

**The Gazette of Pakistan**



**EXTRAORDINARY  
PUBLISHED BY AUTHORITY**

**ISLAMABAD, TUESDAY, FEBRUARY 15, 1994**

**PART I**

**Acts, Ordinances, President's Orders and Regulations**

**NATIONAL ASSEMBLY SECRETARIAT**

*Islamabad, the 15th February, 1994*

The following Acts of Majlis-e-Shoora (Parliament) received the assent of the President on the 14th February, 1994, and are hereby published for general information:—

ACT NO. II OF 1994

*An Act 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), for the purposes hereinafter appearing;

It is hereby enacted as follows:—

1. **Short title and commencement.**—(1) The Act may be called the State Bank of Pakistan (Amendment) Act, 1994.

(2) It shall come into force at once.

2. **Amendment of section 9, Act XXXIII of 1956.**—In the State Bank of Pakistan Act, 1956 (XXXIII of 1956), hereinafter referred to as the said Act, in section 9,—

(a) for sub-section (2) the following shall be substituted, namely:—

“(2) The Central Board shall consist of—

(a) the Governor;

(b) Secretary, Finance Division, Government of Pakistan; and

(c) seven Directors, including one director from each Province, to be nominated by the Federal Government ensuring representation to agriculture, banking and industrial sectors.”; and

(b) after sub-section (2), substituted as aforesaid, the following new sub-sections shall be added, namely:—

“(3) The Governor shall be the Chairman of the Central Board.

(4) All decisions of the Central Board shall be taken by majority of members present and voting and in the event of equality of the votes, the Governor may exercise a casting vote.”

3. **Insertion of new sections, Act XXXIII of 1956.**—In the said Act, after section 9, the following new sections shall be inserted, namely:—

“9A. **Functions and responsibilities of the Central Board.**—The Central Board shall, with a view to secure stability of monetary system,—

(a) regulate and supervise monetary and credit system:

Provided that in regulating the monetary and credit system, the Central Board shall keep in view the National policy objectives of the Federal Government, including the targets fixed by the Federal Government for growth, inflation and monetary aggregates:

Provided further that the Governor may, in any emergency, which in his opinion requires immediate action, take measures under this clause as may be necessary in the circumstances and shall, in the next meeting of the Central Board, report to it for approval of such action;”

(b) determine, in consultation with the Federal Government, the limit of credit to be extended to the Federal Government and Provincial Governments;

(c) tender advice to the Federal Government on monetary policy and its interaction with fiscal and exchange-rate policy;

(d) analyze and report periodically to the Federal Government on the impact of the policies being followed on the state of the economy; and

(e) discharge such other functions as may be necessary for regulating the monetary system or as may be assigned by the Federal Government.

9B. **Monetary and Fiscal Policies Coordination Board.**—(1) There shall be a Board for the coordination of fiscal, monetary and exchange rate policies, hereinafter to be called the Board, consisting of—

- |                                         |          |
|-----------------------------------------|----------|
| (i) Federal Minister for Finance.....   | Chairman |
| (ii) Federal Minister for Commerce..... | Member   |

- (iii) Deputy Chairman, Planning Commission..... Member  
 (iv) The Governor..... Member  
 (v) Secretary, Finance Division, Government of  
 Pakistan..... Member

- (2) The Board shall—
- (a) coordinate fiscal, monetary, foreign trade and exchange-rate policies.
  - (b) ensure consistency amongst macro-targets in the areas of fiscal, monetary and external account aggregates and recommend adjustments for the approval of the Federal Government;
  - (c) recommend monetary aggregates and Government borrowing for consideration of the National Economic Council;
  - (d) review fiscal and monetary measures to secure monetary aggregate targets;
  - (e) consider limits of the Government borrowing as revised from time to time in the meetings to be held before and after passage of the annual budget;
  - (f) review the level of Government borrowing in relation to the pre-determined or revised targets after every quarter; and
  - (g) review the expenditure incurred in connection with raising of loans and Government borrowing.
- (3) The State Bank shall place before the Board—
- (a) relevant data relating to monetary expansion and Government borrowing;
  - (b) The assessment of the State Bank regarding the impact of economic policies of the Government on monetary aggregates; and
  - (c) the recommendations of the State bank for fixing the safe limits of monetary expansion and Government borrowing.
- (4) The Planning Commission and the Ministry of Finance, Government of Pakistan shall, from time to time, bring to the notice of the Board the impact of monetary policy adopted by the State Bank on investment, growth and balance of payment.
- (5) The Ministry of Commerce, Government of Pakistan, shall, from time to time, bring to the notice of the Board the impact of the monetary policy by the State Bank on imports and exports.

4. **Amendment of section 10, Act XXXIII of 1956.**—In the said Act, in section 10,—

(a) for sub-section (3) the following be substituted, namely:—

“(3) Subject to the provisions of sub-section (11) of this section the Governor shall be appointed by the Federal Government for a term of three years and on such salary and terms and conditions of service as the Federal Government may determine, except that neither the salary of the Governor nor his other terms and conditions of service shall be varied to his disadvantage after his appointment:

Provided that no person shall hold the office of Governor after attaining the age of sixty-five (65):

Provided further that the Governor be eligible for re-appointment for another term of three years:

Provided further that the Federal Government may appoint a Governor under this sub-section within one hundred and eighty days from the commencement of this Act.”; and

(b) after sub-section (3), amended as aforesaid, the following new sub-section shall be inserted, namely:—

“(3A) At any time when the office of Governor is vacant, the Federal Government may appoint an Acting Governor:

Provided that the office of Governor shall be filled in within a period not exceeding three months.”;

(c) in sub-section (5), after the word “Board” at the end, the words “and shall be entitled to attend the meetings of the Central Board but shall have no right to vote” shall be added;

(d) sub-section (6) shall be omitted;

(e) in sub-section (10), clause (d) shall be omitted;

(f) for sub-section (13) the following shall be substituted, namely:—

“(13) Notwithstanding anything contained in sub-section (3), the Governor may designate a Deputy Governor to preside the meetings of the Central Board during his temporary absence.”

5. **Amendment of section 14, Act XXXIII of 1956.**—In the said Act, in section 14,—

- (a) in sub-section (1), for the full stop at the end, a colon shall be substituted and thereafter the following provisos shall be added, namely:—

“Provided that out of the first Directors appointed under sub-section (2) of section 9, through draw of lots, two directors shall retire after one year, the other two shall retire after two years and the remaining three shall retire on completion of the full term of three years:

Provided further that the Federal Government may reconstitute the Board within one hundred and eighty days from the commencement of this Act.”

- (b) for sub-section (2), the following shall be substituted, namely:—

“(2) A Director or member shall not be removed from his office before the completion of his tenure except when he has done any act which is a breach of trust reposed in him or is guilty of misconduct:

Provided that he shall not be removed without a notice to show cause.”

6. **Omission of section 14A, Act XXXIII of 1956.**—In the said Act, section 14A shall be omitted.

7. **Amendment of section 15, Act XXXIII of 1956.**—In the said Act, in section 15, for sub-section (1) the following shall be substituted, namely:—

“(1) Subject to sub-section (2), the Federal Government may remove the Governor from his office, if he becomes permanently incapable of performing his duties, or is subject to any of the disqualification specified in sub-section (10) of section 10, or has done any act which is a breach of the trust reposed in him, or is guilty of misconduct:

Provided that before taking action under this sub-section, the Governor shall be given a notice to show cause and an opportunity of being heard.”

8. **Amendment of section 19, Act XXXIII of 1956.**—In the said Act, in section 19, after the word “country”, the words “or any monetary unit of account” shall be inserted.

9. **Amendment of section 20, Act XXXIII of 1956.**—In the said Act, in section 20, sub-section (6) shall be omitted.

10. **Amendment of section 36, Act XXXIII of 1956.**—In the said Act, in section 36,—

- (a) in sub-section (1),—
- (i) for the words “five per cent of the demand liabilities and two per cent” the words “such percentage of demand liabilities and that” shall be substituted; and
  - (ii) after the words “Pakistan” at the end, the words “as may be determined by the State Bank” shall be added; and
- (b) sub-section (2) shall be omitted.

11. **Amendment of section 40, Act XXXIII of 1956.**—In the said Act, in section 40, in sub-section (2),—

- (a) for the word “two” the word “four” shall be substituted; and
- (b) after the word and comma “closed,” the words “release to the public and simultaneously” shall be inserted.

12. **Amendment of section 54, Act XXXIII of 1956.**—In the said Act, in section 54,—

- (a) in sub-section (1),—
- (i) the words “subject to the approval of the Federal Government” shall be omitted; and
  - (ii) for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—
- “Provided that the terms and conditions of service of Governor and Deputy Governor shall be determined by the Federal Government.”; and
- (b) in sub-section (2), in clause (f), the words and comma “Deputy Governor,” shall be omitted.

K. A. GORAYA,  
*Secretary General.*