

[**AS** INTRODUCED IN THE NATIONAL ASSEMBLY]

A

BILL

to prohibit the business and practices of interest based private money lending

Whereas the injunctions of Islam as laid down in the Holy Quran and Sunna have explicitly and unequivocally prohibited the interest and Clause (f) of Article 38 of the Constitution of Islamic Republic of Pakistan makes it necessary for the state to eliminate interest (Riba) as early as possible;

AND WHEREAS it is expedient to make a comprehensive Legislation on the subject for covering all the aspects of the mischief of private money lending and matters ancillary thereto;

It is hereby enacted as follows:-

1. **Short title, extent and commencement.**- (1) This Act may be called the Islamabad Capital Territory Prohibition of Private Money Lending Act, 2017.

(2) It shall extend to the whole of the Islamabad Capital Territory.

(3) It shall come into force at once.

2. **Definitions.**- In this Act, unless the subject or context otherwise requires, the following expressions shall have the meanings hereby respectively assigned to them;

(a) "Abetment" has the same meaning as assigned to it in Section 107 of the Pakistan Penal Code 1860 (Act XLV of 1860);

(b) "Code" means the Code of Criminal Procedure, 1898 (Act No. V of 1898);

(c) "Government" means Federal Government of Pakistan;

(d) "Private Money Lender" means a person who lends money on interest but does not include any corporation incorporated by the Federal or Provincial Government as a bank or a finance corporation or a cooperative society; and

(e) "Interest" means and includes the return to be made over and above what was actually lent whether the same is charged or sought to be recovered specifically by way of interest or otherwise.

3. **Prohibition of Private Money Lending** - No private money lender, individually or collectively, shall engage himself in private money lending in the Islamabad Capital Territory.
4. **Punishment**.- Any person who contravenes the provision of section 3 of this Act shall be punished with imprisonment of either description which may extend to seven years but shall not be less than three years and shall also be liable to fine not exceeding one million rupees.
5. **Punishment for Abetment**.- Whoever intentionally and willfully abets, engages, assists or aids the money lender in lending money or in recovery of interest in contravention of section 3 shall also be liable to the same punishment as provided in section 4 of this Act.
6. **Cognizance of offence**.- (1) Notwithstanding anything contained in the Code or any law for the time being in force, the offence under this Act, shall be triable by the Magistrate having powers under section 30 of the Code.
 - (2) The offences under this Act shall be cognizable and non-bailable.
 - (3) The Court at any stage of the proceedings may direct the police to arrest the accused.
7. **Appeal**.- Any person aggrieved by any decision given, sentence passed or order made by the trial court under this Act, may within thirty days of such decision, sentence or order prefer an appeal to the Court of Sessions.
8. **Act to over-ride other laws**.- Notwithstanding the provisions for any other law for time being in force, the provisions of this Act shall have an overriding effect.
9. **Interpretation**.- In the interpretation and application of the provisions of this Act, and in respect of matter ancillary or akin thereto, the Court shall be guided by the injunctions of Islam as laid down in the Holy Quran and Sunnah.
10. **Rules**.- Government shall make rules for carrying out the purposes of this Act.

STATEMENT OF OBJECTS AND REASONS

The injunctions of Islam as laid down in the Holy Quran and Sunnah have explicitly and unequivocally prohibited charging interest and have declared war against those who do not abandon interest, also the clause (f) of Article 38 of the Constitution of the Islamic Republic of Pakistan obliges the State to take steps to eliminate Interest (Riba) as early as possible. The interest-based business of billions of rupees is going on in different shapes and under various names destroying the very fabric of the society. These

interest-based transactions had ruined scores of families as people were unable to return interest based loans. Many times lenders harass and molest the loan takers for delaying or not paying interest consequently, the loan takers had to sell their assets to pay off interest. So it is desirable to make a comprehensive Legislation on this subject to curb the menace created by private money lenders

The Bill aims to achieve the aforementioned objectives.

Sd/-
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