

Appendix - 1

Chronology of Major Policy Announcements: FY08

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1. Financial Sector Developments

- July 2007
- With a view to meeting the growing demand by the lower and middle income people in the urban areas for housing, the Bangladesh Bank has undertaken a scheme named "Refinance Scheme for Housing" in order to provide refinance facility to banks and financial institutions against loans provided to buy/ build new apartment for only own residential purpose.
- August 2007
- Decision has been taken to the effect that, if the flood affected farmers are loan defaulters, credit facility will be provided to them through loan rescheduling. In case of such loan rescheduling, requirement of down payment could be relaxed. To facilitate loan for the farmers in the shortest possible time and without any harassment, nationalized commercial banks and agricultural banks will set up "Complaint and Loan Monitoring Cell" and will monitor the issue regularly.
- September 2007
- Some guidelines have been issued for the bank's compliance regarding the appointment of consultants, by whatever name called. With the prior approval of Board of Directors, consultants may be appointed for a maximum of two years for the purpose of specialized jobs like-tax, law & legal affairs, engineering & technical, information technology etc. Terms of Reference (TOR) for consultant should be specified. He/she could not be involved in any activities beyond his/her TOR and could not influence the operational activities or join in any decision-making process of the bank. With a view to ensuring good governance no former Chairman/ Director, Chief Executive or Advisor of the bank should be appointed as consultant in the same bank. The curriculum vitae and Terms of Reference of the consultant, immediately after his appointment, should be sent to Bangladesh Bank.
- September 2007
- Money Laundering Prevention (Amendment) Ordinance, 2007 has been promulgated through Bangladesh Gazette on 30 July 2007 by making partial amendment of the Money Laundering Prevention Act, 2002.
- September 2007
- As per existing instructions of Money Laundering Prevention Act, it is required to submit Cash Transactions Report (CTR) to Bangladesh Bank for cash deposit or withdrawal of Taka 5.0 lakh or above in any account in a day. This lower limit of cash transaction has been revised upward from Taka 5.0 lakh to Taka 7.0 lakh or above. This instruction comes into effect since September 2007.
- September 2007
- A circular has been issued for opening and maintaining the accounts of Politically Exposed Persons (PEPs) by the power conferred under Money Laundering Prevention Act, 2002 (Act No 7 of 2002) in compliance with United Nations Convention Against Corruption (UNCAC) and recommendation No 6 of

- Financial Action Task Force (FATF) for all scheduled banks/financial institutions to follow properly.
- September 2007 ● In order to establish good governance in financial institutions, Board of Directors and management authority should be formed with the fit and professionally sound personalities. In these circumstances, a guideline regarding responsibility and accountability of Board of Directors, Chairman of the Board and Chief Executive/ Managing Director of financial institutions have been issued in order to ensure more transparency, accountability and dynamism in the overall financial, managerial and administrative policies and executive activities.
- September 2007 ● Banks/Financial Institutions have been advised to give more endeavor in providing credit facility to Small and Medium Enterprises (SMEs). In these circumstances, banks/financial institutions have been advised to invest their excess liquidity in different emerging productive SME sectors including women entrepreneurs.
- November 2007 ● The paid up capital and statutory reserve of all Bank Companies in Bangladesh has been raised at the minimum ceiling of Taka 200.00 crore by amending Article 13 of Bank Company Act, 1991, vide Bank Company (Amendment) Ordinance 2007 on 8 October 2007. In view of the aforesaid amendment of the Act, banks having shortfall of paid up capital and statutory reserve will follow the following instructions to meet the shortfall :
1. At least 50 percent of shortfall of required capital must be fulfilled within June 2008 and the residual portion must be fulfilled within June 2009.
 2. To raise minimum required capital banks may raise the reserve by keeping profit after tax, by issuing right shares or IPO, if applicable;
 3. Feasibility of merging with other banks and financial institutions may be considered to ensure the fulfillment of required capital and reserve within the given time limit;
 4. Any bank having shortfall of required capital and reserve, will not pay or declare cash dividend;
 5. Foreign banks will have to meet the capital shortfall by not repatriating the profit or by bringing in additional capital from abroad within the said time limit;
 6. All scheduled banks will take necessary measures to amend their Memorandum and Articles of Association in conformity with the amendment of the Act.
- November 2007 ● Due to recent devastating cyclone and tidal upsurge in the country, massive damage in the agricultural sector occurred. In this backdrop, to reduce suffering of the affected farmers following decisions have been taken regarding agricultural credit operations.
1. Agricultural credit disbursement activities should be strengthened in the cyclone affected areas.
 2. Affected farmers should be provided with new loan as early as possible after rescheduling old loan by relaxing conditions for down payment of overdue loan.

3. The high officials of the concern bank will ensure proper disbursement of credit by visiting the affected areas.
4. The banks will arrange proper monitoring so that any affected farmer will not be delayed to get loan or will not be harassed.
5. Bangladesh Bank should be informed fortnightly regarding agricultural credit disbursement activities.

December 2007 ● Decision has been taken by competent authority that banks/financial institutions can accept new IT project proposals from entrepreneurs for EEF assistance subject to the following conditions:

1. Only those new entrepreneurs who are creative, efficient, prospective and have difficulty in availing of traditional institutional credit facility can apply for EEF assistance in favour of new IT project.
2. Total project cost shall be minimum Tk. 0.50 crore to maximum Tk. 5.00 crore.
3. EEF assistance for 49 percent equity or 33.33 percent of the project cost, which one is lower, will be provided to those projects availing term loan from banks/financial institutions by maintaining traditional debt-equity ratio and having project cost within Tk. 5.00 crore.
4. Specific investment initiative should be taken in order to start business within 6 months starting from the release of 1st installment of EEF assistance.
5. Buy-back of 20 percent of share issued in favour of government should be completed within 4 years from the date of 1st installment of EEF fund release.
6. Buy-back of remaining government owned shares should be completed at the rate of 20 percent (out of total government share) within 5th, 6th, 7th and 8th years from the date of release of 1st installment.
7. Letter of agreement should be submitted to the effect that business address will not be changed or business will not be closed without informing EEF unit.
8. As per terms and conditions of sanction letter of EEF assistance, if equity fund is not invested in the project, business is closed down or existence of project is not found, legal step would be taken to recover the equity fund under the prevailing law of the country by converting the equity assistance into debt after issuing show cause letter and cancellation of investment agreement. Clear terms and conditions should be incorporated in this regard in the investment agreement and Memorandum and Articles of Association.

According to EEF guidelines to evaluate IT projects a project evaluation committee consisting of minimum 3 members should be formed including professionally efficient financial analyst and specialist in IT field. In keeping with EEF guidelines, the committee will submit a report with specific opinion after evaluating project proposal. EEF unit will not consider project proposal if specific opinion is not incorporated in the report regarding whether EEF assistance should be provided or not. Others terms and conditions issued till now will remain unchanged.

- December 2007 ● In order to rehabilitate weavers affected by repeated floods (specially of Sirajgonj and Pabna), it has been decided that, if the affected weavers are loan defaulters, then by re-scheduling the loans, new loan facility can be provided. If necessary, terms and conditions of down payments could be relaxed for rescheduling such loan. Simultaneously, in order to provide loan facility to the weavers in shortest possible time under new loan facility and without any harassment, banks will form "Complaint and Loan Monitoring Cell" in various level and will monitor it regularly.
- December 2007 ● New Capital Accord (Basel II) will be implemented from early 2009. In this regard, on the basis of Quantitative Impact Study (QIS) conducted by Bangladesh Bank to assess the readiness of banks for implementing Basel II, an action plan/roadmap has been finalized and approved by the competent authority and has been sent to banks for gearing up the efforts for implementing Basel II.
- January 2008 ● With a view to extending facility under the scheme and operate efficiently some amendments have been made in "Refinance Scheme for Housing". As per amendments, an applicant will be eligible for getting Taka 20.00 lakh instead of Taka 15.00 lakh as house building loan. Banks/financial institutions under this scheme will be provided 100 percent refinance facility instead of 75 percent of total disbursement amount.
- January 2008 ● It has been decided that, any bank company can invest maximum 10 percent of its total capital in bonds or debentures of any company, which are approved by the Securities and Exchange Commission.
- January 2008 ● Considering the recent incident involving breaking of lockers in a bank branch and vandalism of valuables placed in lockers it has been decided that all banks have to ensure that security arrangement of lockers are adequate and suitable in all respects. The location and physical structures must be consistent with those of safety vaults and safety rooms. Bank should review the existing security system on an ongoing basis. The security procedures should be well documented and the concerned staff/officer should be properly trained about the procedures. The internal auditors should ensure that the procedures are strictly adhered to.
- Banks will carry out proper due diligence process on the security agencies, as well as the guards posted at their branches.
- Banks must obtain corporate group insurance as per categories and sizes of lockers. In case of any loss, arising due to breakage of/damage to the locker, at first, the loss sustained by the locker holder should be paid by the bank immediately as per the claim within the insurance ceiling of the locker.
- February 2008 ● Relaxation of credit norms for Agricultural/Rural Credit Programme has been made due to uptrend in the price of agricultural inputs. In general, banks will follow the credit norms in determining the amount of loan, disbursement of loan and loan repayment schedule, but may increase/decrease amount of loan fixed for different crops for a maximum of 20 percent instead of 10 percent considering actual credit demand of the farmers.
- March 2008 ● Constituents of Supplementary Capital (Tier-2) have been reviewed and it has been decided to add a new component namely, Revaluation Reserves of the

- Securities which are held for the fulfillment of Statutory Liquidity Requirement (SLR) by a banking company. These securities are treated as Held to Maturity (HTM) or Investment Securities as stated in BRPD circular No. 15 of 31 October 2005.
- As such the component of Supplementary Capital now stands as under: a) General Provision maintained against Unclassified loans, b) Assets Revaluation Reserves, c) All other Preference Shares, d) Perpetual Subordinated debt, e) Exchange Equalization Account and f) Revaluation Reserves of HTM Securities (upto 50 percent of the revaluation reserves).
- March 2008
- With a view to reducing recent upward trend in the market price of powder milk and ensuring sufficient supply of powder milk in the market, interest rate on import finance of powder milk has been fixed temporarily at the rate of 12 percent. The same rate of interest for import finance was fixed earlier for other essential goods i.e. rice, pulses, wheat, sugar, edible oil, pop, pea, onion, spices, date-palm.
- March 2008
- With a view to providing more institutional and financial facility at easy terms and conditions to women entrepreneurs some amendments have been made in refinance scheme for women entrepreneurs in Small and Medium Enterprises (SMEs) sector.
 1. All kind of loan applications of small and medium women entrepreneurs shall have to be received and disposed at the highest priority by banks and financial institutions.
 2. Each bank and financial institution must establish an independent "Women Entrepreneurs dedicated desk" and will arrange necessary training programme by employing proper manpower in the dedicated desk. If possible, women officer could be employed in the dedicated desk.
 3. Arrangement should be made to provide necessary advice to women entrepreneurs on banking including project formulation, implementation and processing of loan application by the proposed "Women Entrepreneurs dedicated desk".
 4. To identify actual women entrepreneurs' assistance could be received from BSCIC/SME Foundation and from other women professional organizations.
 5. SME Foundation and financing banks and financial institutions will take necessary arrangement to publicize in all media regarding these facilities provided to women entrepreneurs.
 6. If the borrower against refinance fund is a women entrepreneur or maximum owner of a loan receiving institution are women then banks/financial institutions can consider to provide loan facility for a maximum of Taka 25.00 lakh against assets and personal guarantee only.
- April 2008
- "Money Laundering Prevention Ordinance 2008" (Ordinance No. 12 of 2008) has been promulgated on 15 April 2008 repealing Money Laundering Prevention Act, 2002 (Act No. 7 of 2002).
- Money Laundering Prevention Ordinance 2008 :
- ★ defines money laundering activities precisely;
 - ★ includes Banks, Financial Institutions, Insurance Companies, Money

- Changers, Money remitting/transferring companies, and other business organizations approved by Bangladesh Bank that carryout financial activities under its reporting purview;
- ★ empowers Bangladesh Bank to issue an order to any bank or financial institution to suspend a transaction or freeze an account for a period of 30 days where the Bangladesh Bank has reasonable grounds to suspect that the transaction involves proceeds of crime. The order so passed may be extended for another 30 days for the purpose of further investigation;
 - ★ empowers Bangladesh Bank to sign MoU, bilateral or multilateral contract, convention or sign contract with any foreign country or organization by means of acceptance of international legislation;
 - ★ provides for creation of a Financial Intelligence Unit (FIU) in the Bangladesh Bank. It authorizes FIU to share information with other countries;
 - ★ empowers Bangladesh Bank to inspect reporting organizations physically for the purpose of detection of suspicious transactions connected with money laundering.
- April 2008
- Decision has been taken to invite Expression of Interest (EOI) from interested entrepreneurs to provide EEF assistance in IT sector. After examining the EOIs, a short list of eligible entrepreneurs will be prepared. Thereafter, they will be advised to submit project proposal through banks/financial institutions.
- April 2008
- Some guidelines have been issued for the compliance of financial institutions at the time of appointment of consultant or whatever the name designated. These guidelines are: (1) Consultant may be appointed with the prior approval of Board of Directors of the financial institution for maximum 2 (two) years for specialized works like- tax, law and legal affairs, engineering and technical, information technology, introduction of new financial instruments etc. Appointment of consultant should be avoided for works those can be performed by the regular employees of the financial institutions. (2) Terms of reference for the consultant should be specified. (3) No other facility can be provided in favour of consultant except monthly salary or consolidated remuneration at a time. (4) To ensure good governance no Ex-chairman, Director, Chief Executive/Managing Director or Adviser of an institution can be appointed as its consultant. (5) Within 7 (seven) days of appointment Curriculum Vitae of the consultant and Terms of Reference should be sent to the Bangladesh Bank.
- May 2008
- Bangladesh Bank has taken a decision in principle to accord permission for opening SME Service Centres. These Service Centres will be allowed to perform the following functions:
 1. The SME Service Centres will render banking services only for receiving application, disbursement, monitoring and recovery of loan to SME sector.
 2. The SME Service Centres will be allowed to receive foreign remittances and deliver /hand over the same in domestic currency to the payees concerned.
 3. The SME Service Centres will be allowed to open a separate desk in order to prioritize the women entrepreneurs involved in the promotion of Small and Medium Enterprise (SME) sector.

- The scheduled banks operating in Bangladesh are advised to apply to the Banking Regulation and Policy Department of Bangladesh Bank for opening limited number of SME Service Centres only in areas of Bangladesh where no branches of the same bank exist at present. The scheduled banks are advised to submit their application for opening the aforesaid centre by 15 June 2008 for the year 2008 and, for 2009, along with the application for opening bank branches of same year.
- May 2008
- To strengthen SMEs, some instructions are given to banks/financial institutions for their compliance.
 1. Bangladesh Bank shall be informed the target of loan that will be disbursed in SMEs sector out of the total amount of disbursable loan for the year.
 2. Out of the fund fixed for SMEs, minimum 40 percent shall be allocated for small entrepreneurs and rest of the amount for medium entrepreneurs.
 3. Dedicated desk shall be established for the SME sector.

Information those are being supplied to Bangladesh Bank at quarterly basis shall have to include amount of loan provided for small business and its ratio in percent according to the prescribed proforma.
- May 2008
- Fund allocation for women entrepreneurs under the Refinance Scheme for Women Entrepreneurs of Small and Medium Enterprises (SMEs) of Bangladesh Bank has been raised from 10 percent to 15 percent with a view to extending participation of women entrepreneurs in industrial development of the country and to ensure availability of credit by more women entrepreneurs for establishing industry and to operate business activities. Out of this 15 percent fund, 40 percent will be allocated for small women entrepreneurs.
- May 2008
- With a view to ensuring supply of rice in the market, banks are advised to fix 3 (three) months i.e, 90 (ninety) days time limit at the maximum for repayment of credit facilities against purchase of rice by the local mill owners.
- May 2008
- With a view to expanding facility under "Refinance Scheme for housing" and to provide effective and more facility at the client level some amendments have been made as follows:
 1. Applicant would be capable to earn and his/her monthly total income would be minimum Taka 50,000.00.
 2. Applicant who is a service-holder but do not have any housing loan facility in his institution or did not avail the facility if exists will be eligible for this loan facility. The applicant would have to submit No Objection Certificate and a certificate from his/ her appointing authority in this regards.
 3. Interest rate fixed by banks/financial institutions for the client would not be more than bank rate +4 percent i.e. 9 percent.

Banks/financial institutions will apply to Bangladesh Bank in the prescribed form for refinance against the loan disbursed under the fund in 01 (one) month interval.
- May 2008
- BRPD circular No. 10 dated 25 November 2002 has been revised and some amendments have been made. Paragraph 5 of the annexure-III of the said

circular does not cover the "Hedging the price risk of commodity transactions". So it will be supplemented and rephrased as follows: "Short term self liquidating trade related contingencies (e.g. documentary letters of credit, hedging the price risk of commodity transactions and other trade financing transactions)". All other instructions will remain unchanged.

- May 2008
- With a view to expanding credit in small and medium sectors, banks/financial institutions have been advised to take assistance of NGOs in selection of borrowers, disbursement and recovery of credit in order to reduce supervision cost in credit disbursement and recovery.
- Now tenure of medium term loan of medium industries has been changed to four years instead of three years by canceling all earlier instructions. Amount of refinanced loan in all disbursed loans will be repayable within four years from loan receiving date including six-month grace period in seven equal half-yearly installments.
- May 2008
- After amending the existing definition of Small and Medium Enterprise sector a single definition of Small and Medium Enterprises sector has been determined.
 1. An enterprise will be considered as small enterprise which in principle is not a public limited company and fulfill the criteria given below:
 - Service Concern:** In this case amount of total fixed assets, excluding land and building, is from Taka 50,000.00 to Taka 50,00,000.00 and/or working manpower is maximum 25 persons.
 - Trading Concern:** In this case amount of total fixed assets, excluding land and building, is from Taka 50,000.00 to Taka 50,00,000.00 and/or working manpower is maximum 25 persons.
 - Manufacturing Concern:** In this case amount of total fixed assets, excluding land and building, is from Taka 50,000.00 to Taka 1,50,00,000.00 and/or working manpower is maximum 50 persons.
 2. An enterprise will be considered as Medium Enterprise which in principle is not a public limited company and fulfill the criteria given below:
 - Service Concern:** In this case amount of total fixed assets, excluding land and building, is from Taka 50,00,000.00 to Taka 10,00,00,000.00 and/or working manpower is maximum 50 persons.
 - Trading Concern:** In this case amount of total fixed assets, excluding land and building, is from Taka 50,00,000.00 to Taka 10,00,00,000.00 and/or working manpower is maximum 50 persons.
 - Manufacturing Concern:** In this case amount of total fixed assets, excluding land and building, is from Taka 1,50,00,000.00 to Taka 20,00,00,000.00 and/or working manpower is maximum 150 persons.
- June 2008
- BB issued a circular on mainstreaming Corporate Social Responsibility (CSR) with a strategic guideline for banks and financial institutions in Bangladesh. To promote equitable and sustainable social development, banks and financial institutions can make major CSR contribution by speeding up financial inclusion of the socially disadvantaged large rural and urban population segments.

- Adoption of CSR is voluntary and not mandatory. CSR programme of banks and financial institutions would be likely to include action plans for economic, social and environmental impacts of a business, mitigating the negative impacts as well as bolstering the benign effects. Bangladesh Bank will monitor CSR adoption and CSR performance of banks and financial institutions as an additional dimension of their management performance.
- June 2008
- For the necessity of strengthening, encouraging and expanding SME sector, fund for "Refinance Scheme for Small Enterprise sector" has been raised from Taka 300.00 crore to Taka 500.00 crore with effect from 12 June 2008.
- June 2008
- With a view to making secondary trading of government securities competitive, some amendments have been made in the guidelines issued earlier regarding provision of liquidity facility to the primary dealers.
 1. Liquidity facility will be provided to the primary dealers against the government treasury bills and bonds devolved on them for a maximum period of 1 (one) month continuously from the date of issue of the devolved securities. Within the stipulated one month, the primary dealers can avail this facility in any time in a single or multiple frequencies.
 2. Performance of the primary dealers will be reviewed quarterly. On the basis of combined evaluation of success ratio maintained in auctions in a quarter and secondary turnover achieved in the same quarter the 3 (three) top ranked primary dealers will be provided the liquidity facility for a period of maximum 2 (two) months commencing from the date of issue of the devolved securities.
- June 2008
- An Ordinance titled "Anti-terrorism Ordinance, 2008" (Ordinance No. 28 of 2008) has been promulgated on 11 June 2008 in order to prevent certain terrorist acts and to formulate regulations regarding effective punishment and matters connected herewith.

The Ordinance empowers Bangladesh Bank the power and authority to take necessary measures to prevent and detect transaction intended to commit offence through any banking channel. Under the Ordinance, Bangladesh Bank has the authority to-

 - ★ call for reports about suspicious transactions from a bank;
 - ★ issue an order in writing to any bank to suspend a transaction for a period of 30 days where it has reasonable grounds to suspect that the transaction involves terrorist acts, and extend the order so passed for another 30 days;
 - ★ inspect banks for the purpose of detection of suspicious transactions connected with terrorist financing.

Under the Ordinance "bank" means any banking company established under the Banking Companies Act, 1991 (Act No. 14 of 1991) and any financial or commercial institutions authorized by any other law to take or disburse loan, or to exchange money.
- June 2008
- Uniform account opening and KYC profile form for all banks have been introduced. All banks have been asked to implement the form within 31 December 2008.

2. Monetary Sector Developments

- August 2007
- A circular has been issued regarding deduction of newly introduced tax at source at the rate of 10 percent on interest/profit earned above of Taka 1,50,000/- annually of sanchaypatra from 1 July 2007. For sanchaypatra, that interest/profit became due before 1 July 2007 but not withdrawn; in such cases deduction of tax at source on interest/profit at the time of withdrawal thereafter will not be applicable. Being two separate entities /clients, both joint sanchaypatra buyers will get waiver facility of tax at source on interest/profit of Taka 1,50,000/- separately on annual basis.
- April 2008
- To resume the banking business of the "The Oriental Bank Ltd" (presently ICB Islamic Bank Limited), the Moratorium Order issued by the Government under section 77(2) of the Banking Companies Act, 1991 has been rescinded with effect from 5 May 2008 at the request of Bangladesh Bank for the implementation of "The Oriental Bank Ltd. (Reconstruction) Scheme, 2007" formulated under section 77(4) of the Act.
- May 2008
- With a view to encouraging transaction of government securities after issuance and to establish a more effective secondary market it has been decided to make some amendments in the guidelines regarding revaluation of Treasury bills and bonds on the basis of Marking to Market. For this purpose a detailed revised guidelines have been issued vide DOS circular letter No. 5, dated 26.05.2008. The revised guidelines will be in effect from 1 July 2008.

3. External Sector Developments

- August 2007
- To encourage export trade, export subsidy/cash incentive will be payable by the government like preceding years on net f.o.b value of the selected commodities shipped during 1 July 2007 to 30 June 2008 at various rates as: local fabrics @ 5 percent, frozen shrimp and other fish @ 10 percent, leather goods @ 15 percent, commodities made of hogla, straw, coir of sugarcane etc. @ 15 percent-20 percent, agro-product (vegetables/fruits) and processed (agro-processing) agro-product @ 20 percent, tobacco @ 10 percent, potato @ 10 percent, bi-cycle @ 15 percent, crushed bone @ 15 percent, jute goods @ 7.5 percent, hatching eggs and day old chicks of poultry industry @ 15 percent, light engineering product @ 10 percent, liquid glucose to attract investment in agro-based industry in Ishwardi EPZ @ 20 percent and halal meat @ 20 percent.
- October 2007
- Credit facility given under Export Development Fund has been refixed in order to continue ongoing trend of expansion and development of export oriented industry in the country as follows:
 1. Amount of export development fund has been raised from USD 100.00 million to USD 150.00 million.
 2. Credit ceiling has been raised from USD 1 million to USD 1.5 million in favour of single borrower for import of inputs of existing export products on site basis under the Export Development Fund (EDF).
 3. On site basis upper limit of import Letter of Credit (LCs) against export Letter of Credit (LCs)/contract value (fob) will be within the limit fixed in the Import Policy Order 2006-2009.

- This decision has been made effective since 1 November 2007. Other terms and conditions regarding credit support under Export Development Fund will remain unchanged.
- October 2007 ● Policy Guidelines for establishing drawing arrangement by banks in Bangladesh with exchange houses abroad have been in place from 9 October 2007 in order to make the monitoring system on drawing arrangement more intensive and effective. The said guidelines cover a vast area including eligibility of exchange houses; functions required by both exchange houses and banks in remittance operations, security deposit to be taken, disbursement procedure etc. are to be followed meticulously. While applying to Bangladesh Bank for approval of establishing drawing arrangement with exchange houses abroad, banks are now required to comply with the instructions as mentioned in the said policy guidelines.
- November 2007 ● Upper limit of releasable foreign exchange in favour of Bangladesh/foreign nationals in the form of cash has been raised to USD 2000 or its equivalent. Other instructions of issuing foreign exchange for travel abroad including presentation of ticket and passport will remain unchanged in the applicable case.
- November 2007 ● It has been decided that foreign exchange may be sold to the resident Bangladesh nationals proceeding abroad against one way ticket for valid job or migrating abroad. However, the maximum amount of foreign exchange to be sold will not exceed the half of the un-used balance of the annual travel entitlement of the person concerned in the current calendar year.
- February 2008 ● A guideline has been issued to follow by all resident individuals/ organizations to have permission of the Bangladesh Bank under section 18A of Foreign Exchange Regulation Act, 1947 before commencing business or receiving any proposal to act as an agent (as Satellite Channel Distributor) of Foreign Principal(s). To obtain such permission, application shall have to be submitted to the General Manager, FEID, Bangladesh Bank, along with the required documents.
- Bangladesh Bank reserves the right to suspend/cancel the accorded permission in case any complaint is raised against the agent/distributor about his illegal, unlawful and objectionable activities and activities against the law/order or interest of the country.
- The agent/distributor should submit audited financial statements of the concerned year to Bangladesh Bank, which must contain clear information about their income from this sector for effecting outward remittance. In that case, remittable amount will be determined after adjustment of commission receivable by the agent/distributor as mentioned in the contract, government tax and others, if any, from the gross income. To obtain permission for remittance they should submit required documents along with TM form to authorize dealer bank for onward submission to Bangladesh Bank.
- March 2008 ● Bangladesh Bank invited the attention of authorized dealers to the Incoterms 2000, published by the International Chamber of Commerce (ICC). Henceforth, exports from Bangladesh may in addition to FOB and CFR basis be made on EXW, FCA, FAS, CIF, CPT, CIP and DAF basis provided those are stipulated in

the relevant Letters of Credit (LCs) or sales contracts. ADs are, however, strongly advised to inform the exporters about the risk and responsibility involved in using these incoterms. While certifying the EXP Forms the ADs must show the FOB or its equivalent value, cost of freight, insurance and other charges separately on the reverse of the related EXP Forms.

ADs have also been advised to incorporate appropriate incoterms in the purchase contract/LC in case of import into Bangladesh in compliance with the Import Policy Order in force.

- April 2008
- To facilitate returning foreign tourist/non-resident Bangladesh nationals, general permission has been accorded to re-convert their unspent Bangladesh taka into foreign exchange upto maximum USD 100 or its equivalent at the bank booth situated at the departure lounge of international airport. Earlier such re-conversion could be made by the same AD/Moneychanger wherefrom the foreign currency was encashed earlier.
- April 2008
- Banks are advised to repay the loan taken under Export Development Fund with interest within due time or if necessary to submit application before due time for extending time. If the bank fails to repay overdue within due time or unable to inform FRTMD earlier regarding inability, then the principal amount with interest will be recovered by debiting FC clearing account with Bangladesh Bank on the next working day of overdue. This instruction is in effect from 04 May 2008.
- May 2008
- Bangladesh Bank has allowed the authorized dealers in foreign exchange for hedging the price risk of commodities (that are traded on exchanges or over the counter) of their customers through standard exchanged traded futures/options and OTC derivatives on commodities subject to prior approval of Bangladesh Bank. Only genuine underlying commodity price risk exposure(s) of the customers will be permitted to be hedged by commodity derivatives. Any kind of speculation through the use of commodity derivatives instruments will not be permissible.
- June 2008
- As per Government announcement, circular letter has been issued by Bangladesh Bank for issuing foreign exchange to intending pilgrims for performing Hajj. However, from now on, in the case of pilgrimage under private arrangement foreign currency can be issued within approved ceiling in favour of pilgrim agencies through prepaid debit card in addition to existing cash/TC/FDD/FTT.