



THE LOANS FOR AGRICULTURAL, COMMERCIAL AND INDUSTRIAL PURPOSES ACT, 1973

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THE LOANS FOR AGRICULTURAL ¹[, COMMERCIAL AND INDUSTRIAL] PURPOSES ACT, 1973.

²Act No. XLII of 1973

[27th June, 1973]

An Act to provide for credit facilities for persons engaged in agriculture ¹[commerce and industry]

WHEREAS it is expedient to provide for credit facilities for persons engaged in agriculture ¹[, commerce and industry].

It is hereby enacted as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Loans for Agricultural ¹[, Commercial and Industrial] Purposes Act, 1973.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. Act to override other laws. The provisions of this Act shall have effect notwithstanding anything contained in any other law for the time being in force ¹[and nothing contained in any law relating to the distribution or devolution of agricultural land, or to relief to agriculturists, shall apply to a loan or advance made under this Act on the security of such land].

3. Definitions. In this Act, unless there is anything repugnant in the subject or context,—

¹[(a) “**bank**” means a banking company as defined in the Banking Tribunals Ordinance, 1984 (LVIII of 1984)];

⁴[(aa) “**designated agency**” means a department or authority as the Minister-in-charge of the Federal Government, or Provincial Government as the case may be, by notification in the official Gazette, designate to prepare, issue and authenticate e-pass book and cause to give effect to entries in revenue record;]

(b) “**land**” means land used for agricultural purposes or for purposes subservient to agriculture;

(c) “**land-owner**” has the same meaning as in the West Pakistan Land Revenue Act, 1967 (W.P. Act XVII of 1967), but does not include a lessee or a mortgagee;

(d) “**Loans or advances**” means loans or advances for agricultural ¹[, commercial and industrial] purposes ³[and includes finance as defined in the Banking Tribunals Ordinance, 1984 (LVIII of 1984)];

¹Added, Subs. and Ins. by the Finance Act, 1986 (1 of 1986), s. 8.

²For Statement of Objects and Reasons, see Gaz. of P., 1973. Ex. Pt. III, p. 1001.

The Loans for Agricultural, Commercial and Industrial Purposes. Act, 1973 (XLII of 1973), hereinafter referred to as the said Act, and all rules, notifications and orders made or issued thereunder shall apply to the whole of the Provincially Administered Tribal Areas of the North-West Frontier Province and Balochistan Province, vide Regulation II of 1994.

³Added by the Loans for Agricultural Purposes (Amdt.) Act, 1985 (XIX of 1985), s. 2 (w.e.f. 1-1-1985).

⁴Ins. by The Loans for Agricultural, Commercial and Industrial Purposes (Amendment) Act, 2021 (XXXVI of 2021), s. 2

¹[(da) “**pass book**” means a title-document prepared in the prescribed manner setting out particulars of land owned by land owner and shall include e-pass book prepared or issued by a designated agency;]

(e) “**prescribed**” means prescribed by rules made under this Act; and

(f) “**Revenue Officer**” has the same meaning as in the West Pakistan Land Revenue Act, 1967 (W.P. Act No. XVII of 1967), and includes a Naib Tehsildar and Head Munshi.

4. Presentation of pass book.—(1) A Land owner applying to any bank for the grant of a loan or advance may, for the purpose of enabling the bank to take action in accordance with sub-section (4), produce before the bank a pass book prepared in the prescribed form and manner ¹[*

* * * * *].

(2) The entries in the pass book shall be authenticated by the Revenue Officer and shall be *prima facie* evidence of the title of the holder of the pass book to the parcels of land entered in the pass book, free of any prior encumbrance, unless otherwise specified therein.

(3) The pass book shall be deemed to be a title deed and accepted as such by the bank for granting a loan or advance to a land-owner on the security of such land entered therein as he may indicate.

(4) If the bank grants a loan or advance to the land-owner on the production of the pass book, the bank shall endorse the pass book against the entry relating to the land on the security of which the loan or advance is granted by it.

(5) The endorsement made in the pass book under sub-section (4) shall create a charge in favour of the bank on the land against the entry relating to which the endorsement has been made and the land-owner shall be debarred from alienating the land until the outstanding amount of the loan or advance granted by the bank has been repaid.

²[(5A) A charge on any land created under sub-section (5) shall be entered in the relevant revenue records against the entry relating to such land.]

(6) Any alienation of land in contravention of sub-section (5) shall be void.

(7) If the land-owner fails to repay the amount of the loan or advance in accordance with the terms of his agreement with the bank, the bank may, without prejudice to any other legal remedy available to it, apply to the Collector for the recovery of the amount in default as an arrear of land revenue and thereupon all the provisions of the Revenue Recovery Act, 1890 (I of 1890), shall apply to the recovery of the amount in default as they apply to the recovery of an arrear of land revenue.

5. Power to make rules.—(1) The Federal Government or, if the Federal Government so directs, the Provincial Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may specify the ratio to be maintained by the scheduled banks between loans and advances granted to land-owners having land not exceeding a subsistence holding, those having land exceeding such holding but not exceeding an economic holding and those having land exceeding an economic holding.

¹Ins. by Act, The Loans for Agricultural, Commercial and Industrial Purposes (Amendment) Act, 2021 (XXXVI of 2021), ss. 2-3

²Added by the Finance Act, 1986 (1 of 1986), s. 8

Explanation.—In this sub-section, “subsistence holding” and “economic holding” have the same meaning as in the Land Reforms Regulation, 1972.

(3) The ratio specified in the rules shall not be varied—

- (i) to the disadvantage of land-owners having land not exceeding a subsistence holding and to the advantage of land-owners having land exceeding a subsistence holding; or
- (ii) to the disadvantage of land-owners having land less than an economic holding and to the advantage of land-owners having land exceeding an economic holding.

6. *[Repeal.] Omitted by the Federal Laws (Revision and Declaration) Ordinance, 1981 (XXVII of 1981), s. 3 and Sch., II.*
