife/in_i_09a.gifThe

basic drawback of insurance is that the amount paid is in the form of premium should be given according to the policy type and maturity plan which are mostly 1-5 years 1-10 years plan or more the amount of policy will be accumulate and then it will give you according to policy type mostly low interest rate are offer in the insurance when claims

TAQAFUL

Taqaful is the Islamic concept of insurance. Currently in Pakistan few taqaful corporations are working in which Pak Kuwait taqaful Pak Qatar taqaful Dawood family taqaful etc are working as taqaful corporations. In pak Qatar taqaful it has its own shariaa board which is led by Justice retired Mufti Muhammad TAQI USMANI which is a leading name in Islamic finance and economics is contributing his expertise. These organizations provide the TAQAFUL for individuals as well as have different variation in Business plans such as marine, fire, Hajj/ Umrah, Motor Taqaful and group health taqaful are important.

Low Liquidity Investments

In the low liquidity investment there are few investments come in which it may have a high chances of return but it depends to find the person who need these sort of things in this Art and Antiques, Coins and Stamps, Diamonds and other gem stones and mineral are important for the investment point of view .

Art and Antiques

Art and antiques transactions are very less in Pakistan but the people can enjoy it as a hobby and as the investment as well. The information about art and antiques can be gather from art and culture ministry website in the antiques it may be different unique and old things it may be old calendar , Paintings , clocks and watches and different daily usage items which are find to difficult . There are few websites available in Pakistan e. g. (www. olx. pk) where these antiques could be sold. There are few auction houses or dealers

of antiques who sell antiques. Usually high transaction cost involved in this process

Coins and Stamps

Coin and stamps can also be hobby as also can be good and have high return from investment point of view but it has high liquidity chances as compare to Art and Antiques.

Gemstones, Minerals (Gold and Diamond's)/Mining's

In the past few year minerals and gemstones usage value has increases. Currently its demand has increases and it is contributing very important role in the development of country

Resource potential of Industrial Minerals and Dimension Stones

Mining_03Resource potential of Major Metallic MineralsMining_04(Source Pakistani Bored of investment)As in the diamond market it can be highly illiquid it can be lower to good quality but mostly chances are that it generates no positive cash flow and it needs very large capital for investment.

Gold

Where in the gold it is vice versa it is highly liquid and can be converted in cash at any time and it also generates positive cash flow it also requires high capital but less as compare to diamond. Gold markets are also in the Karachi sarafa bazaar and in the Lahore, Islamabad and the major cities of PakistanThe gold investment is consider the most safest way of investment and one of the easiest way to invest in gold is its high liquidity. Gold is

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considered very important from the currency point of view that every currency is backed by the gold. We can buy gold and from that gold we can make much jewelry. Jewelries are the most easy and good way usually women uses it in the functions in South Asia and in Pakistan too. The gold demand is increases day by day due to which its prices rose up and it became a precious commodity. The (SECP) Security exchange commission of Pakistan also allows investor and Asset management companies to offer gold schemes to different investors. For the investors these schemes became very popular. This will give investor a guideline and way where they can invest without having the expertise in the gold field

Features of the Gold

Highly Liquid
Less time required
Easy available
Positive cash flows and Actual value
Rise in the value and increasing demand in the recent past years

Gold Bars

There are different gold bars available in the market for buying, selling or trading of gold in the financial market. These gold bars are legally imported from the foreign gold markets and they can ready to sell in the markets. It can also be selling in the other countries as well