

# **ANNEXURE**

## Major Policy Announcements: October-December, 2020

<p>BRPD Circular Letter No. 50 October 01, 2020 To include all industries of BEZA/BEPZA/Hi-Tech Park under stimulus packages declared by the Government owing to the breakout of Novel Coronavirus (COVID-19).</p>	<p>The government declared financial incentives of the stimulus packages implemented by or under-implementation by banks and financial institutions shall also be admissible to the industrial organizations of type “A”, “B” and “C” located in Bangladesh Economic Zone Authority (BEZA), Bangladesh Export Processing Zone Authority (BEPZA) and Hi-Tech Park.</p>
<p>PSD Circular Letter No. 12 October 15, 2020 Informing Customers about Type and Charges/tariff rates of Mobile Financial Services (MFS).</p>	<p>To inform customers properly Mobile Financial Services (MFS) are advised to display information on the type of service offered, the amount of applicable service charge/tariffs and if applicable, the schedule of charges and Frequently Asked Question (FAQ) on their website and applications for the information of the customer, before offering any type of service for delivery. In case of any change in the type of service and service charge/tariffs, the MFS providers have to inform the changes to the customer by advance notification. To avert confusions related to service charge/tariffs, MFS providers shall have to circulate the issues in the mass media (Newspaper, the Dailies, Radio, Television, YouTube etc.) and social media (Facebook, Instagram, LinkedIn etc.).</p>
<p>BRPD Circular Letter No. 51 October 18, 2020 Financial stimulus packages to mitigate probable economic impacts owing to the breakout of Novel Coronavirus (COVID-19)</p>	<p>Concerned banks should apply to Accounts and Budgeting Department of Bangladesh Bank for interest/profit subsidies with a permission letter from Banking Regulations and Policy Department of Bangladesh Bank after charging interest/profit on the loan/investment under stimulus packages and realizing, borrowers/investors share of the interest/profit within next twelve (12) working days following the end of the corresponding quarter,</p>
<p>BRPD Circular Letter No. 52 October 20, 2020 Loan Classification and Provisioning</p>	<p>Banks have to maintain 2% General Provision against unclassified loans of all categories under Consumer Financing excluding House Finance. In case of House Finance, the required rate of General Provision will remain same (i.e. 1%) as before.</p>
<p>DMD Circular No. 05 October 21, 2020 Guidelines on Issue and Management of Sukuk by Government under Shariah-based Investment Contract</p>	<p>A Shariah Advisory Committee shall be formed by Bangladesh Bank in association with Bangladesh Bank, Finance Division and Shariah specialists- having adequate experience and knowledge on Islamic trade laws, business and financial services- for the management of Sukuk. The tenure and of number members of the said committee shall be fixed by Bangladesh Bank. Government may appoint Bangladesh Bank or any other institution as Special Purpose Vehicle (SVP) and/or trustee for the purpose of issuing Sukuk. Appointed institution (s) shall make an agreement with the government in order to act as Special Purpose Vehicle (SVP)/ trustee. Sukuk shall be issued as domestic credit in Bangladeshi Taka and Finance Division shall act as originator on behalf of the government for issuing Sukuk. Both resident and non-resident entity shall be eligible for making investment in Sukuk on condition that they have to give consent</p>

	<p>to embrace the share of profit or loss (if any) as depicted in prospectus. Non-resident individual (s) or institutional investor(s) are allowed to make investment in Sukuk through their Non-Resident Foreign Currency Deposit Account or Non-Resident Investor's Taka Account operated in their own name with any bank operating in Bangladesh. Profit and principal on maturity of their investment in Sukuk shall be repatriated in foreign currency after deducting necessary fees and/or taxes.</p> <p>As per prospectus, SVP shall issue, re-issue or shelf-issue at face value either through private placement or auction. Investment Dealer (s) including banks and financial institutions are allowed to place bid at the auction of Sukuk. Individual and institutional investors shall have to conduct all their investment-related procedure by the investment dealer, bank and financial institutions.</p> <p>At the meantime, bid shall be placed at face value as multiples of BDT 10,000 (ten thousand) at Sukuk auction. The settlements of the funds and securities of Sukuk against the bid shall have to be accomplished in T+1 period, the immediate next day of the auction. The SVP is authorized to impose upper-limit on SIID-based individual bid at any auction.</p> <p>Profit against Sukuk shall be paid on quarterly, half-yearly or annual basis while the principal value shall be paid on maturity.</p>
<p>PSD Circular No. 07 October 22, 2020 Launching Interoperable transactions among banks and MFS providers through National Payment Switch Bangladesh (NPSB)</p>	<p>Banks and MFS providers that successfully completed Pilot Testing through National Payment Switch Bangladesh (NPSB) shall start launching live transactions through NPSB from October 27, 2020 and those that failed such shall have to start from March 31, 2021.</p> <p>For fund transfer from one MFS provider to another MFS provider (p2p), the receiving MFS provider shall pay 0.80 percent fee on the consolidated amount transacted to the sending MFS provider. For both transactions, from bank account to MFS account and MFS account to bank account, concerned MFS provider shall pay 0.45 percent fee on the consolidated amount transacted to the related bank.</p> <p>No additional charges other than transaction fee existing at participating banks and MFS receiving level are allowed for Interoperable transactions.</p>
<p>FEPD Circular No. 47 October 28, 2020 Interest rate on borrowing from Export Development Fund (EDF).</p>	<p>Interest rate on EDF loans has been reduced at 1.75 percent pa, chargeable to eligible borrowers; for disbursements until March 31, 2021. In accordance with the decision, ADs shall make interest payments to Bangladesh Bank at 0.75 percent pa; the remainder 1.00 percent pa as before will be retained by ADs as their interest income.</p>
<p>BRPD Circular Letter No. 53 October 29, 2020 Enhancement of working capital facilities under stimulus packages for industrial and service sector companies affected by the outbreak of the Novel Corona virus (COVID-19)</p>	<p>Working capital facilities under stimulus packages for adversely affected industrial and service sector institutions have been enhanced to BDT 400 billion from previous BDT 330 billion. The enhanced BDT 70 billion shall be shall be admissible for the type "A", "B" and "C" industrial institutions located in Bangladesh Economic Zone Authority (BEZA), Bangladesh Export Processing Zone Authority (BEPZA) and Bangladesh Hi-</p>

	Tech Park Authority as working capital loan/investment. The rate of interest of the said loan/investment shall be 9 percent, of which 4.50 percent of interest shall be subsidized by the government and the rest shall be borne by the borrower.
FID Circular Letter No. 02 November 09, 2020 Refinance Scheme for the COVID-19 affected low income professionals, farmers and holders of small and marginal businesses	Under this scheme, a microcredit institution is allowed to avail of financing facility from a maximum of 3 (three) different banks. In case of availing financing facility from more than one bank within the stipulated limit, the microcredit institution shall have to submit a declaration on the availed financing facility from the first, if applicable from the first and second, bank to the finally financing bank.
FEPD Circular Letter No. 39 November 17, 2020 Repatriation of balances held in foreign currency accounts.	Head offices/principle offices of all Authorized Dealers banks in Bangladesh have been advised to instruct all their Authorized Dealer (AD) branches to facilitate repatriation of fund, without creating any obstacle, out of balances held in the respective foreign currency accounts of accountholders opened and maintained under general authorization.
FEPD Circular No. 49 November 18, 2020 Relaxation of foreign exchange regulations for trade transactions - extended facilities	Extended period for realization of export proceeds up to 210 days for exports of readymade garments and textile goods shall equally be applicable for all sectors, depending on the necessity, till March 31, 2021.
FEPD Circular No. 51 November 19, 2020 Outward remittances on account of software maintenance/support fees.	<p>General authorization has to be accorded to ADs to effect remittances on account of software maintenance/support fees. Accordingly, ADs shall no longer need to seek a first time approval from Bangladesh Bank. ADs shall, while effecting remittances, observe the following instructions:</p> <p>(a) ADs shall have to be ensured of the concerned software having legitimate license;</p> <p>(b) ADs shall obtain valid agreements for the maintenance/support services executed with foreign service providers.</p> <p>(c) Remittance requests from the remitters shall be supported by invoices;</p> <p>(d) Remitters shall have to make an undertaking to the effect that they have not remitted the payments from other ADs and shall not do the same in future, and they will bring back the remitted amount or its parts in case of non-receipt or partial receipt of services.</p> <p>(e) Regulations regarding payments of tax at source, value added taxes and other levies applicable on the payments need to be complied with.</p> <p>In the context of subsequent payments, ADs shall observe relevant instructions as noted above and certificates from service recipients regarding satisfactory use of services against earlier payments.</p> <p>The above facilities shall equally be applicable to banks having approval from their own competent authorities and industrial enterprises operating in domestic processing areas of EZs having sales in Taka. However, in case of the availability of foreign</p>

	<p>exchange out of legitimate sources in the respective foreign currency accounts of concerned customers of EZs, ADs shall first use such balances before utilization of their own sources by conversion of Taka fund.</p> <p>The transactions under the above authorization shall be executed by an AD designated by remitters who can change the AD as per mutual understanding. In case of change, designated AD shall forward the remittance files direct to new designated AD with intimation to Bangladesh Bank.</p> <p>As usual, ADs shall observe due diligence with regards to customers' KYC and AML/CFT standards, reporting routine to Bangladesh Bank and so on.</p>
<p>FEPD Circular No. 50 November 19, 2020 Remittance against current account transactions.</p>	<p>Legitimate other current account payments like audit fee, certification fee, commissioning fee, testing fee, valuation fee, etc. have been included for the industrial enterprises producing for local markets and service sector industries to remit through their nominated Authorize Dealers (ADs) up to one percent of annual sales as declared in their previous year's income tax return on account of costs of training and consultancy services as per relevant contracts with the foreign trainer/consultant. However, this will exclude payments which require permission from competent authorities without limiting to paragraph 25, chapter 10 of GFET. ADs shall, while undertaking the transactions, satisfy themselves to the effect that regulations regarding deductions and payments of taxes at source, value added taxes and other levies applicable on the payments have duly been complied with. This facility and other permissible remittances will be mutually exclusive.</p> <p>The above facilities shall equally be applicable to industrial enterprises operating in domestic processing areas of EZs having sales in Taka. However, in case of the availability of foreign exchange in the respective foreign currency accounts, out of legitimate sources, of concerned customers, ADs will first use such balances before utilization of their own sources by conversion of Taka fund.</p> <p>As usual, ADs shall observe due diligence with regards to customers' KYC and AML/CFT standards, reporting routine to Bangladesh Bank and so on.</p>
<p>SMEDP-2 Circular Letter No. 01 November 23, 2020 Reduction of Interest Rate under Second Small and Medium Sized Enterprise Development Project (SMEDP2).</p>	<p>The rate of interest at participating bank and financial institution level under the refinance fund of Second Small and Medium Sized Enterprise Development Project (SMEDP2) has been re-fixed at 2 (two) percent and at customer level maximum 6 (six) percent. The <b>re-fixed</b> rate of interest shall come into effect from 18 November 2020.</p>
<p>SMESPD Circular Letter No. 16 November 26, 2020 Special loan/investment facility of BDT 20,000 crore provided to CMSME sector affected by Novel Corona Virus (COVID-19) pandemic.</p>	<p>The proportional rate of annual loan/investment in the Business (Trading) sub-sector by the banks and financial institutions under the package has been scaled up to 35 (thirty five) percent from that of previous 30 (thirty) percent. If the annual loan/investment in the said sub-sector by the banks and financial institutions exceeds 30 (thirty) percent, no way above 35 (thirty five) percent, the annual loan/investment in the Production and</p>

	<p>Service subsector by the banks and financial institutions shall recede proportionately. But the annual aggregate loan/investment in Production and Service subsector cannot be less than 65 (sixty five) percent. The sanctioned limit of loan/investment (working capital) in Production, Service and Business (Trading) sub-sector of the existing customer shall be determined through banker-customer relationship under the concerned bank's loan/investment policy. But the said limit must not be higher than the previous year working capital loan/investment. The implementation deadline for the loan/investment disbursement target under the package has been reset till December 31, 2020.</p>
<p>FEPD Circular Letter No. 40 December 02, 2020 Cash incentive against wage earners' remittances sent through legal channels</p>	<p>To avail of 2 (two) percent cash incentive against remittance above USD 5000 (five thousand) or BDT 5,00,000 (five lac) sent through legal channels, the beneficiary shall submit necessary documents to the branch of remittance provider bank.</p> <p>The remittance provider bank shall scrutinize the documents on its own and send confirmation to the remittance collecting bank within fastest possible time in order to release the cash incentive amount. Upon confirmation, the remittance collecting bank shall release the cash incentive amount to the remittance provider bank. If the remittance collecting bank and remittance provider bank is the same entity, remittance collecting bank itself shall collect and scrutinize the documents submitted by the beneficiary.</p>
<p>BRPD Circular Letter No. 56 December 10, 2020 Loan Classification.</p>	<p>To transfer the accrued interest/profit, except cash recoveries, of loans/investments that remained unclassified because of the moratorium facility which allowed deferred payment facility for the payment/adjustment of the installment(s) of those loans/investments - from 01 January 2020 to 31 December 2020- to income account, following directives have to be followed:</p> <p>Accrued interest/profit during the moratorium period for the outstanding balance of the loans/investments of BDT 10 crore or above has been allowed to be transferred to income account on approval of the board of directors of the corresponding bank including the observation of management authority (with rationale) and recommendation of audit committee, for that of BDT 5 crore to less than 10 crore, on approval of the chief executive/managing director of the corresponding bank including the recommendation of the head of the branch and for that of less than 5 crore, on approval of the controlling authority including the recommendation of the head of the branch. If not transferred to income account on the aforementioned consideration, the said interest/profit shall have to be transferred as interest suspense.</p> <p>In order to maintain specific and general provision for loans/investments, actual provision will have to be maintained after the calculation of required provision following proper norms regarding loan/investment classification and provisioning. For the final account at end-December 2020, banks shall have to maintain additional 1 (one) percent general provision against all</p>

	SMA and unclassified loans/investments along with the regular specific and general provision and be showed as “Special General Provision-COVID-19” on the banks’ balance sheet. The Special General Provision-COVID-19 is not allowed to be transferred to any other account until further notice from the Bangladesh Bank.
DMD Circular Letter No. 10 December 20, 2020 Amendment of Sanchaypatra Rules & Policy	The upper limit of total investment in Five-Year Bangladesh Sanchaypatra, Three-Month Profit-Based Sanchaypatra, and Paribar Sanchaypatra has ben refixed at maximum 50 (fifty) lac in individual name and 1 (one) crore in joint names.
DMD Circular Letter No. 09 December 21, 2020 (December 20, 2020 as per date on circular) Amendment of NRB Bond Rules	The upper limit of total investment in Wage Earner Development Bond, U.S Dollar Premium Bond and U.S Dollar Investment Bond has been set at BDT 1 (one) crore equivalent foreign currency.
FEPD Circular No. 52 December 21, 2020 Business-to-Consumer export through sales orders received on internet.	ADs are permitted to allow exports of each sales on e-Commerce website up to USD 500 or equivalent under cash on delivery/payment on shipment terms subject to: (a) ADs shall have counterparty arrangements with foreign payment service providers to realize the payments by debiting their foreign currency accounts or Taka accounts maintained with ADs in terms of paragraph 1(i), chapter 13 and paragraph 8(b), chapter 14 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1. (b) Overdraft facilities will be allowed for the accounts so maintained in Bangladesh provided that ADs shall have payment guarantees, from banks acceptable to them, for the adequate amounts based on the transaction flows.
BRPD Circular No. 19 December 27, 2020 Providing Loan and Credit Card Facilities to IT Freelancers having virtual ID Card.	Scheduled banks operating in Bangladesh have been advised to grant loan and credit card facility to the virtual ID card-holder IT Freelancers subject to the compliance of existing banking rules and regulations to help develop the potential freelancing sector.
ACD Circular Letter No. 03 December 29, 2020 Refinance scheme of 5000 crore taka for providing working capital in agriculture sector due to break-out of Novel Corona virus.	The deadline of the loan disbursement at the customer level by the banks under the refinance scheme has been extended till 31 March 2021.
BRPD Circular Letter No. 59 December 30, 2020 Loan Classification	Loan/investment-classification status of rescheduled/one exit facility availed loans/investments that occupied on 01 January 2020 cannot be declassified till 31 December 2020 even if the standard degrades. By the time, however, if classification status of a loan/investment upgrades, that loan/investment can be classified following proper norms. The payable installment(s) of the existing term loans (including short term agricultural loan and micro credit) on 01 January 2020 shall be treated as deferred for the stated period. The size and number of installment(s) shall have to be reset from January/2021. At the time of re-fixing number of installment(s), the equal number of installments shall be added to the number

	<p>that remained overdue during 01 January 2020 to 31 December 2020. The borrowers are not allowed to be marked as defaulter even if any installment(s) remains overdue during the mentioned period.</p> <p>The tenure/adjustment date of all the existing continuous and demand loans/investments on 01 January 2020 and all the demand-natured loans/investments created within 01 January 2020 to 30 September 2020 shall increase to next 12 months from the existing expiry or till 31 December, whichever appears first.</p> <p>Attributable interest/profit, except cash recoveries, of rescheduled, restructured and one time exit availed loans/investments is not allowed to be transferred to income account. No penal interest or additional fee is allowed to charge for the time period.</p> <p>If any borrower does not feel the necessity of availing of the aforementioned provisions, his loan/investment may be settled following previous payment schedule or based on the banker-customer relationship.</p> <p>Reasonable rebate facilities can be offered to those borrowers who are reluctant to get the facility and voluntarily desires to settle the term/ demand/continuous loans with the banks.</p>
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