

## **Appendix – 1**

Chronology of Major Policy Announcements: FY09

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### 1. Financial Sector Developments

July 2008

- Credit norms for different crops have been formulated by the ACSPD (Agricultural Credit and Special Programmes Department) of Bangladesh Bank for the fiscal year 2008-2009 on the basis of crop production norms prepared by the Directorate of Agricultural Extension under Ministry of Agriculture. Banks may increase/decrease the loan amount up to 10 percent maximum on the basis of actual credit demand. Banks will formulate their own agricultural credit programme by setting the target in the light of actual credit demand and will take necessary action to disburse credit in time accordingly. In the perspective of increase in cost of production in the agricultural sector, credit limit has been increased by 20%-30% for different crops in some cases, in order to make credit norms more realistic. Other guidelines formulated for agricultural credit will remain as usual. Banks, if necessary, can make logical and necessary changes/modifications of the guidelines for the sake of expansion of agricultural credit and development of agricultural sector.

July 2008

- A notification has been issued by Bangladesh Bank to the effect that the following guidelines to be followed by all bank companies excepting foreign banks while appointing directors in the Board of Directors of bank companies under the sub-clause 15(5) of Banking Companies Act, 1991.

#### 1. Fit and Proper

- a) Person concerned must be a depositor of the bank company. During the time of holding the post of director, he must maintain his deposit with the concerned bank.
- b) He must at least have a bachelor degree from any recognised university. He must be prominent in his profession. Depositors having higher educational qualification in Economics, Trade, Business Administration, etc. or having professional experience in industrial business shall be given priority at the time of appointment as director.
- c) He shall not be a director, officer/staff or adviser of any bank company, financial institution, insurance company or stock exchange.
- d) He himself including his family members shall not hold share more than 1% of paid-up capital of the concerned bank company.

- e) He shall not have any business or any pecuniary relationship with the concerned bank company except maintaining deposit or holding of share not more than 1% of paid up capital of the bank.
- f) The person who was salaried staff or held an office of profit or was a director of the bank shall not be selected as director from depositors. Law advisors and external auditors of the bank also shall not be selected as director from depositors.
- g) He shall not be a member of the family of any director of the concerned bank or shall not have any involvement with the organisation owned/ executed organisation.
- h) He shall not be engaged with any political party.
- i) He shall not be defaulter of loan, tax or bill.
- j) Fit and proper test criteria issued by Bangladesh Bank from time to time shall be applicable for appointment of directors from the depositors.

## 2. Selection procedure

- a) The Board of Directors of concerned bank shall send the appointment proposal of 2 (two) directors from the depositors to Bangladesh Bank on the basis of fit and proper test criteria mentioned above. The appointment of the director shall be effective after having the approval from Bangladesh Bank.
- b) Tenure of directors selected from the depositors shall be 3 (three) years.
- c) Any director selected from the depositors shall not hold the post of director more than 2 tenure or six years consecutively.

## 3. Others

Directors appointed from the depositors shall be in addition to 13 (thirteen) directors mentioned in the sub-clause 15(6) of Banking Companies Act 1991.

- August 2008 • A circular has been issued by the BB giving instructions to be followed by the insurance companies for compliance with the provisions contained in the Money Laundering Prevention Ordinance, 2008. Some important instructions are as follows:
  - a) To ensure proper compliance with section 25 of Money Laundering Prevention Ordinance, 2008 each insurance company will establish system of internal monitoring through formation of a Central Compliance Unit (CCU) at the Head Office under the leadership of a high official and through nomination of a compliance officer at the branch/unit level of each insurance company. CCU will be under direct supervision of the Chief Executive Officer. In order to accomplish properly the function of the Central Compliance Unit, each insurance company will determine institutional strategy and program. Central Compliance Unit will issue the instructions to be followed by the branches/ agencies. These instructions will be prepared combining the issues of monitoring of transactions, internal control, policies and procedures from the point of preventing money laundering.

b) Before issuing a policy in favour of any customer, the insurance company will collect correct and complete introductory information about the customer with related documents and verify the information/documents for its authenticity and preserve the documents.

c) If there is any reasonable ground to believe that a transaction or attempt of a transaction may have connections to money laundering as per Money Laundering Prevention Ordinance, 2008 that will have to be reported immediately to the Central Compliance Unit of the concerned company.

d) Insurance companies will take necessary actions with appropriate vigilance and responsibility to detect and combat money laundering through insurance companies.

The insurance companies will inform Anti Money Laundering Department of Bangladesh Bank about the actions taken by them in this regard within one month.

August 2008

- A circular has been issued giving instructions to be followed by the banks and financial institutions for compliance with the provisions contained in the Money Laundering Prevention Ordinance, 2008 and Anti Terrorism Ordinance, 2008. Some amendments to the circulars issued under Money Laundering Prevention Act, 2002 have been made and some new instructions are also issued for the compliance of banks and financial institutions.

In case of AML circular no. 02, besides some amendments, the following additional instructions, where applicable, have been given for the compliance of banks and financial institutions. No anonymous, fictitious account or account only with numbers shall be maintained or opened. Information regarding source of fund of the transaction by the customer and beneficial owner must be taken. While providing modern technology based services to non face to face customers, reporting agency, under Money Laundering Prevention Ordinance, 2008, shall have to assess money laundering and terrorist financing risk and adopt policies and procedures to mitigate those risks. Instruction contained in the Money Laundering Prevention Ordinance, 2008, must be followed properly by the branches and subsidiary organisations located abroad of the reporting organisations. No officials of the reporting organisation shall divulge any information regarding the reported unusual or suspicious transactions at any stage to its customer or any other person that hampers or influences investigation procedure adversely.

In addition to the instructions of AML circular no. 07, enhanced due diligence shall have to be ensured by banks and financial institutions regarding respondent banks that maintain correspondent banking relationship with Shell Bank or maintain account with them or provide services to them.

Banks under Anti Terrorism Ordinance, 2008 shall perform the following activities.

Central Compliance Unit of the Head Office constituted as per instructions of money laundering prevention circular 02 and the officer nominated at the branch level shall perform the duty of compliance and internal monitoring of the instructions contained in Anti Terrorism Ordinance, 2008 and the relevant instructions issued by the Bangladesh Bank.

All banks shall develop a system to detect and prevent transactions related to terrorist financing through banking channel.

If there is any reasonable ground to suspect that a transaction or an attempt of transaction has connection to financing terrorist activities as per Anti-Terrorism Ordinance, 2008 that shall have to be reported in the same day with comments of the branch compliance officer to the Central Compliance Unit of the concerned bank. CCU will examine and review the received report to General Manager, Anti Money Laundering Department, Bangladesh Bank with confidentiality. In case of sending the report to Bangladesh Bank, the CCU shall not, in any way, delay for more than three working days from the date of the receipt of the report from the branches.

Board of Directors of each bank shall approve and circulate relevant instructions to be followed by the bank officials and shall send a copy of these instructions to Bangladesh Bank, and shall also ensure the compliance of the instructions circulated by Bangladesh Bank.

- August 2008
- A circular has been issued by the BB giving instructions to be followed by all the money changers in Bangladesh for proper compliance of the provision of Money Laundering Prevention Ordinance 2008 and Anti Terrorism Ordinance 2008. Some important instructions are as follows:
    - a) As per section 25(i) of Money Laundering Prevention Ordinance, 2008 each money changer shall preserve correct and complete information of every customer and they shall preserve the same for a period of at least five years. b) All officials of the money changers are to remain conscious and alert to identify unusual/suspicious transactions. Cases of unusual/suspicious transactions which may have connections to money laundering will have to be reported immediately on their detection as per section 25(i) (d) of Money Laundering Prevention Ordinance, 2008. c) No official of the money changer shall disclose anything at any stage regarding the reported unusual/suspicious transactions to the clients or any other persons so that the investigation is not hampered or influenced adversely. d) In order to ensure proper compliance of the Money Laundering Prevention Ordinance 2008, Anti Terrorism Ordinance, 2008 and AML circulars issued by Bangladesh Bank, each money changer shall arrange appropriate training for its officials.
- September 2008
- Guidelines for recognition of eligible External Credit Assessment Institutions (ECAIs) has been issued by Bangladesh Bank. Now, under the Standardised Approach of the Risk Based Capital Adequacy framework (Basel II), credit

rating is to be determined on the basis of risk profile assessed by the External Credit Assessment Institutions (ECAIs) duly recognised by BB. All scheduled banks will be required to nominate recognised ECAI for their own as well as their counterparty credit rating. In this perspective, a set of guidelines on recognition of the eligible ECAI is issued and forwarded herewith for information. BB will complete the recognition process soon as and when application will be obtained from the interested credit rating agencies.

- September 2008 ● In order to ensure food security by enhancing agricultural production through increasing disbursement of agricultural loans/advances, following decisions have been taken.
- a) All scheduled banks (including private and foreign banks) working in Bangladesh shall have to participate in agricultural credit activities.
  - b) Every bank will fix a portion of total loan portfolio for agricultural credit. At the beginning of fiscal year, banks will fix a realistic target and will inform Bangladesh Bank. Banks will ensure proper monitoring to achieve their annual target for agricultural lending.
  - c) Banks that did not fix agricultural credit disbursement target for the current fiscal year (2008-09) will fix up immediately and subsequently inform Bangladesh Bank.
  - d) If Bangladesh Bank considers that target fixed by the bank is not realistic, then BB will give direction to the bank concerned for re-fixing the target.
  - e) Agricultural credit should be disbursed following 'area approach' by giving importance on the cultivation of crops based on region and type of crops i.e. which region is suitable for cultivation of a particular crop.
  - f) Banks that do not have branch in the rural area or number of branch is not adequate, they will disburse agricultural credit through NGO-linkages.
- September 2008 ● For effective agricultural credit operation, that is, to make agricultural credit easier and hassle-free to the farmers and to ensure continuous flow of agricultural credit at the farmer level, BB introduces a "Revolving crop credit limit system (RCCLS)" of 3 (three) years tenure. Under this system following guidelines will be followed:
- a) Farmers engaged in continuous crops production will be allowed RCCLS facility.
  - b) After realisation of previous loan (principal and interest accrued thereon), the farmer will get further loan / renewal without re-documentation
  - c) All paper works will be simplified as per as possible.
  - d) Loan sanctioning power should be delegated to the branch manager.
  - e) Once the disbursement is made, any changes in production planning and demand for credit would require further from the bank.
  - f) This detail of the new scheme including credit limit, mortgage and interest rate, etc. will be determined by the bank itself.

- g) Farmers will be encouraged to receive loan under this system.
  - h) Banks will closely monitor to ensure that the farmers are getting the above facilities.
- September 2009 ● Bangladesh Bank has issued necessary instructions for rationalisation of different service charges received by banks. Banks have also been advised to upload the schedule of charges in their respective websites and display the same in all of their head offices and branches, for ready reference of the clients.
- October 2008 ● With a view to ensuring food security and simplifying agricultural credit disbursement system in favour of share-croppers and considering their important contribution to agricultural development and in the national economy, guidelines have been issued which include, inter alia, the following:
  - (a) Share-croppers who are directly involved in agricultural production will be eligible for availing agricultural credit under these guidelines.
  - (b) Share-croppers shall be permanent resident of the jurisdiction under the bank branch disbursing agricultural credit.
  - (c) Share-croppers shall hold national ID card/Farmers' ID card.
  - (d) Concerned agricultural credit disbursing bank branch is responsible for identifying genuine share-cropper.
- October 2008 ● Banks were advised to make necessary arrangements to disburse salt loan by March 2009 in the favour of salt growers in the salt producing areas of Chittagong-Cox's Bazar and Khulna-Satkhira region and owners of salt crushing mills in different areas on the basis of banker-customer relationship.
- November 2008 ● With a view to bringing dynamism in economic activities and generating employment opportunities through expanding broadband and IT sectors, banks were advised to finance entrepreneurs in these sectors from Small and Medium Enterprise (SME) sector.
- December 2008 ● To comply with international best practices and to make the bank's capital more risk-sensitive as well as to build the banking industry more shock absorbent and stable, a revised regulatory capital framework 'Risk Based Capital Adequacy for Banks' in line with Basel II has been devised and forwarded to the banks for implementation from January 2009. Along with the existing capital adequacy rules and reporting to BB, banks will start quarterly reporting as per the reporting formats enclosed in the Guidelines.
- January 2009 ● All scheduled banks/financial institutions working in Bangladesh have been informed that, Bangladesh Bank as a part of modernising the existing payment systems of the country has drafted a set of new regulations to accommodate new products/instruments of payment which are currently being used in the modern payment systems. This draft regulation has been uploaded in Bangladesh Bank's website.
- January 2009 ● Some new instructions have been given regarding Marking to Market revaluation of Treasury Bills and Bonds held by the banking companies and

DOS Circular letter No. 05 dated 26 May 2008 have been clarified as follows:

1. Coupon Interest of Treasury Bills and Bonds held by the banks under HTM and HFT category shall be recognised, as usual, to income A/C on accrual basis;
2. Increase/decrease in value of Government Treasury Bills under HFT category due to weekly amortisation and gain/loss arising from Marking to Market revaluation shall be recognised to profit/loss A/C of the concerned period. Then only the gain arising from the Marking to Market revaluation shall be transferred, to Revaluation Reserve Account as per DOS circular letter No. 05/2008. Instructions regarding weekly revaluation of Treasury Bonds under HFT category contained in the DOS circular letter No. 05/2008 shall remain unchanged.
3. Information regarding weekly revaluation of HFT securities using current Market Price/Yield should be submitted to Department of Offsite Supervision as per revised (DB-5rv) format.

February 2009 ● It has been decided that in the 35th Board Meeting of National Board of Revenue (NBR) that if any bank provides services at reduced rate than the service charges as scheduled by Bangladesh Bank, Value Added Tax (VAT) will be payable on the basis of bank's own scheduled rate in case of those reduced service charges.

February 2009 ● It has been decided that, the statement of disbursement/business activities of loan/lease of all financial institutions should be submitted on quarterly basis instead of monthly basis. In this perspective, the first quarterly report (January-March 2009) should be sent by 15 April 2009.

February 2009 ● The National Payment System Council (NPSC) has been reorganised to support the development of sound and efficient payment, clearing and settlement systems in Bangladesh and to serve as a forum for cooperation in domestic and international payment matters. The main tasks of the Council are as under:

1. To review, discuss and approve strategic documents for the national payment system.
2. To promote common initiatives towards the implementation of the payment system infrastructure.
3. To promote specific or new payment system channels which will ultimately lead to broadening the access of people to the financial system.
4. To endorse the priority and the development and implementation schedule of payment system projects.
5. To promote cooperation among all institutions active in payment, clearing and settlement systems within the region and at the international level.

The Payment Systems Division (PSD) of Bangladesh Bank will provide secretarial and research services to the Council.



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- February 2009
- Bangladesh Bank has been working to modernise the country's payment system. As part of Bangladesh Automated Clearing House (BACH) implementation, Bangladesh Automated Cheque Processing System (BACPS) is being implemented with a target of going live operation at expanded Dhaka Clearing Region during the 2nd half of 2009. A guideline has been issued by Bangladesh Bank are providing appropriate information to the banks about requirement they must meet to participate in and interface with BACPS.
- March 2009
- It has been observed that, desired loan are not being provided to women entrepreneurs under Small and Medium Enterprises (SMEs) in spite of 15% of SME fund allocated for woman entrepreneurs. Now, banks and non bank financial institutions are advised to provide at least 10% of total SME loan to woman entrepreneurs. If any bank/financial institution fail to provide at least 10% of total applied fund for refinance to woman entrepreneurs, no refinance facility will be provided to the concerned bank/non bank financial institution.
- April 2009
- A circular has been issued giving the decision that from now on refinance facility for housing loan will be provided for RAJUK approved area adjacent to Dhaka city along with six city corporations and Tongi, Gazipur, Savar and Narayangonj municipality area.
- April 2009
- Due to global financial crisis, rescheduling without mandatory down payment of default loans has been allowed up to 30 September 2009 on the banker-customer relationship for the affected export oriented industries especially frozen food, leather and leather products, jute and jute goods, textiles (including spinning) and RMG industry.
- April 2009
- The rate of interest on loan financing in the agriculture, term and working capital loan to large and medium scale industries, housing loan and trade financing has been lowered and fixed to a maximum at 13 percent in the backdrop of existing inflation rate and prevailing global economic condition.
- April 2009
- Poultry sector is at a great damage due to attack of Avian Influenza. To overcome this situation decisions have been taken to rehabilitate the affected poultry farmers as under:
    1. Loan disbursed earlier which became overdue/classified can be re-scheduled on the basis of banker-customer relationship without any down payment.
    2. As a sub-sector of agriculture, interest rate of agriculture will be applicable for credit disbursed in poultry sector instead of interest rate for commercial loan.
    3. Banks will undertake necessary monitoring so that affected poultry farmers are not harassed.
- April 2009
- A directive has been issued that liquidity facility will be provided to primary dealers continuously for maximum two months against the securities (treasury bills and bonds) held by "successful bidding" as well as the securities devolved on them in auctions.

- April 2009
- On 24 February, 2009 Bangladesh Government promulgated new anti money laundering legislation (Money Laundering Prevention Act, 2009) substantially upgrading Money Laundering Prevention Act, 2002. This Act was given effect from 15 April 2008, as there was Money Laundering Prevention Ordinance, 2008 from the date.
- On 24 February 2009, for the first time, Bangladesh Government also promulgated anti terrorism legislation (Anti Terrorism Act, 2009) which included financing of terrorism as an offence. This Act. was given effect from 11 June 2008, as there was Anti Terrorism Ordinance, 2008 from the date.
- Money Laundering Prevention Act, 2009 was circulated by AML Circular No. 21 and Anti Terrorism Act., 2009 was circulated by AML Circular No. 22. Both circulars were issued on the same date.
- April 2009
- Trade and commerce and economic activities in the country have badly been affected as the consequences of negative impact of global economic meltdown on international trade. As a result, loans provided by the FIs to export industries specially frozen food, leather and leather products, jute and jute products, garments and textiles are apprehended to become classified and overdue.
- In this circumstance, default loans of the affected clients of the above mentioned export industries could be re-scheduled up to 30 September 2009 on the basis of banker-customer relationship without required down payment.
- April 2009
- With a view to promoting, regulating and ensuring a secure and efficient payment and settlement systems in Bangladesh in terms of Article 7A (e) of the Bangladesh Bank Order, 1972 the Board of Directors of the Bangladesh Bank approved Bangladesh Payment and Settlement Systems Regulations, 2009 in its 305<sup>th</sup> meeting held on 9 April 2009.
- April 2009
- Mapping of External Credit Assessment Institutions (ECAIs) rating with Bangladesh Bank Rating Grade has been constructed and circulated to the banks for their compliance. Banks may use the ratings of the two rating agencies (i.e. CRISL and CRAB) recognised by the BB and corresponding risk weight as mentioned in the guideline for calculating Risk Weighted Assets under Standardised Approach of Risk Based Capital Adequacy for banks.
- May 2009
- With a view to ensuring adequate supply of essential commodities and keeping the price of these commodities within a reasonable limit in the ensuing month of Ramadan, the rate of interest on import financing of edible oil (crude and refined), chick-peas, lentils, beans, onions, spices, dates, fruits and sugar have been fixed at a maximum of 12 percent. Moreover, in case of import of the mentioned commodities, banks are also advised to fix reasonable charges/fees/commissions.
- May 2009
- In order to bring transparency in providing credit to the directors of financial institutions some directives have been issued as follows :

1. Credit facility or guarantee or mortgage provided in favour of directors of the financial institutions shall be sanctioned by the board of directors and approved by the general meeting of the financial institutions and shall be mentioned specifically in the balance sheet of the financial institutions. But, total credit facilities provided in favour of the director shall not be more than 50 percent of paid up capital of share of the company held in the name of the director.
  2. If total amount of credit facilities provided in the name of the director of the financial institutions is already more than 50 percent of share of the company held in the name of the director then that excess amount must be repaid within the approved period. The amount of credit above 50 percent cannot be renewed or tenure cannot be extended.
- June 2009
- Considering existing rate of inflation and prevailing global economic condition, it has been decided that banks will charge interest maximum at the rate 13 percent for financing the Non-Bank Financial Institutions (NBFIs).
- June 2009
- The functional specification for the Bangladesh Electronic Funds Transfer Network (BEFTN), the second component of the Automated Clearing House, has been forwarded to the banks for necessary action. Considering the request from State Owned Banks (SOBs) for an extension of time for implementation of the cheque processing system, the implementation timelines have been revised with a target to go live in and around Dhaka by early November 2009. It has also been advised that member banks will update their preparations to be in line with the progress of Bangladesh Automated Clearing House (BACH).
- June 2009
- Decision has been taken to postpone recovery of agricultural loan for the next 1 (one) year with a view to mitigating losses of farmers of the southern region of the country affected by devastating cyclone "Aila". Banks will take proper monitoring arrangement so that farmers will not be harassed in any way.
- June 2009
- Recently, south-western coastal region of the country has seriously been affected by the attack of cyclone "Aila". From the view point of social responsibility, it is a necessity for the banks and financial institutions to conduct assistance programme in the area considering the need for huge financial support for rehabilitating the human-resources.
- It has been expressed that, those banks will be considered as more compliant of Corporate Social Responsibility (CSR) who are pioneers in taking measures for rehabilitating agriculture, fishing, livestock, and protecting environment for the well-being of the people, besides providing relief to the people affected in different natural calamities. In this circumstance, banks are requested to take prompt necessary rehabilitation programme under corporate social responsibility in the Aila affected area.
- June 2009
- Shrimp sector in the southern region of the country has heavily been damaged by the devastating cyclone "Aila". With a view to lessening losses of the affected farmers and rehabilitating them following decisions have been taken.

1. Previous loan can be re-scheduled by relaxing terms and conditions of down payment for default loan of affected farmers.
2. High officials of the concerned banks will ensure proper credit disbursement in the affected area by inspection at the field level.
3. Banks will take proper monitoring arrangement so that affected farmers will get the credit without any delay and will not be harassed in any way.

## 2. Monetary Sector Developments

January 2009 ● In pursuance of the objectives of monetary policy, all scheduled banks of Bangladesh Bank have been required to maintain the amount of Cash Reserve Requirement (CRR) at the rate of 5% of their total demand and time liabilities effective from 1 October 2005. Banks are also required to maintain the CRR at the rate of 5% daily on bi-weekly average basis subject to the condition that the rate of CRR should not be less than 4% in any day. After review of the present situation of the monetary policy, it has been decided that the CRR will remain unchanged at the rate of 5%, with the condition that the rate of CRR should not be less than 4.5% in any day. This instruction has come into effect from 1 March 2009.

March 2009 ● A master circular has been issued integrating all the directives issued by Bangladesh Bank from time to time regarding procedure for imposing penal interest and fine due to failure in maintaining CRR by the scheduled banks. They are as follows:

1. Penalty will be imposed on the shortfall amount at the rate of Bank rate +5% due to failure in maintaining cash reserve @ 4.5 percent daily.
2. Penalty will be imposed on the shortfall amount at the rate of Bank rate +5% due to failure in maintaining cash reserve @ daily average 5% on bi-weekly basis.
3. Punitive actions as instructed in clause 36(5) of Bangladesh Bank Order, 1972 will be taken if consecutive three weeks failure in maintaining cash reserve continues. Failure to maintain cash reserve @ 5% on the very next day after a bi-week in which CRR on bi-weekly basis have not been maintained will be treated as continuous cash reserve shortfall for three consecutive weeks. This instruction has been made effective from 1 March 2009.

## 3. External Sector Developments

August 2008 ● Some changes have been made in paragraph 1(ii), chapter 20 of the Guidelines for Foreign Exchange Transactions (GFET). It has now been decided to allow the ADs to effect advance payment not exceeding USD 5,000.00 or its equivalent from the Exporter's Retention Quota (ERQ) against bonafide purposes provided the relevant contract/proforma invoice stipulates for such payment subject to following terms and conditions: (a) The ADs shall have to

satisfy themselves that repayment guarantee is not obtainable from the supplier against the remittance to be made in advance; (b) Import Policy Order (IPO) in force shall have to be meticulously followed; (c) The ADs shall, at their own responsibility, have to arrange for repatriation of the remittance made in advance in case the entry of goods into the country is not effected within the stipulated time; (d) While opening the back to back L/C, the ADs should adjust the value of the advance payment to ensure that the value addition requirement as stipulated in the IPO is not breached; and (e) Before effecting the advance payment, the ADs must obtain Form of Undertaking (Appendix 5/12 of the GFET, Vol-I as revised by F.E. circular 11/2004) duly signed by the importer.

- August 2008
- With a view to simplifying the payment procedure of freight charges to foreign ship owners for ships chartered by the importers in Bangladesh, it has now been decided to authorise the ADs to remit such charges subject to observance of the following conditions: (a) The relevant Bill of Entry has been submitted as a proof that the goods have arrived in the country; (b) The ADs have satisfied themselves that the unit value of the imported goods (including freight) is competitive with the value of such goods imported on CFR basis in the respective period; (c) Import Policy Order in force has been meticulously complied with; and (d) Authorisation from the Directorate of Shipping has been obtained (if general waiver has not been accorded).
- August 2008
- With a view to encouraging export trade it has been decided to provide export subsidy/cash incentives for some export goods in the fiscal year 2008-09 like preceding years. However, in current fiscal year, no subsidy/cash incentive will be provided against export of tobacco. According to this decision, export subsidy/cash incentive will be provided at the rate up to 5%-20% for different export commodities.
- September 2008
- With a view to making foreign exchange transaction system up to date and to clarify some existing instructions several amendment have been made in the Guidelines for Foreign Exchange Transactions (GFET) 1996 (vol-1).
- September 2008
- Previously it was permitted to issue International Credit/Debit Cards against (i) Balance in exporters' retention quota account (ii) annual pernal travel quota entitlement of individual (iii) balance held in resident foreign currency deposit account and (iv) foreign exchange entitlement (fixed by Government for each person intending to perform Hajj) of approved private Hajj Agencies for meeting food/lodging expenses of the pilgrims in Saudi Arabia respectively. With a view to liberalising the payment system through international card it has been decided that International Card (debit/credit/pre-paid as the case may be) may also be issued against: (1) foreign exchange entitlement fixed by the Ministry of Finance/competent authority for official or semi official visits abroad by the officials of Government/Autonomous/Semi-autonomous institutions etc. (2) per diem foreign exchange entitlement for private sector participants for attending seminars, conferences, workshops abroad arranged by recognised international bodies (3) balances held in private foreign currency accounts and

- (4) personal entitlement fixed by the Government of Bangladesh in each year for intending pilgrims for performing Hajj.
- October 2008
- Due to amendment in the Import Policy Order, 2006-2009 it has been decided to make changes in Regulation-21 of Prudential Regulations for Consumer Financing which now stands as under:  
Regulation-21: "The banks desirous of financing the purchase of used cars shall prepare uniform guidelines for determining value of the used vehicles. However, in no case the bank shall finance the cars older than 6 (six) years."
- December 2008
- It has been decided by the Board of Directors of the Asian Clearing Union (ACU) that with effect from 1 January 2009 transactions among ACU member countries may also be settle in EURO besides US Dollars. Necessary instructions have been issued to the authorised dealers in this regard for their compliance.
- April 2009
- It has been decided that Non-Bank Financial Institutions (NBFIs) operating in Bangladesh licensed under the Financial Institutions Act, 1993, may obtain loan from abroad subject to prior approval of the Bangladesh Bank under some conditions. For obtaining such loan, the information regarding fees & expenses, effective interest rate, repayment period, required down payment etc. should be mentioned in the application for BB approval. The draft copy of the loan agreement should also be accompanied by the application. Rather, effective rate of interest will have to be consistent with foreign loans availed of by residents with prior approval of Bangladesh Bank. Besides, repayment period (including grace period) will not be less than five years. Loan thus obtained (in FC) from abroad shall be used as security to obtain Taka loan from any bank in Bangladesh. Taka loan so obtained shall be used for lending to manufacturing industries and infrastructure sector (other than house building). Prior permission from Bangladesh Bank has to be obtained by NBFIs for obtaining Taka loan from entities controlled by non-residents like DEG, FMO.
- May 2009
- Under the stimulus package formulated for facing the impact of global economic recession, rates of export subsidies/cash incentives have been revised for the following products shipped during 1 April 2009 to 30 June 2009 as under:

Products	Rates before enhancement	Revised rates after enhancement
Jute products	7.5%	10%
Leather products	15%	17.5%
Frozen shrimps and other fishes	10%	12.5%

- May 2009
- It has been decided that authentication of Proceed realisation Certificates (PRC) by Bangladesh Bank shall no longer be required for submission of the

- same against direct exports and deemed exports to different government authorities. Under the new policy, authorised dealer banks are now allowed to issue PRCs by their own without prior authentication by Bangladesh Bank. However, Bangladesh Bank has prescribed separate proforma to issue PRCs against direct exports and deemed exports.
- May 2009
- It has been decided that subsidy against export of 'betel-nut' and 'inner part of mehagani fruit' would remain suspended until further direction.
- June 2009
- Yearly minimum transaction target for money changers outside Dhaka and Chittagong metropolitan area has been re-fixed at US\$ 3.5 lakh by reducing from existing US\$ 5.0 lakh.
- June 2009
- To promote tourism industry and to facilitate foreign tourists in Bangladesh, guidelines have been formulated for local tour operators in Bangladesh regarding foreign exchange transactions associated with selling of 'package tour'. Under the new guidelines, tour operators can open and maintain foreign currency account to receive foreign exchange from local tourists against selling outbound package tour abroad as well as from foreign tourists for arranging inbound tour in Bangladesh.
- June 2009
- With a view to avoiding additional risks and extra costs, faced by exporters in application of appropriate incoterms ADs are, advised to satisfy themselves that LCs reflect accurate terms and conditions of the incoterms 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 are also advised to 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 accordingly.
- June 2009
- With a view to keeping the existing pace of evolving and expanding trend of the export oriented industries in the country ceiling for the single borrower credit has been increased to US\$ 2.0 million from US\$ 1.5 million in case of import of raw materials for the production of existing export goods on site basis under Export Development Fund (EDF). This decision will come into effect from 1 July 2009.