



# THE FOREIGN PRIVATE INVESTMENT (PROMOTION AND PROTECTION) ACT, 1976



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# THE FOREIGN PRIVATE INVESTMENT (PROMOTION AND PROTECTION) ACT 1976.

<sup>1</sup>ACT NO. XLII OF 1976

[4th June, 1996]

## **An Act to provide for the promotion and protection of foreign private investment in Pakistan.**

WHEREAS it is expedient to provide for the promotion and protection of foreign private investment in Pakistan, and for matters ancillary thereto;

It is hereby enacted as follows:—

**1. Short title, commencement and application.**—(1) This Act may be called the Foreign Private Investment (Promotion and Protection) Act, 1976.

(2) It shall come into force at once.

(3) It shall apply to all industrial undertakings in Pakistan having foreign private investment established with the approval of the Federal Government after the first day of September, 1954:

Provided that nothing in this Act shall be in derogation of any facilities or protection specifically sanctioned by the Federal Government to foreign private investment in the case of a particular industrial undertaking or a class of industrial undertakings or such facilities or protection as may be available to foreign private investment under a bilateral investment treaty.

**2. Definitions.**—(1) In this Act, unless there is anything repugnant in the subject or context,—

(a) "foreign capital" means investment made by a foreigner <sup>2</sup>[or by a person who, being a citizen of Pakistan, is also the citizen of any other country] in an industrial undertaking in Pakistan—

(i) in the form of foreign exchange, imported machinery and equipment, or

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<sup>1</sup>For Statement of Objects and Reasons, see Gaz., of P., 1976, Ext., Pt. III, p. 392.

<sup>2</sup>Ins. by the Foreign Private Investment (Promotion and Protection) (Amdt.) Act. 1993 (4 of 1993), s. 2.

(ii) in any other form which the Federal Government may approve for the purpose;

- (b) "foreign private investment" means investment in foreign capital by a person who is not a citizen of Pakistan <sup>1</sup>[or who, being a citizen of Pakistan, is also the citizen of any other country] or by a company incorporated outside Pakistan, but does not include investment by a foreign Government or agency of foreign Government;
- (c) "industrial undertaking" means an industry, undertaking or establishment engaged in the production, distribution or processing of any goods, the providing of services specified in this behalf by the Federal Government or the development and extraction of such mineral resources and products as may be specified in this behalf by the Federal Government <sup>2</sup>[but, for the purpose of investment by a person who, being a citizen of Pakistan, is also the citizen of any other country, does not include an undertaking or establishment engaged in providing banking or insurance services].

(2) Words and expressions used but not defined in this Act shall have the same meanings as in the Companies Act, 1913 (VII of 1913).

**3. Field for foreign private investment.** The Federal Government may consistent with the national interest, for the promotion of foreign private investment, authorise such investment in any industrial undertaking—

- (a) which does not exist in Pakistan and the establishment whereof in the opinion of the Federal Government, is desirable; or
- (b) which is not being carried on in Pakistan on a scale adequate to the economic and social needs of the country; or
- (c) which will contribute to—
- (i) the development of capital, technical and managerial resources of Pakistan;
  - (ii) the discovery, mobilisation or better utilization of the national resources;
  - (iii) the strengthening of the balance of payments of Pakistan;
  - (iv) increasing employment opportunities in Pakistan; or
  - (v) the economic development of the country in any other manner.

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<sup>1</sup>Ins. by the Foreign Private Investment (Promotion and Protection) (Amdt.) Act, 1993 (4 of 1993), s. 2.

<sup>2</sup>Added *ibid.*,