

CHAPTER 8

SECTION-I

EXPORTS

1. Export

Govt. Notifications No. 1(6)/ECS/48 and 1(7)/ECS/48 dated 1st July, 1948 issued pursuant to Section 12 of the FER Act, 1947 prohibit export of any goods directly or indirectly to any place outside Bangladesh, unless a declaration is furnished by the exporter to the Customs Authority or to such other authority as Bangladesh Bank may specify in this behalf that foreign exchange representing full export value of the goods has been or will be disposed of in a manner and within a period specified by the Bangladesh Bank.

2. Export exempted from repatriation of export proceeds

The prohibition mentioned above does not apply to the export of:

- (i) bonafide trade samples sent by registered exporter upto the value prescribed in the Export Policy in force;
- (ii) personal effects, whether accompanied or unaccompanied, of travellers;
- (iii) ships stores and transhipment cargo;
- (iv) goods shipped under the order of the Government of Bangladesh or of such officers as may be appointed by the Government in this behalf or of the Military, Naval or Air Force authorities in Bangladesh for Military, Naval or Air Force requirements.

In the case of export by Post, a certificate signed by a Gazetted officer or by any person entitled to use service postage stamp should be pasted on the outer cover of the parcel to the above effect;

- (v) gift packets where they are accompanied by a declaration by the sender that the contents of the packet are less than the value as prescribed in the Export Policy in force and that the despatch of the packet does not involve any transaction in foreign exchange; and
- (vi) where the packet is covered by a certificate issued by the Bangladesh Bank to the effect that the export of the parcel does not involve any transaction in foreign exchange.

Exemptions as above will be allowed by the Customs Authorities after being satisfied that the relative exports qualify for such exemptions.

3. Export Trade Control Regulations

Foreign exchange regulations regarding exports cover all goods exported to all destinations regardless of whether they are subject to Export Trade Control Regulations. Similarly, nothing in

the foreign exchange regulations relieves the exporters from the necessity of complying with the Export Trade Control Regulations prescribed by the Government, including the necessity of obtaining export licences in case of goods the export of which requires such licence.

4. Prescribed form for declaring exports

All exports to which the requirement of declaration applies, must be declared on the EXP Form (Appendix 5/31). These forms will be supplied by the ADs to their exporter clients.

5. Method of receiving payments against exports

Payment for goods exported from Bangladesh should be received through an AD in freely convertible foreign currency or in Taka from a non-resident Taka Account. Receipts against exports under various barter and bilateral arrangements should be settled as per instructions issued by Bangladesh Bank from time to time.

6.(a) Registration of exporters : The ADs should, before certifying any EXP form, ensure that the exporter is registered with the CCI&E under The Importers, Exporters and Indentors (Registration) Order 1981. The registration number should be quoted on the relative EXP forms.

(b) Online reporting: In addition to other reporting requirements to Bangladesh Bank, ADs shall report export transactions to the 'Online Export Monitoring System' of Bangladesh Bank on regular basis.

7. Certification of EXP Forms by ADs

(a) Before lodging the EXP forms with the Customs/Postal Authorities, the exporter should get copies of the forms certified by an AD. After receipt of the EXP forms from the exporters for certification purposes, the ADs will see and ensure that each set of the forms is duly filled in. Thereafter, they will record full particulars of the forms in the Export Register to be maintained as per proforma at Appendix 5/32 and assign a number for each set of the EXP forms in the following manner, which is to be inserted in the space provided at the top of each form:

	AD's Code				Serial Number				Year	
EXP NO.										

The first four boxes of EXP number will bear the branch code prescribed by the Bangladesh Bank for each AD branch and the next 5 boxes are meant for mentioning the serial number of the Export Register (Appendix 5/32) of the branch and the last two boxes are meant for mentioning the last two digits of the year of registration. The ADs will also have to complete the forms

themselves by mentioning all the required information/particulars/code number etc. in the forms at the appropriate places and certify the forms in the manner prescribed therein under seal and signature of the authorised official of the AD. These forms may be generated through 'Online Export Monitoring System' also. However, ADs may maintain EXP Register in electronic form with data backup as per IT Security Policy of the bank concerned.

(b) In order to avoid any loss of foreign exchange to the country, ADs shall not certify any EXP form unless they have satisfied themselves with regard to the followings:

(i) arrangements made for realisation of export proceeds within the prescribed period;

(ii) arrangements have been made for receipt of title to goods like Bill of Lading, Airway Bill etc. by the AD on shipment of the underlying goods;

(iii) the EXP form is signed either by the exporter or one holding valid legal power of attorney from the exporter and the terms of the power of attorney are such that both the exporter and the attorney may be held responsible jointly and severally for repatriation of export proceeds;

(iv) Bonafides of the buyers/consignees abroad and their credentials etc. where necessary, ADs should make discreet enquiries in this regard through their correspondents abroad etc., greater care should be taken particularly in cases of shipments against contract alone and shipments on CAD/DA basis. Where ADs doubt the bonafides and standing of the buyers/consignees abroad or where owing to common interest or otherwise they suspect collusion with the intent of delaying or avoiding repatriation of export proceeds ADs should report such cases promptly to Bangladesh Bank. Similarly, ADs should report to Bangladesh Bank cases where it comes to their knowledge that the exporters are directly or indirectly connected with or have any financial or other interest in the buyer/consignee abroad. Where felt necessary, discreet enquiry about the bonafides and credentials of the charter party should also be made in case the shipment is to be against a charter party Bill of Lading so as to avoid loss of cargo/foreign exchange.

(c) For delay in repatriation or non-realisation of export proceeds, the exporters will render themselves liable to punitive action under the FER Act., 1947. Besides, in the event of non-realisation or short realisation of export proceeds against shipment within the stipulated period, ADs shall obtain from the exporter(s) and furnish to Bangladesh Bank full explanation as to the circumstances resulting in non-realisation/short realisation. Therefore, in their own interest, both exporters and the ADs should be alert and active in ensuring timely repatriation of export proceeds.

8. Making out and delivery of shipping documents

In exercise of the powers vested in the Bangladesh Bank under Section 20(3) of the FER Act, 1947 all carriers whether common or private (Railway, Shipping or Airline companies) and their agents are directed as under:

(i) That in respect of export of goods from Bangladesh (excepting export from Type A industrial units located in the EPZs/EZs) to foreign countries by land route or by sea, the Railway Receipts, Bills of Lading and any other documents of title to cargo should be drawn only to the order of an AD designated for this purpose by the respective exporters and delivered to the authorised representatives of the ADs concerned and to none else. However, in case of export of goods, full payment for which value has been received by the exporter in advance through the AD, the Bill of Lading and other documents may be endorsed by the AD in favour of foreign importers and the same may be sent directly to the importers abroad by the AD. There may be cases where goods shipped from Bangladesh to the neighbouring countries by land route or even by cargo vessels reach the beneficiary earlier than the relative Bill of Lading, Truck receipts etc. This causes inconveniences and involves payment of demurrage at the port of destination due to delay in receipt of shipping documents. To overcome this problem, Shipping Companies may, at the request of the negotiating bank in Bangladesh, issue Telegraphic Delivery Orders on their agents in the relevant center directing them to deliver the goods to the order of the AD bank's correspondents in the buyers' country. A copy of the telegram/telex/SWIFT message, duly authenticated by the Shipping Company/Agent, should be passed on to the relevant AD who would send his own tested cable /telex/SWIFT instructions to his overseas correspondent asking the latter to hand over the Delivery Order to the consignee and stating the amount to be realised from the consignee before the Delivery Order is released. The usual shipping documents namely, invoice, bill of lading etc. may be despatched to the correspondent bank as usual.

(ii) In respect of export of goods from Bangladesh (excepting exports from Type A industrial units located in the EPZs/EZs) to foreign countries by air, the Airway Bills and any other documents of title to cargo should be drawn to the order of a bank in the country of import nominated by the AD designated for this purpose by the respective exporters and delivered to the authorised representative of the AD. However, in case of export of goods, full payment for which has been received by the exporter in advance through the AD, the AD may allow the Carrier Company to draw the documents to its own (AD's) order and then endorse the documents including the Airway Bill in favour of the foreign importers. The same may be sent directly to the importers abroad by the AD. The above directions shall not apply to exports exempted from repatriation of export proceeds and listed in Para 2 of this Chapter. Exports of fresh fish, vegetables, fruits, poultry and other goods of perishable nature are also exempted from this direction. The documents of title to cargo like Bill of Lading, Airway Bill in respect of goods shipped from the fully foreign-owned enterprises (Type A industries) in the EPZs/EZs may also be drawn in favour of the consignee/LC opening bank.

(iii) In case of negotiation of export bills by using FCRs or HAWBs issued by the freight forwarders, the following additional conditions are to be fulfilled :

(a) the export letter of credit and the export sale contract specifically provide for negotiation of export bill against FCR/HAWB (as the case may be) issued by a freight forwarder;

(b) The freight forwarder issuing the FCR/HAWB is operating in Bangladesh with licence from National Board of Revenue (Customs Authority);

(c) ADs will be responsible for satisfying themselves about the arrangement for timely repatriation of proceeds of export bill negotiated against FCR/HAWB.

9. Endorsement of shipping documents by the ADs

The ADs to whose order the relative Railway Receipts, Bills of Lading etc. are drawn shall endorse the same to the order of their foreign correspondents but in no case they shall make any blank endorsement or endorse it to the order of the consignee unless they have obtained specific or general approval of the Bangladesh Bank thereof. However, in the cases of export from Type A industrial units located in EPZs/EZs, Bill of Lading/Airway Bill/other documents of title to cargo drawn to the order of the AD may be blank endorsed or endorsed in favour of the consignees as per terms of the export LC/export contract.

10. Disposal of EXP Form

(i) The EXP Forms are in two sets viz. First Original and Second Original. In all cases the forms will be completed and signed by the exporter or his authorised agent

(ii) After completing the filling up of EXP forms the exporter should submit all copies to the AD for certification. After the forms are certified by the AD, these should be submitted to the Customs/Postal Authorities alongwith the shipping bill at the time of shipment. The Customs Authorities after filling in the portion relating to them and affixing therein their seal and signature will return the Second Original copy to the exporter/his authorised agent. The First Original copy will be forwarded by the Customs Authority to the respective office of the Bangladesh Bank.

(iii) Submission of export documents to the ADs

(a) The exporter shall submit Second Original copy of the EXP form alongwith the invoice etc. to the AD through whom payment for the goods exported is to be received. An extra copy of the shipper's invoice must be attached to the Second Original copy of the EXP form. In the event of payment being received through an AD other than the one who certified the EXP forms, the AD negotiating or collecting the export documents should convey the particulars of the EXP form to the AD that had originally certified the EXP form to enable the latter to make a suitable note in the relative export register.

ADs shall arrange to pass all shipping documents covering goods exported from Bangladesh and declared on EXP form within the period of 14(fourteen) days of shipment and report the same to the 'Online Export Monitoring System' of Bangladesh Bank. ADs shall continue to hold the Second Original EXP form until the full proceeds are realised. During the non-realisation stage of export proceeds, ADs shall, on demand, submit the EXP form and full set of export documents to Bangladesh Bank.

(iv) Scrutiny of documents

On receipt of the EXP form and the documents covering the exports the ADs should compare the signatures appearing on the bills of lading with the specimen signatures of the duly authorised officers of the shipping company on record to ensure genuineness of the documents. The AD should also compare the relative bill and/or documents with the relative form and satisfy itself that the declaration made on the form is correct and the method of finance stated thereon is a permitted one and that the amount for which the bill is drawn or the invoice is written is not less than the invoice value stated on the form. The invoice value should also be checked against the Taka value taken for customs purposes as shown on the form, against Taka value under the space for the shipping bill number. In no case the invoice value should be less than the value declared for customs purposes. Special care should be exercised in the checking of the invoices with a view to detecting undervaluing of exports. Any suspicious circumstance should be reported to the Bangladesh Bank.

(v) If the difference between the value stated on the EXP form and the amount of the bill/invoice is small and accounted for by legitimate trade charges etc., the AD may accept the bill /documents for negotiation/collection. The details of such adjustments must be given on the relative form and must be authenticated by the AD under its stamp and signature.

(vi) After negotiation of the bill or acceptance of the documents for collection, the ADs should complete the certificates in this behalf in the space provided on the Second Original copy of the EXP form to the effect that they have negotiated bills/received shipping documents for collection for the value stated on the form.

(vii) After realisation of export proceeds in foreign currency or by debit to a non-resident Taka account, ADs shall certify on the reverse of the Second Original EXP form and shall report the same to 'Online Export Monitoring System' of Bangladesh Bank. As usual ADs shall, without attachment of EXP Form, report the realisation of export proceeds in relevant schedule of monthly returns to Bangladesh Bank. Afterwards, ADs shall retain Second Original EXP form with them for record and eventual inspection for a period of 5(five) years. However, in respect of cases which are under investigation by Bangladesh Bank inspection team/other Government agencies, the EXP form and full set of export documents shall be disposed of only after obtaining clearance from the inspection team/Government agency concerned.

(viii) Exports subject to receipt of advance payments or confirmed and irrevocable LC

In the case of commodities export of which is subject to receipt of advance payment or confirmed and irrevocable LC (such as raw jute), shipments will be allowed by the Customs only on the basis of the certificate of the AD on the EXP forms to the effect that either advance payment or confirmed and irrevocable LC has been received covering export of the goods mentioned on the EXP form.

11. (a) Deduction of commission, brokerage or other trade charges : Commission, brokerage or other trade charges due to be paid to foreign importers or agents by exporters in Bangladesh relating to the particular shipment may be deducted from the relative bill amount or the amount of the sale proceeds or remitted from Bangladesh after the full proceeds have been realised only upto a maximum of 5(five) percent of the value of the goods. In exceptional cases or where it is customary in any particular trade to pay commission in excess of 5(five) percent by deduction from the invoice value of exports, the Bangladesh Bank may consider applications by exporters through their banks and may grant a standing authority to permit payment of commission in excess of 5(five) percent of the invoice value. While applying to Bangladesh Bank for such permission, AD shall attach application of exporter along with information to be provided in format at Appendix 5/33 without attaching supporting documents which shall to be preserved by AD upto prescribed period for delivery to Bangladesh Bank/inspection team as and when required.

b) In the case of export of books, journals and magazines published in Bangladesh, the exporters can allow without prior approval of the Bangladesh Bank discount upto 33.5 (thirty three and a half) percent in all of the invoice value. For allowing discount in excess of the 33.5 (thirty three and a half) percent of the invoice value, the exporters may approach to Bangladesh Bank for prior approval.

12. Using appropriate incoterms

In EXP form, ADs shall use appropriate incoterms issued by the International Chamber of Commerce. ADs are allowed to use any of the terms as EXW, FCA, FOB, FAS, CFR, CIF, CPT and CIP provided those are stipulated in the relevant LCs or sales contracts. ADs are however, strongly advised to inform the exporters about the risk and responsibility involved in such cases. While certifying the EXP forms, the ADs must show the FOB or its equivalent value and cost of freight, insurance and other charges separately on the EXP forms. The ADs, while certifying realisation of the export proceeds will in addition to the certificate in the appropriate column, also indicate on the reverse of the Second Original EXP form the FOB equivalent value, insurance and freight separately. For this purpose they may use a rubber stamp as appropriate.

This is to mention that, FCA incoterm will be used in LC/contract if goods are to be delivered by exporters to the buyer's nominated person prior to loading on board a vessel. Exporters may face additional risks and incur extra costs if FOB term is used in such cases instead of FCA. ADs are therefore, advised to satisfy themselves that contracts/LCs reflect accurate terms and conditions of the Incoterm stipulations before advising the same to the beneficiaries. Inconsistency, if any, should be informed immediately to the LC issuing bank for necessary amendment with intimation to the beneficiary. ADs shall also keep their exporter customers informed of the appropriate terms and conditions against applicable Incoterms for export so that they can insist foreign buyers to get LCs issued/contract accordingly.

13. Prescribed period within which payment should be received

(a) The period prescribed by the Bangladesh Bank within which full foreign exchange proceeds of exports must be received by exporters is four months (Vide Bangladesh Bank Notification No. FE 1/77-BB dated 16th April, 1977, Appendix 3/5). If the receipt of the full proceeds of any shipment is delayed beyond this period without a special or general authorisation from Bangladesh Bank, the exporter will be liable to action under the FER Act, 1947.

(b) Permissible period for repatriation of export proceeds against export to EPZs/EZs : Permissible period for repatriation of export proceeds against export to EPZs/EZs through land route shall be countable from the date of onboard land transport specified in transport receipt. Accordingly, ADs shall, while EXP reporting, report this date of transport as 'date of shipment' to 'Online Export Monitoring System' of Bangladesh Bank.

14. Export of raw jute and jute goods on usance basis

General authorisation has been accorded to ADs for allowing exports of raw jute and jute goods on upto 360(three hundred sixty) days usance basis against irrevocable LCs confirmed at buyer's cost from first class international banks abroad. This requirement of third bank confirmation may be waived if the AD is satisfied about the prospect of receiving payment in time, taking into account the country risk, the counterparty risk (the reputation and financial standing of the buyer) and the reputation and standing of the LC opening bank as ascertained from standard reference sources and/or foreign correspondents of the AD. The AD should also satisfy itself that the export price quoted is internationally competitive and that the usance interest loaded is at a rate commensurate with the prevailing interest rate in the concerned currency.

15. Reporting of overdue cases

(a) Head Offices/ Principal Offices of the ADs will submit to the FEOD, Bangladesh Bank, Head Office monthly statements showing the total figures of all export bills including partly unrealised relating to all their AD branches outstanding at the end of each month in the proforma prescribed (See Appendix 5/34) by the 10th of the month following the month to which it relates.

(b) Area/Principal Offices of the ADs are required to submit monthly statements of particulars of export bills outstanding beyond the prescribed period of realisation as at the end of each month to the concerned area offices of Bangladesh Bank in the prescribed proforma (See Appendix 5/35). The statement should be prepared as per instructions contained in the reverse of the proforma. The ADs should quote the reference number and date of Bangladesh Bank's permission in the remarks column in case any extension of time for repatriation of export proceeds has been allowed by Bangladesh Bank. The statement should be submitted within 10(Ten) days from the date of the relevant month closes. ADs should ensure timely submission of the statement and should also ensure inclusion of all overdue export cases in the statement without any omission.

16 (i) Part drawings and advance remittances

If it is customary in any particular trade for exporters to draw bills for only a percentage of the invoice value, the balance to be paid after arrival of goods at destination, the ADs may negotiate bills in the part amount provided they obtain an undertaking from the exporters that they will realise the balance within the prescribed period. The ADs should report such part receipts to the Bangladesh Bank on 'Online Export Monitoring System' and on the appropriate return & schedule.

It is the responsibility of the ADs to follow up each such case and to ensure that the balance amount is also realised within the prescribed period. This exemption will not, however, apply in the case of shipments of those goods which are subject to either 100(hundred) percent advance remittance or to the opening of confirmed or irrevocable LC for the full amount of the export.

(ii) Partial receipt of advance remittance

Where part of the invoice value has been received in advance by the shipper, the AD while negotiating/collecting documents for the balance, should certify on the Second Original copy of the EXP Form that part of the amount has been received by them in advance quoting reference to the return on which the receipt was reported on an "Advance Receipt Voucher" (Appendix 20, GFET, Vol-2). The Second Original copy of the EXP form should be kept outstanding by the AD until the full value of the exports has been received. For reporting advance remittance on export please see Para 20 below also.

17. Short shipments

Where a portion of a consignment is short shipped and the exporter consequently draws a bill or writes an invoice for a quantity less than that entered on the original copy of the relative EXP Form submitted to the Customs, he must make a declaration on the remaining copy of the form submitted to the bank negotiating the bills that the shipment was partially short shipped.

In all cases of short shipments, the exporters should give notice of short shipment on the prescribed form in duplicate to the Customs who will forward a certified copy of the notice to the Bangladesh Bank. This notice should bear the number and date of the relative EXP form in respect of which goods have been short shipped.

18. Shipments shut out entirely

Where a shipment to be made by a particular vessel is entirely shut out and re-shipped by another vessel, the exporter should apply on the prescribed form in duplicate to the Customs for permission to alter the name of the vessel on the relative EXP form and the shipping bill, stating on the application the number and date of the relative EXP form to which the application relates. The Customs will forward a verified copy of the application to the Bangladesh Bank.

Where a shipment is entirely shut out and is not being re-shipped immediately by any other vessel, the exporter should give notice accordingly in the prescribed form in duplicate. The Customs will forward a verified copy of the notice in respect of the shipment entirely shut out to the Bangladesh Bank in order that the relative EXP form may be treated as cancelled.

19. Shipments lost or damaged in transit

If shipments from Bangladesh are lost in transit for which payment has not already been received either by a direct remittance or by negotiation of bills under an LC, the AD must see that an insurance claim is made as soon as the loss is known. The Second Original copy of the relative EXP form should contain a statement on the reverse thereof, under the stamp and signature of the AD that the shipment has been lost, together with the following particulars regarding the insurance covering the shipment:

- (a) Amount of insurance (including currency in which drawn).
- (b) Name of the Insurance Company.
- (c) Place where the claim is payable.

Where the claims are payable in a currency other than Taka, they should be realised through the AD who had certified the Second Original copy of the relative EXP form and who, on satisfaction of the claim, should certify on the Second Original copy the particulars of the amount collected by itself and preserve the same by itself.

20. Receipts of advance remittances against exports

Before paying out money against remittances received from abroad, whether against purchase of foreign currency or debit to a non-resident taka account of a foreign bank in case where purpose of the remittance is stated to be advance receipt for goods to be exported from Bangladesh, the AD should obtain a declaration from the beneficiary on the "Advance Receipt Voucher" certifying the purpose of the remittance with report to the 'Online ARV Reporting Module'.

21. Shipments on FOB basis

In cases, where exporters arrange insurance cover and freight in Bangladesh but prepare invoices on FOB basis, the ADs should verify from the bills of lading that freight has not been prepaid in Bangladesh. All cases where freight or insurance has been paid in Bangladesh but export documents are on FOB basis should be reported to Bangladesh Bank.

22. Export proceed realisation certificate against direct and deemed exports

Sometimes exporters are required to submit evidences of export and realisation of export proceeds to various government agencies against direct and deemed exports. In such cases, ADs

may issue Proceed Realisation Certificate (PRC) against direct and deemed export (as the case may be) after being confirmed about the realisation of such proceeds. ADs shall use separate proforma for issuance of direct export PRCs and deemed export PRCs.

ADs shall follow the instructions in case of issuance of PRCs as under:-

- a) ADs shall use prescribed proforma in Appendix 5/36 to issue PRCs for proceeds realised against direct exports while prescribed proforma in Appendix 5/37 shall be used to issue PRCs for proceeds realised against deemed exports.
- b) ADs shall issue original PRC for the requiring government authority as usual while another copy stamped/typed in bold 'Verification Copy' at the top of the prescribed proforma is to be issued for onward submission to the concerned Area Office of Bangladesh Bank.
- c) In case of issuance of PRC against deemed exports, ADs are required to submit additional information such as beneficiary's name, bill reference, paying bank branch's name, realised amount, date of realisation etc. with the monthly returns in support of the transactions to be reported as per Para 13(a), Chapter 2 of the GFET (Vol-2).
- d) ADs shall submit monthly statement embodying a list of issued PRCs with corresponding reporting reference enclosing 'Verification Copy' of PRCs and copy of relevant schedules and additional information as mentioned in above para for post facto checking/verification to the Area Offices of Bangladesh Bank by 15th of the following month. A 'Verification Copy' has to be preserved by the ADs for eventual inspection by Bangladesh Bank inspection team and for verification by other government agencies.
- e) Head Office/Principal Branch of the AD shall send updated list of its officials along with their specimen signatures, PA nos. and phone numbers who are authorised to sign PRCs to the Offices of the 'Bond Commissionerate' and 'Duty Exemption and Drawback Office (DEDO)' from time to time for verifying the genuineness of issued PRCs.

ADs are advised to exercise utmost caution in issuing PRCs to avoid any possible misuse. Any irregularity shall be treated as violation of Bangladesh Bank's instructions. ADs are also advised to extend their full co-operation to different government agencies regarding verification of any PRC, if approached.

23. Export of software, data entry/processing and other services

Foreign exchange earnings from export of computer software, data entry/data processing and other services through compact disk, flash drive, V-Sat, Internet or other electronic/magnetic media shall be realised and reported to Bangladesh Bank by AD as per following guidelines :

a) Where export is undertaken in physical form :

As in the case of merchandise exports, EXP procedure as described in para 7 shall be followed where export is undertaken in physical form, that is, where computer software and data entry/data processing services are exported in compact disk, flash drive, tape etc.

b) Where export is undertaken in non- physical form

EXP procedure will not be applicable for export undertaken in non-physical form such as V-Sat, Internet or other electronic media. For collection of proceeds against exports in non-physical forms, instruction mentioned in sub para (1), (2), (3) & (4) shall have to be followed by ADs and exporters concerned.

(1) Export on non-physical form : Business Process Outsourcing

Firms/companies/individuals may provide services outsourced by non-residents through internet like data processing, data entry, etc. rendered from Bangladesh in non-physical form, against which payments in foreign exchange are received through ADs. The payment against these services are normally due on delivery of the services and it may not necessarily require documents for collection of export proceeds. In these cases, ADs are free to credit the receipts in foreign exchange to the account of the relevant service exporter in equivalent local currency and/or in ERQ account [upto admissible portion as mentioned in Para 27(c,d), Chapter 13] maintained in the name of the respective exporter subject to observance of the following terms and conditions :

(i) ADs shall satisfy themselves on examination of the relevant documents (such as e-mail communication) and the message (such as SWIFT) relating to the inward remittance that the payment has been received from the respective non-resident customers to whom services have been delivered in accordance with specific arrangements;

ii) ADs shall ensure that the individual beneficiaries have necessary capacities to provide the underlying services;

iii) ADs shall encash the inward remittance on receipt of Form C (Appendix 5/10 or 5/11 as the case may be) duly filled in from the beneficiaries. To mention, separate Form C (Appendix 5/11) shall be used for reporting inward remittance on account of ICT related services for easy codification of the purpose and usual report to Bangladesh Bank in relevant statement/schedule and online reporting module. ADs are instructed to adhere to the instructions enumerated in the Form (Appendix 5/11) while reporting inward remittances on account of ICT related services. However, inward remittance upto USD 10,000 (ten thousand) or equivalent against service exports may be credited in the respective accounts of service exporters without obtaining declaration on Form C. In this context ADs shall satisfy themselves bonafide of the transactions with the notation of the relevant SWIFT message. In case of non-availability of required

information, ADs shall contact the beneficiaries through e-mail about the purpose of transactions;

iv) ADs shall ensure deduction of applicable taxes, if any;

v) ADs shall exercise due diligence in respect of the transactions and comply with foreign exchange regulations, AML/CFT standards and other relevant laws/regulations in force; and

vi) ADs shall keep records in support of the transactions and report the same in relevant monthly schedules/statement to Bangladesh Bank.

There are other service exports such as business services, professional/research and advisory services, etc. rendered from Bangladesh against which payments in foreign exchange are received through ADs. Remittances from abroad as payments against these and all other non-agency service exports in non-physical form may also to be credited to local currency accounts and ERQ accounts in the names of the concerned exporters, subject to observance of the same instructions as stated above.

(2) Repatriation of export proceeds through OPGSPs

ADs are allowed to offer the facility of repatriation of remittances against small value service exports in non-physical form such as data entry/data process, business process outsourcing etc. through the OPGSPs, subject to compliance of the following instructions:

(i) ADs shall enter into standing arrangements with internationally recognised OPGSPs and maintain separate Nostro collection account for each OPGSP to repatriate the above mentioned service export related payments. Service exporters availing of this facility shall open notional accounts with the OPGSPs. It is to be ensured that no funds are retained in such accounts and all receipts should be automatically swept and pooled into the Nostro collection account maintained by the ADs.

(ii) This facility shall only be available for service export in non-physical form of value not exceeding USD 5000 (USD five thousand).

(iii) The following debits will only be permitted to the Nostro collection account opened and maintained under this arrangement:

- a. Repatriation of funds representing service export (as mentioned above) proceeds to Bangladesh for payment to service exporters;
- b. Payment of fee/commission to the OPGSP as per the predetermined rates/frequency/arrangement; and
- c. Charge back to the service recipient/importer where the service exporter has failed in discharging the obligations as per specifications.

(iv) ADs shall repatriate the balances held in the Nostro collection account and arrange to credit the respective exporter's account with a bank in Bangladesh on being confirmed that the export proceeds have been swept and pooled into the Nostro collection account from the exporter's notional account.

(v) ADs shall satisfy themselves as to the bonafide of the transactions on examination of relevant documents and credit the amount, repatriated from the Nostro collection account, to the exporter's account on receipt of Form-C duly filled in (if applicable). However, ERQ account of the exporter may be credited up to the permissible limit of the total proceeds in accordance with the instructions laid in chapter 13, section IV of this Guidelines. ADs shall also ensure deduction of applicable taxes, if any and payment thereof.

(vi) Besides reporting the transactions to Bangladesh Bank in monthly schedules/statements, ADs shall submit all the relevant information/documents relating to any transaction under this arrangement to the Bangladesh Bank, as and when advised to do so.

(vii) Each Nostro collection account shall be subject to reconciliation and audit on a quarterly basis in terms of Para 7, Chapter 4 of this Guidelines.

(viii) Resolution of all payment related complaints of exporters/service providers in Bangladesh shall remain the responsibility of the OPGSP concerned.

(ix). ADs entering into arrangement(s) with any OPGSP(s) shall report to FEPD, Bangladesh Bank, Head Office, Dhaka with necessary details.

(x) ADs shall exercise due diligence in respect of the transactions with OPGSPs and comply with the foreign exchange regulations, AML/CFT acts/regulations and any other relevant laws/regulations in force.

(3) Repatriation of ICT related service income through international card

ADs may provide facilities to credit inward remittances received in international card number/account against the services provided by individual developers/freelancers of mobile Apps and Games having acknowledgements/training/boot-camps/hackathons/course participation certificates on mobile application development arranged by government authority/BASIS, or its member organisation and any other recognised training/academic institutes. In this context, ADs shall issue to individual developers/freelancers international cards (termed as 'Freelancer Card') having dual currency units with features of being prepaid from abroad and observe the following instructions:

(a) On receipts of the payment, up to eligible ERQ portion (Section-IV, Chapter 13) may be credited at the options of beneficiaries in foreign currency unit of the card, the remainder mandatorily in local currency unit after conversion at prevailing exchange rate.

(b) The balance held in foreign currency unit of the card as ERQ is usable for payment, through usual banking channel, on international current account transactions for bonafide business expenses including legitimate expenses for personal purposes. The cards may be used for permissible online transactions from Bangladesh mentioned in Para 40, Chapter 10, Para 9, 11(B)(ii) & 12(only visa processing), Chapter 11, Para 28(i), Chapter 13, Para 16&17, Chapter 19. Outward remittances from foreign currency balance are subject to fulfillment of taxes payment obligations, if any.

(c) Inward receipt exceeding USD 10,000(Ten thousand) or equivalent is subject to declaration on Form-C (ICT), Appendix 5/11.

(d) ADs shall report the transactions to Bangladesh Bank in relevant statement/schedule and online reporting system mentioning appropriate code relevant to ICT/computer services.

(4) Receipt of payment through acquiring banks

In addition to transmission of IT enabled products through V-Sat, Internet or other electronic media, IT/Software exporting firms may sell their products/services to the customers abroad through web/internet. In the context of web based trade, ADs may work as 'Acquiring Banks' for realisation of internet/web generated payment through International Credit Card favoring BASIS member IT/Software firms registered and operating in Bangladesh subject to compliance with following terms and conditions:

i) ADs shall have the merchant agreements with the beneficiaries;

ii) ADs shall have to be satisfied that the beneficiaries have necessary arrangement for safe internet transactions;

iii) ADs shall have to be ensured that the beneficiaries have necessary approval, where applicable, from the competent authorities for conducting the business and are member firms of BASIS.;

iv) ADs shall have to be satisfied that online payment is relevant with the nature of business of the beneficiaries;

v) ADs shall make the payment, credited to their nostro accounts, available to beneficiaries' accounts on receipt of Form-C (ICT), Appendix 5/11 duly filled in from the beneficiaries. The ERQ accounts of the beneficiaries may be credited to the extent of permissible limit from the total payment provided that the transactions deserve such credits as per instructions mentioned in Chapter 13, Section IV.

vi) ADs shall comply with the relevant instructions contained in paragraph 23(b)(1) above;

vii) ADs shall keep records of the transactions with documentary evidence in support of the payment.

viii) ADs shall have to comply with the applicable regulations of foreign exchange transactions, AML/CFT, payment and settlement systems and other relevant laws/regulations in force and report the transactions with monthly returns to Bangladesh Bank in the relevant schedules/statements.

c. Time limit for repatriation of export proceeds

Unless specific approval is obtained from Bangladesh Bank, the entire export proceeds in case of export in physical form must be repatriated within four months of export as usual. Particulars of overdue exports in physical form shall be reported as per Appendix 5/35.

24. Export Development Fund (EDF)

AD banks can borrow US Dollar funds from the EDF administered by Bangladesh Bank against their foreign currency loans to manufacturer-exporters for input procurements. The details operational procedures are available in the relevant FE Circulars/Circular Letters issued by Bangladesh Bank from time to time.

25. Discounting of direct and deemed export bills in foreign exchange

Beneficiaries of usance export bills against direct and deemed exports of products produced in Bangladesh may arrange to discount bills for immediate financing through their own AD banks subject to compliance of the following instructions:

- a) ADs shall have to be ensured that the usance bills presented for discounting are out of bonafide direct/deemed export transactions;
- b) ADs may arrange fund against the discounting of usance bills in foreign exchange through their own OBUs/correspondent banks, financial institutions abroad or international financing institutions;
- c) Expenses of the customers for discounting bills shall not exceed 6% (all in cost) including all types of commissions/charges/fees/interests;
- d) AD banks shall submit statement(Appendix 5/38) to FEPD, Bangladesh Bank, Head Office of discounting of direct/deemed export bills in foreign exchange on monthly basis by 15th day of the following month.

However, proceeds from such discounting (after payment of BTB LCs of concerned exports) may be retained in single pool as per instruction mentioned in Para 42(i), Chapter 7 for future import payments including BTB liabilities.

Type C units of EPZs and EZs can avail this facility under the stipulations as mentioned in Para 23, Chapter 16.

26. Re-export and Entre-port Trade

Re-export and Entre-port trade by the exporters of Bangladesh are subject to the guidelines of Ministry of Commerce disseminated through Import Policy Order and Export Policy in force published from time to time. However, ADs will abide by the following instructions in conducting foreign exchange transactions in such cases :

- a. Compliance with relevant instructions of Ministry of Commerce including prescribed minimum value addition requirement is to be ensured;
- b. In case of re-export, import value (including freight) will be met from repatriated export value only. Besides, usual IMP and EXP procedure will have to be followed in import (including freight) and export of goods respectively;
- c. In case of entre-port, import value (including freight) will be met from repatriated export value only. Declaration in 'Form C' and 'Form TM' shall be used for reporting receipts of export value and making import payment (including freight) respectively.