

Appendix -1
Summary of Major Policy Announcements/Guidelines/Circulars: FY21

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A. Major Policy Announcements/Guidelines/Circulars related to Banking and Financial Sector Development

- July 2020
- All the scheduled banks operating in Bangladesh were advised to implement/disburse the lion's share of the loans/investments of stimulus packages introduced/declared by Bangladesh Bank (BB) by July 2020 and the remaining share by August 2020. (BRPD, 02 July 2020)
- July 2020
- To provide cash incentive to 5.0 million COVID-19 affected families by the government, all the scheduled banks operating in Bangladesh were advised allowing to open 10-Taka-deposit bank accounts based on the information available on National ID card or smart card and certification by Upazila Nirbahi Officer for favoring those beneficiaries who have no mobile phone or for whom it is not possible to open mobile financial service account. However, payment of cash was advised to provide through debit voucher to the beneficiaries who do not have a cheque book. However, the beneficiaries who had account with the bank were exempted from opening new accounts. (FID, 06 July 2020)
- July 2020
- A credit guarantee scheme for cottage, micro and small (CMS) enterprises was launched by BB to salvage the adversely COVID-19 pandemic affected CMS sector. Through this scheme, scheduled banks and financial institutions were given coverage against their collateral-free loans and investment in CMS sector. The coverage shall be provided through the credit guarantee scheme (CGS) unit established in SME and Special Programme Department of BB. The said scheme is applicable only for the working capital loans and investment in the CMSME sector disbursed under the stimulus package of BDT 200.0 billion. To avail the benefit, interested scheduled banks and financial institutions were advised to sign an Agreement of Participation for 5 years with CGS unit of BB. Under the agreement, guarantee against CMS portfolio are provided by CGS unit. The required fund for the scheme is financed jointly by the Government and BB. Limit for CMS enterprises is maximum 70.0 percent for manufacturing and service sectors and maximum 30.0 percent for trading sector. (SMESPD, 27 July 2020)
- September 2020
- The transaction limit in internet banking fund transfer (IBFT) through National Payment Switch Bangladesh (NPSB) for individual level is set at BDT 0.5 million per day with maximum 10 transactions. The maximum limit of a single transaction is set at BDT 0.1 million per day. For the institutional entity, the upper limit of transaction per day is set at BDT 1.0 million per day, with a

provision of maximum 20 transactions per day and maximum of BDT 0.2 million per transaction. (PSD, 06 September 2020)

- September 2020 • BB instructed the banks that the rate of interest/profit on credit cards would not anyhow be allowed to set above 20.0 percent. The rate of interest/profit on credit cards is attributable from the next day of the last date of bill payment on the unpaid bill amount. In this regard, interest is not allowed to be imposed from the date of transaction. In addition to the existing 50.0 percent cash-withdrawal-loan facility against the credit cards, no other cash-withdrawal-loan facilities are allowed to be provided to the card holders. For late payment, a late fee can be realizable only for once. (BRPD, 24 September 2020)
- September 2020 • It was decided that the loan/investment-classification status existed on 01 January 2020 could not be adversely classified till 31 December 2020 even if the standard degrades. By the time, however, if classification status of a loan/investment is upgraded, that would be incorporated by following proper norms. Besides, the payable installment(s) of the existing term loans (including short term agricultural loan and micro credit) on 01 January 2020 could be treated as deferred for the stated period. The size and number of installment(s) could be reset from January 2021. At the time of re-fixing number of installment(s), the equal number of installments could be added to the number that remained overdue during 01 January 2020 to 31 December 2020. The borrowers were not allowed to be marked as defaulter even if any installment(s) remains overdue during the mentioned period. (BRPD, 28 September 2020)
- October 2020 • A financial stimulus package was announced by Government of Bangladesh (GoB) for the COVID-19 affected institutions of industrial and service sectors. Under the package, concerned banks were advised to apply to Accounts and Budgeting Department of BB for interest/profit subsidies with a permission letter from Banking Regulations and Policy Department of BB after charging interest/profit on the loan/investment under stimulus packages and realising, borrowers/investors share of the interest/profit within next twelve working days following the end of the corresponding quarter. (BRPD, 18 October 2020)
- October 2020 • It was instructed that, 2.0 percent general provision against unclassified loans of all categories under consumer financing excluding house finance would have to be maintained by banks. In case of house finance, the required rate of general provision will remain the same (i.e. 1.0 percent) as before. (BRPD, 20 October 2020)

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- November 2020 • Under the refinance scheme for the COVID-19 affected low income professionals, farmers and holders of small and marginal businesses, a microcredit institution was allowed to avail of financing facility from a maximum of 3 different banks. In case of availing financing facility from more than one bank within the stipulated limit, the microcredit institutions were advised to submit a declaration on the availed financing facility from the first bank; and if applicable from the first and second bank to the finally financing bank. (FID, 09 November 2020)
- November 2020 • The rate of interest at participating bank and financial institution level under the refinance fund of second small and medium sized enterprise development project (SMEDP2) was re-fixed at 2.0 percent and at customer level a maximum of 7.0 percent. The re-fixed rate of interest was made effective from 18 November 2020. (SMEDP-2, 23 November 2020)
- November 2020 • The proportional rate of annual loan/investment in the business (trading) sub-sector by the banks and financial institutions under the special loan/investment facility of BDT 200.0 billion provided to CMSME sector affected by COVID-19 pandemic was scaled up to 35.0 percent from that of previous 30.0 percent. If the annual loan/investment in the said sub-sector by the banks and financial institutions exceeds 30.0 percent, no way above 35.0 percent, the annual loan/investment in the production and service subsectors by the banks and financial institutions would recede proportionately. But the annual aggregate loan/investment in production and service subsectors could not be less than 65.0 percent. The sanctioned limit of loan/investment (working capital) in production, service and business (trading) sub-sectors of the existing customer would be determined through banker-customer relationship under the concerned bank's loan/investment policy. But the said limit must not be higher than that of the previous year working capital loan/investment. The implementation deadline for the loan/investment disbursement target under the package was reset till 31 December 2020. (SMESPD, 26 November 2020)
- December 2020 • The deadline of the loan disbursement at the customer level by the banks under the refinance scheme of BDT 50.0 billion for providing working capital in agriculture sector due to break-out of COVID-19 was extended till 31 March 2021. (ACD, 29 December 2020)
- January 2021 • It was decided that, the deferral benefit of the classification of all categories of loans and investments which was provided from January 2020 to December 2020, owing to the adverse economic impacts caused by the COVID-19 pandemic would no longer be extended from 01 January 2021. To facilitate the payment of the installments of the loans and investments, only 50.0

percent tenure of the remaining term of the existing unclassified term loans/investments on 01 January 2021 was allowed to extend on the basis of banker-customer relationship considering adverse impact of COVID-19 pandemic and payable outstanding of the loans/investments of the borrowers. However, the said extension cannot be more than 2 years. (BRPD, 31 January 2021)

- February 2021 • The credit guarantee scheme is made admissible for both working capital loans and term loan/investment to cottage, micro and small enterprises. (SMESPD, 01 February 2020)
- February 2021 • Scheduled banks operating in Bangladesh were allowed to consider any of the audited financial statements of 2020 and 2019 to prepare the credit risk rating of the investors to contain the adverse impacts of COVID-19 within tolerable levels. Therefore, the internal credit risk rating scores were revised as follows: excellent: $\geq 75\%$; good: $\geq 65\%$ to $< 75\%$; marginal: $\geq 55\%$ to $< 65\%$ and unacceptable: $< 55\%$. (BRPD, 23 February 2021)
- March 2021 • After maintaining required provisions and executing all other necessary expenses without deferral facility from BB in a calendar year under consideration, banks which had maintained 15.0 percent and above capital including 2.5 percent capital conservation buffer against risk-weighted assets were allowed to declare total 35.0 percent dividend including 17.5 percent in cash according to their financial capacity. (DOS, 16 March 2021)
- March 2021 • Financial institutions were allowed to declare a total of 30.0 percent dividend including 15.0 percent in cash considering the overall situation. (DFIM, 22 March 2021)
- March 2021 • The imposed/levied interests, if unrealised/unpaid, on continuous loan(s)/investment(s) from 01 January 2020 to 31 December 2020, the tenure of which was expired without renewal by the banks under existing policy were allowed to pay in 6 equal quarterly installments from March 2021 to June 2022. It was decided that such loan(s)/investment(s) shall not be deemed as classified until 30 June 2022, if regular installments from March 2021 to June 2022 along with the unpaid interest of 2020 are paid. Demand loan(s)/investment(s) were permitted to pay in 8 equal quarterly installments from March 2021 to June 2022. If the installments are paid on a quarterly basis, those loans/investments are not allowed to be declassified. However, if the installment of any quarter is not paid as per aforementioned criteria, such provision on loans/investments shall remain revoked from that quarter and those loans/investments shall have to be classified as per proper norms. (BRPD, 24 March 2021)

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| March 2021 | <ul style="list-style-type: none">• In order to promote new entrepreneurs and encourage self employment opportunities, two start-up funds: (a) “Start-up Fund” worth BDT 50.0 billion by BB and (b) “Start-up Fund” by the scheduled banks by allocating 1.0 percent of their annual operating profits have been instructed to form. (SMESPD, 29 March 2021) |
| April 2021 | <ul style="list-style-type: none">• Due to the outbreak of COVID-19, special loan/investment facility of BDT 200.0 billion for CMSME sector was provided by BB of which 72.31 percent was disbursed until 31 March 2021. Therefore, the deadline for implementation of the first phase (1st year) of the incentive package was extended till 30 June 2021 to ensure full implementation of the package. (SMESPD, 12 April 2021) |
| April 2021 | <ul style="list-style-type: none">• Due to the outbreak of COVID-19 and considering the contribution of agriculture sector in our national economy, the interest/profit rate on agricultural and rural credit/investments was redefined by BB at a maximum of 8.0 percent instead of earlier existed a maximum of 9.0 percent. (BRPD, 22 April 2021) |
| April 2021 | <ul style="list-style-type: none">• The scheduled banks operating in Bangladesh were instructed to set up their own start-up fund by transferring 1.0 percent of their annual net profit every year for the next 5 years from 2021. It was made mandatory to start transferring the said 1.0 percent fund from the net profit at the end of the December 2020 based on annual accounts. (SMESPD, 26 April 2021) |
| June 2021 | <ul style="list-style-type: none">• Considering the outbreak of COVID-19, to increase agricultural production by ensuring uninterrupted credit supply and reduction of non-performing loans in the agricultural sector, BB has relaxed the condition of accepting down payment or even in case of non-down payment in particular, short term agricultural loan is allowed to reschedule for a maximum period of 2 years from the date of rescheduling on the basis of banker-customer relationship. In addition, short-term agricultural loans are allowed to be re-issued to farmers after rescheduling. In this case, new loan facility can be provided after rescheduling without any new deposit. (BRPD, 01 June 2021) |
| June 2021 | <ul style="list-style-type: none">• In order to maintain desired momentum of the ongoing economic activities and for increasing the flow of credit/investment to the private sector, in case of repayment of loan/investment by 30 June 2021, if at least 20.0 percent of the total amount is paid on the basis of banker-customer relationship by 31 August 2021, then the loan/investment cannot be classified adversely. In this case, the rest of the balance of the installments payable till June 2021 can be paid along with the last installment as well as other installments have to be paid on time. (BRPD, 27 June 2021) |

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- June 2021 • Bangladesh Bank instructed the banks to disburse 25.0 percent of allocated refinancing scheme fund of BDT 30.0 billion in favour of the female borrowers both in microcredit and micro enterprise credit segments. (FID, 08 June 2021)
- June 2021 • Instructions about the payment by bank/PSO/MFS and PSPs against the product/service in digital commerce transactions in favor of the concerned digital commerce institution was provided through BB to develop digital commerce sector and mitigate risk of payment service providers and customers. Payment service providers will be able to continue the existing settlement process at their own discretion by reviewing transaction risks, customer service quality, product delivery and mutual business relationships with the digital commerce institutions who provide daily required and urgent goods/services within a maximum of 5 days and self-produced goods/services by not more than 7 days depending on the type and location. (PSD, 30 June 2021)

B. Major Policy Announcements/Guidelines/Circulars Related to Monetary Policy and Monetary Management

- July 2020 • All the scheduled banks and financial institutions operating in Bangladesh were directed to form a "Government Securities Investment Window" under the control/supervision of their respective Treasury Division to provide prompt and effective cliental service to the potential investors in treasury bills and bonds. (DMD, 21 July 2020)
- July 2020 • The overnight based repo rate was reduced by 50 basis points to 4.75 percent per annum from 5.25 percent and reverse repo rate was reduced by 75 basis points to 4.00 percent per annum from 4.75 percent. (MPD, 29 July 2020)
- July 2020 • The bank rate was reduced by 100 basis points to 4.00 percent from 5.00 percent.(MPD, 29 July 2020)
- September 2020 • As per schedule 52D of Income Tax Ordinance, 1984, it was made mandatory to deduct source tax at the time of the payment of profit on savings instruments. (DMD, 10 September 2020)
- October 2020 • Bangladesh Bank decided to form a *Shariah* Advisory Committee in association with required members from the Finance Division and *Shariah* experts having adequate experience and knowledge on Islamic trade laws, businesses and financial services for the management of *Sukuk* bonds. The tenure and the number of members of the said committee are to be fixed by BB. (DMD, 21 October 2020)

December 2020 • The upper limit of total investment in five-year Bangladesh *sanchaypatra*, three-month profit-based *sanchaypatra*, and paribar *sanchaypatra* was re-fixed at maximum of BDT 5.0 million for an individual's name and BDT 10.0 million for the joint names. (DMD, 20 December 2020)

December 2020 • The upper limit of total investment in wage earner development bond, U.S dollar premium bond and U.S dollar investment bond was set at BDT 10.0 million equivalent foreign currency. (DMD, 21 December 2020)

C. Major Policy Announcements/Guidelines/Circulars Related to External Sector Development

July 2020 • To bring smooth operations relating to foreign investment in Bangladesh, dividend payable to foreign shareholders has been allowed credit at their FC accounts maintained in Bangladesh, subject to comply proper instructions. While crediting FC accounts, the transactions shall be treated as outward remittances and accordingly, TM Form procedures need to be followed. Encashment of balances held in FC accounts shall be treated as inward remittances for bona fide local disbursements, subject to Form-C procedures. Dividend may be used as inward remittances for reinvestment in Bangladesh through purchase of shares in existing companies and/or other companies. (FEPD, 07 July 2020)

July 2020 • As a part of ongoing liberalisation to bring uniformity between regulations for enterprises of specialised zones and those of non-specialised zones regarding remittances on account of dividend, it is decided that ADs shall no longer be required to forward documents to BB subject to execution of some specific instructions. The concerned AD bank will preserve related necessary documents. (FEPD, 21 July 2020)

July 2020 • Due to COVID-19 pandemic relaxation of foreign exchange regulations for export trade transactions was extended till 31 December 2021. The tenure of realisation of export proceeds was also enhanced upto 90 days, as additional time from the statutory period of 4 months. The facilities for the extended period was initially applicable only for exports of readymade garments and textile goods which was extended in November 2020 for all sectors. (FEPD, 23 July 2020, 18 November 2020, 14 March 2021 and 07 June 2021)

August 2020 • To encourage non-resident Bangladeshis (NRBs) in saving their hard earned income in Bangladesh, it has been decided that ADs can introduce deposit products in Taka for NRBs subject to compliance of some specific guidance. (FEPD, 09 August 2020)

August 2020 • To enhance the scope for foreign portfolio investment in stock market, it has been decided that balances held in non resident investor's Taka accounts

- (NITAs) of non-residents may be used to purchase units of open-end mutual funds as 'over the counter (OTC) products' subject to compliance of some instructions. (FEPD, 20 August 2020)
- August 2020 • Due to existing COVID-19 pandemic, official meetings of government and corporate sectors have been held virtually through webinar solutions. To facilitate payment for availing webinar solution services, authorised dealers (ADs) are permitted to remit on account of actual payments against relevant invoices of webinar solution services and supporting documents regarding payment of applicable taxes/levies. (FEPD, 23 August 2020)
- August 2020 • Refinancing from EDF was made admissible in case of no overdues against the realizable export proceeds during the immediate past 720 days from the date of applications by manufacturer-exporters for loans against concerned input imports. (FEPD, 27 August 2020)
- September 2020 • In order to contain price hike of onion in the local markets and for ensuring ample supply, all the scheduled banks operating in Bangladesh were advised to set the margin of letter of credits (LCs) for onion imports at the minimum level immediately which remained effective till 31 December 2020. Moreover, ADs were allowed to open LCs for imports of onion on 90 days deferred/ usance basis under supplier's/ buyer's credit terms. (BRPD, 17 September 2020 and FEPD, 21 September 2020)
- October 2020 • The stimulus packages implemented or under-implementation by banks and financial institutions were made admissible to the industrial organisations of type 'A', 'B' and 'C' located in Bangladesh Economic Zone Authority (BEZA), Bangladesh Export Processing Zone Authority (BEPZA) and Hi-Tech Park. (BRPD, 01 October 2020)
- October 2020 • Given the ongoing situation due to COVID-19, the refinancing facilities from EDF for settlement of back to back LCs was extended till 31 March 2021. Before seeking refinance from BB, ADs had to be ensured of the bonafide grounds regarding non-availability to extend usance period/refinancing facilities for extendable tenure. (FEPD, 06 October 2020)
- October 2020 • Interest rate on EDF loans was reduced at 1.75 percent per annum, chargeable to eligible borrowers; for disbursements till 31 March 2021. In accordance with the decision, ADs shall make interest payments to BB at 0.75 percent per annum; the remainder 1.00 percent per annum as before shall be retained by ADs as their interest income. (FEPD, 28 October 2020)
- October 2020 • Working capital facilities under stimulus packages for adversely affected industrial and service sector institutions was enhanced to BDT 400.0 billion from previous BDT 330.0 billion. The enhanced BDT 70.0 billion was

admissible for the type A, B and C industrial institutions located in Bangladesh Economic Zone Authority (BEZA), Bangladesh Export Processing Zone Authority (BEPZA) and Bangladesh Hi-Tech Park Authority as working capital loan/investment. The rate of interest of the said loan/investment was set to 9.0 percent, of which 4.5 percent of interest are subsidised by the government and the rest are borne by the borrower. (BRPD 29 October 2020)

- December 2020 • It was decided that, to avail 2.0 percent cash incentive against remittance above USD 5000 or BDT 0.50 million sent through legal channels, necessary documents have to be submitted by the beneficiary to the branch of remittance provider bank. The remittance provider bank shall scrutinise the documents on its own and send confirmation to the remittance collecting bank within fastest possible time in order to release the cash incentive amount. Upon confirmation, the remittance collecting bank shall release the cash incentive amount to the remittance provider bank. If the remittance collecting bank and remittance provider bank are the same entity, remittance collecting bank itself shall collect and scrutinise the documents submitted by the beneficiary. (FEPD, 02 December 2020)
- December 2020 • To bring wider scope for business-to-consumer export, it has been decided that ADs may allow such exports of each sale on e-Commerce website up to USD 500 or equivalent under cash on delivery/payment on shipment terms subject to comply some specific set of instructions. (FEPD, 21 December 2020)
- December 2020 • Scheduled banks operating in Bangladesh were advised to grant loan and credit card facility to the virtual ID card-holder IT Freelancers subject to the compliance of existing banking rules and regulations to help develop the potential freelancing sector. (BRPD, 27 0December 2020)
- January 2021 • It has been decided that ADs may remit admissible expenses upto 1.0 percent of annual sales as declared in the previous year's income tax return of the concerned remitter-companies or USD 1,00,000 whichever is higher. (FEPD, 04 January 2021)
- January 2021 • To bring flexibility in executing transactions from FC accounts, it has been decided that up to 75.0 percent of net monthly income in equivalent foreign currency may be credited to FC accounts of the expatriate employees from Taka accounts and exporter's retention quota (ERQ) accounts of the employers. (FEPD, 07 January 2021)
- January 2021 • It has been decided that advance payments against permissible imports may also be executed directly by external financiers and/or offshore banking

- operation of the scheduled banks, subject to repayment guarantees irrespective of amount acceptable to ADs receive from banks abroad and compliance of other relevant instructions. (FEPD, 14 January 2021)
- January 2021
- It has been decided that in addition to manufacturing enterprises, the short term borrowing may be admissible to foreign owned/controlled companies engaged in services output activities in Bangladesh; however trading business shall not come under this facility. Such loan may be admissible in convertible foreign currencies for a maximum of 6 years from the date of inception of manufacturing and/or service output activities by the borrower enterprises and interest rate will be a maximum of 3.0 percent per annum. (FEPD, 19 January 2021)
- March 2021
- It was decided that, EDF loan would be admissible against back to back import LCs for input procurements by type B industries in EPZs producing apparel items for export. (FEPD, 22 March 2021)
- March 2021
- To facilitate energy sector, it was decided to allow usance period upto 360 days for import of empty LPG cylinder by industrial units for their own use. (FEPD, 22 March 2021)
- April 2021
- Considering existing COVID-19 situation, it has been decided that ADs may continue to send outward remittances on account of study abroad under online teaching arrangements for another two semesters/sessions subject to comply other usual regulatory instructions. (FEPD, 13 April 2021)
- April 2021
- A refinance scheme worth of BDT 50.0 billion was provided by BB for the purpose of earning foreign exchange and bringing momentum in the economy by providing pre-shipment export loan assistance to the export oriented industries affected by the COVID-19 pandemic. Under this scheme, interest rate was reset a maximum of 5.0 percent instead of earlier instructed a maximum of 6.0 percent at the consumer level and 2.0 percent instead of 3.0 percent at the bank level to achieve higher growth in the export sector. (BRPD, 26 April 2021)
- May 2021
- To facilitate e-commerce trade in the country, it was decided that, all the ADs involved in foreign exchange transactions might be allowed annual remittance facilities of USD 10,000 or its equivalent to a member firm of e-Commerce Association of Bangladesh (e-CAB) for meeting bona fide current expenses abroad through traditional banking channel or card channel. (FEPD, 02 May 2021)
- June 2021
- A policy for post import financing (PIF) was formulated by BB. Accordingly, all types of loan facilities like LTR/LATR/MTR/MPI, etc. provided for payment of import liabilities in various sectors including daily necessities or trading

products, industrial raw materials, etc. will be called post import financing (PIF). Depending on the customer's demand, the nature of the concerned product and the production / marketing cycle, the term of the PIF was fixed at not more than 90 days for daily necessities and 180 days for industrial raw materials from the date of creation of the PIF. In addition, BB's policy would be followed for loan approval, restructuring and rescheduling as well as recovery and supervision of loans for PIF. (BRPD, 13 June 2021)

June 2021

- Given the existing situation due to COVID-19 pandemic, it has now been decided to extend the applicability of the access to finance from domestic sources against overseas guarantees till 31 December 2021. (FEPD, 30 June 2021)