

AS INTRODUCED IN THE NATIONAL ASSEMBLY]

**A
Bill**

to provide for the development of motor vehicles industry in Pakistan

WHEREAS it is expedient to provide for the development of motor vehicles industry in Pakistan and to provide for the matters connected therewith and incidental thereto;

It is hereby enacted as follows:—

1. Short title, extent and commencement.— (1) This Act shall be called the Motor Vehicles Industry Development Act, 2025.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. Definitions.— In this Act unless there is anything repugnant in the subject or context,—

- (a) “Board” means the Engineering Development Board;
- (b) “buyer” means the buyer of a motor vehicle, system or part from a seller;
- (c) “certificate of conformity” means a certificate confirming that the motor vehicle, system or part used in a motor vehicle conforms to the standards, requirements of type approval and any higher levels of safety, quality, performance and environmental protection offered in respect of a motor vehicle, system or part as per the claim of its manufacturer or importer;
- (d) “electric vehicle” means a motor vehicle that is powered exclusively by an electric motor run on a re-chargeable battery or both an electric motor run on a rechargeable battery and an internal combustion engine;
- (e) “entry into service” means the first use of a motor vehicle, system or part in Pakistan in accordance with its intended use;
- (f) “importer” means a person who imports a vehicle, system or part for trade or sale for profit;
- (g) “manufacture” includes manufacture, assembly and import of motor vehicles, systems and parts;
- (h) “manufacturer” means the person who manufactures a motor vehicle system and parts;

- (i) “motor vehicle” means a mechanically propelled vehicle designed or adapted for use on roads for transporting people or goods and includes cars, buses, trucks and motorcycles and includes an electric vehicle;
- (j) “on-board diagnostics” means a electronic system that monitors the health and performance of the vehicle;
- (k) “part” means part of a motor vehicle;
- (l) “person” includes natural person and legal person;
- (m) “prescribed” means prescribed by the rules or regulations, as the case may be;
- (n) “recall” means recall of a motor vehicle, system or part after it has entered in service;
- (o) “regulations” means the regulations made under this Act;
- (p) “rules” means the rules made under this Act;
- (q) “seller” means a manufacturer, importer or such other person who sells a motor vehicle, system or part under the authority of the manufacturer or importer;
- (r) “standards” mean the minimum safety, quality, performance, environmental or other standards fixed under section 7;
- (s) “surveillance authority” means a surveillance authority appointed by the Federal Government under section 14;
- (t) “system” means a system of interconnected parts that serve a particular function in a motor vehicle such as breaking, transmission and suspension etc;
- (u) “type approval” means the procedure whereby the Board certifies that a type of motor vehicle, system or part satisfies the relevant requirements;
- (v) “unfair contract term” means term or condition of contract for sale of a motor vehicle that gives an unfair advantage to the seller as against the buyer; and
- (w) “withdrawal” means withdrawal of a motor vehicle, system or part which is offered for sale.

3. Manufacturing of motor vehicles.—(1) No person shall manufacture a motor vehicle, system or part unless it,—

- (a) is a company incorporated under the relevant laws for the time being in force;
- (b) has manufacture of motor vehicles, system or parts as its principal line of business;
- (c) meets such minimum paid up capital requirement as may be, from time to time, fixed by the Federal Government by notification in the official Gazette; and
- (d) has obtained a licence for manufacture from the Board.

(2) Any person engaged in the manufacture of motor vehicles, systems, or parts on the commencement of this Act shall ensure compliance with all conditions specified in sub-section (1) within a period of one year of such commencement.

4. Import of motor vehicles.— (1) No person shall import a motor vehicle, system or part for trade or sale for profit unless it, —

- (a) is a company incorporated under the relevant laws for the time being in force;
- (b) has import of motor vehicles, systems or parts as its principal line of business;
- (c) meets such minimum paid up capital requirement as may, from time to time, be fixed by the Federal Government through a notification in the official Gazette; and
- (d) has obtained a licence for import from the Board.

(2) Any person engaged in such import of motor vehicles, systems or parts on the of commencement of this Act, shall ensure compliance with all conditions specified in sub-section (1), within a period of one hundred and eighty days of such commencement.

5. General obligations of manufacture and importer.— (1) Every manufacturer and importer shall take necessary measures to ensure that the motor vehicle, system and part manufactured or imported by him does not pose any risk to the safety of persons using or likely to be effected by such use.

(2) Without prejudice to the provision of sub-section (1), every manufacturer and importer, for the purpose of this Act shall,—

- (a) comply with the terms and conditions of the licence issued by the Board;
- (b) maintain such record and in such form as is required by the Board;
- (c) abide by lawful instructions of the Board; and

- (d) assist and support the Board and surveillance authorities in due discharge of their duties under this Act.

6. Information to be carried on motor vehicles.— (1) No motor vehicle shall be offered for sale unless it indicates or carries the following information, namely:—

- (a) unique alpha-numeric identification on its chassis and engine;
- (b) height, length and weight and intended use;
- (c) seating capacity, load carrying capacity, and number of axles; and
- (d) such other information as the Board may, from time to time, direct in the interest of safety, quality and convenience of the users.

(2) No electric vehicle shall be offered for sale unless it indicates or carries the following information in addition to the information under sub-section (1), namely: —

- (a) battery type, performance and durability;
- (b) instructions on battery recycling;
- (c) off-board charging standards, and
- (d) such other information as the Board may, from time to time, direct in the interest of safety, quality and convenience of the users.

7. Standards for motor vehicles.— (1) The Board shall, by a notification in the official Gazette, determine or adopt minimum safety, quality, performance, environmental and other standards for compliance by the manufacturer or importer of every motor vehicle, system plying or being used in Pakistan.

(2) The Federal Government may, by notification in the official Gazette, exempt any motor vehicle, system or part or a class of motor vehicles, systems or parts from the application of this section.

8. Requirement to obtain type approval.— (1) Before placing a motor vehicle, system or part for sale, the manufacturer or, as the case may be, importer shall obtain its type approval from the Board in the such manner as may be prescribed by rules.

(2) Before issuing a type approval, the Board shall satisfy itself that the motor vehicle, system or part meets the applicable standards.

(3) The provisions of sub-section (1) shall not apply to a motor vehicle system or part for which the type approval—

- (a) has been granted by an authority outside Pakistan, which is recognized by the Board; and
- (b) ensures that the motor vehicle, system or part meets the standards.

9. Obligation to issue certificate of conformity.— (1) Before placing a motor vehicle, system or part for sale, the manufacturer or, as the case may be, importer shall issue certificate of conformity regarding that motor vehicle, system or part.

(2) The certificate of conformity shall be issued in English, Urdu and any other language as the Board may, from time to time, direct.

(3) Every certificate of conformity shall carry features that allow its traceability to the manufacturer or, as the case may be, importer, a verification mark and features.

10. Repair and maintenance obligations.— (1) Every manufacturer and importer shall, in respect of the motor vehicles, systems and parts, manufactured or, as the case may be, imported by him, put in place necessary arrangements for their repair, maintenance and other after sale services and make a full disclosure of such arrangement to the Board and the appropriate surveillance authority.

(2) Without prejudice to the requirement of sub-section (1), every manufacturer or importer, in respect of the motor vehicle manufactured or, as the case may be, imported by him, shall provide to,—

- (a) the buyer requisite information on on-board diagnostics and sufficient instructions for its repair and maintenance; and
- (b) every authorized repair, standardized, unrestricted and non-discriminatory access to on-board diagnostics information and other tools and applicable software relating to its repair and maintenance.

(3) Where the Board considers that the repair, maintenance and other after sale services offered by a manufacturer or importer are insufficient, it may direct the manufacturer or, as the case may be, importer to ensure improvement or take other corrective measures.

11. Obligation to take corrective measures.— (1) Where it comes to the notice of the manufacturer or importer that a motor vehicle, system or part that has been offered for sale or is in service does not conform to the standards, type approval or the certificate of conformity, he shall forthwith take such corrective measures as are necessary to bring that motor vehicle, system or part into conformity, or to withdraw or recall it as may be deemed appropriate

(2) The manufacturer and importer shall, forthwith, inform the Board of the detail of the non-conformity and the corrective measures taken to bring it in conformity or withdrawal or recall.

12. Obligation to recall in case of a significant risk.— (1) Where it comes to the notice of the manufacturer or importer that a motor vehicle, system or part that has been offered for sale or is in service, imposes a significant risk to the safety of persons, whether or not it conforms to the standards, type approval or certificate of conformity, he shall, forthwith withdraw or recall it.

(2) The manufacturer and importer shall, as soon as may be, inform the Board of the detail of the non-conformity and the measures which are taken to mitigate the risk.

13. Power to order corrective measures and recall.— (1) Where it comes to the notice of the Board that a motor vehicle, system or part that has been offered for sale or is in service does not conform to the standards, type approval or certificate of conformity and the manufacturer or, as the case may be, importer has failed to take corrective measures under this Act, or the corrective measures taken by him are inadequate, the Board may, after giving an opportunity of being heard through a written notice mentioning the grounds of proposed action, order the manufacturer or importer to take such corrective measure as is considered appropriate by the Board or improve a corrective measure taken by him.

(2) In the like manner, where it comes to the notice of the Board that a motor vehicle, system or part that has been offered for sale or is in service, imposes a significant risk to the safety of persons, whether or not it conforms to the standards, type approval or certificate of conformity, and the manufacturer or, as the case may be, importer has failed to withdraw or recall it, the Board may, order him to withdraw or recall it immediately or by a given date.

(3) Where the manufacturer or importer fails to comply with the provisions of this section, the Board may proceed to withdraw or recall the motor vehicle, system or part either itself or through a surveillance agency or through any other means.

14. Surveillance authorities and their powers.— (1) The Board shall enforce the provisions of this Act throughout Pakistan and for this purpose exercise any and all powers of the surveillance authority under this section.

(2) Without prejudice to the provision of sub-section (1), the Federal Government may, in consultation with the respective provincial government, appoint any existing authority

established under a provincial law as surveillance authority to oversee the enforcement of the provisions of this Act in that province.

- (3) A surveillance authority may, through an officer designated by it,—
- (a) call for, examine and make copies of any book, document, record or other instrument required to be kept under this Act, rules and regulations;
 - (b) require the attendance of any person to answer any question in relation to any inquiry for the purposes of this Act and require such person to make and to sign a declaration regarding the true nature of his statement;
 - (c) enter any premises in the interest of surveilling or effecting the provisions of this Act and take, remove or retain any thing, book, document or record;
 - (d) take a sample of any substance, material or object for further examination; and
 - (e) obtain copies of any court record for the enforcement of this Act.

(4) No information obtained by the Board or a surveillance authority under this section which is of a confidential, personal, commercially sensitive or proprietary nature shall be made public or otherwise disclosed to any irrelevant person without prior permission of the person to whom that information relates.

15. Performance of functions otherwise than through officers.— The Board may, in the interest of better management and efficiency, make arrangements that one or more of its functions or duties under this Act are carried out on its behalf otherwise than through its officers, servants, experts and other employees, for such duration and under such other conditions as it deems fit.

16. Unfair contract terms.— (1) An unfair contract term imposed by a seller shall not be binding on the buyer.

(2) Every seller shall ensure that the terms and conditions of sale of motor vehicles are clear, unambiguous and written in plain language.

(3) In case any term or condition of sale is unclear, ambiguous or not written in plain language, then its interpretation that favours the buyer shall prevail.

(4) For the purposes of this section unfair contract terms may include terms leading to the following impact, namely:—

- (a) the buyer is denied full redress if any terms of the contract are not met with by the manufacturer or importer for any reason;
- (b) the buyer is tied into a contract beyond what he would normally expect;
- (c) the seller is allowed to arbitrarily vary terms after they have been agreed to including those relating to the curtailing of buyers rights, supply of a different product and unfair raise of price;
- (d) manufacturer or importer or seller passing on any such variation in price for any reason at the time of delivery of a motor vehicle, system or part that is disproportionate to the share of price paid by the buyer in advance to the total price of the motor vehicle, system or part;
- (e) buyer unreasonably loses advance payment if the contract is terminated, or is subjected to disproportionate financial sanctions;
- (f) exclusion of liability of the manufacturer, importer or seller for negligence, delay in performance of the contract or any other fault;
- (g) choice of law other than the law of Pakistan;
- (h) limitation on the amount of damages to be paid by the manufacturer, importer or seller for negligence or delay in the performance of the contract or any other fault;
- (i) making the buyer bound by any condition that is not expressly and specifically mentioned in the contract;
- (j) making the manufacturer, importer or seller or any person or body affiliated to him as arbitrator in case of any dispute arising out of the contract; and
- (k) any other term that creates significant imbalance, contrary to the requirements of good faith, in favour of manufacturer, importer or seller and to the detriment of the buyer.

(4) In addition to other remedies available to the buyer of a motor vehicle, he may apply to the Board to declare any term or condition of the contract with the manufacturer or importer as unfair contract term.

17. Offences and penalties.— (1) Whoever, manufactures or imports a motor vehicle in contravention of the provisions of sections 4 or 5 or offers for sale a motor vehicle, system or part in contravention of the provisions of sections 7, 8 or 9 shall be punished with

imprisonment of either description for a term which may extend to one years or with a fine which shall not be less than five hundred thousand rupees, or with both

(2) Whoever fails to recall or withdraw a motor vehicle, system or part or to take corrective action under sections 11 or 10 shall be punished with imprisonment of either description which may extend to two years, or with fine which shall not be less than one million rupees, or with both.

(3) Whoever fails to recall or withdraw a motor vehicle, system or part or to take corrective action under section 13, shall be punished with imprisonment of either description which may extend to three years, or with fine which not be less than five million rupees, or with both.

18. Offences by bodies corporate.— Where the person guilty of an offence under this Act is a body corporate and that offence is proved to have been committed with the consent or connivance of, or to be attributable to any negligence on the part of any director, manager, secretary or other officer of the body corporate or any person who was purporting to act in any such capacity as well as legal person, shall be guilty of an offence and shall be liable to be proceeded against and punished accordingly.

19. Bailable offences.— All offences under this Act shall be bailable except the offence under sub-section (3) of section 17.

20. Cognizance of offences .— (1) All offences under this Act shall be triable by the Federal Investigation Agency established the Federal Investigation Agency Act, 1974 (V of 1975) and cognizance of an offence shall be upon a complaint in writing by an officer authorized by the Board.

21. Civil penalties and appeals.— (1) If any person contravenes any provision of this Act other than under section 18, the Board may in the manner prescribed by rules,—

- (a) impose a fine upon the violator which may extend to two million rupees;
- (b) suspend or cancel licence of the manufacturer or importer issued under this Act;
- (c) direct publicity of violation for information of general public or a section of public or members of an association specifically naming the violator with gist of violation;

- (d) direct the violator to forthwith cease manufacturing, import or sale of motor vehicle, systems or parts; and
- (e) direct withdrawal, recall, seizure or destruction of a motor vehicle, system or part not being in conformity with the Act, rules or regulations.

(2) Any person aggrieved by an order passed by the Board may prefer an appeal to the Secretary of the concerned Division within thirty days from the date of such order. The decision of the Secretary shall be final.

22. Recovery of dues.— (1) The Board may authorize any of its officer to recover the fine, fee or any other amount, imposed or levied under this Act, as an arrears of land revenue and, for this purpose, the authorized officer may exercise the powers of Collector under the West Pakistan Land Revenue Act 1967 (XVII of 1967).

(2) The fee charged under this Act, the rules or regulations shall be deposited in the fund of the Board.

23. Power to make rules.— The Federal Government may, by notification in the official Gazette, make rules for carrying out the purpose of this Act.

24. Power to make regulations.— (1) The Board may, by notification in the official Gazette, make regulations, not inconsistent with the Act and the rules, for carrying out the purpose of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for one or more of the following matters, that is to say —

- (a) minimum safety, quality, performance and environmental standards for manufacture and import of motor vehicles into Pakistan;
- (b) recall and withdrawal of motor vehicles, systems and parts;
- (c) grant of licence by the Board and the manner in which and the conditions subject to which any licence may be issued under the Act;
- (d) the fees to be charged in connection with this issuance of a licence or carrying out of any inspection, examination or test under the Act or the rules; and
- (e) any matter subsidiary or incidental to the matters referred to in this sub-section.

25. Indemnity.— No suit, prosecution or other legal proceedings shall lie against the Federal Government, Board, surveillance authority, or any officer, servant or other person employed by or working under the direction of the Board or surveillance authority in respect of anything which is in good faith done or intended to be done in performance of their functions, exercise of their powers or otherwise in pursuance of this Act, rules or regulations.

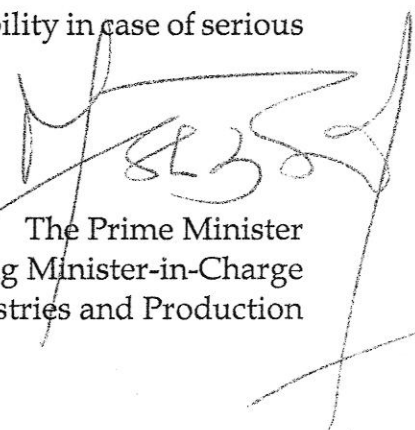
26. Removal of difficulties.— If any difficulty arises in giving effect to any of the provision of this Act, the Federal Government may make such order, not inconsistent with the provisions of the Act, as may appear to it to be necessary for the purpose of removing the difficulty.

27. Act to override other laws.— The provisions of this Act shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force.

STATEMENT OF OBJECTS AND REASONS

The purpose of this Bill is to foster motor vehicle industry in Pakistan by specifying enforceable standards in relation to safety, quality and environmental aspects of motor vehicles. Its scope covers all motor vehicles that are either manufactured in or imported into Pakistan. It is viewed that adherence to standards will on the one hand lead to enhanced road safety and better value for money for a domestic buyer while on the other hand it will improve readiness of the locally manufactured vehicles for export market. The Bill also aims to promote buyers rights by mandating robust after sales service obligations as well as protection against unfair contract terms including those relating to passing of undue risk of variations in cost to the buyers, or limiting warranty coverage.

Key aspects of the Bill include regulation of manufacturers and commercial importers of motor vehicles, requirement for their incorporation and their obligation to obtain a license as well as to remove any manufacturing defect or to recall a motor vehicle in case it imposes a significant safety risk. It also creates criminal liability in case of serious violation of its provisions. Hence this Bill.


The Prime Minister
Being Minister-in-Charge
for Industries and Production