

# SENATE OF PAKISTAN

REPORT NO.9 OF 2019



*House of the Federation*

**REPORT OF THE STANDING COMMITTEE ON FINANCE,  
REVENUE AND ECONOMIC AFFAIRS**

**ON**

**ON THE BANKING COMPANIES (AMENDMENT) BILL, 2018,  
INTRODUCED BY SENATOR MIAN RAZA RABBANI,  
ON 12<sup>TH</sup> NOVEMBER, 2018**

**PRESENTED BY**

**SENATOR FAROOQ HAMID NAEK**

**SENATE SECRETARIAT**

**REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE AND  
ECONOMIC AFFAIRS ON THE BANKING COMPANIES (AMENDMENT)  
BILL, 2018**

I, Senator Farooq Hamid Naek, Chairman Standing Committee on Finance, Revenue and Economic Affairs, have the honour to submit, on behalf of the Committee, this report on a Private Member's Bill titled the Banking Companies (Amendment) Bill, 2018, introduced by Senator Mian Raza Rabbani, in the House on 12<sup>th</sup> November, 2018, and referred to the Committee for consideration and report.

2. The composition of the Standing Committee is given as under: -

(1)	Senator Farooq Hamid Naek	Chairman
(2)	Senator Ayesha Raza Farooq	Member
(3)	Senator Mushahid Ullah Khan	Member
(4)	Senator Musadik Masood Malik	Member
(5)	Senator Dilawar Khan	Member
(6)	Senator Muhammad Akram	Member
(7)	Senator Muhammad Talha Mahmood	Member
(8)	Senator Imam-ud-Din Shouqeen	Member
(9)	Senator Mohsin Aziz	Member
(10)	Senator Aurangzeb Khan	Member
(11)	Senator Mian Muhammad Ateeq Shaikh	Member
(12)	Senator Anwar ul Haq Kakar	Member
(13)	Senator Sherry Rehman	Member
(14)	Minister for Finance, Revenue and Economic Affairs	Ex-Officio Member

*Y*

3. The Committee considered the said Bill in its meeting held on 2<sup>nd</sup> January, 2019, at Parliament House, Islamabad, which was attended by the following:-

(1)	Senator Farooq Hamid Naek	Chairman
(2)	Senator Musadik Masood Malik	Member
(3)	Senator Dilawar Khan	Member
(4)	Senator Muhammad Akram	Member
(5)	Senator Muhammad Talha Mahmood	Member
(6)	Senator Imam-ud-Din Shouqeen	Member
(7)	Senator Mohsin Aziz	Member
(8)	Senator Aurangzeb Khan	Member
(9)	Senator Mian Muhammad Ateeq Shaikh	Member
(10)	Senator Sherry Rehman	Member
(11)	Senator Mian Raza Rabbani	Mover

4. Senator Mian Raza Rabbani, Member-in-Charge apprised the Committee about the objects and reasons of the Bill. He said that the Section 27B of the Banking Companies Ordinance, 1962 (LVII of 1962) was in violation of the spirit and rights conferred by Article 17 of the Constitution of 1973, as well as in violation of the provisions of the ILO to which Pakistan was a signatory. It was also contrary to the provisions of IRO 2009, which allowed for 25% members of the trade union from outside the organization. Moreover, the said section curtailed the right to trade union activities that were guaranteed under the Constitution and various instruments of international law.

5. The Deputy Governor, State Bank of Pakistan (SBP) responded that the said section does not prohibit the union activities, however, it was introduced in 1997 to protect against uncalled for union activities which were being carried out in connivance with as well as with the active support of outside elements. Prior to the said section, mostly outsiders were misusing the union platforms for promoting their personal interests at the cost of depositor's money. Those elements held bank management hostage and humiliated bank staff for their unjust demands moreover, bank facilities like telephone, cars and other resources were being badly misused. The demand of deletion of said section was to grant unfettered permission to carry weapons in banks, misuse bank resources, abuse bank officials and appoint outsiders in trade union of

banks. He further informed the Committee that no negative consequences and losses caused by the said section, however, said section was resulted in positive way for workers, bank depositors, employees and the general public to carry on their lawful activities and created a smooth and peaceful environment. He requested that the said Bill may be opposed by the Committee.

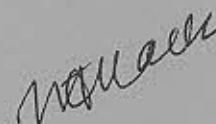
6. The representative of the M/o Law and Justice said that a special law i.e. the Industrial Relations Act, 2012, which dealt with all the industrial related matters and that law was also the governing law for all the industrial establishments, but now the provisions of that law would automatically be applied to all the establishments. He said that insertion of 27B in the Banking Companies Ordinance, 1962, was deviation from that special law, so the purpose was being fulfilled by industrial relation act because it also contained certain restrictions under Section 32 which dealt with unfair practices on the part of labour and workmen. Therefore, the Section 27 B of the Banking Companies Ordinance, 1962, should be omitted, however, the policy decision still rest with the M/o Finance and the State Bank of Pakistan (SBP).

7. After due deliberation, the Committee observed that Section 27B of the Banking Companies Ordinance, 1962 (LVII of 1962) is violative of Article 27 of Constitution of Pakistan 1973 as well as provisions of Industrial Relations Act, 2002, therefore, the Committee unanimously recommended that the Banking Companies (Amendment) Bill, 2018, as introduced in the Senate, may be passed by the House.

8. The Bill, as introduced in the Senate, is annexed. The Committee gave approval for presentation of this report to the House.



(MUHAMMAD TAHIR KHAN)  
Secretary (Committee)



(SENATOR FAROOQ HAMID NAEK)  
Chairman (Committee)

Islamabad, the  
2<sup>nd</sup> January, 2019.

~~[TO BE INTRODUCED IN THE SENATE]~~

ANNEX

**A  
BILL**

*further to amend the Banking Companies Ordinance, 1962*

**Whereas** it is expedient further to amend the Banking Companies Ordinance, 1962 (LVII of 1962), for the purposes hereinafter appearing;

It is hereby enacted as follows:-

**1. Short title and commencement.-** (1) This Act may be called the Banking Companies (Amendment) Act, 2018.

(2) It shall come into force at once.

**2. Omission of section 27B, Ordinance LVII of 1962.-** In the Banking Companies Ordinance, 1962 (LVII of 1962), section 27B shall be omitted.

**STATEMENT OF OBJECTS AND REASONS**

This section violates the spirit and the rights conferred by Article 17 of the Constitution of 1973. It is in violation of the provisions of the ILO to which Pakistan is a signatory. The section is contrary to the provisions of IRO 2009, which allows for 25% members of the trade union to be from outside the Organization. The report of the Justice Shaffi-ur-Rehman Commission also recommended that the said section be deleted. Further the Banking Companies Ordinance, 1962 deals with the functions and operations of the Banking Companies, it does not regulate the functions of the Trade Unions which are covered under the IRO. The section curtails the right to trade union activities that are guaranteed under the Constitution and various instruments of international law.

**SENATOR** MIAN RAZA RABBANI  
Member-in-Charge

**ORIGINAL SECTION OF THE BANKING COMPANIES ORDINANCE,  
1962.**

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**27-B. Disruptive union activities .-** (1) No officer or member of a trade union in a banking company shall use any bank facilities including a car or telephone to promote trade union activities, or carry weapons into bank premises unless so authorized by the management, or carry on trade union activities during office hours, or subject bank officials to physical harassment or abuse and nor shall he be a person who is not an employee of the banking company in question.

(2) Any person violating any of the provisions of sub-section (1) shall be guilty of an offence punishable with imprisonment of either description which may extend to three years or with fine, or with both.

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