

Part B: Boxes/Annexes

Chronology of Major Policy Announcements: January- March 2014

<p>BRPD Circular No.01</p> <p>01 January, 2014</p> <p>Amendment of Guidelines on Risk Based Capital Adequacy (RBCA)</p>	<p>BB has made amendment in the Guidelines on Risk Based Capital Adequacy (RBCA) and 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.</p>
<p>BRPD Circular Letter No.02</p> <p>16 January, 2014</p> <p>Regarding avoidance of High Expense for Luxurious Vehicles and Decoration</p>	<p>The negative effect of high expenses and usage of luxurious car by Bank’s Chairman, Chief Executives and other high officials by bank company’s money created concerns. Therefore, a circular has been issued containing few instructions;</p> <p>a. Motor car (Sedan) costing more than Tk. 50 lac and sport Utility Vehicle costing more than Tk. 1 crore shall not be bought with bank company’s money.</p> <p>b. Floor space more than 5000 square feet for urban branch and 2000 square feet for rural branch would not be used for establishing new branch or shifting of existing branch.</p> <p>c. Expenditure on per square foot (for vault, interior decoration, office furniture, electric/electronics etc.) should not exceed Tk.1500 for new branch and Tk.1000 for shifting branch except for IT expenditure.</p>
<p>FE Circular No.04</p> <p>22 January,2014</p> <p>Regarding advance payment against imports</p>	<p>With a view to further liberalizing foreign exchange regime, it has now been decided to enhance the limit of advance payment from USD 2,500 to USD 5,000 for import of books, journals or life saving medicines without repayment guarantee.</p>
<p>FE Circular No.06</p> <p>30 January,2014</p> <p>Pledging of collateral in</p>	<p>.</p> <p>01. As per the Guidelines for Foreign Exchange Transactions (GFET)-2009, Volume-1, it is mentioned that ADs may not, without prior approval of Bangladesh Bank, furnish guarantees to or hold collateral on behalf of overseas bank branches or</p>

<p>favor of overseas bank branches and correspondent</p>	<p>correspondents in respect of credit facilities or guarantees to be extended by them or for any other purpose.</p> <p>02 It has now been decided that 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 as approved by Board of Investment.</p>
<p>FE Circular No.08 18 February,2014</p> <p>Regarding remittance of cost of training and consultancy services</p>	<p>It has now been decided that, like industrial enterprises (engaged in manufacturing or processing or assembling), service sector industries which are within the purview of Industrial Policy in force may remit through their nominated ADs upto 1% 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.</p>
<p>FEID Circular Letter No.08 19 February,2014</p> <p>Inward Remittance against agency services on one-off basis</p>	<p>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 nature of the requests from their customers through relevant documents such as invoices, agreements, etc. and after deducting all applicable taxes.</p>
<p>FE Circular No.11 10 March,2014</p> <p>Regarding revision of Business travel quota entitlements</p>	<p>1.(i) Exporters, importers and producers for the local market will be entitled to foreign exchange quota for travel abroad @ USD 400 per diem, subject to limits of USD 4,000 per trip and USD 10,000 over a calendar year. Besides, exporters will also be entitled to use balances in their foreign currency retention quota account for their business visits abroad.</p> <p>(ii) Senior level (top two tiers) expatriate foreign nationals employed in business organizations in Bangladesh with valid visas and work permits will be entitled to the same business travel quota as Bangladesh nationals; which can be used through</p>

	<p>international credit/debit cards held by them.</p> <p>02. Genuine requirements beyond the entitlements enumerated above will be accommodated by Bangladesh Bank upon submission of application supported by documents establishing bonafides of the additional requirements.</p>
<p>FE Circular No.12</p> <p>11 March,2014</p> <p>Term lending in Taka to foreign owned controlled companies in Bangladesh.</p>	<p>Given the prevailing comfortable liquidity situation in the local markets, it has been decided that 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/financial institutions to all applicable credit norms and prudential parameters including single borrower exposure limit, debt-equity ratio and so forth.</p>
<p>FE Circular No.13</p> <p>11 March,2014</p> <p>Foreign owned/controlled industrial enterprises access to short term interest free loan from parent companies/shareholders abroad</p>	<p>Foreign owned/controlled industrial enterprises in Bangladesh have indicated occasionally arising urgent necessity of short term borrowing for business needs other than inputs procurements, for which working capital financing from the local market has not yet been lined up. To help foreign owned/controlled industrial enterprises get around such difficulties, it has been decided that they may henceforth access interest free loans from parent companies/shareholders abroad for upto one year without any prior approval, subject to post facto reporting to Bangladesh Bank.</p>