

Prohibition of Unauthorised Business of Sale/Purchase of National Prize Bonds

Report No. 50

Prohibition of Unauthorised Business of Sale/Purchase of National Prize Bonds

The sale of National Prize Bonds, a Federal Government Security, are regulated through statutory rules and orders promulgated by the Federal Government from time to time. Presently, National Prize Bonds of rupees 200, 750, 1500, 7500, 15000 and 40000 denomination are in circulation. The sale/encashment of these prize bonds is governed under SROs. The rules authorized the sale/encashment of these prize bonds by the State Bank of Pakistan, the Schedule Banks, National Saving Centers and also the Head Posts Offices. No other person/agency, unless specifically authorized under these rules, is allowed to undertake business of sale/purchase of prize bonds. The unauthorized transactions of these Government instruments are a violation of the statutory rules of the Government. The unscrupulous persons/dealers conduct the business of the sale and purchase of the prize bonds at other than the face value throughout the country. They are also selling the number of prize bonds to the people with the attraction that if their number comes in the draw, they will be entitled to the prize equal or double of the prize amount. The people are investing a huge amount in this nefarious business of purchasing the number of the prize bonds. As reported in the newspapers, when the prize is won in the draw against the number purchased by individual, the prize bond dealers become reluctant to pay the promised prize to the purchaser of the number, resulting thereto in hot altercation amongst them, causing death or hurt to each other. This is not documentary business which is causing loss to the state exchequer in the shape of evasion of taxes. As the dealers are selling the serial numbers of the prize bond without actually purchasing the prize bonds, thus their activities are causing loss to the

economy. The sale of coupons, tickets, number of figures or any other device for National Prize Bonds are essential elements of lottery, because such schemes for distributing prizes are determined by chance, therefore, are prohibited.

Earlier too, the Federal Government took notice of this illegal business of selling serial numbers of the prize bonds and promulgated the Criminal Law (Third Amendment) Ordinance, 1995 (LXXII of 1985), thereby inserting a new Section 489F in the Pakistan Penal Code to provide punishment for indulging in the business of sale or purchase of bonds by the individuals, in contravention of the rules. However, the ordinance lapsed on expiry of four months period.

In order to curb the increasing tendency of this nefarious business, it is proposed to make addition of Section 489F in Pakistan Penal Code 1860 and consequential amendment to the Code of Criminal Procedure, 1898 as follows:

1. **489F. “Counterfeiting or using documents resembling National Prize Bonds or unauthorized sale thereof.-** Whosoever counterfeits, or causes to counterfeit, or performs any act to use for any purpose whatsoever, or delivers to any person, any document purporting to be, or in any manner resembling to the National Prize Bonds, or indulges in the business of sale or purchase of National Prize Bonds, or promotes such sale or purchase of National Prize Bonds, in contravention of the rules made for that purpose, shall be punishable with the imprisonment for a term which may extend to five years, or with fine not exceeding one hundred thousand rupees, or with both.”

2. **Amendment of Schedule II, Act V of 1898.-** In the Code of Criminal Procedure, 1898 (Act V of 1898), in Schedule II, after the entries relating to section 489E, the following new entries shall be inserted, namely:-

“489F	Counterfeiting or using documents resembling National Prize Bonds or unauthorized sale	Ditto	Ditto	Ditto	Ditto	Imprisonment of either description for 5 years or fine of 100000 rupees or both	Court of Sessions or Magistrate of the first class”

Commission’s deliberations

The Commission in its meeting held on 21 December 2002 also considered the problem of Prize Bonds business through unauthorized dealers by selling to the public “numbers” and thereby depriving the national exchequer of revenue. The Commission noted that the sale/encashment of national prize bonds is regulated through statutory rules and orders of the Federal Government and such bonds can be purchased/encashed only through the authorized scheduled Banks or National Saving Centres or Head Post Offices, and that no private person or dealer or agency can carry out such a business. The activities of such unauthorized dealers, therefore, are unlawful and must be checked to save the public of fraud/cheating. The Commission therefore, recommended a draft amendment to the Pakistan Penal Code to ban such business by prescribing the punishment of 7 years rigorous imprisonment and fine up to one lac rupees to those who indulge in this unauthorized business and it should also cover the act of numbers being sold to the public. Accordingly, a draft Bill is at Appendix.

A
BILL

further to amend the Pakistan Penal Code, 1860 and the Code of Criminal Procedure 1898.

WHEREAS it is expedient further to amend the Pakistan Penal Code, 1860 (XLV of 1860) and the Code of Criminal Procedure, 1898 (Act V of 1898) for the purpose hereinafter appearing;

It is hereby enacted as follows:-

1. Short title and commencement.- (1) This Act may be called the Criminal Law (Amendment) Act 2002.

(2) It shall come into force at once.

2. Addition of section 489G, Act XLV of 1860.- In the Pakistan Penal Code, after section 489F, the following new section shall be inserted, namely:-

“489G. Counterfeiting or using documents resembling National Prize Bonds or unauthorized sale thereof.- Whosoever counterfeits, or causes to counterfeit, or performs any act to use for any purpose whatsoever, or delivers to any person, any document purporting to be, or in any manner resembling to the National Prize Bonds, or indulges in the business of sale or purchase of National Prize Bonds or Serial Number of National Prize Bond, or promotes such sale or purchase of National Prize Bonds or Serial Number of National Prize Bond, in contravention of the rules made for that purpose, shall be punishable with the imprisonment for a term which may extend to seven years, or with fine not exceeding one hundred thousand rupees, or with both.”

3. Amendment of Schedule II, Act V of 1898.- In the Code of Criminal Procedure, 1898 (Act V of 1898), in Schedule II, after the entries relating to section 489F, the following new entries shall be inserted, namely:-

“489G	Counterfeiting or using documents resembling National Prize Bonds or	Ditto	Ditto	Ditto	Ditto	Imprisonment of either description for 7 years or fine of 100000	Court of Sessions or Magistrate of the first class”
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