

[TO BE INTRODUCED IN THE NATIONAL ASSEMBLY]

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further to amend the Code of Civil Procedure, 1908, the Contract Act, 1974, the West Pakistan Usurious Loans Ordinance, 1959, the Negotiable Instruments Act, 1881, the Land Acquisition Act, 1984, the State Bank of Pakistan Ordinance, 2001, the Banking Companies (Recovery of Loan) Ordinance, 1979, the Banks Nationalization Act, 1974, the Banks Nationalization Act (Payment of Compensation Rules), 1974, the Micro-Finance Bank Ordinance, 2000, the Pakistan Insurance Corporation Ordinance, 2000, the Government Saving Banking Act, 1873, the Negotiable Instrument Act, 1881, the Land Acquisition Act, 1894, the Cooperative Societies Act, 1925, the Cooperative Societies Rule, 1927, the Insurance Act, 1938, the State Bank of Pakistan Act, 1956, the West Pakistan Money Lenders Ordinance, 1960, the West Pakistan Money Lenders Ordinance, 1965, the Punjab Money Lenders Ordinance, 1960, the Sindh Money Lenders Ordinance, 1960, the N.W.F.P. Money Lenders Ordinance, 1960, the Agricultural Development Bank of Pakistan Rules, 1961, the Banking Companies Rules, 1963 and the Interest Act, 1939.

WHEREAS, Article 227 of the Constitution reads as: “(1) All existing laws shall be brought in conformity with the Injunction of Islam as laid down in the holy Quran and sunnah, in this part referred to as the Injunction of Islam, and no law shall be enacted which is repugnant to such Injunctions.”

And whereas, Article 38 of constitution reads as: (f) The state shall eliminate Riba as early as possible.

And whereas, The Council of Islamic Ideology has recommended that all interest-related laws should be amended in line with Quran and Sunnah.

And Whereas, it is expedient further to eradicate interest (riba) from the country by amending the fiscal laws through omitting the word interest wherever it is and in whatsoever meaning occurring in the laws and to repeal the Interest Act, 1939, for the purposes hereinafter appearing.

It is hereby enacted as follows:-

1. **Short title, Extent and Commencement.**- (a) This Act may be called “An Eradication of Riba Act, 2015.
- (b) It shall extend to the whole of Pakistan.
- (c) It shall come into force at once.

2. **Amendment in the Code of Civil Procedure, 1908.**- The provisions relating to interest contained in the following Sections and the word “interest” wherever appearing in the code in the meaning of Riba and in sections 2(12),34,34A, 34B, 35(3)144(1) and orders 21 rule 11, 38,79,80,93, order 34 rule 2,4,11 and 13 and order 39 rule 9 of the code of civil procedure 1908 be deleted and paragraphs reorganized and substituted appropriately.
3. **Amendment in Contract Act 1974.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the Contract Act 1974 and in section 74 of the Contract Act 1974 be deleted and paragraphs reorganized and substituted appropriately.
4. **Amendment in West Pakistan Usurious Loans Ordinance 1959.**- The provisions relating to interest contained in the sections of the ordinance and the word “interest” wherever appearing in the meaning of Riba in the west Pakistan usurious loans ordinance 1959, and in section 3 of the west Pakistan usurious loans ordinance 1959 be deleted and paragraphs reorganized and substituted appropriately.
5. **Amendment in Negotiable Instruments Act, 1881.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the means of Riba in the Negotiable Instruments Act 1881, and in section 80 of the Negotiable Instruments Act, 1881 be deleted and paragraphs reorganized and substituted appropriately.
6. **Amendment in land Acquisition Act, 1984.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the Land Acquisition Act 1894, and in section 34 of the Land Acquisition Act, 1984 be deleted and paragraphs reorganized and substituted appropriately.
7. **Amendment in State Bank of Pakistan Ordinance, 2001.**- The provision relating to interest contained in the sections of the Ordinance and the word “interest” wherever appearing in the meaning of Riba in the State Bank of Pakistan Ordinance, 2001 be deleted and paragraphs reorganized and substituted appropriately.
8. **Amendment in Banking Companies Ordinance, 1962.**- The provision relating to interest contained in the sections of the Ordinance and the word “interest” wherever appearing in the meaning of Riba in the State Bank of Pakistan Ordinance, 1962 be deleted and paragraphs reorganized and substituted appropriately.
9. **Amendment in Banking Companies (Recovery of Loan) Rules Ordinance, 1979.**- The provision relating to interest contained in the sections of the ordinance and the word “interest” wherever appearing in the meaning of Riba in the Banking Companies (Recovery of Loan) Rules Ordinance, 1979 be deleted and paragraphs reorganized and substituted appropriately.

10. **Amendment in Banks Nationalization Act, 1974.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the Banks Nationalization Act, 1974 be deleted and paragraphs reorganized and substituted appropriately.
11. **Amendment in Banks Nationalization Act (Payment of Compensation Rules) 1974.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the Banks Nationalization Act (Payment of Compensation Rules) 1974 be deleted and paragraphs reorganized and substituted appropriately.
12. **Amendment in the Micro-Finance Bank Ordinance, 2000.**- The provision relating to interest contained in the sections of the ordinance and the word “interest” wherever appearing in the meaning of Riba in the Micro-Finance Bank Ordinance, 2000 be deleted and paragraphs reorganized and substituted appropriately.
13. **Amendment in the Pakistan Insurance Corporation Ordinance, 2000.**- The provision relating to interest contained in the sections of the ordinance and the word “interest” wherever appearing in the meaning of Riba in the Pakistan Insurance Corporation Ordinance, 2000 be deleted and paragraphs reorganized and substituted appropriately.
14. **Amendment in Government Saving Banking Act, 1873.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the Government Saving Banks Act, 1873, be deleted and paragraphs reorganized and substituted appropriately.
15. **Amendment in the Negotiable Instrument Act, 1881.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the Negotiable Instrument Act, 1881, be deleted and paragraphs reorganized and substituted appropriately.
16. **Amendment in the Land Acquisition Act, 1894.**- The Provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the Land Acquisition Act, 1894, be deleted and paragraphs reorganized and substituted appropriately.
17. **Amendment in the Cooperative Societies Act, 1925.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the Cooperative Societies Act, 1925, be deleted and paragraphs reorganized and substituted appropriately.

18. **Amendment in the Cooperative Societies Rule 1927.**- The provision relating to interest contained in the sections of the rules and the word “interest” wherever appearing in the meaning of Riba in the Cooperative Societies Rule, 1927, be deleted and paragraphs reorganized and substituted appropriately.
19. **Amendment in the Insurance Act, 1938.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the insurance Act, 1938, be deleted and paragraphs reorganized and substituted appropriately.
20. **Amendment in the State Bank of Pakistan Act, 1956.**- The provision relating to interest contained in the sections of the Act and the word “interest” wherever appearing in the meaning of Riba in the State Bank of Pakistan Act, 1956, be deleted and paragraphs reorganized and substituted appropriately.
21. **Amendment in the West Pakistan Money Lenders Ordinance, 1960.**-The provisions relating to interest contained in the sections of the ordinance and the word “interest” wherever appearing in the meaning of Riba in the west Pakistan Money Lenders Ordinance 1960, be deleted and paragraphs reorganized and substituted appropriately.
22. **Amendment in the West Pakistan Money Lenders Ordinance, 1965.**- The provision relating to interest contained in the sections of the Ordinance and the word “interest” wherever appearing in the meaning of Riba in the West Pakistan Money Lenders Ordinance, 1965, be deleted and paragraphs reorganized and substituted appropriately.
23. **Amendment in the Punjab Money Lenders Ordinance 1960.**- The provision relating to interest contained in the sections of the ordinance and the word “interest” wherever appearing in the meaning of Riba in the Punjab Money Lenders Ordinance, 1960. be deleted and paragraphs reorganized and substituted appropriately.
24. **Amendment in the Sindh Money Lenders Ordinance, 1960.**- The provision relating to interest contained in the sections of the ordinance and the word “interest” wherever appearing in the meaning of Riba in the Sindh Money Lenders Ordinance, 1960. be deleted and paragraphs reorganized and substituted appropriately.
25. **Amendment in the N.W.F.P. Money Lenders Ordinance, 1960.**- The provision relating to interest contained in the sections of the ordinance and the word “interest” wherever appearing in the meaning of Riba in the N.W.F.P. Money Lenders Ordinance, 1960, be deleted and paragraphs reorganized and substituted appropriately.
26. **Amendment in the Balochistan Money Lenders Ordinance, 1960.**- The provision relating to interest contained in the sections of the ordinance and the word “interest” wherever

appearing in the meaning of Riba in the Balochistan Money Lenders Ordinance, 1960, be deleted and paragraphs reorganized and substituted appropriately.

27. **Amendment in the Agricultural Development Bank of Pakistan Rules, 1961.**- The provision relating to interest contained in the sections of the rules and the word “interest” wherever appearing in the meaning of rules and the word “interest” wherever appearing in the meaning of Riba in the Agricultural Development Bank of Pakistan Rules, 1961, be deleted and paragraphs reorganized and substituted appropriately.

28. **Amendment in the Banking Companies Rules, 1963.**- The provision relating to interest to interest contained in the sections of the rules and the word “interest” wherever appearing in the meaning of Riba in the Banking Companies Rules, 1963, be deleted and paragraphs reorganized and substituted appropriately.

29. **Repeal of Interest Act, 1939.**- Interest Act, 1939 is hereby repealed.

STATEMENT OF OBJECTS AND REASONS

Article 31 of the Constitution of Islamic Republic of Pakistan reads as: (1) steps shall be taken to enable the Muslims of Pakistan, individually and collectively to order their lives in accordance with the fundamental principles and basic concepts of Islam and to provide facilities whereby they may be enabled to understand the meaning of life according to the holy Quran and Sunnah.

Elimination of interest based system is concern of all citizens in Pakistan. The prohibition extends to all loans and transaction in which we are a part whether national or foreign. What is our concern is to revisit any agreement made by any government in the past or present under Islamic Law.

Council of Islamic Ideology had submitted detailed reports in 1980 and there is also report of the Commission for Islamization of Economy constituted in 1991, and the final report of the same Commission, reconstituted in 1997 which was submitted in August, 1997.

There is also report of the Prime Minister’s Committee on Self-Reliance, submitted to the Government in April, 1991.

It was made clear that interest in all its forms is riba and as such clearly against Islam; the nation must not be confused by differentiating between interest or usury or bank interest and non-bank interest, simple or compound, individual or institutional, public or private. Riba covers all these dimensions of interest.

It was also made clear that Twenty-eight specific laws come to the conclusion that all of them do have interest which is repugnant to Quran and Sunnah.

The country should move towards a riba-free system which is a success in this life and hereinafter.

One economic scholar describes the situation in the way that it is unfortunate that successive governments have been raising the slogans of self-reliance but for all practical purposes have chosen to remain in confront zone by enhancing reliance on interest based debt.

He further said that imprudent economic policies of the successive governments, large scale corruption, exorbitant expenditures, continued dependence on interest based economy and lack of desire to achieve self-reliance have resulted in slower rate of economic growth, rising unemployment ever rising quantum of domestic and foreign debt and stagnation in exports and continued imports of locally available resources.

There is report that the over 200 financial institutions all over the world including Europe and the United States are already successfully working on interest free system and they are growing their business three times more when compared with those organizations working on interest based system. This Bill seeks to eradicate interest in the country.

Sd/-

Mr. Sher Akber Khan,
Sahibzada Muhammad Yaqub,
Sahibzada Tariq Ullah,
Ms. Aisha Syed,
Members, National Assembly.