

Appendix-1
Chronology of Major Policy Announcements: FY18

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A. Policy Announcements on Banking and Financial Sector Development

- July 2017
- With a view to achieving self-sufficiency in food production, reducing poverty and maintaining good health along with keeping the minimum growth at 4 to 4.5 percent in agriculture sector and shifting the country to a middle income country within the year of 2021, Bangladesh Bank has announced the Agricultural and Rural Credit Policy and Program for FY18. The disbursement target of agricultural and rural credit has been fixed at BDT 20400.0 crore for FY18, which is 16.24 percent higher than that of the previous fiscal year.
- August 2017
- Considering the operational and technical problems faced by the banks in implementing the guidelines on credit card operations, to make easier implementation of the guidelines and to enhance the appropriate use of credit cards through proper understanding, Bangladesh Bank has amended few sections of the guidelines.
- August 2017
- With a view to promoting cashless secured transaction and considering the cost of operation of the credit card business, Bangladesh bank has advised the scheduled banks to maintain 2 percent general provision against all unclassified credit card loans under consumer financing instead of earlier 5 percent.
- September 2017
- In order to make environment friendly and easy to understand financing and to accelerate the implementation of the Perspective Plan of Bangladesh 2010-21, National Sustainable Development Strategy 2010-21 and Sustainable Development Goals and to ensure easier flow of private sector credit to environment friendly products, Bangladesh Bank has published an eligible products list of green financing for the banks and financial institutions from their own sources.
- September 2017
- Considering the importance and increasing demand for agent banking, with a view to streamlining the agent banking operation, enhancing the financial inclusion and bringing the banking services at the door-step of rural marginal people, Bangladesh Bank has introduced a prudential guidelines for agent banking operation in Bangladesh.
- September 2017
- In order to encounter the risk of money laundering and terrorist financing, Bangladesh Bank has issued a Uniform KYC Profile Form for insurance company according to Money Laundering Prevention Act, 2012 and Anti-terrorism Act, 2009.

- September 2017 • With a view to encouraging the participation of the scheduled banks in disbursing agricultural and micro-credits, Bangladesh Bank has amended general provision for all unclassified credit (irregular and regular) under short-term agricultural and micro-credits. In line with this amendment, now all scheduled banks will maintain 1 percent general provision instead of 2.5 percent against all unclassified short-term agricultural and micro-credits.
- September 2017 • Considering the immense prospect of country's tourism sector and to contribute in the development of this sector, all scheduled banks are advised to enhance the expenditure in tourism sector under their Corporate Social Responsibility (CSR) activities.
- October 2017 • Based on the demand for credit at field level and total loans and advances of the banks and the target for the previous year along with the ability and efficiency to disbursing credit in agriculture and rural sector, Bangladesh Bank has revised the provision for loans and advances disbursed by all private and foreign commercial banks in agriculture and rural sector.
- October 2017 • In order to encourage and promote the cottage, micro and small entrepreneurs specially women entrepreneurs in business and accelerate economic development of the country, Bangladesh Bank has instructed all scheduled banks and non-bank financial institutions to provide three months grace period against one year loan and 3-6 months for medium and long term loans based on banker-customer relationship. Grace periods will be treated as an extra tenure of loans.
- November 2017 • With a view to ensuring proper and systematic utilization of Mobile Financial Services (MFS) and preventing the misuse of MFS, the customers of MFS have to maintain outstanding balance of maximum Taka three lakh in their mobile financial account from the beginning of 2018.
- November 2017 • With the objective of implementing the strategy of virtuousness in the financial sector, Bangladesh Bank has issued a code of conduct for banks and Non-Bank Financial Institutions (NBFIs). In line with the conduct guidance, banks and NBFIs have to issue their own code of conduct and their day-to-day activities will be done according to this conduct from January 2018.
- November 2017 • With a view to enhancing the financial services to cottage, micro, small & medium Industries, a refinance scheme equivalent to USD 240.0 million has been formed with the financial support of Asian Development Bank and the People's Republic of Bangladesh.

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- December 2017
- In order to improve the operation of Islamic Refinance Fund Account which has been formed, for agro-processors, small enterprise, renewable energy and environment-friendly ventures, Bangladesh Bank has advised that Islamic banks and Financial Institutions (FIs) can invest the fund for one year instead three months. The fund has to return to the Bangladesh Bank every year including profit in the cumulative installments.
- January 2018
- Bangladesh Bank has advised that under Islamic Shariah based refinancing fund, the participating business entity will be given refinancing facility for one year which will be renewable until the investment period of principal financing of the project is active and unclassified. The refinancing fund, withdrawn from Bangladesh Bank will be repaid regularly including its profit in quarterly basis.
- January 2018
- Bangladesh Bank has advised that with consent from account holders, accounts opened under school banking scheme should be converted into general accounts when the students (A/C holder) become more than 18 years old. Besides, scheduled banks providing banking services to students through mobile financial services or collect government scholarship/ allowances will take initiatives to open accounts for them under school banking scheme.
- February 2018
- With a view to promoting growth in the real estate sector through banks' participation in Housing Finance, Bangladesh Bank has advised that scheduled banks have to maintain 1 percent general provision instead of 2 percent against all unclassified housing finance under consumer financing.
- February 2018
- According to Constitution of the Peoples Republic of Bangladesh's Bangla Language Circulation Act, 1987 and to fulfill customers' requirements, Bangladesh Bank has advised the scheduled banks to prepare loan sanctioning papers in Bangla. The loan sanctioning documents may be prepared in English along with Bangla.
- April 2018
- A circular has been announced on refinance scheme for Islamic banks and financial institutions for investment in green products.
- April 2018
- Bangladesh Bank has announced a circular on reducing rate of interest against loans to ship building industry of Bangladesh and providing long term repayment facility.

- May 2018
 - In order to promote financial inclusion, risk-free and easy transactions of illiterate customers, Bangladesh bank has issued guidelines on cash withdrawal through cheque of illiterate customers.
- May 2018
 - Recently it has been observed that the various lending interest rates of commercial banks are increasing continuously. In this context, in order to rationalize rate of interest on lending for different sectors including productive sector, Bangladesh Bank has advised the scheduled banks to narrow the intermediation spread between the 4 percent, excluding credit card and consumer credit.
- June 2018
 - To remove the inconsistency in terms of age limit of customers stipulated in the Prudential Guidelines for Consumer Financing, Small Enterprise Financing and Guidelines on Credit Card Operations of Banks, Bangladesh Bank has decided to replace the Credit Card PPG Guideline No.2-Age (BRPD Circular no-07/2004). The required age for primary and supplementary card holders has been set at 18 years and above, which may be relaxed to 16 years for students who are directly dependent on the principal cardholders.
- June 2018
 - Bangladesh Bank has announced a circular on refraining from offering high interest rate on deposit through mobile phone messaging to collect deposit.

B. Policy Announcements on Monetary Sector Development

- January 2018
 - Similar to other countries, in order to make redemption profile homogeneous and to reduce the number of treasury bond, buy-back of government securities has been approved by the Finance Division, Ministry of Finance, Government of the Peoples' Republic of Bangladesh. Bangladesh Bank will accomplish this activity on behalf of the government of Bangladesh.
- March 2018
 - Bangladesh Bank has advised that Bangladeshi nationals residing abroad can use the Taka fund credited in their non-resident Taka account or in resident Taka accounts of their beneficiaries received through inward remittances via normal banking channel or authorized exchange house channel to purchase Wage Earner Development Bond (WEDB) in accordance with the instructions of Wage-Earner Development Bond Rules, 1981.
- April 2018
 - Bangladesh Bank has advised that all scheduled banks in Bangladesh (including Shariah based banks) will have to maintain 5.5 percent CRR with Bangladesh Bank on bi-weekly average basis with a provision of minimum 5.0 percent on daily basis of their average total demand and time liabilities.

- April 2018 • The existing Repo interest rate of Bangladesh Bank has been reduced by 75 basis points and re-fixed at 6.0 percent from 6.75 percent while Reverse Repo rate to remain unchanged at 4.75 percent.

C. Policy Announcements on External Sector Development

- July 2017 • To boost Foreign Direct Investment (FDI) in Bangladesh, Bangladesh Bank has advised all Authorized Dealer Banks to set up at least one dedicated FDI help desk comprising of competent officials in the head offices and or main branches of Authorized Dealers in Dhaka and Chittagong.
- July 2017 • In order to enhance housing finance facility to NRBs working abroad, Bangladesh Bank has decided that NRBs may avail housing finance facility at a maximum debt equity ratio of 75:25 instead of existing debt equity ratio of 50:50.
- July 2017 • To support hundred percent export-oriented factories, Bangladesh Bank has advised that Authorized Dealers (ADs) must ensure issuance of domestic letter of credit and make payment in foreign currency in case of back-to-back LCs. In case of domestic input purchase from the local traders/suppliers the mode of payments should be in local currency instead of foreign currency.
- August 2017 • To encourage export of the country, Bangladesh Bank has decided to provide export subsidy cash incentive for FY18. Different rates of subsidy/ cash incentive have been allocated for the exports of different types of commodities.
- August 2017 • In order to encourage ADs to use Green Transformation Fund for export oriented textile & textile products and leather manufacturing industries, Bangladesh Bank has decided that reduced interest at six-month USD LIBOR plus 1.0 percent shall be charged to ADs instead of existing six-month USD LIBOR plus 2.25 percent against financing.
- August 2017 • To facilitate short term import financing, Bangladesh Bank has advised that Authorized Dealers (ADs) may, on behalf of industrial importers, issue repayment bank guarantees without Bangladesh Bank approval favouring International Islamic Trade Finance Corporation extending short term buyers' credit up to 180 days for import of industrial raw materials for own use by importers, on sight basis, subject to adherence to all applicable credit norms and prudential parameters including single borrower exposure limit. In case of invocation of the guarantees, ADs shall report Bangladesh Bank giving full details of the circumstances leading to invocation and copy of bill of entry relevant to the concerned imports.

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- September 2017 • Bangladesh Bank has advised that producer and exporters of RMG/textile who had purchased yarn from the listed mills of BTMA can avail cash incentives against their RMG export.
- October 2017 • To facilitate smooth repatriation of wage earners' remittances, Bangladesh bank has advised all banks to accept emolument like retirement benefits, death benefits, insurance payments etc through normal banking channel with different types of instruments like cheque, foreign demand draft, etc. In case of incapability due to valid reasons, beneficiaries should be informed in written form with a copy to Bangladesh Bank.
- October 2017 • Bangladesh Bank has advised that manufacturers of export oriented jute products can also avail foreign currency loans from Green Transformation Fund (GFT) for importing capital machinery and other accessories along with eligible textile & leather product exporters.
- October 2017 • From now, any individual can carry Bangladeshi Taka worth of ten thousand in cash instead of five thousand on arrival or to departure from Bangladesh.
- November 2017 • Bangladesh Bank has revised the interest rate for the Long Term Financing Facility (LTFF) regarding the Financial Sector Support Project (FSSP). Now banks would have to pay interest at a rate between 2.0 percent and 3.0 percent in excess of LIBOR (London Inter Bank Offered Rate) for the tenures of five to ten years.
- November 2017 • Foreign nationals who are resident in and have income in Bangladesh are permitted to make monthly remittances to the country of their domicile out of their current savings up to 75 percent of their net income as per declaration by them in the prescribed application form.
- November 2017 • Bangladesh Bank has decided that Authorized Dealers (ADs) on behalf of importers who failed to submit the bill of entry/ certified invoices within stipulated or allowed extended period may open new LCs as the tune of up to USD 200 or equivalent to other foreign currencies without prior approval of Bangladesh Bank.
- November 2017 • Bangladesh Bank has advised the Authorized Dealers to observe the following instructions before execution of outward remittance of royalty, technical knowhow or technical assistance fees, operational services fees, and marketing commission etc.
- a. To ensure that the authority for remittances as per approval letter issued by Bangladesh Investment Development Authority (BIDA).

- b. To ensure that applicable taxes payable on remittable amounts have duly been deducted and paid.
 - c. To satisfy the genuineness of the relevant documents and immediately contact with BIDA in case of any doubt.
 - d. To preserve customer-wise documents for eventual examination by Bangladesh Bank inspection team and report the transactions to Bangladesh Bank.
- November 2017 • In order to increase the foreign remittance inflow, Bangladesh Bank has advised all scheduled banks to allocate budget for the purpose of training to develop the efficiency of wage-earners and opening and maintenance of wage-earners bank account under Corporate Social Responsibility (CSR).
- December 2017 • In order to increase country's inflow of remittances and facilitate investment of foreign remittance in Wage-Earner Development Bond (WEDB)/USD Premium Bond (DPB)/USD Investment Bond (DIB), Bangladesh Bank has advised all Authorized Dealer (AD) branches of scheduled banks located in divisions/ districts/ upazilas to take necessary steps for active participation to sale/issue, encashment and re-issue of WEDB, USDIB & USDPB.
- December 2017 • Bangladesh Bank has prepared a master circular on Export Development Fund (EDF) to bring ease in operations of EDF a revised operational procedure through compilation of existing instructions and its subsequent relevant circulars at one place with required modifications.
- January 2018 • To facilitate transactions under ACU mechanism, Bangladesh Bank has advised the ADs to resume transactions in 'ACU Euro' along with 'ACU Dollar' to settle current account transactions among ACU member countries. Accordingly, 'Japanese Yen (JPY)' has been incorporated as a settlement currency in ACU mechanism.
- January 2018 • An amendment of FE Circular no. 22 issued on 20 November 2011 has been published regarding cash incentive provided against advance export payment received through Telegraphic Transfer (TT). The amendment now allows new market explorations assistance for export payment received from countries other than the exported country subject to establishment of valid relationship between the ordering country and importer destination country/ payee country. From the date of issuance of this circular, this amendment will be applicable for cash incentives provided against goods to be shipped.

- February 2018
- In order to promote export, government has decided to provide cash incentive against export of frozen shrimp and other fish. Any required relevant material such as protective glaze will be treated as part and parcel of the export goods.
- February 2018
- In order to promote country's export trade, government has decided to provide subsidy against export of software, ITES (Information Technology Enabled Services) and hardware. This facility will be applicable for the export of goods and services from FY18.
- February 2018
- In order to promote country's export trade, government has decided to provide subsidy against export of footwear made of synthetic and fabrics. This facility will be applicable for the goods to be shipped from FY18.
- February 2018
- To promote country's export trade, government has decided to provide export subsidy against export of locally manufactured accumulator battery (HS code: 8507.10 and 8507.20). This facility will be applicable for goods to be shipped from FY18.
- February 2018
- To facilitate export trade for meeting urgent requirement, it has been decided that ADs may allow remittance facilities to exporters for bonafide service payments to beneficiary's bank account abroad up to USD 5,000 or equivalent, subject to a few conditions.
- May 2018
- A circular with instruction regarding online VAT registration number or Business Identification Number (BIN) under Value Added Tax Act, 1991 has been issued.
- May 2018
- For the purpose of commercial importing of ophthalmic medical equipment with Intraocular Lens, the essential instrument of eye treatment, Letter of Credit (LC) can be opened by banks on 90 days deferred payment basis.
- May 2018
- To promote export earnings, Authorized Dealers' loan limit from Export Development Fund (EDF) against their foreign currency financing of input procurement for member mills of BGMEA and BTMA has now been enhanced to USD 25.0 million from USD 20.0 million.
- June 2018
- To promote export by hosting goods on e-commerce website accessible through internet to foreign buyers, it has been decided that ADs may provide acquiring services to eligible exporters for repatriation of export proceeds against sales orders of exportable goods received on e-commerce website. This facility shall only be available for small value export not exceeding USD 5000 per transaction.