

Foreign Exchange Policy Department
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FE Circular No. 22

Date: June 01, 2014

All Authorized Dealers of
Foreign Exchange in Bangladesh

Dear Sirs,

External financing (buyer's/supplier's credit) for imports: orderly repayment

Use of short term (up to 1 year) external import financing for eligible deferred payment imports has been on increasing trend over the recent past quarters. Repayment outflows thereof are seen to have remained rather erratic however, not rising proportionately to the accumulating aggregate liabilities. This tendency, if sustained, may cause abrupt bunching up of large FX funds outflow pressure in the local market at irregular, unpredictable intervals.

To avoid such risk, it has been decided to impose the following repayments discipline for all external short term buyer's/supplier's credit arrangements to be entered into or renewed by importers from now on:

- i) Bullet repayment terms will be admissible only on financing for terms not exceeding six months, and only on shipments not exceeding USD 500,000 or equivalent in value;
- ii) Bullet repayment terms will be inadmissible for financing exceeding USD 500,000 or equivalent in value or for terms exceeding six months, the financing arrangements must stipulate quarterly repayments. However, in these cases the repayment installment due after the first quarter may on prospective cash flow considerations be set lower than the subsequent ones, subject to being not less than one tenth the total amount payable.

The above instructions come into force with immediate effect. Please inform all your concerned constituents accordingly.

Yours faithfully,



(Md. Zakir Hossain Chowdhury)
Deputy General Manager
Phone: 9530250