

**THE PAKISTAN BANKING (PREVENTION OF DEFAULT AND EVASION OF  
LIABILITIES) ORDINANCE, 1947.**

<sup>1</sup>**ORDINANCE NO. V OF 1947**

[15<sup>th</sup> December, 1947]

**An Ordinance to provide for prevention of loss to people in Pakistan from the withholding of payments of cheques and delivery of things held in safe custody by banks acting under directions issued by a Government or authority outside Pakistan.**

WHEREAS an emergency has arisen which requires measures to be taken to prevent banking concerns in Pakistan from making default in meeting their commitments and liabilities under external pressure;

Now, THEREFORE, in exercise of the powers conferred by section 42 of the Government of India Act, 1935 (26 Geo.5,c.2.), as adapted by the Pakistan (Provisional Constitution) Order, 1947, the Governor-General of Pakistan is pleased to make and promulgate the following Ordinance:—

**1. Short title extent and commencement.**—(1) This Ordinance may be called the Pakistan Banking (Prevention of Default and Evasion of Liabilities) Ordinance, 1947.

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<sup>1</sup> The Ordinance has been applied to Baluchistan with effect from the 15<sup>th</sup> day of December, 1947, *see* Gaz. of P., 1952, Pt. I, p.154; and extended to the Leased Areas of Baluchistan, by the Leased Areas (Laws) Order, 1950 (G. G. O. 3 of 1950).

It has been applied also in the Federated Areas of Baluchistan, *see* Gaz. of P., 1953, Pt. 1, p. 152.

It has also been extended to—

- (i) the State of Bahawalpur, *see* the Bahawalpur (Extension of Laws) (Second) Order, 1952 (G. G. O. 5 of 1952) ;
- (ii) the Baluchistan States Union, by the Baluchistan States Union (Federal Laws) (Extension) Order, 1953 (G. G. O. 4 of 1953); and
- (iii) the Khairpur State, *see* the Khairpur (Federal Laws) (Extension) Order, 1953 (G. G. O. 5 of 1953).

The Ordinance has been and shall be deemed to have been brought into force in Gwadur with effect from the 8th September, 1958, by the Gwadur (Application of Central Laws) Ordinance, 1960 (37 of 1960), s. 2.

<sup>1</sup>[(2) It extends to the whole of Pakistan.]

(3) It shall come into force at once.

**2. Definitions.** In this Ordinance—

- (a) “Bank” means <sup>2</sup>[the Imperial Bank of India and] any banking company as defined in section 277F of the Companies Act, 1913 (VII of 1913) and includes any branch of a bank.
- (b) “Manager” includes the term Agent or Sub-Agent and any other officer having charge of any branch or agency of any bank in Pakistan.
- (c) <sup>3</sup>[Federal Government] means the Government of Pakistan.

**3. No Bank to Stop payment of cheques or delivery of deposits under instructions from any Government Authority outside Pakistan.** No Bank operating in Pakistan shall act on the instructions of a Government or authority other than the Government of Pakistan issued to it direct or through its Head Office outside Pakistan, in regard to stopping of payment of cheques, delivery of securities or things held in safe custody, or in regard to any other banking business in Pakistan, without obtaining the prior approval in writing of an officer appointed by the <sup>3</sup>[Federal Government] in this behalf.

**4. Procedure for demanding explanations and search.**—(1) On receiving a complaint that a Bank is wrongfully withholding the payment of a cheque or the delivery of anything held in deposit or safe custody, the <sup>3</sup>[Federal Government] may by order require the Bank to explain the grounds on which it has withheld or delayed payment of the cheque or delivery of the thing held in deposit or safe custody and to furnish by a date to be specified a true statement of all the assets at the credit of or held in safe custody on behalf of the person concerned.

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<sup>1</sup> Subs. by the Central Laws (Statute Reform) Ordinance, 1960 (21 of 1960), s. 3 and 2<sup>nd</sup> Sch., for the Original sub-section (2) (*with effect from the 14<sup>th</sup> October, 1955*).

<sup>2</sup> Ins. by the Pakistan Banking (Prevention of Default and Evasion of Liabilities) (Amdt.), Ordinance, 1947 (6 of 1947), s. 2.

<sup>3</sup> Subs. by F.A.O., 1975, Art. 2 and Table, for “Central Government”.