

STATE BANK OF PAKISTAN
Banking Control Department
Central Directorate
Karachi.

BCD Circular No. 37

10th December, 1984

All banks and development finance institutions.

Dear Sirs,

**Elimination of 'Riba' from the Banking System—
 Rates of Profit in case of Trade-Related modes
 of Financing.**

Please refer to item (B) of Annexure I to BCD Circular No. 13 dated the 20th June, 1984.

2. With effect from 1-1-1985 and until further instructions, the annual rates of profit earned by a bank/development finance institution in respect of trade-related modes of financing shall be within the ranges indicated below:-

	Range of Profit	
	Minimum	Maximum
(i) For exports under the Export Finance Scheme.	No. minimum	$2\frac{10}{2}\%$
(ii) For Part I (Local Sales) of the Scheme for Financing Locally Manufactured Machinery.	-do-	$7\frac{10}{2}\%$
(iii) For Part II (Export Sales) of the Scheme for Financing Locally Manufactured Machinery.	-do-	$2\frac{10}{2}\%$
(iv) For other purposes for which specific instructions have not been issued separately.	10%	20%

3. As already indicated in the BCD Circular referred to above, there should be no mark-up on the marked-up price. Similarly, there should be no compounding of overdue profit/service charge in other cases also.

4. The above instructions are being issued under the Banking Companies ordinance, 1962 and will supersede the instructions conveyed in BCD Circular No. 27 dated 26-11-1984.

5. Please acknowledge receipt.

Yours faithfully,

(SIBGHATULLAH)

Director