

Part B: Boxes/Annexes

Chronology of Major Policy Announcements: July - September 2013

<p>GBCSRD Circular No.02 01 July, 2013</p> <p>Refinance Scheme for Financing Renewable Fuel and Environment Friendly Sector</p>	<p>Bangladesh Bank introduced a scheme named “Refinance Scheme for Solar Energy, Bio-Gas and Effluent Treatment Plant Sector” with a revolving fund of Tk.200 crore primarily financed from Bangladesh Bank’s own source for advancing loan on easy terms for renewable fuel and environment friendly sector.</p>
<p>FE Circular No.11 03 July, 2013</p> <p>Credit report of the foreign supplier</p>	<p>ADs should obtain confidential report of the exporters in all cases where the LC/Contract exceeds USD 10,000 (earlier it was BDT 5 lac) in cases where proforma invoices are issued directly by foreign suppliers and USD 20,000 (earlier it was BDT 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.</p>
<p>FE Circular No.12 07 July, 2013</p> <p>Export subsidy/ cash incentive against export in FY 2013-14</p>	<p>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 for (1) local textile goods- 5%; (2) goods made of hoogla, straw, coir of sugar cane-15% to 20%; (3) agro (vegetables/fruits) and agro processing goods-20%; (4) crushed bone- 15%; (5) light engineering goods-10%; (6) 100% halal meat- 20%; (7) frozen shrimp-7.50%; (8) leather goods-15%; (9) ship -5%; (10) textile goods- new market exploration assistance (other than USA, Canada, EU)- 2%; (11) additional cash incentive for small and medium industries in textile sector – 5%; (12) potato- 20%; (13) pet bottle-flex 10% and (14) jute goods: finished jute goods (other</p>

	than jute yarn)- 10% & jute yarn-7.5%.
<p>BFIU Circular No.07 14 July, 2013</p> <p>Regarding Anti-Terrorism (Amendment) Act, 2013</p>	<p>The Anti –Terrorism (Amendment) Act, 2013 passed on 11 June, 2013 by National Parliament for better amendment of Anti-Terrorism Act, 2009 has been approved by honorable President on 12 June, 2013 and published in the additional edition of Bangladesh Gazette for the attention of mass people. In this regard, All Bank/FIs are directed to bring the contents of this act to the notice of all concerned and to ensure the compliance of its regulation.</p>
<p>FE Circular Letter No.22 17 July, 2013</p> <p>Calculation of Daily Exchange Position: Outward Bill Purchased</p>	<p>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.</p>
<p>FE Circular Letter No. FE PD (Export Policy) 291/2013-23 18 July, 2013</p> <p>Special cash incentive to mills under textile sector</p>	<p>In accordance with the Government decision, FE Circular No, 07, dated 14/05/2013 has been issued to allow cash incentive on value of cotton imported at higher price during the period from March 2010 to August 2011 by BTMA mills (spinning/weaving) provided that the cotton is used for final export. In this regard, the authorized dealer bank of final exporter will provide export related documents to applicant’s bank of cash incentive within minimum time. -</p>
<p>BRPD Circular Letter No.13</p>	<p>Managing Directors/Chief Executives of all the scheduled banks are hereby informed that, from 29</p>

<p>05 August, 2013</p> <p>Regarding enlistment of “NBR Global Bank Ltd.” as scheduled Bank</p>	<p>July, 2013 NRB Global Bank Ltd. is enlisted as a Schedule bank. This has also been published in additional edition of Bangladesh Gazette on 30 July, 2013.</p>
<p>GBCSRD Circular No. 04</p> <p>11 August, 2013</p> <p>Policy Guidelines for Green Banking</p>	<p>In line with global development and response to the environmental degradation, financial sector in Bangladesh should play important roles as one of the key stake holders. In response to that, urgent measures are required by stake holders for sustainable development and thereby save the planet. -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.</p> <p>Reporting Green Banking Practices on Quarterly Basis</p> <p>The compliant FIs practicing Green Banking will have the following preferential treatments:</p> <p>(i) BB will award points to FIs on Management component while computing CAMELS rating where there will ultimately be a positive impact on overall rating of a FI.</p> <p>(ii) BB will declare the names of the Top Ten FIs for their overall performance in green banking activities in the BB websites.</p> <p>(iii) BB will actively consider green banking activities/practices of a FI while according permission for opening new FI branch.</p>
<p>BRPD Circular Letter No. 15</p> <p>19 August, 2013</p> <p>Bank Company (Amendment) Act,</p>	<p>Act no.14 of The Bank Company Act, 1991 has been amended in Bank Company (Amendment) Act, 2013(act no.27 of the year 2013) and has been published in additional edition of Bangladesh Gazette on 22 July 2013. Chief Executives of all the scheduled Banks were advised to inform the concerned person</p>

2013	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.
DFIM Circular no.06 20 August, 2013 Guidelines on the Base Rate System for Non-Bank Financial Institutions	“Guidelines on the Base Rate System for Non-Bank Financial Institutions” have been issued. Base rate is the minimum rate below which it is not viable for an FI to lend in the market. -FIs have to compute their Base rate as per instructions in the guidelines on monthly basis and submit statements to the Department of Financial Institutions and Markets of Bangladesh Bank within 10(ten) days of the following month.
DFIM Circular Letter No.07 01 September, 2013 Participation in Inter-bank call money market	Referring to FID Circular No.05, dated- 08 June 2005, the FIs have been instructed to submit the Net Asset Statement based on the balance sheet of 30 June and 31 December to this department through online within 25 July and 25 January respectively instead of 31 July and 31 January.
PSD Circular No.02/2013 2 September, 2013 Risk mitigation measures related to “card not present” transactions	With the increasing use of credit/debit cards and online transactions it is imperative to enhance the security of online card based transactions and with a view to protecting the interest of all concerned, it has been decided as under: I. The card issuing banks will establish a system of providing additional authentication/validation (2-factor authentication) based on information not visible on the cards for all online ‘card not present’ transactions. II. Introduce a system of ‘online alerts’ (e.g. SMS alert) to the cardholders for all ‘card not

	<p>present' transactions of the value of Tk. 5,000.00 and above.</p> <p>Above instructions must be complied on or before April 01, 2014.</p>
<p>PSD Circular No.03/2013</p> <p>05 September, 2013</p> <p>Banks' responsibility to ensure safe and mitigate risk of ATM/POS transactions</p>	<p>To preserve customers' interest and encourage them to participate more in electronic transactions and at the same time to reduce risk/enhance security management of electronic media/channels, Managing Director/Chief Executive Officer of all the scheduled Banks were given the following advices</p> <p>Physical Security:</p> <ol style="list-style-type: none"> 1. ATM booths should be guarded 24/7 by trained security guards. 2. If any equipment needed to be installed/repared in ATM Booth by any person/s, the security guard must confirm the identity of person/s by directly calling to concerned officer-in-charge. If necessary, officer-in-charge will confirm the identification of such persons by attending the booth physically. 3. Banks need to establish a Help Desk and the name and contact No of Help Desk officer/s should be displayed in a Notice Board placed at ATM Booth for instant help and guidance. <p>Awareness Building:</p> <ol style="list-style-type: none"> 1. Have to take necessary members to aware/alert their customers about types of fraud/forges that can happen in ATM/POS by publishing advertisement/notification in print and electronic media. <p>Poster written on lucid language about the right procedure of using ATM should be placed in clearly</p>

	visible position of each and every booth.
<p>SMEspd Circular Letter No.01 11 September, 2013</p> <p>Regarding Correction/addition on “Bangladesh Bank Fund” policies in refinancing scheme for Blind and handicapped SME entrepreneurs at lower interest rate in small enterprise sector</p>	<p>Referring to SMEPD Circular No.02 dated 04.09.2011. Some Addition/corrections have been made to the refinancing scheme for blind and handicapped entrepreneurs under small enterprise sector in “Bangladesh Bank Fund” policies.</p> <p>All the blind and handicapped SME entrepreneur will get 100% refinance at 10% (Bank rate + 5 %) interest rate against given loan in case of availability of this fund.</p> <p>The range for the refinancing for blind and handicapped SME entrepreneur starts at Tk.10 thousand to highest Tk.5 lac.</p>
<p>DOS Circular No.02 16 September, 2013</p> <p>Regulations regarding investment in capital market by the scheduled Banks</p>	<p>To facilitate close monitoring by Bangladesh Bank and to clarify some issues the following instructions regarding investment in capital market by scheduled banks are issued:</p> <ol style="list-style-type: none"> 1. (a) In all aspects every scheduled bank shall strictly follow the individual and aggregate Limits, regarding holding of shares in any company and/or companies in the portfolio, set out in clause (1) of section 26KA of “Bank Company Act, 1991 (amended up to 2013)”. (b) Banks, having investment in capital market above the Individual and Aggregate Limits prescribed in clause (1) of section 26KA of “Bank Company Act, 1991 (amended up to 2013)” -shall have to adjust their investment gradually within 03(three) years (July 21,2016) from the date of enactment of the emended Act. 2. 1.The market value of the total investment in capital market of a banking company shall not exceed 25% of

the sum of its paid-up capital, balance in share premium account, statutory reserve and retained earnings as stated in the last audited financial statement.

2.2. the following components shall not include in the capital market investment of banking company:

a) SLR eligible approved securities as defined in “Bank Company Act, 1991 (amended up to 2013)”;

b) Shares/debentures of non-listed public sector enterprises established for special purposes;

c) All subordinated debt instruments issued by other scheduled banks, which are not listed and eligible for Tier-2 capital under Basel II;

3. Banks shall follow Single Borrower Exposure Limit, as defined by Bangladesh Bank from time to time and other applicable prudential regulations while extending loans to its own subsidiary company/companies or any company or any stock dealer for merchant banking and/or brokerage activities.

4. Banks shall submit a report (both soft and hard copy) of their month end position regarding investment in capital market in the prescribed formats to Department of off-side Supervision (DOS) within the 10th of the following month. The soft copy of the formats is available for collection from DOS.

This shall come into effect immediately. DBOD Circular no.04/1996,01/1997,01/1998,05/2001,06/2001 and DOS Circular letter no.13/2009 and DOS Circular no.04/2010 shall be considered void.

<p>GBCSRD Circular No.05 17 September, 2013</p> <p>Regarding Opening of Bank Account for Ready Made Garments (RMG) sector labourer</p>	<p>In order to get salary and allowance through bank account worker in RMG sector can open bank account against their National ID card and ID card issued by their Company through depositing a minimum of Tk.100. These bank accounts are not subject to any minimum balance requirement or fee/charges. In case of inadequacy of cheque books, transactions can be done through vouchers.</p>
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