

Part B: Boxes/Annexes

Chronology of Major Policy Announcements: October-December 2013

<p>DOS Circular No.03 10 October,2013 Regarding submission of audited Financial Statement to Bangladesh Bank</p>	<p>According to Bank Company Act, 1991(Amendment 2013) section 40, scheduled Banks are instructed to submit their Audited Financial Statement to Department of Off-Site Supervision of Bangladesh Bank within 2 months after ending the year instead of 3 months, - effective from December, 2013.</p>
<p>FE Circular No.14 10 October,2013 Regarding increase in the rate of Cash assistance against export of frozen shrimp</p>	<p>In accordance with Government decision, the rate of cash incentive against export of frozen shrimp during financial year 2013-2014 has been enhanced to 10% from 7.5%.</p>
<p>FE Circular No.14 10 October,2013 Regarding Export Development Fund (EDF)</p>	<p>EDF loan to an Authorized Dealer banks against their foreign currency financing of input procurement for manufacturer-exporter and BTMA member mill has been enhanced to USD 12 million from USD 10 million. Moreover, member mills of the Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA) have been brought under EDF loan for bulk import of raw materials In this context. An EDF loan to an AD against their foreign currency financing of input imports for a BPGMEA member mill shall not exceed (i) the value realized in foreign exchange against inland back to back LCs over the past twelve months, or (ii) USD 500,000 (five hundred thousand), whichever is lower.</p>
<p>SMESPD Circular Letter No.02/2013 22 October, 2013 Inclusion of Micro Enterprises and RMG Sector Safe Working Environment Program under Two Step Loan Fund.</p>	<p>With the aim of extending financial support to micro enterprises and ensuring safe working environment for RMG and knitwear sector workers some amendments in the Operating Guidelines have been made; The Two Step Loan (TSL) fund of JICA assisted FSPDSME project is providing medium and long term loans to small and medium enterprises for their productive investment. Besides, in</p>

	<p>order to cater the need of the micro enterprises the lower limit of sub-loan is re-fixed at BDT 200,000.00. The maximum limit of sub-loan will remain unchanged.</p> <p>A Memorandum of Understanding (MOU) for “RMG Sector Safe Working Environment Program” has been signed among JICA, Bangladesh Bank, BGMEA, BKMEA and Public Works Department (PWD) of Ministry of Housing and Public Works on 3rd October, 2013.</p> <p>RMG and Knitwear factories which are members of BGMEA and/or BKMEA with labor employment of 100-2000 provided that the factory building is owned by the applicant entrepreneur will get loan facility up to BDT 100,000,000 for the purpose of retrofitting, rebuilding & relocation of their factory buildings. The TSL fund of FSPDSME scheme will support 100% of the sub-loan amount as pre-finance. Disbursement to the PFIs will be made at least in 3 (three) tranches to each RMG and Knitwear Units selected for pre-finance upon receiving certificates from PWD engineers and PFI engineers at different stages of work.</p>
<p>BRPD Circular Letter No.11 & 18 27 October,2013 Regarding formation of Board of Directors and appointment of Chief Executive of a Bank Company and their responsibilities</p>	<p>These circulars are aimed at improving corporate governance of banks. They include criteria for appointment of Board of Directors and Chief Executive of Bank Company, their duties and responsibilities and other related activities.</p>
<p>SMESPD Circular Letter No. 03/2013 Dated: 12 November 2013</p>	<p>With a view to promote non-traditional and creative sector, some amendments in the small enterprise sector refinance scheme “Bangladesh Bank Fund” have been made.</p> <p>PFI will get 100% refinance against their lending to micro and small enterprises engaged in publication and marketing of books on knowledge based & creative writings subject to availability of</p>

<p>Amendment of policy of the small enterprise sector re-finance scheme “ Bangladesh Bank Fund” for inclusion of publication and marketing of knowledge based books & creative writings as an eligible sector for financing.</p>	<p>funds. The applicable interest rate at the client level will be maximum of 10% (bank rate +5%).</p> <p>Banks and NBFIs will provide finance to micro and small enterprises treated as creative publishers on banker-customer relationship. The creative publisher will be those publishers who are members of the “ Bangladesh Gyyan or Srijonsil Prokasok Somity” or any other similar organizations constituted by law and/or be considered as creative publishers by the respective Banks and NBFIs.</p>
<p>DFIM Circular Letter No.11 21 November,2013</p> <p>Regarding Write-off regulations</p>	<p>Attention has been drawn to FID Circular no.03 dated 15 March,2007.In that circular, instructions were given to litigate in court for loans ,advances and lease which have been classified as Bad/Harmful before Write-off in case of 100% provision. But it has been noticed that, often the expense of litigating is higher than the amount of loans in case of small amount loan. In this regard, it has been decided that instructions given in the above mentioned circular about Write-off and litigation will remain unchanged except for loan less than Tk.50000.</p>
<p>DFIM Circular No.09 01 December,2013</p> <p>Regarding fixation of minimum maturity period of term deposit for Financial Institutions</p>	<p>According to the existing regulation, maturity period of term deposit by Financial Institutions was six months for individual and organizations and there was a chance of Premature Encashment after expiring the six months period on request.</p> <p>From now on, minimum maturity period for term deposit by financial Institutions has determined to be three months. In that case Premature Encashment will also be possible after expiring the three months period on request.</p>
<p>PSD Circular No.05 09 December,2013</p> <p>Guidelines on Agent Banking for the Banks</p>	<p>All Scheduled Banks in Bangladesh were advised to download the newly formulated ‘Guidelines on Agent Banking for the Banks’ from the website of Bangladesh Bank for taking necessary action.</p>

<p>Circular Letter No. FEPD (Import)/125/2013-35 10 December,20123</p> <p>Regarding Online reporting of foreign exchange transaction</p>	<p>Authorized Dealer banks have been advised to report import transactions specifying value of goods (FOB value), freight charges and insurance expenses through online reporting module, if applicable for import settlement from January 01, 2014.</p>
<p>MPD Circular No. 2 December 10, 2013</p> <p>Maintenance of Statutory Liquidity Ratio (SLR) by Deposit Money Banks (DMBs) under section 33 of Bank Company Act, 1991 (Amended up to 2013)</p>	<p>According to the amendment of subsection (2) under section 33 of Bank Company Act, 1991, it is decided that (a) for the conventional banks the statutory liquid assets inside Bangladesh, which also includes excess reserves with Bangladesh Bank, shall not be less than 13.0 percent of their total demand and time liabilities, and (b) for the shariah based islami banks, this rate shall not be less than 5.5 percent.</p> <p>Effective from February 01, 2014 along with annulment of MPD Circular No. 05, dated December 01, 2010.</p>
<p>FE Circular no.15 15 December,2013</p> <p>Regarding Interest rate on borrowing from Export Development Fund (EDF)</p>	<p>Interest rate against EDF loan has been reduced from six-month LIBOR + 2.50% to six-month LIBOR + 1.50% for a period of six month from December 15, 2013. Accordingly, interest rates on EDF loans to ADs will be charged by Bangladesh Bank at six-month USD LIBOR + 0.50%, while ADs will charge interest on the exporter-borrowers at six-month LIBOR + 1.50%; for disbursements.</p>
<p>FE Circular no.16 18 December,2013</p> <p>Regarding Export Development Fund (EDF)</p>	<p>Member manufacturer-exporters of Leathergoods & Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) and Bangladesh Ceramic Wares Manufacturers' Association (BCWMA) have been brought under EDF loan for bulk imports against their estimated requirements for upto one year, based on their export performance over the preceding year.</p>

<p>GBCSRD Circular No.08 24 December,2013 Policy Guidelines for Green Banking</p>	<p>As per section 15kha (3) of the Banking Companies Act, 1991 (Amended up to 2013), each banking company shall form a risk management committee comprising the members of the Board of Directors to review the banks' green or environmental policies, strategies and program for governing the overall green banking activities of the banks.</p> <p>Banks will be required to submit their quarterly report as of December 31, 2013 basis within January 30, 2014 and similarly they will continue submitting reports of the subsequent quarters within the next 30 days of the respective quarter end. Banks will keep their annual report and websites updated with the disclosures on green banking initiatives/activities.</p>
<p>DOS Circular Letter No.29 30 December,2013 Regarding holding of share & capital market exposure for bank companies</p>	<p>The time limit for adjusting the excess loan over Single Borrower Exposure Limit provided to own subsidiary company for Merchant Banking and Brokerage activities has been extended up to 31.12.2014 instead of 31.12.2013.</p> <p>Banks are advised to adjust the loan up to Single Borrower Exposure Limit within stipulated time without increasing the existing loan limit.</p>