

[AS PASSED BY THE SENATE]

A

BILL

further to amend the Banks (Nationalization) Act, 1974

WHEREAS, it is expedient further to amend the Banks (Nationalization) Act, 1974 (XIX of 1974), for the purposes hereinafter appearing;

AND WHEREAS the Supreme Court of Pakistan in its judgment dated 14th January, 2011, in Constitution Petition No. 58 of 2010, held that the amendments in question in section 11 of the Banks (Nationalization) Act, 1974, did not fall within the ambit of sub-clause (a) to (g) of clause (2) of Article 73 of the Constitution thus could not have been introduced by way of Finance Act, 2007;

It is hereby enacted as follows:-

1. Short title and commencement.- This Act may be called the Banks (Nationalization) (Amendment) Act, 2016.

(2) It shall come into force at once and shall be deemed to have taken effect on the 1st July, 2007.

2. Amendment of section 11, Act XIX of 1974.- In the Banks (Nationalization) Act, 1974 (XIX of 1974), in section 11,-

(a) in sub-section (1), for clause (b), the following shall be substituted, namely:-

“(b) not less than five and not more than seven other members including one or more directors whose election by the private shareholders, removal and other matters shall be governed by the Companies Ordinance, 1984 (XLVII of 1984).” ;and

(b) in sub-section (3),-

- (i) after the word "Board", the words "representing the Federal Government's direct and indirect shareholding" shall be added;
- (ii) for clause (d), the following shall be substituted, namely:-

"(d) may be re-appointed **for second and final term** by the Federal Government, in consultation with the State Bank of Pakistan, for a further period of three years".

STATEMENT OF OBJECTS AND REASONS

These amendments will empower the Federal Government to avail the services of competent bankers in public interest and to safeguard its direct and indirect shareholding. Moreover, this will also facilitate the private shareholders to elect their representatives on the Board of Directors of such banks having private as well as public sector's shareholding.

This Bill is designed to achieve the aforesaid purpose.

Senator Mohammad Ishaq Dar
Minister for Finance,
Revenue, Economic Affairs,
Statistics and Privatization
Minister-in-Charge