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PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN
FINANCE DIVISION

(Budget Wing)

NOTIFICATION

Islamabad, the 23rd October, 2019

S.R.O. 1289(I)/2019.—In exercise of the powers conferred by section 28 of the Public Debt Act, 1944 (XVIII of 1944), the Federal Government is pleased to make the following rules, the same having been previously published *vide* Notification No. S.R.O. 302(I)/2018, dated the 2nd March, 2018, as required under sub-section (1) of the said section 28, namely:—

1. **Short title, application and commencement.**—(1) These rules shall be called the *Sarwa* Islamic Savings Account Rules, 2019.

(2) They shall apply to *Sarwa* Islamic Savings Accounts of any tenor opened under these rules.

2399 (1—9)

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[1687 (2019) Ex. Gaz.]

(3) They shall come into force at once.

2. **Definitions.**—In these rules, unless there is anything repugnant in the subject or context,—

- (a) “account” means an account opened in relation to the *Sarwa* Islamic Savings Account under these rules, wherein all cash flow shall be operated through the transaction account;
- (b) “anticipated profit” means the expected profits as notified by the Finance Division from time to time for the purpose of periodic profit distribution subject to adjustment in view of actual profit;
- (c) “authorized office of issue” means any and all National Savings Centres or any other office designated as such by the Director General, CDNS;
- (d) “CDNS” means the Central Directorate of National Savings;
- (e) “deposit” means money deposited into an account for and on behalf of the account holder under these rules;
- (f) “account holder” means the person in whose favour the account shall be opened under these rules;
- (g) “dissolution proceeds” means the distribution of remaining investment amount to the extent still intact and net of expenses, and any unpaid profit to the account holder on constructive liquidation of the investment at the end of the investment term subject to the provisions of rule 11 in accordance with the procedures determined by the Rafa National Savings under the guidance of the *Sharia* Board;
- (h) “Government” means the Federal Government;
- (i) “investment” means an investment of the investment amount made by an account holder (in its capacity as *Muwakkil*) with Rafa National Savings (in its capacity as *Wakil*) on the basis of *Wakala-bil-Isthithmar* (Investment *Wakala*), in accordance with the principles of *Sharia* under these rules;
- (j) “investment amount” means the total aggregate investment, through the deposit into the account, which shall be invested by Rafa National Savings on behalf of the account holder in its capacity as *Wakil* along-with other deposits made by other account holders

under these rules and to the extent the same remains intact under the investment;

- (k) “principles of *Sharia*” means the Injunctions of Islam, as revealed by the *Quran*, the *Hadith*, the directions of the Prophet Muhammed (*peace be upon him*), the *Ijma* (being the unanimity of the Prophet Muhammad (*peace be upon him*)’s disciples on a certain issue), *Qiyas* (drawing analogy from the essence of divine principles) and such secondary sources as the foregoing may allow and as interpreted by the *Sharia* Board;
- (l) “profit” means the actual distributable profit from the investment after ensuring that the investment amount is intact to be distributed by Rafa National Savings (in its capacity as *Wakil*) on the relevant profit distribution date subject to maximum of the anticipated profit;
- (m) “profit distribution date” means the dates on which profit shall be distributable to the account holder by Rafa National Savings subject to the provisions of rule 9 in accordance with the procedures determined by the Rafa National Savings under the guidance of the *Sharia* Board;
- (n) “profit distribution period” means such period as decided by the Finance Division from time to time in respect of an account or product;
- (o) “Rafa National Savings” means the Islamic window of the CDNS;
- (p) “*Sharia* Board” means the *Sharia* board duly constituted by Rafa National Savings in order to supervise all aspects of Rafa National Savings;
- (q) “transaction account” means a non-interest-bearing account opened in National Savings Centres for the purpose of making investment, profit disbursement and principal withdrawal for the *Sarwa* Islamic Savings Account;
- (r) “*Wakil*” means a party duly appointed by another party (*Muwakkil*) to act on its behalf in relation to a subject-matter as such another party’s (*Muwakkil*) agent;
- (s) “*Muwakkil*” means a party duly appointed by another party (*Wakil*) to act on its behalf in relation to a subject-matter as the appointing party’s (*Muwakkil*) agent; and

- (t) “*Wakala-bil-lithithmar*” means a contract of investment whereunder a *Muwakkil* shall have duly appointed and provided a *Wakil* with the requisite capital for the purpose of investment subject to the terms and conditions in such relation.

3. **Eligibility criteria.**—An account may be opened for and on behalf of the following account holders; namely:—

- (a) a single adult;
- (b) two adults in their joint names,—
 - (i) payable to the holders jointly or payable to either with the written consent of the other (joint class A); or
 - (ii) payable to either (joint class B);
- (c) an adult on behalf of minor;
- (d) fund of a public or private sector’s institution or organization, excluding banks, insurance companies and mutual funds.

4. **Investment limit.**—(1) The minimum limit of investment amount in respect of an account shall not be less than fifty thousand Rupees and further deposit shall be in multiple of fifty thousand Rupees.

(2) There shall be no maximum limit of the investment amount in respect of an account.

5. **Investment term.**—The term of investment shall be one year and three years or any other term as decided and duly notified by Finance Division from time to time.

6. **Documentation required.**—For the purpose of opening an account, every account holder shall be required to make application, on the format set out in **Appendix-A**, along-with copy of following documents, namely:-

- (a) valid CNIC or NICOP or POC or, in case of minor, child registration certificate or Form- B along-with CNIC of guardian, appointed by competent court of law;
- (b) in case of institutional investment, valid CNIC or NICOP of authorized signatories and copies of documentary evidence of incorporation or any other document which proves the establishment or constitution of the institution or fund; and

(c) any other document as required by the CDNS.

7. **Mode of deposit.**—Deposits may be made through cash, bank draft, pay order, crossed cheque or such other instruments accepted for financial transactions by the CDNS.

8. **Basis of investment.**—(1) By executing and making the application under rule 6 to the CDNS through the authorized office of issue and making the investment of the investment amount, the account holder shall act in the capacity as a *Muwakkil* and appoint the CDNS as its *Wakil* on the basis of *Wakala-bil-Isthithmar* (Investment *Wakala*), for the purpose of making investment in projects of the Government that are in accordance with the principles of *Sharia*.

(2) Pursuant to its appointment as *Wakil*, the CDNS shall manage the investment amount and for that purpose may enter into the relevant *Sharia* based arrangements with the Finance Division in accordance with the principles of *Sharia* with an objective of generating profit.

9. **Profit payment mechanism.**—(1) The actual profit with respect to a profit distribution period shall be determined on constructive liquidation basis and shall be distributed on the profit distribution date as per the investment amount maintained during that period subject to maximum of anticipated profit and shall be payable on or after the relevant day as published by the CDNS in the official Gazette from time to time;

(2) The undrawn profit shall be deemed separate from the investment amount, shall be credited into the transaction account and shall be available for withdrawal therefrom;

(3) In case of death of account holder, profit shall continue to be generated from investment account, subject to realization. However, the nominee or successor, as the case may be, shall be entitled for profit as per the notified anticipated profit rate of *Sarwa* Islamic Savings Account for the period commencing on the death of the account holder and ending on the date of withdrawal, both days inclusive.

10. **Withdrawal of investment amount.**—The account holder may request for liquidation of the investment before the investment term at any time subject to deduction of such administrative charges as the Finance Division may determine from time to time.

11. **Redemption of investment.**—(1) The investment shall be constructively liquidated at end of the investment term and the dissolution

proceeds shall be credited into the account in accordance with the procedures determined by the CDNS under the guidance of the *Sharia* Board.

(2) At end of the investment term and upto the date of early withdrawal if applicable, where the aggregate profit attributable to the account holder is in excess of aggregate anticipated profit for all the profit distribution periods, the excess shall as an incentive be granted to the CDNS as the *Wakil*.

12. **Nomination.**—(1) At the time of opening an account, the account holder may make nomination, in an application, set out in **Appendix-A** and such nominee shall act as a trustee (*Ameen*) only. The account holder may change or cancel previous nomination at any time through a notice to the issuing authority. In case of death of account holder, investment amount and profit thereon, if any, in respect of account of the deceased shall be payable to his legal heirs according to succession certificate issued by a court of competent jurisdiction. However, in cases, where —

- (a) total net payable amount does not exceed five hundred thousand Rupees, the payment shall be made to the nominees upon furnishing duly verified and attested affidavit on the format set out in **Appendix-B** to the effect that he shall act as trustee (*Ameen*) only and be bound to distribute the received amount among all the legal heirs according to their due shares as per law of the land; or
- (b) the nominee is an institution or minor or nomination has ceased to have effect due to death of the nominee before the death of account holder or before he has received any sum thereunder or the account holder had made no nomination, as the case may be, payment shall be made on provision of succession certificate issued by a court of competent jurisdiction.

(2) Where an account has been opened in joint names, on death of one of the joint account holders, the survivor shall be entitled to maintain the same. In case of death of both, the payment shall be made in accordance with sub-rule (1).

13. **Irregular account.**—If any account is found to be opened in contravention of these rules, such account shall be closed immediately and investment amount thereof shall be paid after adjustment for the excess profit paid over and above the anticipated profit rate of *Sarwa* Islamic Savings Account for the period.

14. **Validity period to claim profit.**—In case, profit is not claimed up to six years from the date of entitlement by the account holder, nominee or successor, as the case may be, such profit amount shall be donated to charity on behalf of the account holder or in social welfare projects of the Government

under the guidance of the *Sharia* Board and the liability of the CDNS and the Government in respect of such profit payable thereon shall terminate. In such cases, no amount in respect of profit shall be paid.

Explanation.—Entitlement means the date from which the profit becomes due.

15. **Unclaimed deposit.**—(1) Accounts in respect of which no transaction has been made by the account holders for a period of one year shall be marked as “Dead Account” and no subsequent transaction by the account holders in such accounts shall be allowed without prior approval of in-charge of the authorized office of issue.

(2) In case no transaction has been made by the account holder for a continuous period of two years from the date of maturity, the principal amount of account marked as “Dead Account” under sub-rule (1) shall be credited to the Public Account of the Federation:

Provided that the account may be revived at any time on application of the account holder, nominee or successor, as the case may be, and its balance along with the profit thereon accumulated up to the date on which the balance was credited to the Public Account of the Federation shall be credited to the account.

(3) In respect of the procedure for crediting to the Public Account of the Federation and revival thereof rule 36B of the Defence Savings Certificates Rules, 1966, shall apply to the *Sarwa* Islamic Savings Account as it applies to Defence Saving Certificates and, in such application, the said rule shall be construed as if the references therein and the forms thereof to the Defence Savings Certificates were references to the *Sarwa* Islamic Savings Account.

16. **Zakat.**—Zakat on accounts shall be deducted in accordance with the *Zakat and Usher Ordinance, 1980* (XVIII of 1980).

17. **Applicable tax.**—Withholding tax in respect of an account shall be deducted in accordance with the *Income Tax Ordinance, 2001* (XLIX of 2001).

18. **Powers to make procedures, processes and policies.**—The CDNS may devise internal procedures, processes and policies that shall be applicable to an account, including but not limited to opening of an account, management of the investment, determination and distribution of the profit, withdrawal of deposits, transfer of account from one centre to another and all other matters pertaining to the investment.

Appendix-A
(see rules.....)

SC-I
Serial No. _____

Registration No. _____

NATIONAL SAVINGS CENTRE

APPLICATION FOR SUBSCRIPTION OF
[Name of the ISP] ISLAMIC SAVINGS PRODUCT

NAMES AND ADDRESS OF SUBSCRIBERS

1. (a) Name _____
(b) Address _____

(c) N.I.C. No. _____
2. (a) Name _____
(b) Address _____

(c) N.I.C. No. _____

Single _____ Joint A* _____ Joint B** _____
*Joint A: Payable to holders jointly or to either with other's written consent.
**Joint B: Payable to either.
Strike out whichever is not applicable.

FOR PUBLIC BODIES

Name of public bodies and individual or fund for whom subscribed: _____
(Detail of documents attached)
a) _____
b) _____
c) _____

FOR MINORS

Date of Birth: 1. _____
2. _____
During minority this [Name of the ISP] Islamic Savings Product can be en-cashed by:
Name: _____
CNIC No: _____
Relationship with Minor: _____
Address: _____

MODE OF PAYMENT

1. Cash Rs. _____ (Rupees _____)
2. Cheque No./Date _____
(a) Bank Name _____
(b) Amount Rs. _____
(Rupees _____)

NOMINATIONS AND UNDERTAKING

I/We nominate following in the event of my/our death with proportions, subject to my/our undertaking herein given:-

S.No.	Names and CNIC Numbers	Share
(1)	(2)	(3)

Signature or Thumb Impressions of Subscriber(s):

(a) _____ (b) _____

DECLARATION

- I/We am/are follower(s) of the High _____ and _____
i. An attested copy of my/our declaration in Form CZ-50 annexed to the Zakat (Collection and Refund) Rules, 1981, duly executed is enclosed with this application.
ii. I/We have already filed an attested copy of above mentioned declaration with this National Savings Centre (ISC) under Serial No. _____ dated _____

Hence Zakat may not be deducted on compulsory basis in respect of this asset/investment.

Signature or Thumb Impressions of Subscriber (s):

(a) _____ (b) _____

I/We hereby subscribe to the [Name of the ISP] Islamic Savings Product mentioned on the reverse based on the principles of Islamic Wakala.

I/We hereby confirm having read and agree to the Commercial Terms of the [Name of the ISP] Islamic Savings Product as published by the CDNS.

I/We fully abide by all the Rules (as amended) applicable on the [Name of the ISP] Islamic Savings Product, as published by the CDNS.

I/We fully understand, have read and will abide by the Nomination Undertaking, as given above.

I/We undertake the I/We have not crossed the upper-limit of the investment as described in the relevant [Name of the ISP] Islamic Savings Product Rules as published by the CDNS.

Signature or Thumb Impressions of Subscriber (s): (a) _____ (b) _____

Dated: _____

Signature of the Second Officer
(Name and Designation with Stamp)

Signature of the Officer-in-Charge
(Name and Designation with Stamp)

Appendix-B

(see rules.....)

UNDERTAKING

(On stamp paper)

I _____ son / daughter / wife / widow of _____ resident of _____ holding CNIC / NICOP / Registration No. _____ do hereby solemnly affirm and declare that _____ (deceased) during his life time had purchased _____ Certificate Registration No. _____ for Rs. _____ on _____ or opened _____ Account No. _____ having balance at credit of Rs. _____, as on _____ date _____, and nominated me as trustee to receive the said amount, along with profit, if any, thereon and to disburse the same among all the legal heirs entitled thereto under the law to the extent of their respective shares. Since the said purchaser or account holder has died on _____, therefore, I hereby acknowledge the receipt of the said amount paid through the Government's Cheque No. _____ dated _____ for Rs. _____ and undertake that I shall disburse the said amount among all the legal heirs of the said _____ (name of purchaser or account holder) to the extent of their respective shares in accordance with the law. I also undertake to return the said whole amount, in lump sum in case any legal proceedings are initiated against the CDNS and National Savings Centre _____ and shall also keep the CDNS and National Savings Centre indemnified of any loss or losses caused to the said NSC due to the said litigation or legal proceedings.

(DEPONENT)

WITNESSES

1 _____

2 _____

Witnessed on oath on this day _____ month _____ year _____ at _____ in my presence.

OATH COMMISSIONER.

[No.F.21(1)GS-I/2017- 1601.]

RANA WAQAR AHMED KHAN,
Section Officer (GS).