

NATIONAL ASSEMBLY SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON FINANCE AND REVENUE ON THE STATE BANK OF PAKISTAN (AMENDMENT) BILL, 2021

I, Chairman of the Standing Committee on Finance and Revenue have the honor to present this report on the Bill further to amend the State Bank of Pakistan Act, 1956 (XXXIII of 1956) [The State Bank of Pakistan (Amendment) Bill, 2021] [Government Bill], referred to the Committee on 30th December, 2021.

2. The Committee comprises the following:-

1).	Mr. Faiz Ullah	Chairman
2).	Mr. Sadaqat Ali Khan	Member
3).	Mr. Aamir Mehmood Kiani	Member
4).	Mr. Amjid Ali Khan	Member
5).	Mr. Raza Nasrullah	Member
6).	Makhdoom Syed Sami-ul-Hassan Gillani	Member
7).	Mr. Jamil Ahmed Khan	Member
8).	Mr. Faheem Khan	Member
9).	Mr. Aftab Hussain Siddique	Member
10).	Dr. Ramesh Kumar Vankwani	Member
11).	Mr. Muhammad Israr Tareen	Member
12).	Mr. Ahsan Iqbal Chaudhary	Member
13).	Mr. Qaiser Ahmed Sheikh	Member
14).	Chaudhary Khalid Javed	Member
15).	Mr. Ali Pervaiz	Member
16).	Dr. Aisha Ghaus Pasha	Member
17).	Dr. Nafisa Shah	Member
18).	Syed Naveed Qamar	Member
19).	Ms. Hina Rabbani Khar	Member
20).	Mr. Abdul Wasay	Member
21).	Minister In-Charge	Ex-officio Member

3. The Committee considered the Bill, as introduced in the National Assembly placed at **Annex-‘A’** in its meeting held on 10th January, 2022 and made the following amendments, therein:-

CLAUSE 11A

In clause 11A, after sub-section (5), the following new section (6), shall be added, namely:-

“(6) The Governor shall be a citizen of Pakistan and shall not hold any other citizenship or permanent residency.”

CLAUSE 16A

In clause 16A, the following proviso shall be added namely:-

“Provided that no person appointed under section 11A shall be employed by any institution regulated by the Bank within a period of two years after vacating his position at the Bank.”

CLAUSE 39

In clause 39, in sub clause (1), after the words “senior official”, the words “including the Governor where appropriate” shall be inserted.

4. The Committee recommends that the Bill as reported by the Standing Committee placed at ‘Annex-B’, be passed by the National Assembly.

Sd/-
(TAHIR HUSSAIN)
Secretary
Islamabad, the 10th January, 2022

Sd/-
(FAIZ ULLAH)
Chairman

[As introduced in the National Assembly]

A.

BILL

further to amend the State Bank of Pakistan Act, 1956

WHEREAS it is expedient further to amend the State Bank of Pakistan Act, 1956 (XXXIII of 1956), in the manner and for the purposes hereinafter appearing;

It is hereby enacted as under:-

1. Short title and commencement.- (1) This Act shall be called the State Bank of Pakistan (Amendment) Act, 2024.

(2) It shall come into force at once.

2. Substitution of preamble, Act XXXIII of 1956.- In the State Bank of Pakistan Act, 1956 (XXXIII of 1956), hereinafter referred to as the said Act, for the preamble, the following shall be substituted, namely:-

"WHEREAS it is necessary to provide for the constitution of State Bank to achieve domestic price stability by way of regulating the monetary and credit system of Pakistan and, without prejudice to said primary objective, contribute to the stability of the financial system of Pakistan and supporting the general economic policies of the Federal Government to foster development and fuller utilization of the country's productive resources;"

3. Amendments of section 2, Act XXXIII of 1956.- In the said Act, in section 2,-

(a) after the omitted clause (a), the following new clause shall be inserted, namely:—

"(aa) "advanced degree" means a postgraduate qualification;"

(b) after clause (ff), the following new clause shall be inserted, namely:—

"(ffa) "development finance activity" means to undertake an activity to promote any activity of any priority sector such as agriculture, small and medium enterprises, housing or other such sectors;"

(c) after clause (i), the following new clause shall be inserted, namely: —

(ia) "international reserves" mean the Bank's foreign exchange reserves;"

(d) after clause (k), the following new clauses shall be inserted, namely: —

“(ka) “monetary liabilities” means the total liabilities of the Bank as reflected in the annual audited financial statements at the balance sheet date as reduced by the sum of following liabilities of the same date, namely: —

- (i) deposits of the Government;
- (ii) amounts owing to the International Monetary Fund, the World Bank, Asian Development Bank or other such institutions;
- (iii) deposits of foreign central banks or sovereign wealth funds;
- (iv) utilized swap lines of foreign central banks; and
- (v) balances of participant central banks under any clearing union;

(kb) “price stability” means the maintenance of low and stable inflation guided by the government’s medium-term inflation target;

(kc) “recognized university” means a university or equivalent academic institution recognized by the Higher Education Commission of Pakistan;”;

(e) after clause (o), the following new clause shall be inserted, namely: —

“(oa) “Government” means the Federal or a Provincial Government or a Local Government, as the case may be;”.

4. Amendment of section 3, Act XXXIII of 1956. —In the said Act, in section 3, after sub-section (2), the following new sub-section shall be added, namely:-

“(3) Subject to this Act, the Bank shall have the power to acquire, hold and dispose of movable and immovable property of any kind, to enter into contracts and to undertake all activities necessary for the achievement of its objectives.”.

5. Substitution of section 4, Act XXXIII of 1956.- In the said Act, for section 4, the following shall be substituted, namely: —

"4. Share capital.- (1) The authorized capital of the Bank shall be five hundred billion Rupees, divided into five billion shares of one hundred Rupees each. The authorized capital may be increased by the resolution of the Board, subject to the approval of the Federal Government.

(2) The paid-up capital of the Bank shall be one hundred billion Rupees, divided into one billion shares of one hundred Rupees each, which shall be made up through issuance of bonus shares by capitalizing of profits or general reserve or through subscription of shares in cash by the Federal Government.

(3) The capital shall be fully paid-up and held exclusively by the Federal Government and shall not be transferable to any other person or entity.

(4) The Board may, with the prior approval of the Federal Government, increase the paid-up capital from time to time by a resolution, which shall be made up in the same manner as specified in sub-section (2).

(5) No reduction in either the authorized capital or paid-up capital shall be made at any time.

(6) The nominal value, issue price, the manner in which the new shares may be issued and their assignment to the register of shareholders shall be determined by the Board.

(7) Notwithstanding the amount of paid-up capital prescribed in sub-section (2), the paid-up capital and general reserves of the Bank shall increase to eight percent of its monetary liabilities through allocation from the distributable profit as determined in section 42.

6. Insertion of new sections, Act XXXIII of 1956. — In the said Act, after section 4, substituted as aforesaid, the following new sections 4A, 4B and 4C shall be inserted, namely:-

"4A. Re-capitalization.- In the event that in the audited annual financial statements of the Bank, the sum of paid-up capital and general reserves falls below zero, then—

(a) the Board, with the advice of the external auditors of the Bank, shall examine and prepare a report on the causes and extent of the shortfall within a period not exceeding thirty calendar days;

(b) in the event that the Board approves the report under clause (a), the Bank shall request the Federal Government for a capital contribution to remedy the deficit with a view to restoring the capital to the level of prescribed paid-up capital under section 4; and

(c) upon receipt of the request under clause (b), the Federal Government shall, within a period not exceeding thirty calendar days, transfer to the Bank the necessary amount in cash or in negotiable debt instruments with a specified maturity issued at prevailing market-related interest rates.

4B. Objectives.- (1) The primary objective of the Bank shall be to achieve and maintain domestic price stability.

(2) Without prejudice to the Bank's primary objective, the Bank shall contribute to the stability of the financial system of Pakistan.