

ISLAMABAD: A parliamentary panel returned on Tuesday the draft of a bill proposing amendments to the Foreign Exchange Regulation Act 1947 after finding that Governor of the State Bank of Pakistan (SBP) Ashraf Wathra and his team were not prepared to explain its different aspects.

Presided over by Omar Ayub Khan, the National Assembly's Standing Committee on Finance and Revenue agreed to the necessity of the proposed amendment, but expressed concern over poor drafting of the bill and inability of the SBP team to reply questions asked by members of the assembly.

This was the second amendment bill taken up by the SBP in as many weeks and sent back by the legislature for clarifications, corrections and improvements. A few days ago, the committee had declined to approve a bill on regulation of credit bureaus.

"Mr Governor, we notice that half-heartedly prepared laws and presentations are coming up again and again before the committee," said MNA Mohammad Pervez Malik. "Perhaps, there is a need to strengthen your legal section" and more in-depth homework to satisfy lawmakers, he said.

Finance Secretary Dr Waqar Masood Khan, who introduced the amendment, agreed that more consultations should be held before seeking parliament's approval of the proposed bill. He was asked by the committee to facilitate the central bank's interaction with relevant wings of the ministries of law and finance to prepare a bill that met the necessity of the proposal covered in all aspects so that amendments were not sought again and again.

After the committee's meeting, a dejected Mr Wathra said that parliamentarian would have raised more and more questions and observations even if he had come up with volumes of explanations.

The committee was informed that it was now proposed to include a new section, namely 23K, in the act to introduce penalty clauses. It was reported that volume of foreign currency transactions to and from Pakistan had considerably increased since the act was introduced more than half a century ago and the central bank required enforcement powers to regulate foreign exchange business of banks and exchange companies.

Under the existing law, the SBP has no direct power to impose a monetary penalty on violation of provisions of the act and has to follow lengthy procedure of adjudication. The central bank can only suspend or cancel the license of a bank or exchange company on violation of the act, which is often considered more severe than the violations warrant. Hence the SBP should be granted powers to impose penalties on violation of the provisions of the act.

In reply to a question, a representative of the SBP team said the violations of the act also related to money laundering and terrorism financing.

It was reported that the committee had cleared the bill in 2007 but it could not be enacted as a law.

The members of the assembly, including former finance minister Naveed Qamar and Dr Nafisa Shah, and chairman of the committee Omar Ayub Khan said the panel could not grant blanket powers to the central bank to use discretion in penalising violators of the law, whether they were banks, exchange companies or individuals, and would like the bank to put in place a criteria to deal with each violation of law.

Mr Khan suggested a time-bound process, maximally spread on six months, for the central bank and courts to dispose of the cases.

The committee put on record that the SBP team had failed to provide details of offences in the schedule of offences along with their punishment and disposal of such cases by the central banks' adjudicator and the courts. It asked the SBP to "redraft the bill, provide information regarding breakup details of number of cases

dealt by the SBP judicator and cases referred to the tribunal and define penalties according to the nature of the offence”.

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**Statement associated with Governor SBP is baseless, says SBP Chief Spokesman**

Apropos your story titled, “**Forex Act amendment draft returned for want of clarity,**” appearing on 18<sup>th</sup> March 2015, SBP has taken strong notice of the statement, associated with the Governor, Mr. Ashraf Mahmood Wathra, objecting the behavior of parliamentarians after a briefing to the National Assembly’s Standing Committee on Finance and Revenue on a bill proposing amendments to the Foreign Exchange Regulation Act 1947. No such statement has been given to any journalist. It is baseless and contrary to the cooperation extended by the SBP team during the meeting. Governor and the SBP as an institution give full respect to the parliament and its committees extending fullest of its cooperation in all matters pertaining to the SBP.