

[AS LAID BEFORE THE NATIONAL ASSEMBLY]

A

Bill

*further to amend the Foreign Exchange Regulation Act, 1947*

WHEREAS it is expedient further to amend the Foreign Exchange Regulation Act, 1947 (VII of 1947) for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. **Short title and commencement.**- (1) This Act may be called the Foreign Exchange Regulation (Amendment) Act, 2019.

(2) It shall come into force at once.

2. **Insertion of new section 8A, Act VII of 1947.**- In the Foreign Exchange Act, 1947 (Act VII of 1947), hereinafter referred to as the said Act, after section 8, the following new section shall be inserted, namely:-

**“8A. Movement of foreign currency within Pakistan.**- Except as may otherwise be directed by the State Bank, any person shall be free to move or transfer foreign currency, physically or otherwise, within Pakistan.”.

3. **Amendment of Section 23, Act VII of 1947.**- In the said Act, in section 23,-

(a) In sub-section (1),-

- (i) after the word “with”, the word “rigorous” shall be inserted;
- (ii) for the word “two”, the word “five” shall be substituted; and
- (iii) for the expression “may, if it thinks fit, and”, the word “shall” shall be substituted;

- (b) in sub-section (2) the expression "for such period as the Federal Government may from time to time, by notification in the official Gazette, declare" shall be omitted;
- (c) in sub-section (3),-
- (i) the expression "and not declared by the Federal Government under the preceding sub-section to be cognizable for the time being" shall be omitted; and
  - (ii) in the proviso the expression "and is not declared by the Federal Government under the preceding sub-section to be cognizable for the time being" shall be omitted and for the full stop, at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:-  

"Provided further that if a person not authorized under section 3, 3A or 3AA is found involved in illegal foreign exchange business including sale, purchase, exchange or transfer of foreign currency, physically or otherwise, the complaint as required in this sub-section shall not be required."; and
- (d) after sub-section (3A) the following new sub-section shall be inserted, namely:-

“(3B) A Tribunal taking cognizance under sub-section (1) shall conclude the proceedings within six months. The Tribunal may, by giving cogent reasons in writing, extend the said period by six months further.”.

## STATEMENT OF OBJECTS AND REASONS

Foreign exchange policy and operations in Pakistan are governed under the provisions of Foreign Exchange Regulation Act, 1947 (FERA, 1947), which empowers the State Bank of Pakistan to regulate flows of foreign exchange into and out of the country. However, the State Bank of Pakistan does not have explicit powers under FERA, 1947 to issue any regulation / instruction relating to the inland movement of foreign currencies.

Furthermore, it has also been considered necessary to enhance the punishments provided in section 23 of FERA, 1947 to create firmer deterrence against contravention of various provision of the Act.

This Bill, therefore, seeks to amend FERA, 1947 in order to enable the State Bank of Pakistan to regulate the foreign exchange regime in Pakistan more comprehensively as well as to strengthen the effectiveness of the Act.

**Asad Umar**  
Minister for Finance, Revenue  
and Economic Affairs