

Guidelines for Implementation of Regulatory Relief to Dampen the Effects of COVID-19

Table: Mode Wise General Principles		
S. No.	Mode	Principal/Profit Deferment
1	Murabahah/Musawamah) (where bank is seller)	
	i. In transactions where Murabahah/Musawamah (declaration/offer & acceptance of Murabahah) is not yet executed	Murabahah/Musawamah price along with tenor may be increased at declaration i.e. the time of execution (offer and acceptance) of Murabahah/Musawamah Contract.
	ii. In transactions where Murabahah/Musawamah has been executed	Additional profit cannot be charged on deferred principal/profit as Murabahah/Musawamah price cannot be increased. However, a separate transaction based on Tawarruq/Commodity (Murabahah/Musawamah)/Salam/Istisna/Diminishing Musharakah/Running Musharakah, etc. may be executed with the customers to settle the Murabaha receivable.
In case an IBI intends to pass on the benefit of reduction in reference rate to customer, it can be done on 'Murabahah Price upon Declaration' in case mentioned at (i) and in form of 'Rebate' in case mentioned at (ii).		
2	Salam/Istisna/Musawamah (where bank is buyer)	
	i. In transactions where customer has not yet delivered the goods to the bank	Delivery may be extended along with the extension in tenor and increase in the selling price of the goods in subsequent sale.
	ii. In transactions where customer as an agent of the bank has not yet sold the goods onward	Tenor may be extended and additional profit may be charged through increased selling price.
	iii. In transactions where customer as an agent of bank has sold goods onward	Tenor may be extended to the extent where incentive of the customer may be reduced to 'Zero' after which charging additional profit due to extension in tenor is not allowed. However, a separate transaction based on Tawarruq/Commodity Murabahah/Musawamah/Salam/ Istisna/ Diminishing Musharakah/Running Musharakah, etc. may be executed with the customer.
In case an IBI intends to pass on the benefit of reduction in reference rate to customer, it can be done through 'agency/selling price' in case mentioned at (i) and in form of 'Rebate' in case mentioned at (ii).		

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S. No.	Mode	Principal/Profit Deferment
3	Diminishing Musharakah (Shirkat-ul-Milk)	
	Principal deferment	Unit sale/purchase may be deferred and tenor may be extended, accordingly on which additional/adjusted rent may be charged.
	Profit deferment	Rent may be deferred.
In case an IBI intends to pass on the benefit of reduction in reference rate to customer, it can be done through 'immediate revision in rentals'.		
4	Ijarah	
	Principal and profit deferment	Rentals may be deferred (fully/partially) along with charging additional/adjusted rentals.
In case of deferment of partial rental, the Ijarah schedule may be revised.		
5	Musharakah (inclusive of Running Musharakah)	Tenor may be extended and terms & conditions of Musharakah/Running Musharakah may be revised.
In case an IBI intends to pass on the benefit of reduction in reference rate to customer, it can be done through 'applying reduced rate for future provisional payments'.		

- I. For the SBP approved Shariah compliant modes of financing for which general principles have not been prescribed in table above, IBIs shall develop solutions in consultation with and approval of their respective Shariah Boards.
- II. IBIs may also substitute existing product offered to a customer with any other product on the basis of SBP approved Shariah compliant modes, subject to the approval of their respective Shariah Boards.
- III. In case of dire need, IBIs are allowed to use Tawarruq/Commodity Murabahah/Musawamah subject to the approval of their respective Shariah Boards.
- IV. IBIs shall maintain the related record appropriately, for submission to IBD-SBP, as and when required.