

Appendix-1
Chronology of Major Policy Announcements: FY17

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A. Policy Announcements on Banking and Financial Sector Development

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| July 2016 | <ul style="list-style-type: none"> • Agricultural and Rural Credit Policy and Program for FY17 have been announced by the Bangladesh Bank. |
| July 2016 | <ul style="list-style-type: none"> • Scheduled banks can disburse agricultural and rural credit under agent banking in addition to their ongoing agricultural credit disbursement system. A circular has been issued indicating how to carry out agricultural and rural credit activities under agent banking. |
| July 2016 | <ul style="list-style-type: none"> • In order to further expand agricultural credit disbursement, the perspective of introducing Agent Banking guideline by Bangladesh Bank, the scheduled banks which are running Agent Banking, can participate in the agriculture and rural financing activities through Agent Banking along with existing agricultural credit disbursement system. <ol style="list-style-type: none"> a. Agent booth will play role in receiving loan applications, conducting primarily scrutinisation, disbursement and collection of agricultural and rural credit from borrowers. However, loan application processing, approval and necessary supervision activities has to be carry out by the bank. b. Agriculture and rural credit can be disbursed in the sectors and subsectors under Bangladesh bank's agriculture and rural credit policy. Bank should strive to disburse 60% of their disbursement target including disbursement through agent banking in crop sector. c. Interest rate ceiling of Bangladesh Bank's agricultural and rural credit policy will be applicable for disbursing agricultural and rural credit through Agent Banking system. d. In addition to the prevailing interest rate maximum 0.50% service charge (including VAT) can be collected from the customer. Banks will debit this service charge to the Agent's account by cutting it from borrowers account. i.e agents are not authorized to receive service charges directly from borrowers. |
| August 2016 | <ul style="list-style-type: none"> • In order to provide credit under refinance scheme on milk production and artificial breeding, no complementary collateral will be required. However, other existing rules and guidelines of Bangladesh Bank concerning this credit facility will remain effective. |

- September 2016 • To strengthen the private building safety of RMG factories (Retrofitting, Rebuilding, Relocation and Fire safety) through short to long term finance, Bangladesh Bank has launched the “Urban Building Safety Project” with the assistance of JAPAN International Cooperation Agency (JICA). The fund size of the Two Step Loan project (TSL) is 4129 million Japanese Yen. To get the fund, RMG factories should be located in Dhaka, Narayanganj and Gazipur District and Chittagong city. Under the Fund, PFIs will be provided with refinance or pre-finance for lending. An end-borrower can get the loan amount up to BDT 350 million at the maximum interest rate of 6%.
- October 2016 • Thirty two contracted banks have been advised to submit quarterly report instead of monthly progress report regarding disbursement of loans against self declared target under refinance scheme of Tk. 200 crores for 10 Taka account holders.
- December 2016 • Bangladesh Bank (BB) has taken initiatives to ensure a stable and environment-friendly banking and overall CSR activities to support the Sustainable Development Goals (SDGs). To achieve the goal more fruitfully and efficiently, BB has instructed the banks and financial institutions to set up a separate ‘Sustainable Financial Unit’ (may be in name of department/cell/division) in the head offices of banks and financial institutions. The BB advised the banks and financial institutions to form a ‘Sustainable Finance Committee’ led by a senior most Deputy Managing Director for monitoring and planning sustainable banking and financing related activities.
- December 2016 • Guidelines on core banking solution features and controls have been issued to formulate a uniform set of instructions that should be accommodated as minimum requirement but not limited to in any Core Banking Solution (CBS).
- December 2016 • All commercial banks and financial institutions have to make sure for all type of their loans and advances that potential borrowers should compulsorily install and monitor Effluent Treatment Plant (ETP) where applicable. This Instruction will also be applicable for all existing financing.
- January 2017 • In order to prevent malpractice in Mobile Financial Services (MFS) and to ensure discipline and appropriate utilization of MFS, Bangladesh Bank has reset the regular and monthly transaction number and limit. Bangladesh Bank has also imposed restriction for maintaining one MFS account against National Identity Card (NID) with MFS provider.
- January 2017 • Statutory liquidity of any financial institutions will be calculated based on cash in tills, balances with Bangladesh Bank (BB), balances with other banks/FIs, unencumbered Bangladesh Treasury Bills and Treasury Bonds and assets that approved by government gazette notification or approved by Bangladesh Bank.

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| January 2017 | <ul style="list-style-type: none"> • From 01 February 2017, financial institutions can borrow money from call money markets upto 30 percent of its equity. Earlier, borrowing limit was determined based on net asset and limited to 15 percent of net asset. |
| January 2017 | <ul style="list-style-type: none"> • All insurance companies are instructed to nominate a high official as Chief Anti Money Laundering Compliance Officer (CAMLCO). Now it is furthermore clarified that high official will stand for immediate 2(two) designations below of Chief Executive Officer. This is expected that CAMLCO will be well informed about the prevailing laws, rules, regulations and guidelines regarding Money Laundering and prevention of financing terrorist activities. |
| January 2017 | <ul style="list-style-type: none"> • In order to ensure proper physical and mental grow-up of employee's child and safeguard them thoroughly, the scheduled banks are advised to follow the policy for building Child Day Care Centre for their employees without any gender discrimination whose spouse are working in banks/others institutions. |
| February 2017 | <ul style="list-style-type: none"> • In order to incorporate environmental risk in overall credit/investment management and to fortify the risk management process, Bangladesh Bank has issued "Guidelines on Environmental and Social Risk Management (ESRM)" along with an Excel-based Risk Rating Model for banks and financial institutions. It will replace the previous issued 'Guidelines on Environmental Risk Management (ERM)' and will be enforceable from 01 January 2018. |
| February 2017 | <ul style="list-style-type: none"> • Recently it is observed that declining rapidly, banks' interest/profit rate on deposit stood at below 5 percent as compared to that of lending rate. In this perspective, the banks have to narrow the intermediation spread to contain downward trend of credit interest/profit rate with pay attention to different sides of management efficiency including default loan recovery instead of contraction in deposit rate/profit rate. |
| March 2017 | <ul style="list-style-type: none"> • If it is proved in the internal investigation that the bank officials are involved in the event of fraud and forgery of money by counterfeiting of cheque from clients' account the banks must have to fulfill the clients' demand readily. |
| March 2017 | <ul style="list-style-type: none"> • The participatory financial institutions of refinance scheme for Green Products have to sign an agreement with the Sustainable Finance Department of Bangladesh Bank. Those who are already in an agreement, they have to implement the changed agreement within 3 months. |
| April 2017 | <ul style="list-style-type: none"> • To make Bangladesh self-sufficient in milk, Bangladesh Bank has taken initiatives to disburse credit in milk production and artificial breeding at 5% interest rate under the refinance scheme for milk and artificial breeding. However, as the performances of most of the banks are not satisfactory in this regard, Bangladesh Bank urged the banks to disburse the remaining amount by June 30, 2017. |

- April 2017
- Recent flood has affected the farmers and crops in the Haor areas in Bangladesh. To combat this situation all scheduled banks have been advised to take the following initiatives immediately:
 - a. To continue the agricultural production in the flood affected areas, new loan should be disbursed in Ropa–Amon cultivation along with other crops and fish sector considering the actual demand and loan disbursement emphasizing on Robi grain and import substitute crops (pulse, oil seeds, spices and corn) under grace interest.
 - b. Until the situation develops, loan recovery for the affected farmers should be postponed, rescheduled through regulaizing of loan by easy installment/ relaxing the condition for down payment.
 - c. In case of unrecovered loan rather than making a new certificate sue, attempts should be taken on the basis of banker-customer relationship through balance confirmation certificate, Token money, etc to stop the loan from getting lapsed. Persuasion of filled certificate case should be postpond and should be settled through Solenaman.
 - d. Banks are instructed to take necessary steps for disbursing credit for poultry and livestock rearing, production and puchasing of food for livestock, etc done in the house yard of flood affected farmers.
- April 2017
- To motivate women entrepreneurs in business and produce productive investment activities, all banks and financial institutions have been instructed to limit their lending interest rate to 9% (Bank rate+maximum 4% spread) for financing to women led enterpises under “Small Enterprise Refinance Scheme”. Earlier, the maximum lending interest rate was 10% (Bank rate+maximum 5% spread).
- April 2017
- Considering the existing market price and the increasing demand for consumer goods, it has been decided to make changes in ‘Regulation for Credit Cards’ and ‘Regulations for Personal Loans Including loans for the purchase of consumer durables’ of prudential regulations for consumer financing. Banks are also instructed to provide consumer finance such a way that, in any case, the growth rate in total loans under ‘Consumer Financing’ must not exceed the growth rate of banks’ total loans.
- May 2017
- Amendment of prudential regulation for small enterprises financing for the purpose of smooth repayment procedure against disbursed loans, banks are advised to follow the guidelines:
 - a. A letter of authority from the client(s) shall be taken for debiting client(s) account for repayment of loan installment(s) as per loan agreement.
 - b. A memorandum of deposit of cheques shall be taken from the concerned client.
 - c. Fully prepared and valid signed post dated cheques shall be taken for each installment stipulating amount and date as per repayment schedule. As per noted that procedure of Loan Repayment System including with credit contract between banks and customers.

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- May 2017
- Bangladesh Bank is working relentlessly to moderate country's payments, clearing and settlement system. As part of this effort, Bangladesh Automated Clearing House (BACH) was introduced in the country during 2010, Mobile Financial Services and National Payment Switch Bangladesh (NPSB) during 2011 and 2012 respectively while Real Time Gross Settlement (RTGS) System in the year 2015. However, due to inadequate infrastructural readiness and lack of awareness campaign on the part of the participating banks have resulted unsatisfactory level of usages of these electronic payment systems. Through this circular Bangladesh Bank instructed the banks to upgrade their technical infrastructure, including introduction of internet banking, by the end of 2017 to reap maximum benefit out of the initiatives undertaken by the central bank while they also have been instructed to conduct training, workshop and awareness campaign for their staffs as well as for their clients.
- June 2017
- After death of the account holder (s) (death of all members in case of joint account), financial institutions can pay deposited money to the nominee or the nominees nominated by the account holder. Depositors are allowed to eliminate previously nominated nominee/nominees by nominating new nominee/nominees in any time. Accordingly the depositors (single or joint) may also specify the persons who will receive the money after their death in case of minor nominee/nominees.
- June 2017
- To stabilize the rice price volatility which has arisen for recent flood in Haor areas, heavy rainfall in different areas of the country and other natural calamities, banks have been advised to open LCs for rice import at zero margins on banker-customer relationship basis upto 31 December 2017 for ensuring adequate rice supply.
- June 2017
- Considering the downward trend in lending and deposit interest rates, Bangladesh Bank has reduced the maximum ceiling of interest rate on agricultural and rural credit to 9 percent from 10 percent effective from 01 July 2017.
- B. Policy Announcements on Monetary Sector Development**
- December 2016
- Wage Earner Development Bond, US Dollar Investment Bond and US Dollar Premium Bond can be used as collateral while availing credit facility. This circular addresses few conditions that banks should comply with while sanctioning loan keeping Wage Earner Development Bond, US Dollar Investment Bond and US Dollar Premium Bond as collateral.

- April 2017
- Any bank-company cannot invest more than 5 percent of its total value from paid-up capital, share premium, statutory outstanding and retained earnings in bonds or debentures of any other company approved by Bangladesh Securities and Exchange Commission. Previously the limit was constrained to 10 percent. In addition, the circular has also stated other instructions which need to be followed investing in bonds/debentures.
- C. Policy Announcements on External Sector Development**
- July 2016
- The limit of releasable foreign exchange to private sector participants for attending overseas seminars, conferences, workshops, trainings, etc. on per diem basis, has been enhanced to USD 350 for SAARC member countries or Myanmar and USD 400 for other countries.
- July 2016
- As the payment channel for processing 'ACU Euro' transactions has been suspended by some correspondents, Authorised Dealers are advised to suspend operations in 'ACU Euro' temporarily. Accordingly, permission has been given to all eligible current account transactions in 'ACU Euro' to be settled outside the ACU mechanism until further notice.
- August 2016
- The maximum limit per transaction of the repatriation of service export related payment through Online Payment Gateway Service Providers (OPGSPs) has been enhanced from USD 2,000 to USD 5,000.
- November 2016
- The Government of Bangladesh has signed a financing agreement on June 30, 2015 with the International Development Association (IDA) regarding implementation of the Financial Sector Support Project (FSSP). The objective of the project is to improve financial market infrastructure of the country, regulatory and oversight capacity of Bangladesh Bank and access to long term financing mainly for manufacturing firms in Bangladesh. Bangladesh Bank has also signed a project agreement with the IDA to carry out the tasks for implementation of the project. Under the arrangement, Bangladesh Bank will provide long term financing in foreign currency mainly for small and medium scale manufacturing enterprises in the country. The financing would be provided to the eligible banks for on lending/refinancing to the eligible firms.
- December 2016
- From January, 2017 AD banks need not to submit the Form C as per Appendix -5/6 of the GFET, 2009, Volume -1 with the monthly/periodic returns to Bangladesh Bank. However, ADs shall have to preserve the printed copy of Form C (with related documents) at their own custody for 05 (five) years for record and inspection of Bangladesh Bank.
- December 2016
- Under the USA Patriot Act of 2001 to open a Nostro Account in the USA, Authorized Dealers can remit towards cost of agent services of legal process

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- December 2016 • To facilitate the establishment of drawing arrangement between the exchange house abroad and the bank operating in Bangladesh the minimum limit for security deposit by Electronic Fund Transfer (EFT) method has been decreased from USD 25,000 to USD 10,000 in foreign currency and from Taka 5 lakhs to 2 lakhs.
- January 2017 • In order to enhance the scope of business travel abroad by officials of enterprises located in EPZs and EZs, card issuing banks are allowed to issue International Debit/Prepaid card upto three (3) top tier officials of concerned enterprises against balances held in foreign currency accounts. EPZs and EZs enterprises can avail such card facility from one card issuing bank only.
- January 2017 • Type-A industries in Export Processing Zones (EPZs)/ Economic Zones (EZs) are allowed to access short term foreign currency loans from parent companies/shareholders abroad and other Type-A subsidiaries/ associates operating in EPZs/EZs.
- January 2017 • In order to keep minimum involvement of Authorized Dealers (AD's) own fund for settlement of import payment, ADs maintaining Exporters' Retention Quota (ERQ) accounts are allowed to transfer fund from ERQ accounts to other ADs of same exporters or their subsidiaries/sister concerns for settlement of import payment. The transferable fund can be used only for the settlement of import payments.
- January 2017 • Non-Resident Bangladeshis (NRBs) are allowed to open Non-Resident Foreign Currency Deposit (NFCD) accounts with Authorized Dealer banks at home to credit their retirement benefits, periodical pensions, superannuation benefits etc. as per employment agreement with employers while on service abroad. The balances held in the accounts can be used for settlement of legitimate payment abroad.
- February 2017 • ADs are allowed to remit the registration fee to the bank accounts of the beneficiaries for medical check-up of migrant workers, the fee in case of invoices specifying details of the check-up by persons and deduction of applicable taxes.
- February 2017 • ADs may effect import payment within 30 months of issuance of LCAF against import of capital machinery. Revaluation of LCAF will not be required for such remittances against import out of fund held in importer's foreign currency accounts maintained under general or special authorization from Bangladesh Bank.

- February 2017
- In order to facilitate the reconversion by the foreign tourists, any licensed Money Changers (MC) whether it encashed earlier or not are allowed to reconvert the unspent Bangladesh Taka belong to the tourist within the permissible limit.
- March 2017
- For issuing shares in favor of the non-residents by debit to the non-resident Taka accounts, ADs maintained non-resident Taka accounts in the names of their overseas branches and correspondents against inward remittance in convertible foreign currencies. ADs will issue certificate in support of the payment from such account for purchase of shares in Bangladeshi companies.
- March 2017
- Authorized Dealer banks are allowed to issue guarantee, bid bond or performance bond in local currency against taka equivalent on behalf of a non-resident firm/company favoring residents in Bangladesh provided a back to back foreign currency guarantee with suitable coverage for exchange rate fluctuation from counter guarantee issuing banks' abroad.
- March 2017
- To make wider the scope of Taka working capital loans for foreign owned/controlled companies operating in Bangladesh, resident persons/companies are allowed to purchase commercial papers (CPs) issued by such companies.
- April 2017
- Besides usage from the usual exporters' retention quota (ERQ), limit for remittable amount of IT/Software firms to meet their bonafide expenses, has been enhanced from USD 25,000 to USD 30,000 in a calendar year. Within this limit, the limit for payment through international cards has also been enhanced from USD 2,500 to USD 6,000.
- April 2017
- Individuals and institutions resident in Bangladesh are allowed to purchase Taka bonds issued by foreign owned/controlled companies in Bangladesh along with the permission of Bangladesh Securities and Exchange Commission.
- May 2017
- Authorized Dealers (ADs) are permitted to issue and repatriate inward remittances against ICT related services through international card against the services provided by individual developers/freelancers.

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- May 2017
- FE Circular No. 21, dated 11 May, 2017 has been issued by replacing FE Circular No. 22, dated August 09, 2016 regarding Foreign Exchange Transactions by the Enterprises of Economic Zones (EZs) in Bangladesh. Through this circular, developers and other service providing enterprises exclusively formed and registered to serve a particular EZ has also given the same status of the industrial enterprises established in different EZs. With some exceptions in the foreign exchange regulations for the enterprises of the Export Processing Zones (EPZs), this FE circular has also been applicable for the enterprises of the EZs in Bangladesh. In some cases enterprises of the EZs has given more extra incentive for investment.
- May 2017
- ADs are allowed to use balances held in ERQ accounts or by fund of unencumbered foreign currency transferred from ERQ accounts maintained with other ADs of the same borrowers on account of repayment of foreign loan. Such remittances may also be effected by nominated ADs out of fund transferred from ERQ accounts of borrowers' subsidiaries/sister concerns.
- May 2017
- To release foreign exchange for study of Bangladeshi students in permissible courses abroad, it has now been decided that, ADs are allowed to remit fees, charges etc. through their designated entity which is clearly mentioned in the admission documents (I-20, Admission Acceptance Letter etc.) of the concerned main educational institution.
- June 2017
- Besides industrial units, EPZ developers and different service providing units (water supply/treatment, dust management, cleaning, effluent treatment plant, etc.) are allowed to operate in EPZs to serve the industrial units therein. To facilitate such developers/service providers of EPZs, EPZ developers and different service providing companies of EPZs, exclusively formed and registered to serve a particular EPZ will be treated as industrial units of EPZs. Existing foreign exchange regulations applicable for EPZ units (as mentioned in GFET, FE Circulars, FE Circular Letters, etc.) shall be applicable for such entities as well.
- June 2017
- Besides encashment from FC accounts, Taka accounts of Type B & Type C industrial units of EPZs are allowed to be credited with authorized payment received in Taka. This clarification is also applicable for transactions in Taka accounts by Type B and Type C enterprises of EZs.

