

Appendix–1

Chronology of Major Policy Announcements: FY14

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1. Financial Sector Development

- July 2013
- Bangladesh Bank introduced a scheme named 'Refinance Scheme for Solar Energy, Bio-Gas and Effluent Plant Sector' with a revolving fund of Taka 2 billion. The scheme is primarily financed from Bangladesh Bank's own source for issuing loans on easy terms for renewable fuel and environment friendly sectors like solar energy, bio-gas and effluent treatment plants (Ref. no: ACSPD Circular 06/2009). Seven new products have been added to this refinance scheme (Ref: GBCSRD Circular No. 02/2013).
- July 2013
- The Anti-Terrorism (Amendment) Act, 2013 passed on 11 June 2013 by the National Parliament for better amendment of Anti-Terrorism Act, 2009. The act was approved by Honourable President on 12 June 2013 and was published in the additional edition of Bangladesh Gazette. In this regard, all banks/NBFIs are directed to bring the contents of this Act to the notice of all concerned and to ensure the compliance of its regulations.
- July 2013
- As a part of regulatory review, "Guidelines on products and services of NBFIs in Bangladesh" have been issued. These guidelines aim to formulate general framework for different products and services of NBFIs with a view to removing inconsistencies and discrepancies among the features and operational procedures of those products and services. It will help promote sound risk management practices in managing and controlling risks associated with products/services at various stages.
- July 2013
- In line with global development and response to the environmental degradation, the financial sector of Bangladesh should play important role as one of the key stakeholders. With a view to developing green banking practices in the country, an indicative Green Banking Policy and Strategy framework has been developed for the FIs in the following headlines:

Phase I

- Policy Formulation and Governance
- Incorporation of Environmental Risk in CRM
- Initiating In-house Environment Management
- Introducing Green finance
- Creation of Climate Risk Fund

- Introducing Green Marketing
- Supporting Employee Training, Consumer Awareness and Green Event
- Disclosure and Reporting of Green Banking Activities

Phase II

- Sector Specific Environmental Policies
- Green Strategic Planning
- Setting up Green Branches
- Improved In-house Environment Management
- Formulation of NBFIs/Banks Specific Environmental Risk Management Plan and Guidelines
- Rigorous Programmes to Educate Clients
- Disclosure and Reporting of Green Banking Activities

Phase III

- Designing and Introducing Innovative Products
- Reporting in Standard Format with External Verification
- Reporting Green Banking Practices on Quarterly Basis
- The compliant NBFIs practicing Green Banking will have the following preferential treatments:
 - (i) BB will award points to NBFIs on Management component while computing CAMELS rating where there will ultimately be a positive impact on overall rating of a NBFIs.
 - (ii) BB will declare the names of the Top Ten NBFIs for their overall performance in green banking activities in the BB websites.
 - (iii) BB will actively consider green banking activities/practices of a NBFIs while according permission for opening new NBFIs branch.

- August 2013 ● The Managing Directors/ Chief Executives of all the scheduled banks have been informed about the decision that the total amount (book value) of Bank's holding of fixed asset should not be more than 30 percent of the paid up capital and banks cannot buy any further fixed asset until they increase their paid up capital proportionately (Reference: the section 10 of Bank Company Act, 1991, BRPD Circular No. 04 dated 25 January 2010 and BRPD Circular Letter No. 09 dated 30 July 2012).

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- August 2013
- Act No. 14 of The Bank Company Act, 1991 was amended in Bank Company (Amendment) Act, 2013 (Act No. 27 of the year 2013) and was published in additional edition of Bangladesh Gazette on 22 July 2013. Chief Executives of all the scheduled banks were advised to inform the concerned persons about the amendment of the sections in the Act and to ensure its implementation. Besides, they were also suggested to present the Bank Company (Amendment) Act, 2013 in the next meeting of their Board of Directors.
- August 2013
- At present, the banking sector is facing various challenges in the world. There are no alternatives to efficient workforce to achieve the goals and targets of the institutions. A bank's training institute plays an important role in improving human resources. To offer appropriate and effective training, training institutes must have well developed infrastructure with technological facilities. For ensuring appropriate infrastructure and improvement of training quality, banks' training institutes should follow the instructions stated below:
 - Head of the training institute will be a full-time official, either the bank's regular official or on contract basis.
 - Number of the faculty members of the training institute should be compatible with the total number of workforce of the bank.
 - The training institute should have at least two classrooms, one computer lab, one dining hall and the class room should have computers with internet connection, projectors etc. to run the sessions.
 - Training institutions will do the "Training Need Assessment" on regular basis.
 - The training institute will set up the following year's training schedule on the month of December of each year.
 - The training institute will run the sessions with its own faculty and resource persons in general.
 - There will be a set of policies approved by the bank's Board of Directors for the overall conduct of the training institute.
- September 2013
- Attention has been drawn to the DCMPS (PSD) Circular letter No.11 dated 20 December 2011 regarding "Amendment of Guideline on Mobile Financial Services for the Banks" and DCMPS (PSD) Circular No.10 dated 14 December 2011.

- Though the ceiling of amount for P2P transaction was fixed {Ref.: DCMPS (PSD) Circular No.10 dated 14 December 2011}, the ceiling on amount and number of transaction of cash in/out was not specified. Afterwards allegations were received to the extent that people without having mobile account was also making cash in/out and cash transfer using agent's or other people's mobile account which was risky and in violation of the "Guidelines on Mobile Financial Services for the Banks". Moreover, guidelines were not followed properly resulting fraud and forgeries in MFS transactions. These issues were discussed with the stakeholders and several instructions were disseminated to the concerned banks for proper compliance of Mobile Financial Services and prevention of frauds and forgeries.

- September 2013 • The individual and aggregate limits of investment in shares of any company or companies by scheduled banks were prescribed in clause (1) of section 26KA of Bank Company Act, 1991 (amended up to 2013). To facilitate close monitoring by Bangladesh Bank and to clarify some issues, instructions regarding investment in the capital market by the scheduled banks were issued.

- September 2013 • In order to get salary and allowance through bank accounts, workers in the RMG sector can open bank accounts against their National ID Cards and ID Cards issued by their company through depositing Taka 100. These bank accounts are not subject to any minimum balance requirement or fee/charges. In case of inadequacy of cheque books, withdrawals can be done through vouchers.

- October 2013 • According to Bank Company Act, 1991(Amendment 2013) section 40, scheduled Banks were instructed to submit their Audited Financial Statements to Bangladesh Bank within 2 months after the end of the year. For assessment of audited reports and identification of true financial state, banks will have to submit Management Report by external audit to Department of Off-Site Supervision within Seventy five days after the end of the year.

- October 2013 • Good governance is very crucial for bank management. It is the prime responsibility of the Board of Directors to appoint honest, skilled, experienced and appropriate Chief Executive for strengthening monetary base and gaining confidence of the depositors. Following regulations are to be followed in case of appointing and assigning the responsibility of the Chief Executive of a Bank-Company, or whatever the post is called, to ensure good governance-

a) Fit & Proper Criteria:

1. Character credentials
2. Experience and eligibility
3. Transparency and financial credentials
5. Tenure Period
4. Age Limit
6. Policy for Salary and Allowance
7. Incentive Bonus
8. Honorarium for attending general meetings
9. Assessment Report
10. Approval from Bangladesh Bank

b) Responsibility and Power

- October 2013 • It is mandatory to form Board of Directors of a Bank-Company comprising eligible and professionally skilled personnel for compilation of policies and supervision of business activities and to ensure good governance. Responsibilities of the Board of Directors of a Bank-Company are more important than other companies as activities of banks are run by depositor's money and it is important to achieve their confidence and to maintain it. In this regard, policies regarding formation, responsibilities and other activities of the Board of Directors to ensure good governance has been issued.
- October 2013 • Real estate developers, trading corporations of precious metals and stones, service providers for Trust and Company, lawyer, Notary, other law service holders and accountants have been included as Report providing organisations (Ref: section 2(BA)(OI,O,OU and AA) of Anti Money Laundering Act, 2012 and section 20(OI, O,OU and AA) of Anti terrorism Act, 2009).
- November 2013 • With a view to promoting non-traditional and creative sectors, some amendments in the small enterprise sector refinance scheme "Bangladesh Bank Fund" have been made (Reference: SMESPD Circular No. 02 dated 04 September 2011).
- PFI will get 100 percent refinance against their lending to micro and small enterprises engaged in publication and marketing of books on knowledge based and creative writings subject to availability of funds. The applicable interest rate at the client level will be maximum of 10 percent (bank rate +5 percent). Any writings which contravene country's culture, tradition, history, or against of any race/religion/clan or hurt any group of people will not be treated as creative writings for this purpose.

- Banks and NBFIs will provide finance to micro and small enterprises treated as creative publishers on banker-customer relationship. The creative publisher will be those publishers who are members of the "Bangladesh Gyyan or Srijonsil Prokasok Somity" or any other similar organizations constituted by law and/or be considered as creative publishers by the respective banks and NBFIs.
- November 2013 • Instructions were given to (Reference: FID Circular 03 dated 15 March 2007) to litigate in court for loans, advances and lease which were classified as Bad/Harmful before Write-off in case of 100 percent provision. But it has been noticed that, often the expense of litigating is higher than the amount of loans in case of small amount loan. In this regard, it has been decided that instructions about write-off and litigation will remain unchanged except for loan less than Taka 50000.
- November 2013 • Financial Institutions were instructed to submit their information up to December related to the Directors and any changes made, manually through a hard copy to Bangladesh Bank within 31 January (Ref. no: DFIM Circular No. 5 dated 6 May 2010). From now on, financial institution will submit that information on three-month basis to Bangladesh Bank Web Portal through Rationalised Input Template (RIT) "T_PS_Q_SH_DIR_INFO".
- December 2013 • According to the existing regulation(Ref. no: FID circular No. 03/2003 and 07/2005 and DFIM Circular No. 04/2010), maturity period of term deposit by Financial Institutions was six months for individual and organizations and there was a chance of Premature Encashment after expiring the six months period on request.
- From now on, minimum maturity period for term deposit by financial Institutions has been determined to be three months. In that case Premature Encashment will be possible after expiring the three months period on request.
- December 2013 • All scheduled banks in Bangladesh were advised to download the newly formulated 'Guidelines on Agent Banking for the Banks' from the website of Bangladesh Bank for taking necessary actions.
- December 2013 • As per section 1.1 of the said circular and circular letter, all scheduled Bangladeshi banks had to form a high powered Committee comprising of Directors from the Board to review the banks' environmental policies, strategies and programmes (Reference: Section 1.1 of BRPD Circular No. 02 dated 27 February 2011 and GBCSRD Circular Letter No. 05 dated 11

September 2013). According to the Bank Company Act, 1991 (Amended up to 2003) and BRPD Circular No. 06/2010, there could only be two committees comprising the Board members- Audit Committee and Executive Committee. Pursuant to that, either of these two committees was supposed to be responsible to review the banks' green or environmental policies, strategies and programme. Meanwhile, as per section 15kha (3) of the Bank Company Act, 1991 (Amended up to 2013), each banking company shall form a risk management committee comprising the members of the Board of Directors. In view of this context, the risk management committee comprising the members of the Board of all scheduled Bangladeshi banks will review the banks' green or environmental policies, strategies and programmes for governing the overall green banking activities of the banks.

- December 2013
- The time limit for adjusting the excess loan over Single Borrower Exposure Limit provided to own subsidiary company for Merchant Banking and Brokerage activities has been extended up to 31 December 2014 instead of 31 December 2013 (Ref. no: the instruction No. 2 of DOS Circular No.4 dated 24 November 2011).
 - Banks are advised to adjust the loan up to Single Borrower Exposure Limit within stipulated time without increasing the existing loan limit.
- January 2014
- BB has developed a 'Credit Rating Methodology for Small and Medium Enterprises' which will ensure uniformity, larger levels of transparency of external credit assessment and thereby determine the relative creditworthiness of entities belonging to this segment and thus establish credit discipline in the banking industry. In this manner, BB has launched SME ratings for banks in Bangladesh (Ref. no: BRPD Circular No. 35 dated 29 December 2010).
 - For this purpose, amendments have been made to the guidelines on RBCA, December 2010.
- January 2014
- In order to comply with the recently incorporated section-26(Kha) of the Bank Company Act, 1991 and to improve bank's credit risk management further, Bangladesh Bank consolidated all instructions issued so far (Ref. no: BRPD Circular No. 5 dated 9 April 2005) on the subject of Single Borrower Exposure Limit and made some amendments on definition and interpretation of "Capital", "Exposure", "Non-conforming Exposure", "Person", "Group" and Exposure Limits, Expectations, Prudential Norms, Risk Management Expectations etc.

- January 2014
- The Foreign Account Tax Compliance Act (FATCA) enacted in 2010 in the United States (U.S.) requires a 'Foreign Financial Institution (FFI)' to report to the U.S. Internal Revenue Service (IRS) information about certain accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. According to the definition of FFI, all banks as defined in the Bank Company Act, 1991 have come within the provisions of FATCA.
 - As the Government of Bangladesh has not yet decided to execute an intergovernmental agreement with the U.S., these obligations can alternatively be discharged at individual bank level by registering and signing 'Participation Agreements' with the IRS. The National Board of Revenue (NBR) also consented on registering with the IRS if a bank has U.S. taxpayer accounts in its books.
 - Therefore, banks concluding that FATCA may have implications for their customers and operations should register themselves with the IRS, put in place appropriate processes and controls to ensure compliance with FATCA. Concerned Banks are advised to visit the IRS's website, www.irs.gov/fatca-registration, for necessary guidance in this regard.
 - Because the agreement requires disclosures which would normally be breaches of the banker's general duty of confidentiality under prevalent Bangladeshi laws including the Bankers' Books Evidence Act 1891, banks are to obtain written consents from their customers before reporting the requested information to IRS. Banks should communicate with the existing customers well in advance of executing 'Participation Agreement' with the IRS enabling the accountholders to comply with reasonable requests for information or to provide acceptable documentation to meet the FATCA obligations.
- January 2014
- All scheduled banks in Bangladesh have to maintain Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) in compliance with the instructions given in clause (1) of Article 36 of Bangladesh Bank Order, 1972 (as amended up to 2003) and clause (1) of section 33 of Bank Company Act, 1991 (amended up to 2013) respectively. Pursuant to the recent amendment of section 33 of Bank Company Act, 1991 and in order to facilitate the maintenance of CRR and SLR by the scheduled banks, and to clarify some related topics, the following instructions are being issued:
(a) Cash Reserve Ratio (CRR):
At present, the required CRR is 6 percent on bi-weekly average basis of the average total demand and time liabilities (ATDTL) with a provision of minimum

5.5 percent on daily basis of the same ATDTL. Banks are advised to follow the circular issued by Monetary Policy Department of BB in this regard.

(a) Statutory Liquidity Ratio (SLR):

At present, the required SLR is 13 percent daily for conventional banks and 5.5 percent daily for Islamic Shari'ah based banks and Islamic Shari'ah based banking of conventional banks of their average total demand and time liabilities. Banks are advised to follow the circular issued by Monetary Policy Department of BB from time to time in this regard.

- Instructions are also given about Components eligible for calculation of Statutory Liquidity Reserve, guidelines for use of Foreign Currency from Foreign Currency Clearing Account for SLR purpose, computation of Demand and Time Liabilities, classification and valuation of SLR eligible securities, submission of reports regarding maintenance of CRR and SLR, penalties etc. The instructions will become effective from 1 February 2014.

January 2014 • Individuals interested for investment in government securities (Treasury Bills and Bangladesh Government Treasury Bonds) do not get adequate information and necessary cooperation from their banks though there are specific instructions in paragraph 2(i) and 2(ii) under the heading of "Issuance of Bangladesh Government Treasury Bonds" in Government of Bangladesh's gazette notification dated 24 June 2007 and subsequent amendments thereto:

- 2(i) Individuals and institutions resident in Bangladesh such as banks, non bank financial institutions, insurance companies, corporate bodies, authorities responsible for the management of provident funds, pension funds etc shall be eligible to purchase the Bangladesh Government Treasury Bonds (BGTBs).
- 2(ii) Individuals and Institutions not resident in Bangladesh shall also be eligible to purchase the BGTBs, with coupon payments and resale/redemption proceeds transferable abroad in foreign exchange, provided that:
 - The purchase is made with funds from a non-resident foreign currency account with a bank in Bangladesh in the name of purchaser;
 - The BGTB purchased by a non-resident may freely be resold to a resident in Bangladesh or to another non-resident. Resale to a non resident shall be subject to the provision of paragraph 2(ii)(a).

- 02. Scheduled banks and financial institutions maintaining accounts with Motijheel Office of Bangladesh Bank may open Business Partner ID (BP ID) in favour of their individual/institutional customers in Market Infrastructure (MI) Module of Bangladesh Bank to participate in auctions of Treasury Bills and BGTBs. Individuals may also buy or sell government securities in secondary market over the counter/Trader Work Station (TWS) of MI module. Some of the Primary Dealer banks are using this system quite efficiently. Accordingly, other banks and NBFIs are also advised to be active in facilitating their individual customers for buying/selling of government securities and provide required information and necessary cooperation promptly.

- February 2014
- Regarding the amendments of Guidelines on Risk Based Capital Adequacy (RBCA) for banks (Reference: BRPD Circular No. 35 dated 29 December 2010 and the subsequent BRPD Circular No.1 dated 1 January 2014), Risk Weighted Asset (RWA) against credit risk on Small and Medium Enterprise (SME) exposure is to be computed on the basis of credit rating assessed by External Credit Assessment Institutions (ECAIs) duly recognised by Bangladesh Bank (BB). Consequently, calculated RWA and Capital Adequacy Ratio (CAR) will be reported as per reporting formats enclosed in the amended RBCA guidelines.
 - From this point of view, all scheduled banks operating in Bangladesh may nominate any one or more rating agency (ies) for the credit rating of their SME clients' for the purpose of calculating RWA.
 - SME rating scales of The Bangladesh Rating Agency Limited (BDRAL) have already been mapped with BB's SME rating grades (Ref. no: BRPD Circular No.12/2013). Now, the SME rating scales of Credit Rating Information and Service Limited (CRISL), Credit Rating Agency of Bangladesh (CRAB) and Emerging Credit Rating Limited (ECRL) have been mapped with BB's SME rating grades as given below:

BB SME Rating Grade	Equivalent Rating of CRISL	Equivalent Rating of CRAB	Equivalent Rating of ECRL
SME 1	CRISL Me-1/Se-1	CRAB-ME 1/SE 1	ESME 1
SME 2	CRISL Me-2/Se-2	CRAB-ME 2/SE 2	ESME 2
SME 3	CRISL Me-3/Se-3	CRAB-ME 3/SE 3	ESME 3
SME 4	CRISL Me-4/Se-4	CRAB-ME 4/SE 4	ESME 4
SME 5	CRISL Me-5/Se-5	CRAB-ME 5/SE 5	ESME 5
SME 6	CRISL Me-6,7,8,9,10/ Se-6,7, 8,9,10	CRAB-ME 6,7,8/ SE 6,7,8	ESME 6,7,8

- March 2014
- Bangladesh Bank has designed a multipurpose analytical tool with the technical assistance from the World Bank (WB) named "Financial Projection Model (FPM)" with the aim to assess the strengths and weaknesses of individual banking institution and the system as a whole based on probable shock scenarios, to perform comprehensive scenario analyses to identify risks and to improve Bangladesh Bank's view over the risk management capacity of individual banks. All scheduled banks are required to take part in the implementation of the Model from March 2014 and have to collect the soft copies of those from Financial Stability Department (FSD), Bangladesh Bank on or before 31 March 2014. It has been decided that, henceforth all scheduled banks will start quarterly reporting to FSD as per the user manual and the input template. The reporting schedule is as follows:

Quarter	Period	Reporting Deadline (on or before)
March Quarter	1 January - 31 March	May 15th
June Quarter	1 April - 30 June	August 15th
September Quarter	1 July - 30 September	November 15th
December Quarter	1 October - 31 December	February 15th of the next year

- March 2014
- Bangladesh Bank has received complaints against few scheduled banks for making delay in payment of bills against Import L/C which tarnishes the image of banking sector in the country and increases the expenditure on interest and foreign bank's confirmation payment on L/C which in turn increases the cost of import. This kind of irregularity increases price of goods directly and harms public interest.
 - Under the power vested through section 45 of the Bank Company Act 1991, Authorised Dealer Banks are ordered to pay bills against Import L/C on Value Date/Maturity Date. Penalty will be imposed under section 109(7) of law in case of failure to follow the instruction.
- March 2014
- Basel-III is a new regulatory framework recommended by Basel Committee. Following the framework, Bangladesh Bank has conducted Quantitative Impact Study (QIS) to assess the preparedness of banks for implementing Basel-III in Bangladesh. Based on the findings of the last QIS an Action Plan/Roadmap is finalized with the approval of the competent authority. The Action Plan/Roadmap is published for internal plan and gearing up the efforts for implementing Basel III.

- April 2014
- To facilitate the investment in BGTBs by foreign investors the section 2(ii)(a) of the notification "Issuance and Re-issuance of Government Treasury Bonds" dated 24 June 2007 has been amended as follows:
 - The purchase is made with funds from a Non-resident Foreign Currency Account (NFCA) or a Non-resident Investors Taka Account (NITA) with a bank in Bangladesh in the name of the purchaser.
- April 2014
- Regarding the amendments of Guidelines on Risk Based Capital Adequacy (RBCA) for banks (Reference: BRPD Circular No. 35 dated 29 December 2010 and the subsequent BRPD Circular No. 1 dated 1 January 2014), Risk Weighted Asset (RWA) against credit risk on Small and Medium Enterprise (SME) exposure is to be computed on the basis of credit rating assessed by External Credit Assessment Institutions (ECAIs) duly recognised by Bangladesh Bank (BB). Consequently, calculated RWA and Capital Adequacy Ratio (CAR) will be reported as per reporting formats enclosed in the amended RBCA guidelines.
 - From this point of view, all scheduled banks operating in Bangladesh may nominate any one or more rating agency (ies) for credit rating of their SME clients for the purpose of calculating RWA.
 - SME rating scales of The Bangladesh Rating Agency Limited (BDRAL), Credit Rating Information and Service Limited (CRISL), Credit Rating Agency of Bangladesh (CRAB), and Emerging Credit Rating Limited (ECRL) have already been mapped with BB's SME rating grades (Ref. no: BRPD Circular No. 12/2013 and BRPD Circular No. 03/2014 respectively). Now, the SME rating scales of National Credit Rating Limited (NCRL), ARGUS Credit Rating Services Ltd. (ACRSL), Alpha Credit Rating Limited (ACRL) and WASO Credit Rating Company (BD) Ltd. are being mapped with BB's SME rating grades.

BB SME Rating Grade	Equivalent Rating of NCRL	Equivalent Rating of ACRSL	Equivalent Rating of ACRL	Equivalent Rating of WASO
SME 1	NSME-1	AQSE 1/AQME 1	ARSME-1	WCRSE 1/WCRME 1
SME 2	NSME-2	AQSE 2/AQME 2	ARSME-2	WCRSE 2/WCRME 2
SME 3	NSME-3	AQSE 3/AQME 3	ARSME-3	WCRSE 3/WCRME 3
SME 4	NSME-4	AQSE 4/AQME 4	ARSME-4	WCRSE 4/WCRME 4
SME 5	NSME-5	AQSE 5/AQME 5	ARSME-5	WCRSE 5/WCRME 5
SME 6	NSME-6,7,8	AQSE 6,7,8/AQME 6,7,8	ARSME-6,7,8	WCRSE 6,7,8/WCRME 6,7,8

- May 2014
- With a view to extending soft loans to the deprived grass-root population/ Ten Taka account holders, small/ marginal/ landless/ natural disaster affected farmers and micro/small traders under financial inclusion programme, Bangladesh Bank has constituted a Taka 2 billion revolving refinance fund from its own source.
- May 2014
- With a view to promoting, regulating and ensuring a secure & efficient payment system in Bangladesh in terms of Article 7A (e) of the Bangladesh Bank Order-1972, "Bangladesh Payment and Settlement Systems Regulations-2014" was approved in the 351st meeting of the Board of Directors of Bangladesh Bank on 22 April 2014 in exercise of power conferred in Article 82(1), 82(2) (k) of the same order.
 - "Bangladesh Payment and Settlement Systems Regulations-2009" (Ref. no: PSD Circular No. 03/2009 on 27 April 2009) will be deemed void.
- May 2014
- Under the GBCSRD Circular No. 2 dated 1 July 2013, refinance facility is given to a total of 10 sectors (18 including subsectors) in pursuance of "Refinance Scheme for Renewable Energy and Environment Friendly Sectors". After considering increasing demand and extension of renewable energy and environment friendly activities, new 26 products of renewable energy, energy efficient technology, hard and liquid waste management, alternative energy, non fire block brick manufacturing project, recycling and recycling products' plants have been added to the existing 18 products enjoying refinance scheme facility. The clauses 2.1, 2, 2.4 and 2.8 of GBCSRD Circular No. 02/2013 have been replaced after carrying out necessary corrections.
- June 2014
- Banks have been informed that agent banking operations have to be conducted in the rural areas that is outside the metropolitan/ city corporation/ municipality areas (Reference: paragraph 5 of BRPD Circular No. 07 dated 24 March 2014). Now the competent authority have taken the decision that agent banking operations may be conducted in the municipality areas too including the rural areas. However, the requirement of not conducting agent banking operations in the metropolitan/ city corporation areas will remain valid.
- June 2014
- The paragraph 1(GA) (3) of (Ref. no: BRPD Circular No. 18 dated 29 November 2012) has been revised in the way that all the branches located in metropolitan areas/ city corporations and "KA" and "KHA" class municipal areas will be considered as "Urban Branch" and all the branches located in "GA" class municipality/ union areas will be considered as "Rural Branch".

- June 2014 • Considering Padma Bridge's importance in the national economy and Government's priority in this respect, it has been decided that the aforementioned circular's (Ref. no: BRPD Circular No. 02 dated 16 January 2014) directives shall not apply in the case of issuing bank guarantees for Padma Multipurpose Bridge construction project.
- June 2014 • Regarding "Prudential Guidelines on Capital Adequacy and Market Discipline" for Financial Institutions (Reference: DFIM Circular No.14 dated 28 December 28 2011), it has been decided that up to 10 percent of revaluation reserve for Equity Instruments will be treated as Tier -II capital.

2. Monetary Sector Development

- December 2013 • Attention has been drawn to MPD Circular No. 05, dated December 01, 2010.
 - According to the amendment of subsection (2) under section 33 of Bank Company Act, 1991, it is decided that (a) for the conventional banks the statutory liquid assets inside Bangladesh, which also includes excess reserves with Bangladesh Bank, shall not be less than 13.0 percent of their total demand and time liabilities, and (b) for the shariah based islami banks, this rate shall not be less than 5.5 percent .The instruction shall be in effect from 1 February 2014 along with annulment of MPD Circular No. 05, dated 1 December 2010.
- June 2014 • All scheduled banks of Bangladesh (including Shariah based banks) at present have to maintain 6.0 percent CRR with Bangladesh Bank on bi-weekly average basis with a provision of minimum 5.5 percent on daily basis of their Average Total Demand and Time Liabilities (ATDTL) (Ref. no: MPD circular No 4, dated 1 December 2010).
 - With a view to attaining the objectives of monetary policy, it has been decided that CRR will be 6.5 percent on bi-weekly average basis with a provision of minimum 6.0 percent on daily basis effective from June 24, 2014.

3. External Sector Development

- July 2013 • Regarding collection of confidential report of the exporters (foreign suppliers) the following decision has been taken:
 - ADs should obtain confidential report of the exporters in all cases where the LC/Contract exceeds USD 10,000 (earlier it was Taka 5 lac) in cases where proforma invoices are issued directly by foreign suppliers and USD 20000 (earlier it was Taka 10 lac) in cases where indents are issued by local agents of the foreign suppliers.

- Such credit reports may be obtained from any internationally reputed credit rating agencies acceptable to ADs. Head offices/ Principal offices of all ADs shall maintain a central database of collected credit reports and allow their ADs to use the relevant credit reports of foreign suppliers stored in the said database.
- July 2013
- In accordance with the decision of the Government, it has been declared to continue export subsidy/cash incentive against exports during the financial year 2013-14. These included: (1) local textile goods-5 percent ; (2) goods made of hoogla, straw, coir of sugar cane-15 percent to 20 percent ; (3) agro (vegetables/fruits) and agro processing goods-20 percent ; (4) crushed bone-15 percent ; (5) light engineering goods-10 percent ; (6) 100 percent halal meat- 20 percent ; (7) frozen shrimp-7.50 percent ; (8) leather goods-15 percent ; (9) ship -5 percent ; (10) textile goods- new market exploration assistance (other than USA, Canada, EU)- 2 percent ; (11) additional cash incentive for small and medium industries in textile sector - 5 percent ; (12) potato- 20 percent ; (13) pet bottle-flex 10 percent and (14) jute goods: finished jute goods (other than jute yarn)- 10 percent and jute yarn-7.5 percent.
- July 2013
- For better understanding of calculation of daily exchange position of AD banks, clarification has been given that total outstanding purchased export bill (foreign and inland denominated as well as receivable in foreign currency) shall have to be considered under the head " Foreign Currency Bills Purchased" while calculating the daily exchange position. Moreover, outstanding payment liability in foreign currency (if any) against such purchased bills is to be deducted while reporting under the said head. After realization of bills, such transactions are to be reported in local book and the respective head will be adjusted accordingly.
- September 2013
- Referring to the decision taken by National Board of Revenue, Authorised Dealers have been advised to mention 11 digits new VAT registration No. (BIN) of the L/C issuing bank along with 11 digits VAT registration No. (BIN) of importers on L/C, Bill of Lading and other shipping documents.
- October 2013
- In accordance with Government decision, the rate of cash incentive against export of frozen shrimp during FY14 has been enhanced to 10 percent from 7.5 percent.
- October 2013
- EDF loan to an Authorised Dealer bank against their foreign currency financing of input procurement for manufacturer-exporter and BTMA member mill has been enhanced to USD 12 million from USD 10 million. Moreover, member mills of the Bangladesh Plastic Goods Manufacturers and Exporters

Association (BPGMEA) have been brought under EDF loan for bulk import of raw materials. In this context, An EDF loan to an AD against their foreign currency financing of input imports for a BPGMEA member mill shall not exceed (i) the value realised in foreign exchange against inland back to back LCs over the past twelve months, or (ii) USD 500,000 (five hundred thousand), whichever is lower.

- November 2013 • Authorised Dealer banks have been informed of public notice issued by CCI&E regarding the instructions to extend the shipping time to 22 November 2013 against LCs established for imports of crude salts up to 22 September 2013.
- December 2013 • Interest rate against EDF loan has been reduced from six-month LIBOR + 2.50 percent to six-month LIBOR + 1.50 percent for a period of six months from December 15, 2013. Accordingly, interest rates on EDF loans to ADs will be charged by Bangladesh Bank at six-month USD LIBOR + 0.50 percent, while ADs will charge interest on the exporter-borrowers at six-month LIBOR + 1.50 percent for disbursements.
- January 2014 • Authorised Dealers (ADs) were allowed to make remittance of membership fees of foreign professional and scientific institutions as per Guidelines for Foreign Exchange Transactions (GFET), Vol-1 (2009 Edition) (paragraph 9, chapter 11).
- It is now clarified that the above facility will also be available to business/professional entities in Bangladesh with international affiliation(s). Consequently, ADs may allow remittance on account of membership/affiliation fees payable by local business/professional entities to the professional/scientific institutions abroad, in line with the instructions contained in above mentioned paragraph of GFET.
- January 2014 • Limit of advance payment without repayment guarantee for import of books, journals or life saving medicines has been enhanced to USD 5000 from USD 2500. This facility will also be applicable for all permissible imports subject to compliance of specified instructions.
- January 2014 • ADs may, without prior approval of Bangladesh Bank, hold collaterals on behalf of overseas bank branches or correspondents in respect of external borrowing by industrial enterprises approved by the Board of Investment.
- February 2014 • The reporting procedures for imports under buyers' credits/approved external credits/ suppliers' credits have been modified. The modified procedures will serve the purpose of compiling exact information regarding import on credit terms.

- In addition, Authorised Dealers have been given revised instructions regarding Bill of Entry matching procedures in case of import under buyers' credits/suppliers' credits.
- February 2014
- Service sector industries which are within the purview of Industrial Policy in force are allowed to remit upto 1 percent of annual sales as declared in their previous years' income tax return towards costs of training and consultancy services as per relevant contract with the foreign trainer/consultant.
- February 2014
- In terms of Section 18A of the Foreign Exchange Regulation Act, 1947, permission of Bangladesh Bank is required in case of any person wants to work as an agent of any person resident outside Bangladesh. This permission enables the local agents to encash foreign exchanges repatriated on account of commission/service charges from foreign principals. Encashment of inward remittance repatriated against agency services on one-off basis by local agents having no permission under this Section is subject to prior approval from Bangladesh Bank.
 - In order to benefit the customers concerning liberalization in foreign exchange regime, it has been decided that ADs may encash inward remittances against agency services on one-off basis without permission of Bangladesh Bank after satisfying themselves with the genuineness and bonafide of the requests from their customers through relevant documents such as invoices, agreements, etc. and after deducting all applicable taxes.
 - This is to mention that continuous agency service providers entailing earning of commission shall require Bangladesh Bank permission under section 18A of the Foreign Exchange Regulation Act, 1947 as usual.
- March 2014
- In view of the decision made in the 42nd ACU Board of Directors Meeting held on 19 June 2013, payments arising on account of import/export transactions on deferred payment terms will be considered as eligible payments for being settled under ACU mechanism. Whereas payments not related to import and export of goods and services, except to the extent mutually agreed between two or more participants will be considered as ineligible payments for being settled under ACU mechanism. Transactions considered as ineligible for being settled under ACU mechanism may be settled bilaterally and have to be reported under Statement S-1 instead of statement S-2, Guidelines for Foreign Exchange Transactions (Vol-2).

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- March 2014
- Restrictions on access of foreign owned/controlled companies in Bangladesh to term loans in Taka from the local market have been waived. Under the new instructions, foreign owned/controlled companies engaged in manufacturing or services output activities for three years or longer in Bangladesh can access Taka term loans from the domestic market regardless of local content in their equity; subject to adherence by banks/NBFIs to all applicable credit norms and prudential parameters including single borrower exposure limit, debt-equity ratio and so forth.
- March 2014
- Foreign owned/controlled industrial enterprises may access to interest free loans from parent companies/shareholders abroad for up to one year without any prior approval of Bangladesh Bank in case of occasionally arising urgent necessity of short term borrowing for business needs, other than inputs procurements.
- March 2014
- Pertinent amendments to EXP Form have been made to rationalize it. Authorised Dealers have been advised to issue the amended EXP Form with effect from 1 July 2014.
- April 2014
- Global private travel entitlement for the resident Bangladesh nationals has been enhanced to USD 12,000 per adult passenger during a calendar year, with up to USD 5,000 or equivalent for travelling to SAARC member countries and Myanmar and upto USD 7,000 or equivalent for travelling to other countries. As before, for minors (below 12 years in age), the applicable quota will be half of the amount admissible for adults. The threshold of releasing foreign exchange in the form of cash USD (notes & coins) is upto 3000 per person per trip.
- April 2014
- To verify the authenticity of imported goods for being released by the Customs Authorities and to prevent false declaration, ADs have been advised to undertake the following measures :
 - L/Cs should include specific description (name, quantity, HS-code and price) of items under import.
 - Besides shipping documents, proforma invoice (if any) shall have to be attested by for release of imported goods.
 - All necessary steps should be taken so that importers can release goods and repay bank's finance timely and promptly.

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- May 2014
- For enterprises in Export Processing Zones under the purview of Bangladesh Export Processing Zones Authority Act. 1980 are not being under jurisdiction of the BOI, the modified procedures to be followed in processing medium/long term external borrowing approval requests of industrial units in the EPZs.
- May 2014
- For opening Non-Resident Foreign Currency Deposit (NFCD) Account, the requirement for filling up Format as per Appendix 5/69 has been waived.
- May 2014
- Bangladeshi students proceeding abroad against one way ticket to study in admissible courses abroad {Reference: paragraph 10, chapter 11 of the Guidelines for Foreign Exchange Transactions (GFET), 2009 (Vol-1)} have been allowed to have travel entitlement of their entire unused travel quota in foreign exchange.
- June 2014
- It has been decided that for external short term buyer's/supplier's credit
 - i) Bullet repayment terms will be admissible only on financing for terms not exceeding six months/shipments not exceeding USD 500,000 or equivalent in value;
 - ii) Bullet repayment terms will be inadmissible for financing exceeding USD 500,000 or equivalent in value or for terms exceeding six months. The financing arrangements must stipulate quarterly repayments (The said limit of USD 500,000 has been enhanced to USD 1 million or equivalent from 1 July).
- June 2014
- International Credit Card issuing banks have been allowed to issue 'Virtual Card' for a maximum of USD 300 in a calendar year to individual developers/freelancers of mobile Apps and Games having acknowledgements/ training/boot camps/ hackathons/ course participation certificates on mobile application development.
- June 2014
- The maximum borrowing limit from EDF for a single manufacturer-exporter has been increased to USD 15 million from USD 12 million as foreign currency financing of input procurement. This maximum borrowing limit is also admissible for member mill of BTMA making bulk import.
- June 2014
- Pursuant to Section 18B of the FER Act, 1947, an organisation is not incorporated in Bangladesh needs to take general or special permission from Bangladesh Bank to set up a Branch/Liaison Office or any other business place in Bangladesh. In order to obtain permission under the aforesaid section, necessary measures have been taken for the submission of application along with other documents to Bangladesh Bank through online.