

SECTION : III

NON-RESIDENT BLOCKED TAKA ACCOUNTS

17. Powers of Bangladesh Bank to block non-resident accounts

Section 6 of the FER Act, 1947 confers powers on the Bangladesh Bank to "block" accounts in Bangladesh of any person resident outside Bangladesh and to direct that payment of any sum due to a non-resident may be made only to such a blocked account.

18. Definition of a blocked account

A blocked account means an account opened as a blocked account at any branch or office in Bangladesh of a bank authorised in this behalf by the Bangladesh Bank or an account blocked by the order of the Bangladesh Bank.

19. Opening of blocked accounts

A blocked account may not be opened in the name of a resident of Bangladesh unless it is held jointly with a non-resident. No blocked account may be opened by an AD or an existing "free" account blocked except under directions from the Bangladesh Bank.

20. Payment to blocked account

Sub-section (1)(b) of Section 6 of the FFR Act, 1947 provides that where the Bangladesh Bank has directed that any payment due to a non-resident may be made to a blocked account in his name with a bank in Bangladesh, the crediting of the sum due to the blocked account shall, to the extent of the sum credited, be a good discharge to the person making the payment.

21. Items payable to blocked accounts

Payments in discharge of liabilities to non-residents, remittance of which outside Bangladesh cannot be approved by the Bangladesh Bank under the current foreign exchange regulations, notwithstanding that they may have arisen legitimately and lawfully, will be allowed to be made only to blocked accounts. For instance, any payment of a capital nature due to a non-resident or a payment due to a Bangladesh national who has emigrated to another country will be permissible only into a blocked account in the name of the beneficiary.

22. Bangladeshi emigrants-blocking of accounts

Bank accounts and securities belonging to Bangladesh nationals and foreign nationals residing permanently in Bangladesh who emigrate to foreign countries, should be treated as blocked. For blocking the accounts and securities of intending emigrants the Bangladesh Bank will issue necessary instructions to their banks.

Sometimes Bangladesh nationals who had gone abroad for purposes other than migration take up permanent residence in a foreign country. As and when such cases of their clients come to the knowledge of the ADs, it will be their responsibility to report these to the Bangladesh Bank for instructions as to whether or not the bank accounts/securities of the person concerned should be blocked. In such cases pending receipt of instructions from the Bangladesh Bank, the securities should be immobilised and no operation on the bank account should be allowed without its prior approval.

23. a. Operations on blocked accounts

The Bangladesh Bank may issue special instructions regarding operations on individual blocked accounts. In the absence of any such special instruction, no payment into or withdrawal from blocked accounts may be made unless prior approval of the Bangladesh Bank has been obtained.

b. Use of blocked balance

Balances held in blocked accounts may be invested in "approved securities" expressed to be payable in Taka or may be placed on fixed deposit with the bank in which the account is held subject to prior approval of the Bangladesh Bank. The shares or securities in which investment is permitted by the Bangladesh Bank must be bought through the bank with whom the blocked account is kept and registered in the name of the account-holder, the address being his permanent residential address outside Bangladesh. Alternatively, securities so purchased may be registered in the names of the banks keeping the blocked accounts or their nominees in Bangladesh. The securities may not be held in bearer form and may not be sold or transferred out of the name of the stock-holder without prior permission of the Bangladesh Bank.