

NATIONAL ASSEMBLY SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE AND ECONOMIC AFFAIRS ON THE FOREIGN EXCHANGE REGULATION (AMENDMENT) BILL, 2019

I, the Chairman of Standing Committee on Finance, Revenue and Economic Affairs have the honour to present this report on the Bill further to amend the Foreign Exchange Regulation Act, 1947 (VII of 1947) [The Foreign Exchange Regulation (Amendment) Bill, 2019] [Government Bill] referred to the Committee on 22nd April, 2019.

2. The Committee consists of the following:-

1).	Mr. Asad Umar	Chairman
2).	Mr. Jawad Hussain	Member
3).	Mr. Raza Nasrullah	Member
4).	Mr. Faiz Ullah	Member
5).	Makhdoom Syed Sami-ul-Hassan Gillani	Member
6).	Sardar Nasrullah Khan Dreshak	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).	Ms. Nafisa Shah	Member
18).	Syed Naveed Qamar	Member
19).	Ms. Hina Rabbani Khar	Member
20).	Barrister Dr. Muhammad Farogh Naseem, Minister for Law and Justice	Ex-officio Member

3. The Committee considered the Bill as introduced in the Assembly placed at Annexure-A, in its meetings held on 02-05-2019, 09-05-2019, 18-06-2019, 04-07-2019, 30-07-2019 and made the following amendments therein:-

(I) **CLAUSE-2**

In clause 2, newly proposed clause 8A shall be substituted, namely:-

“8A. Movement of foreign currency within Pakistan. – (1) Any person shall be free to move or transfer foreign currency upto a maximum of ten thousand US dollars or equivalent in other currencies, physically or otherwise within Pakistan, whereas, limits for authorized dealers, exchange companies and money changers shall be prescribed by the State Bank.

(2) Inland movement exceeding the limit under sub-section (1) shall require prior permission of the State Bank subject to procedure and conditions prescribed by the State Bank.”.

(II) **CLAUSE-3**

In clause 3, in paragraph (a), sub-paragraph (iii) shall be omitted.

4. The Committee recommended that the Bill placed at **Annexure-B**, may be passed by the Assembly.

Sd/-
(**TAHIR HUSSAIN**)
Secretary
Islamabad, the 9th August, 2019

Sd/-
(**ASAD UMAR**)
Chairman
Standing Committee on Finance, Revenue and
Economic Affairs

[AS INTRODUCED IN 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.

(MINISTER IN CHARGE)

[AS REPORTED BY THE STANDING COMMITTEE]

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 Regulation Act, 1947 (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. – (1) Any person shall be free to move or transfer foreign currency upto a maximum of ten thousand US dollars or equivalent in other currencies, physically or otherwise within Pakistan, whereas, limits for authorized dealers, exchange companies and money changers shall be prescribed by the State Bank.

(2) Inland movement exceeding the limit under sub-section (1) shall require prior permission of the State Bank subject to procedure and conditions prescribed by the State Bank.”.

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; and

(ii) for the word “two”, the word “five” 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 full stop, at the end, a colon shall be substituted and thereafter the following new provisos 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:

Provided further that complaint shall also not be required in case a person other than the person authorized under section 3, 3A or 3AA violates section 8A of the Act. However, in case of malicious prosecution, the concerned official of investigation agency shall be proceeded against in accordance with law"; 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.

(MINISTER IN-CHARGE)