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BANGLADESH BANK -
IT'S ORGANIZATION, MANAGEMENT
AND FUNCTIONS AS THE CENTRAL BANK

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GLOSSARY OF ACRONYMS

ACD	Agricultural Credit Department (BB)
ACID	Agricultural Credit Inspection Department (BB)
ACSF	Agricultural Credit Stabilization Fund
A/Ds	Authorized Dealers
AMC	Authorized Money Changers
APRACA	Asia Pacific Regional Agricultural Credit Association (FAO)
BADC	Bangladesh Agricultural Development Corporation
BASWAP	Bangla/Swiss Agricultural Program
BCD	Banking Control Department (BB) Formerly, DBOD - Department of Banking Operations & Development
BCO	Banking Companies Ordinance 1962
BKB	Bangladesh Krishi Bank
BRDB	Bangladesh Rural Development Board
BSBL	Bangladesh Samabaya Bank Limited
BSCIC	Bangladesh Small & Cottage Industries Corporation
CCB	Central Co-operative Bank
CFE	Controller of Foreign Exchange
CLMB	Co-operative Land Mortgage Bank
DAD	Deposit Accounts Department
DBI	Department of Banking Inspection (BB)
DBOD	See BCD
DCAC	District Committee on Agricultural Credit
DCC	District Coordination Committee
DFI	Development Finance Institution

ECD	Exchange Control Department (BB)
EED	External Economic Division
EPC	Export Price Certificate
ERD	External Resources Division (Ministry of Planning)
ERF	Export Registration Form
FER	Foreign Exchange Regulation Act
ICD	Industrial Credit Department (BB)
IDA	International Development Association
IED	Internal Economics Division
IFAD	International Fund For Agricultural Development (FAO)
IFID	International Financial Institutions Division
IRDP	Integrated Rural Development Program
MBD	Money & Banking Division (BB)
NCB	Nationalized Commercial Banks
NOC	No Objection Certificate
NP	Normal Program
NWRDP	North West Rural Development Program
PCI	Participating Credit Institutions
RCPD	Rural Credit Project Department (BB)
RFEP	Rural Finance Experimental Project
RFP	Rural Finance Project
SACP	Special Agricultural Credit Program
SIRDP	Sirajganj Integrated Rural Development Project (ADB)
SRCAC	Standing Rural Credit Advisory Committee
SSPD	Special Studies & Project Division
TCCA	Thana Central Co-operative Association

WB World Bank (IBRD)
WES Wage Earner Scheme

BANGLADESH BANK-ITS ORGANISATION, MANAGEMENT
AND FUNCTIONS AS THE CENTRAL BANK

CHAPTER I

1. INTRODUCTION

Government owned Bangladesh Bank, established by President's Order No. 127 of 1972, as an autonomous body performs the central banking functions and the developmental role assigned to it, through its Head Office at Dhaka and operational offices located at Dhaka, Chittagong, Khulna, Bogra, Rajshahi and Sylhet. The purpose of this paper is to explain with organogram and flow charts the organisational structure and functions of the major Departments of Bangladesh Bank at its Head Office at Dhaka.

An attempt has been made to explain briefly the origin, organisation, and functions of the major departments only so as to give a general idea as to their management.

2. BACKGROUND AND ORIGIN

2.1 Bangladesh Bank owes its origin to the State Bank of Pakistan which had been carrying out central banking functions in the territory comprising Bangladesh till December 16, 1971. As after liberation on December 16, 1971, Bangladesh emerged as an independent sovereign State, the entire undertakings of the State Bank of Pakistan which had on that date in Bangladesh, one Deputy Governor's Office and six operational offices located at Dhaka, Chittagong, Khulna, Bogra, Sylhet and Rajshahi were taken over by the Government of Bangladesh (GOB) by promulgating Acting President's Order and Bangladesh Bank was constituted with these undertakings by the said Order called Bangladesh Bank (Temporary) Order of 1971.

2.2 Bangladesh Bank Order, 1972 (President's Order No. 127/72) was subsequently promulgated by issuing a Public Notification No. 935 in the official Gazette on October 31, 1972 whereby the Bangladesh Bank was deemed to have been established on December 16, 1971, to be the Central Bank of the country with authorised capital of Taka 30 million which stood entirely allotted to and vested in the Govt. The entire undertakings of the former State Bank of Pakistan which existed in Bangladesh were also deemed to have been transferred to and vested in Bangladesh Bank on December 16, 1971, Thus Bangladesh Bank was created as a new

Statutory Body (not being the legal successor of State Bank of Pakistan) for carrying on the central banking business including regulation of issue of currency, and keeping of reserves, and managing the monetary and credit system with a view to stabilising domestic monetary value, and controlling foreign exchange to maintain the par value of Bangladesh currency and fostering growth and development of the country's productive resources in the best national interest. The Bank, of course, inherited the Bank of England's traditional central banking system which was introduced by the Reserve Bank of India and was later inherited by State Bank of Pakistan. Like the Bank of England, the Bank carries out its functions through 2 separate Departments namely, the Issue Department and the Banking Department, the affairs of which are also published separately as weekly statements of affairs and Annual Balance Sheets as per provision of the Order.

2.3 Bangladesh Bank started functioning with the State Bank of Pakistan's organizational structure which was not a full structure of Central Bank. The policy makers and Departmental Heads were all attached to the Central Directorate which was located at Karachi. The Departments could not be organized and set up quickly because of paucity of qualified personnel having the requisite experience. The Bank as such was faced with serious organizational and administrative problems. Similar was the situation of the entire Banking Sector. There were 12 Joint Stock Commercial Banks of Pakistan origin which were taken over by the Government and with their organisations and undertakings 6 new commercial banks (Sonali, Janata, Agrani, Rupali, Pubali and Uttara) were created and established by President's Order No. 26 of 1972 called Bangladesh Banks (Nationalisation) Order, 1972.

2.4 As to the initial problems it may further be mentioned that the undertakings of the former State Bank of Pakistan Constituting Bangladesh Bank consisted of only one grade I office at Dhaka, 2 grade II offices (Chittagong and Khulna), one grade III office at Bogra and 2 Exchange Control units at Rajshahi and Sylhet and there was the Deputy Governor's Office for looking after the administration of these offices. The Deputy Governor's Office had the following Departments which were only parts of the main Departments of the Central Directorate at Karachi :

- (1) Agricultural Credit Department
- (2) Banking Control Department
- (3) Exchange Control Department
- (4) Research and Statistics Department
- (5) Public Relations Department
- (6) Establishment Department with an Engineering Section.

These Departments were for dealing only with matters concerning this wing of the country, and used to work under the direction and control of the Central Directorate who only were competent to give final decisions on important policy issues requiring the approval of the Governor or the Board. The Director of Accounts and his Department which was responsible for managing the entire operations of the Issue and Banking Departments of the Bank was also centralised at Karachi. The Deputy Governor's office as such was not fully equipped for managing the entire work independently. Moreover, all the offices were running short of officers as the non-local officers had left during the liberation war, and the situation otherwise also was not all too good. The immediate problem was to organise a full fledged Accounts Department with competent staff to be able to undertake the following work to start with :

- to organise accounts
- to arrange for printing of notes and minting of coins for which no facility was available in the country
- to arrange immediate withdrawal of Pakistani currency from circulation.

3. MANAGEMENT

3.1 In terms of the provisions made in Bangladesh Bank Order, 1972 the management of the Bank has been entrusted to a Board of Directors consisting of 7 members including :

- (a) The Governor and one Deputy Governor appointed by the Government
- (b) Four Directors nominated by the Government from amongst persons who in the opinion of the Govt., have had experience and shown capacity in the field of banking, trade, commerce industry or agriculture.
- (c) One Government official nominated by the Government, (without voting right)

The Governor, appointed by the Government, as the Chief Executive Officer is empowered to direct and control the whole affairs of the Bank, on behalf of the Board. The Governor may exercise all powers and do all acts and things which may be exercised or done by the

Bank, in matters not specifically required by the Bangladesh Bank Order or any regulation thereunder, to be done by the Board. There is an Executive Committee of the Board, consisting of the Governor, the Dy. Governors, the Government official nominated as Director without voting right and one of the nominated Directors (being expert in the field of banking, trade, commerce industry or agriculture). The Executive Committee is empowered to deal with and decide any matter within the competence of the Board when the latter is not in session but the proceedings of the Executive Committee meetings must be submitted for information of the Board at its next meeting. The Governor or in his absence the Deputy Governor or in the absence of the latter any Director nominated by the Governor can preside over the meetings of the Board or of the Executive Committee. The Governor is a salaried person appointed by the Government on fixed term which, however, may be extended. The Bank is authorised to transact several kinds of business specified under the various sub-clauses of Art. 16 of the Bangladesh Bank Order, 1972.

- 3.2 The Government may from time to time give such direction to the Bank, as it may, after consultation with the Governor, consider necessary in the public interest and the Board of Directors' power to manage the business and affairs of the Bank is subject to any such direction of the Government.

4. STATUTORY POWERS AND OBLIGATIONS

- 4.1 With a view to enabling Bangladesh Bank to realise the objectives as laid down in the preamble of P.O. No. 127 of 1972, it (Bangladesh Bank) has been given the statutory powers and obligations to act as:

- (1) The Bank of Issue and Controller of Currency
- (2) The Banker to the Government
- (3) The Bankers' Bank
- (4) The Controller of Credit
- (5) The Controller of Foreign Exchange
- (6) Financial Intermediary and Development Financing Agency.

- 4.2 The statutory responsibilities given to the Bank under its charter (P.O. 127 of 1972), Banking Companies Ordinance, 1962, and the Foreign Exchange Regulation Act, 1947 are briefly as follows :

- (1) As the Bank of Issue : The Bank shall maintain an Issue Department which shall be kept distinct and separate from the Banking Department (Art 26 of P.O. 127/72). The Bank is solely authorised to issue Bank notes in such designs and denominations as may be approved by the Government on the recommendation of the Board of Directors (Arts 23 and 27 Ibid).

The accounts of the Issue Department shall be published separately in the Bank's Weekly Statements of Affairs and Annual Balance Sheets. The issue of notes is subject to the provisions of the P.O. 127/72 which requires the Issue Department to maintain, as backing reserve, assets of the value of the amount of notes issued, on the basis of the proportional reserve system.

As the controller of Currency, the Bank is required to regulate issue and supply of currency including notes, Taka coin and subsidiary coins which are legal tender in Bangladesh in terms of the Bangladesh Coinage Order, 1972, to meet the demands of the Public and of the Government. The Bank is, therefore, required to issue, along with the issue of Bank notes, such currency notes Taka coins and ^{subsidiary} coins to be supplied to it by the Government in such quantity as in the opinion of the Bank may be required for circulation.

- (2) As the Bankers to the Government: The Bank's obligations are to accept monies for account of the Government and to make payments upto the amounts standing to the credit of the accounts and to carryout its exchange remittance and other banking transactions including the management of the public debt (Article 20 of P.O. 127). The Bank is authorised to making to the Govt. of advances repayble in each case not later than three months from the date of such advance, (clause (9) of Article 16).
- (3) As the Bankers' Bank, the Bank is required to accept the statutory deposit accounts of all scheduled banks or other banks who are under obligation to maintain such accounts with the Bank with always a minimum balance of not less than 5% of the total of their time and demand liabilities (Art. 36 of P.O. 127/72) failing which they are required to pay penalty to the Bank. The Bank may provide the banks who maintain such accounts, with financial accommodation and other facilities such as transfer of funds at nominal charge, clearing House facilities etc. The Bank may also act as the lender of the last resort to the Scheduled banks in case of their emergency.
- (4) As controller of credit: The Bank has been given wide powers to control credit by using all traditional weapons such as Bank Rate, Reserve Ratio, Open Market Operations etc. Under the Banking Companies Ordinance, 1962 (Sec.25) the Bank is empowered to determine policy to be followed by the banks in general or a particular bank in relation to advances. The Bank may give direction as to the purposes for which advances may or may not be

made, the margins to be maintained in case of secured advances and the rates of interest to be charged on advances and it is obligatory on the part of every bank to comply with any directions so given.

- (5) As controller of Foreign Exchange : The Bank is authorised to administer the Foreign Exchange Regulation Act, 1947 which regulates all foreign exchange transactions and to hold the foreign exchange reserves of the country, on behalf of the Government. The Bank is required to sell approved foreign exchange, at notified centres, at rates determined by the Government. (Sec 3 of the Foreign Exchange Regulation Act 1947).
- (6) As financial Intermediary and Development Agency, the Bank is under statutory obligation to create and establish certain funds, such as the Rural Credit Fund, Agricultural Credit Stabilization Fund, Industrial Credit Fund and Export Credit Fund to be used for the purpose of providing development finance like a Development Financing Institution.

5. ORGANISATION OF THE HEAD OFFICE

- 5.1 As mentioned in the previous paragraphs, the Head Office of Bangladesh had to be set up with the existing paraphernalia of the then Deputy Governor's office of the State Bank of Pakistan on the pattern of its Central Directorate, with a new Department which was named "Accounts Department" to be the Chief Administrative office of the Bank. The Head of this Department was designated as the Director of Accounts who was entrusted with the responsibility of overall management of accounts, administration and expenditure and supervising guiding and controlling the work of the Head Office and all the branch offices as well. The newly set up Accounts Department had to encounter tremendously difficult problems in introducing new Bangladesh currency, replacing Pakistan currency. Subsequently the work of personnel management was separated and transferred to another Department which was constituted under the name "Personnel Department" Subsequently, the work relating to the Bank's Establishment and Expenditure was also separated and another new Department was created which was named Administration and Expenditure Department. Similarly, the work of the Engineering Section was separated from the Accounts Department and a new Engineering Department was set up with one Superintending Engineer as the Head of the Department with the responsibility of undertaking projects for construction of Bank's office Buildings and staff quarters at different

Central Secretary's Department was created for handling the work related to the Board and its Executive Committee. Initially the Secretary's Department was also charged with the responsibility of looking after the work of Public Relations and Publications, Training Section and Legal Section. Subsequently the work of Public Relations and Publications was separated from the Secretary's Department and a full fledged Department was created by that name. Thus with the passage of time as the volume and complexities of work increased the Departments were expanded with new sections and also new Departments were created by upgrading the status of some Divisions to that of full fledged Departments as considered necessary in the interest of the Bank. The Head Office at present has 16 Departments, as shown in the organisation chart at Annexure I

5.2 The names of the existing Departments and their location are given below :

	<u>Name</u>	<u>Location</u>
1.	Accounts Department	Main Building
2.	Administration And Expenditure Department	Main Building
3.	Audit and Inspection Department	Anser Chamber
4.	Agricultural Credit Department	Annex Building
5.	Agricultural Credit Inspection Department	Anser Chamber
6.	Banking Control Department	Main Building
7.	Department of Banking Inspection	Anser Chamber
8.	Exchange Control Department	Main Building
9.	Industrial Credit Department	Anser Chamber
10.	Personnel Department	Main Building
11.	Public Relations & Publication	Main Building
12.	Research Department	Annex Building
13.	Rural Credit Project Department	Dilkusha
14.	Statistics Department	Annex Building
15.	Secretary's Department	Main Building
16.	Engineering Department	Main Building

The Governor, 2 Deputy Governors, 4 Executive Directors
Economic Advisor and some of the Heads of Departments sit on the 3rd fl or

of the main building, other Heads of Departments sit close to their respective Departments.

Head Office is the controlling office of the Bank's offices (located at Dhaka, Chittagong, Khulna, Bogra, Rajshahi and Sylhet) which carry out banking operation including issue and circulation of currency and conducting the business transactions as Bankers' Bank and Bankers to the Government. The operational offices of the Bank maintain Banking and Issue Departments separately, as per statutory provision.

- 5.3 At the Head Office the major Departments are broadly divided into Divisions each of which consists of several sections/cells. At the operational offices the Departments are divided into sections.
- 5.4 At the Head Office, the Departmental Heads are now designated as General Managers and the Divisional chiefs are designated as the Deputy General Managers. The officers of the immediately lower rank are designated as Joint Directors, the officers below the Joint Directors are designated as Deputy Directors and the officers below the rank of Deputy Directors are designated as Assistant Directors. The hierarchy of officers in the Bank is shown in the flow chart at annexures 2 and 2 A.

CHAPTER 2

ORGANISATION, MANAGEMENT AND FUNCTIONS
OF MAJOR DEPARTMENTS

6 . ACCOUNTS DEPARTMENT

6.1 Organization

Accounts Department was the Chief Administrative Department of the Bank at its inception. The Department now consists of 2 broad Divisions-and 15 sections as shown in the organogram at Annex-3---

6.2 Management

The Department has one General Manager who is in-charge of its administration and management. He is assisted by 2 Deputy General Managers-who are in-charge of the two Divisions. The General Manager reports to Executive Director III (presently Mr. A.K.M. Khalilur Rahman) who looks after the affairs of the Department, give guidance and approval to matters which are beyond the competence of the General Manager. The Department is required to route all such cases including those requiring the attention approval of the Deputy Governor/Governor/Board of Directors, through Executive Director III

6.3 Functions

The major functions of Accounts Department are :

- to maintain all books of accounts
- to arrange for printing of notes, minting of coins for issuing through the Bank's operational offices and treasury branches of Sonali Bank (acting as agent of the Bank at District and upazila headquarters)
- to manage the Bank's Loan Portfolio, and Investment Portfolio
- to manage Public Debt.
- to manage the operations of the Bank's Remittance Facilities Scheme
- to prepare the Bank's Annual Balance Sheets, Profit and Loss Accounts and Budget of Income and Expenditure

- to maintain liaison with the Ministry of Finance, ERD and other concerned Ministries in all financial matters relating to the Government.
- to represent the Bank in Asian Clearing Union
- to deal with IMF, IBRD, ADB, IDB etc.

As noted earlier, BB acts as (i) Bank of Issue, (ii) Bankers' Bank and (iii) Bankers to the Government and its responsibilities in these 3 capacities are (i) to issue currency, (ii) to provide banking services to other banks and (iii) to provide banking services to the Government. The Bank conducts these business through its branch offices located at Dhaka, Chittagong, Khulna, Bogra, Rajshahi and Sylhet, as also through the branches of Sonali Bank at the District and presently at the Upazila headquarters where there is no branch of the Bank. The accounts of all these banking transactions are consolidated and centralised in the Accounts Department of the Bank's Head Office at Dhaka. The accounts are maintained separately for the Issue Department which is responsible for currency issue and also for the Banking Department which is responsible for maintaining accounts of banks and of Government. The Accounts Department at the Head Office is required to maintain the 'accounts' upto date and publish the same regularly every week as 'Weekly Statements of Affairs' for public information. The Accounts Department directs, controls and supervises the operations of the branch offices who are required to report their position daily, weekly, monthly, quarterly, half yearly and annually. Thus the branch offices are the real operational offices and Accounts Department at the Head Office is their controlling office. The Accounts Department has prepared two Manuals- known as Issue Department (ID) Manual and Banking Department (BD) Manual which are required to be followed meticulously by the branch offices in their daily operations. The Accounts Department is responsible for the Bank's financial matters for which it is also answerable to the Board of Directors as well as the Government.

7 AGRICULTURAL CREDIT DEPARTMENT (ACD)

7.1 Organisation

Before liberation, the state Bank of Pakistan had established in its Deputy Governor's office at Dhaka an Agricultural Credit Department with fairly reasonable staff to deal with all agricultural credit matters relating to the then province of East Pakistan (now Bangladesh). This ACD used to work with instructions and general policy guidelines which the main ACD used to issue from the Bank's Central Directorate at Karachi. The Department continued to exist till the date of liberation, handling agricultural credit operation mainly of the Apex cooperative bank and carrying out inspection of all cooperative banks and branches of the former Agricultural Development Bank (now BKB) in East Pakistan. Bangladesh Bank at its inception took over this Department and gradually strengthened it and brought it up to its present status.

Previously ACD was responsible for conducting inspection of the cooperatives (BSSL and CCB systems) and BKB for which it had one Division called Inspection Division. The Inspection Division has been segregated from ACD and set up as a full fledged Department separately under the name of Agricultural Credit Inspection Department. (ACID). One additional post of General Manager (GM) has been sanctioned for ACD which, as such, is now having two GMs-who share the work as under (vide Departmental Order at Annexure .4.....)

A. General Manager I (Mr. Kamaluddin)

1. General Policy
2. Sectoral Policy
3. BKB
4. Cooperatives
5. RPP
6. Data Processing
7. General Administration

B. General Manager II (Mr. Hari Narayan Majumder)

1. Refinance Operations of NCBs
2. Credit Committee
3. Special Studies and Evaluation
4. AFRACA
5. Special Projects (RD II, BASWAP, IFAD, NWRDP, SIRDP , Swanirvar)
6. SACP

The Organogram of the Department showing its reorganised structure is given at Annexure.3.....

The major sections and their functional areas are as broadly indicated below :

- (i) Policy section : dealing with the national policies and programmes of agricultural/rural financing;
- (ii) Refinance section : dealing with all matters relating to providing refinance to agricultural credit agencies including BKB, BSBL commercial banks and the BRDB cooperatives;
- (iii) Rural Finance Project (RFP) section : dealing with all matters connected with the project;
- (iv) General Section : dealing with the matters relating to management and administration of the Department.
- (v) Special Studies and Project Section : dealing with all matters relating to special studies and projects undertaken by the Bank.
- (vi) Coordination Section : dealing with the District Coordination Committees and the national coordination committees on agricultural credit
- (vii) Credit Committee Section : dealing with all matters relating to Standing Rural Credit Advisory Committee (SRCAC).
- (viii) Statements and Returns Section: dealing with Statistical returns and statements relating to agricultural financing.

7.2 Administration and Management

The overall responsibility of administration of the Department which is now having 2 GMs has been entrusted to GM I. The two GMs work independently, under the guidance and control of Executive Director I (Mr. M.A. Beg)- who is overall in-charge of the Department. All important matters which are beyond the competence of the two GMs to decide, are required to be put up by them to the Executive Director I for approval/decision. The Executive Director I may give the decision, if it is within his competence and if not, he may send such cases direct to the Governor for final decision/approval/disapproval, whatever it may be. The cases requiring approval of the Board are also routed through the Executive Director I to Deputy Governor I to Governor.

7.3 Functions

The ACD was created in terms of Art 68 of the Bangladesh Bank Order 1972, which specified its functions as under:

- (a) to maintain an expert staff to study all questions of agricultural credit and be available for consultation by the Government the apex cooperative bank and other banking organisations;
- (b) to coordinate the operations of the Bank in connection with agricultural credit and its relations with the apex coop.bank and any other organisation engaged in the business of agricultural credit.

The ACD, however, has since its inception been engaged in providing agricultural credit through the apex coop.bank and BKB and lately the nationalised commercial banks, by way of refinance at concessional rates of interest. In addition, it formulates policy, plans and programmes for agricultural credit at the national level. ACD has also been monitoring all agricultural/rural credit programmes undertaken by the donor agencies for implementation through the banking system. Thus the ACD has been playing the Bank's developmental role. The major functions of the ACD now include :

- General policy and programmes for crop financing.
- annual agricultural credit programme.
- monitoring DCC's activities.
- allocation of agricultural credits for financing different sectors like irrigation, fishery, cold storage, horticulture etc.
- providing refinance to BKB, BSBL and commercial banks financing BRDB cooperatives.
- monitoring NFP, IFAD, RD II, NARDP, SIRDP, BASMAP and other projects under implementation aided by donor agencies.
- computerised data processing for agricultural credit.
- special studies and evaluation etc.

ACD was required to follow the Government's policy decisions in executing agricultural credit policies. For instance, in 1977 when Government decided and directed that all the six NCBs along with the BKB should be involved in a big way in agricultural financing, ACD formulated and launched the Special Agricultural Credit Program (SACP) with simplified procedure of lending without collateral, which was a significant departure from the normal banking practice. Again, when the Govt. lined up IDA credits for import of irrigation equipments to be supplied to farmers against bank credit, ACD was required to draw up, in consultation with the agencies concerned, credit programs with detailed guidelines to be followed by the Lending Agencies including

the NCBs for providing term credits to the farmers for this purpose. These programs had many ramifications such as branch expansion in rural areas, increasing private investment in development of agricultural infrastructure, etc. as strategies for realising the objectives of the Second Five Year Plan (SFYP). ACD was responsible for monitoring these programs which were implemented by the banks/credit institutions under the direction and control of their respective Head Offices. ACD was required to motivate the banks and give them guidance for implementing the credit programs through their branch network which was also required to be established and expanded according to a planned program. ACD was required to maintain liaison with the Govt. departments and line agencies particularly Bangladesh Agricultural Development Corporation (BADC) which was responsible for supply of agricultural inputs and irrigation implements. The ACD was thus greatly involved in these programs which aimed at rural development. For credit operations at the field level, the banks were required to follow the instructions/guidelines given through ACD circulars/letters communicated through their Head Offices/Regional Offices, who were responsible for directing controlling and supervising the branches. For monitoring and coordinating all agricultural credit programmes at the district level, the Govt. constituted a Committee for each district called District Committee on Agricultural Credit (DCAC) with (District) Deputy Commissioner as Chairman, district chiefs of all banks/line agencies as members and the chief of the lead bank of the District as the member-secretary. These committees send minutes of their meetings regularly to ACD so that it could know about the position of the credit programmes and related problems from time to time. Presently, ACD representative based on each of BB's six field offices attend DCAC meetings held in their respective areas.

Previously, ACD had 3 other major functions, (i) inspection of BKB and cooperative banks, (ii) issuance of branch licence to BKB and (iii) Grameen Bank Project. These are now functions of other Departments as mentioned below :

- (i) Inspection : Agricultural Credit Inspection Department (ACID)
- newly created as a separate Department
- (ii) Branch licencing : Banking Control Department (BCD)
- (iii) Grameen Bank : Rural Credit Project Deptt.(RCPD)

ACD was responsible for dealing with all matters related to the country's cooperative banking system. It was required to prepare a scheme for reorganisation and strengthening of the Apex Bank (BSBL) as it was also required to prepare a scheme for reorganisation and strengthening of BKB, the

two premier agricultural credit institutions. ACD was also required to provide the secretariat for the Standing Rural Credit Advisory Committee (SRCAC) of which the Governor, BB, is the Chairman. This Committee was constituted by the Govt. as the highest recommendatory body for the rural credit system. It was required to provide secretariat at the national level, for the APRACA (Asia Pacific Regional Agricultural Credit Association formed by FAO of the United Nations - with headquarter at Bangkok).

The procedure and practice of ACD in respect of policy formulation, credit planning, and operations were broadly as follows :

Credit policy and planning used to be done regularly on annual basis through an exercise involving assessment of likely demand and possible supply of credit by different institutional agencies under their normal as well as special programmes. For assessment of demand, ACD used to obtain from the Agriculture Department of the Govt. some indication as to the total area to be put under cultivation of different crops in different districts during the year; requirements of inputs to be purchased by farmers and their availability and cost. As for the assessment of possible credit supply, ACD used to obtain a projection from each individual credit institution including the BKB, NCBs and BSBL indicating their source of funds, that is, how much would be available from their own resources and how much they would be required to borrow from BB. Based on these information ACD used to determine the total amount of credit likely to be available from the institutional sources and it would proceed to draw up the annual credit programmes segregated into normal programme (NP) and special agricultural credit programme (SACP). This tentative programme would then be circulated among the banks for examination, before it would be approved with necessary modifications, if any, at a Bankers' meeting so that no bank could feel that the programme was imposed upon it. All questions including the question of refinance likely to be available from BB, terms and conditions thereof also would be decided in this meeting.

BB's own agricultural credit operations which ACD used to handle exclusively related to providing short term, medium term and long term loans mainly to two institutions, viz, BKB and BSBL at concessional rates of interest against Govt. guarantee, for purveying to the farmers through their respective channels which were as follows :

- (1) BSBL to Central Cooperative Banks (CCBs) or Coop-Land Mortgage Banks (CLMBs) to Farmers.
- (2) BKB through its branches to Farmers.

Both institutions were required to route their loan applications through the Govt. which was required to recommend the borrowers and agree to provide guarantee usually to the extent of 30%

ACD was responsible for processing these applications taking into consideration the position of previous loans, the demand projections etc. as necessary to decide about sanctioning the loans in the best national interest, and then submit the same to the Board of Directors, for their approval/sanctions, in terms of Art 16(10) of Bangladesh Bank Order, 1972. Thereafter, ACD's responsibility was to communicate the sanction to the bank concerned (BKB or BSBL) and to advise Dhaka office of BB, to disburse the loans against proper documentation. ACD was responsible for post-disbursement supervision, end-use check and recovery of the loans. After the introduction of the SACP, the NCBs were also made eligible for BB's refinance, but only if they would face any liquidity problem due to agricultural financing. The NCBs, however, were required to apply for such refinance to BCD who only would know the global liquidity position of the individual banks and could decide the cases accordingly. The same practice was continuing until Sept 30, 1983. Effective from Oct 1, 1984 a new system has been introduced under which all agricultural credit institutions including NCBs, BKB and BSBL have been made eligible for BB's refinance at varying rates of interest and graduated scales as per the matrix given below :

Matrix

Intl. Rate	Refinance scale in percentage of Disbursement		
	Commercial Banks	BKB	BSBL
6.00	-	-	Below 50
7.00	-	-	50 upto below 70
7.5	below 50	below 50	-
8.00	-	-	70 upto below 80
8.5	50 upto below 60	50 upto below 80	80 upto below 90
9.0	-	-	90 upto below 100
9.5	60 to below 80	80 to below 95	-
10.5	80 upto 100	95 upto 100	100

Refinance against financing purchase of irrigation equipments by all institutions will be admissible to the extent of 90% at interest rate 8.5%. The system of providing 30% guarantee for BB's refinance to BKB

and commercial banks has been abolished since July 1, 1984 i.e. FY 85 so that these institutions can now submit their applications for loans (refinance) direct to ACD.BSBL is, however, still under the old system which requires it to obtain Govt. Guarantee and as such routes its applications through the Ministry of LGRD & Cooperatives.

The above shows that ACD's core activity is agricultural credit operations and in addition to that it is required to do the other functions which are also equally important.

8. BANKING CONTROL DEPARTMENT (BCD)

8.1 Organisation

The Banking Control Department (BCD) was set up with the organisational structure that existed by the same name in the former State Bank of Pakistan's Deputy Governor's office at Dhaka till the date of liberation. The Department was required to be reorganised and strengthened with increased man-power so that it could bear the responsibility devolved on it after liberation. The structure of the Department as it exists at present consists of 3 broad Divisions' (i) General Division, (ii) Policy Division and (iii) Liquidation Division. Each of these Divisions consists of several sections as shown in the organisation chart at Annexure..5.....

8.2 Management

The management of the Department (BCD) is entrusted to an officer presently designated as General Manager (formerly chief officer). The present incumbent of the post of General Manager (Head of the Department) is Mr. S.R. Karmaker who works under the direct supervision, guidance and control of the Deputy Governor II, (Mr. A.T.M. Amin), who was formerly the Executive Director for this Department. BCD's work is highly important and very often requires high level discussions with the top executives/ Managing Directors of all banks/financial institutions. An additional post of General Manager has been recently created for the Liquidation Division of this Department. There are 3 Deputy General Managers who are the Division Chiefs under the General Manager. Under the Deputy General Managers there are Joint Directors/Deputy Directors and under them there are Assistant Directors who are in-charge of different sections.

8.3 Functions

The functions of BCD are pivotal inasmuch as they relate to Bank's regulation and control of banks and credit system of the country. The Bank exercises control over other banks by virtue of the powers conferred on it partly by its own charter (P.O.NO. 127 of 1972) and partly by the Banking Companies Ordinance, (BCO, 1962). The Department is required to control banks in a way that it helps development of a sound banking system in the country. Banks are required to obtain licence from this Department to open branches for conducting business within the country and they are required to submit regularly their periodic returns and statements prescribed under the Banking Companies Ordinance 1962, to this Department so that it can know the position of individual banks and

take appropriate measures including punitive measures against those found to have failed to maintain position according to the prescribed norms as required for protecting their depositors' interest.

For instance, if it be found from the statement of any scheduled bank that balance of its statutory deposit with BB on any day was less than the prescribed minimum that is 5% of the total of its time and demand liabilities then BCD would ask the scheduled bank concerned to pay penalty at the prescribed rate for the period of default. BCD thus administers the Banking Companies Ordinance, 1962 which regulates the activities of all banking companies. The other major functions of BCD may be summarised as follows :

- determining strategies for developing a sound banking system in the country and issuing directions to all banks to follow the strategies so determined;
- preparing and issuing guidelines to be followed by all banks in general or by any particular bank in respect of their credit operations;
- executing policies determined by the Govt. for providing banking and credit facilities specially to priority areas.
- acting on behalf of the Govt. as official liquidators of banks put under liquidation by the High Court.
- granting licence to scheduled commercial banks to open branches within and outside the country.
- dealing with the applications of scheduled banks for providing financial accommodation, by way of Demand Loan, Bill Rediscounting, T.T. Discounting, etc. It may be noted that in sanctioning loans to scheduled banks in case of their emergency, BCD acts as the lender of the last resort which is one of the most important functions of the Central Bank.
- dealing with applications for granting counter finance facilities to banks to meet special requirements of the Government.
- dealing with the applications of banks to the Controller of Capital Issues for issue of capital.
- arranging banking publicity and introducing schemes for inculcating banking habit among the people.

- arranging regular Bankers Meetings at which policy decisions on important policy issues affecting banks and banking are taken.
- arranging meetings with Chambers of Commerce and Industries, Associations of Marchants, Shippers etc. occasionally to discuss matters relating to trade and industries.
- dealing with proposals for setting up new banks , opening branches/offices of Bangladeshi banks and their subsidiaries in other countries.
- dealing with all questions, references relating to law and practice of banking and taking up such legal issues with the appropriate authorities.

9. RURAL CREDIT PROJECTS DEPARTMENT (RCPD)

9.1 Organisation

With the Technical Assistance Credit provided by the World Bank in 1977, Bangladesh Bank hired the consultancy services of RRNA Inc. for a 3 year Agricultural Credit Study Project with the following TOR :

- (i) To study the Agricultural Credit System for its reorganisation and
- (ii) To identify and formulate bankable rural credit projects in which the donor agencies like the IDA/World Bank or ADB might be interested to provide finance.

The study team which was constituted with the expatriates and their local counterparts having experience in different fields related to agriculture, in their final report suggested, among other things, for : Reorganisation of BB's ACD and strengthening it with technically qualified staff and thereby increasing its capability to identify and promote agricultural/rural credit projects to be financed by the banking system under its overall guidance, supervision and control.

The Study Report also identified and formulated two projects - one for the development of minor irrigation and one for the development of brackish water shrimp culture in coastal areas in the southern part of the country. After the close of the study project, BB created a separate Rural Credit Project Division (RCPD) with the officers and the paraphernalia of the Project for follow-up actions as suggested in the Study Report. Thus from the inception RCPD was maintained as a separate entity outside of ACD, with specific responsibility of identifying and formulating rural credit projects, under the guidance of the Officer-on-special Duty, (of the rank of Deputy Governor) who was the overall in-charge of the Study Project as well throughout its life. Subsequently, when the World Bank accepted the Study Team's Report and decided to provide IDA credit (NO.1147-BD) for financing the Shallow Tubewell project for the five districts of Rajshahi Division, the RCPD was given its status of an independent and full fledged Department like ACD, with permanent footing, and was entrusted with the full responsibility of implementation of this particular Project along with doing all other things that had already been assigned to it, RCPD was then organised with 3 separate wings namely, (i) Planning wing, (ii) Operation wing and (iii) Training wing, each one having several cells for the work related to the IDA financed project along with another wing for "other projects", and one Division for the Grameen Bank Project (which was still a Project of the Bank) as shown in the organisation chart at Annex .6.....

RCPD, since its inception has been housed separately from the Bank. It has no organic link with ACD, although both of them are involved in the Bank's rural credit operations through the banking system. In fact, the core activities of both ACD and RCPD relate to refinancing the same institutions for the same purpose.

9.2 Management

Like ACD, RCPD has also been placed under the charge of a General Manager who is responsible for managing the Department and reporting to Executive Director I (Mr. Beg). The General Manager is required to put up matters which are beyond his competence to decide and dispose of, to the Executive Director I who may give the final decision with Governor's approval/concurrence, if necessary. The Executive Director I being in-charge of both ACD and RCPD appears to be the only coordinating link between the two departments.

9.3 Functions

The primary functions of RCPD include:

- formulating policies and procedure to be followed by the Participating Credit Institutions (PCI), i.e. 4 banks, (Sonali, Agrani, Janata, BKB) in regard to financing Shallow Tubewell Project for the northern region under IDA Credit No. 1147-BD;
- Planning, directing, controlling and supervising the work of the PCI's
- arranging training of the PCI's officials involved in Project implementation;
- providing finance and obtaining reimbursement of IDA credit and maintaining accounts and dealing with the approved contractors for supplying STWS to farmers on turn-key basis against bank credit;
- developing other projects and getting them implemented by the banking system;
- dealing with all matters relating to Grameen Bank Project which led to the establishment of Grameen Bank Ltd. as a specialised credit institution by virtue of an Ordinance (No. XLVI of 1983).

With the establishment of RCPD as a separate Department, the Bank's agricultural credit operations have been split up between ACD and RCPD. The cases of scheduled bank's request for refinance are also now dealt with separately by ACD as well as RCPD. The above 4 banks are required to comply with the instructions issued by RCPD as well as by ACD. Incidentally, ACD itself has also recently been split up and placed under the charges of 2 General Managers and their respective

* Rupali Bank did not qualify.

sections will now be housed in 2 separate buildings so that they are now virtually separated from each other for all practical purposes, although maintaining one single entity as ACD.

10. INDUSTRIAL CREDIT DEPARTMENT (ICD)

10.1 Organisation

The Bank at its inception had an Industrial Credit Section in BCD, to deal with the issues related to bank credits for industrial finance in the country. This section was separated from BCD and developed into an independent department which is now known as the Industrial Credit Department (ICD). The Department has 2 Divisions designated as Policy Division and Accounts and Disbursement Division, each of which has several sections as shown in the organisation chart at Annexure 11

10.2 Administration and Management

ICD like other Departments has been placed under the charge of one General Manager (GM) who is responsible for its administration and management. The General Manager's work is supervised by an Executive Director (presently Mr. B.B. Debnath ED II) through whom the cases requiring Governor's/Board's attention/approval are required to be routed. The GM. is assisted by one DGM under whom there are 2 Joint Directors heading the two Divisions and then there are 2 Deputy Directors, 2 Assistant Directors and one Asstt. Engineer for the policy Division and 3 Assistant Directors for the Accounts Division.

10.3 Funcions

The ICD is mainly responsible for dealing with all matters relating to foreign credits which are routed through the Bank for lending to the industrial sector through the banking system including the DFIs and the NCB's. The Department is required to undertake studies and formulate policies plans and procedure for implementation of the various industrial credit programmes and to give operational guidelines to be followed by banks in terms of the various Credit Agreements with donor agencies.

The Department is responsible for handling the applications of banks for providing refinance against their industrial finance and to obtain reimbursement from the donors of Foreign Credits.

Inspection of the participating credit institutions (PCI's) under different programmes for checking the end-use of loans disbursed by them is also the responsibility of ICD.

Division/Section wise functions of the Department are given in some detail in the note at Appendix....B.....

11. BANKING INSPECTION

11.1 Bangladesh Bank has been empowered under Sec 40 of the Banking Companies Ordinance, 1962 to carry out inspection of and issue direction to all banks including the cooperative banks operating in the country. The Bank as such has created and established two major Departments for the purpose of carrying out inspection of banks in order to see that they conduct their business in lawful and authorized manner, follow sound practices and safe-guard the interest of their depositors. The two Departments are (1) The Department of Banking Inspection (DBI) and (2) The Agricultural Credit Inspection Department (ACID). The DBI has been created out of the inspection wing of the Banking Control Department (BCD) which was responsible for conducting periodic inspection of particularly the scheduled commercial banks. Likewise the ACID has been recently established as a full fledged Department by separating the Inspection Division of ACD from it and placing it under the charge of a separate General Manager, like the other Departments of the Bank. Besides these two Departments, the Inspection Division of the Bank's Exchange Control Department (ECD) also conducts inspection of the bank branches acting as Authorized Dealers in foreign exchange, to see whether they deal in foreign exchange strictly in accordance with the authorized manner or not. It is a statutory responsibility of Bangladesh Bank to protect the interest of the banks' depositors, for which surveillance by way of regular periodic inspection is necessary.

11.2

THE DEPARTMENT OF BANKING INSPECTION

As mentioned earlier the DBI is now a full fledged Department headed by one General Manager who is responsible for managing its entire work, with the assistance of a number of subordinate officers of different ranks. An Executive Director (Mr. B.B. Debnath) is overall in-charge of the Department. There are permanent units of the Department stationed at the Bank's offices at Bogra, Chittagong, Khulna, Rajshahi and Sylhet. Each one of these units is headed by an officer of the rank of Dy.C. Manager who is administratively under the control of the General Manager of the Office concerned but works under the direction and control of the General Manager, DBI. For all practical purpose these units are parts and parcels of the Head Office and not of the branch office. The functions of the DBI at the Bank's Head Office are :

- to formulate policies and procedure to be followed for inspection of banks, and incorporate such policies and procedures in the Inspection Manual which the former State Bank of Pakistan had got prepared by an American Adviser, as a general guideline for conducting inspection of the banking companies under the then banking system. The Manual is required to be modified from time to time to meet the need of the circumstances ;
- to prepare programmes to be followed for (i) regular inspection of banks, (ii) summary inspection of specific bank or banks and (iii) special inspection of a particular bank or of a particular branch of a bank;
- to constitute inspection teams with officers and staff as required for carrying out inspection according to the programmes drawn up;
- to give guidance to the inspection teams including those stationed at outlying offices;
- to monitor and coordinate the work of the inspection units permanently stationed at outlying offices;
- to examine the drafts and schedules prepared by the team engaged in inspecting a bank, and consolidate the same as required for assessing the over all position of the bank concerned;
- to take up and discuss serious faults detected by the inspection team, with the top executives of the bank concerned;
- to prepare and submit the Final Inspection Reports to the Deputy Governor/Governor through the Executive Director, for approval;
- to dispose of the inspection reports by sending copies thereof to the Managing Director of the bank concerned or other appropriate quarters for necessary action;
- to follow up implementation for which the banks are required to submit compliance reports every quarter till all the recommendations are complied with.

12. Agricultural Credit Inspection Department (ACID): ACI's Inspection Division which used to carry out inspection of Bangladesh Krichi Bank (BKB) and the Cooperative Banks (under BSBL-CCB system) as well as the TCCAs under INBP - was separated to form a full fledged Department under the name of ACID. The Department is now headed by a separate General Manager. The Executive Director in-charge of DBI is also the overall in-charge of this Department. Organisationally and administratively, ACID bears similarity with the DBI except that their functional areas are different. In addition to inspecting BKB, and the two types of cooperatives (BSBL - CCB system- and BKBS Cooperatives), ACID is now responsible for inspecting the rural branches of the commercial banks involved in

agricultural credit operations under different programmes. Both ACID and DBI follow the procedure laid down in the Inspection Manual which gives the formats of different schedules required to be included in the Inspection Reports. The schedules give the true positions of the inspected Bank's assets and liabilities including deposits, the comparative position of its income and expenditure and the classification of its investments and loans and advances. Comments upon the bank's operations, procedures followed, irregularities, defects and deficiencies observed and detected during inspection are given and corrective measures are suggested by way of recommendations in the Inspection Reports, which are sent to the banks concerned for compliance.

It is understood that the Inspection Manual which is being followed needs to be revised to make it suitable for meeting the present requirements.

Since July 1984, the ACID has been made responsible for conducting inspection of all the agricultural credit institutions whose total number as on 30.6.84 stood at 3634 as shown below:

1. Cooperative Institutions

(a) Bangladesh Samabaya Bank Ltd. (BSBL) -	1
(b) Upazila Central Cooperative Association (UCCAs)	362
(c) Central Cooperative Banks (CCBs)	65
(d) Cooperative Land Mortgage Banks (CLMBs)	17
(e) Central Sugarcane Growers' Cooperative Societies	12
Total	<u>457</u>

2. Bangladesh Krishi Bank(BKB) branches	898
3. Branches of NCBs (including Uttara & Pubali)	2279
Grand total	<u>3634</u>

As lately decided, all the above institutions will be subjected to inspection atleast once in three years. The Department has accordingly been set up with 4 broad divisions viz, (a) BKB Division, (b) Cooperative Division, (c) NCB Division and (d) Implementation Division.

The main purpose of the inspection would be to analyse all overdue loans, classify them into three categories viz, Sub-standard, Doubtful and Loss so that the institutions concerned pay special attention to all such loans and make adequate provision of 50% and 100% respectively of the loans classified as 'doubtful' and 'Loss'.

13. EXCHANGE CONTROL DEPARTMENT (ECD)

13.1. Organisation

Bangladesh Bank as the controller of currency discharge its responsibility of maintaining the par value or external value of the currency through various control and regulatory measures as laid down under the Foreign Exchange Regulation Act, 1947 (FER Act), which is administered by the Exchange Control Department (ECD). The ECD at the Head Office, which is responsible for formulation as well as execution of the exchange control policies in consultation with the Govt. in the Ministries of Finance and Commerce has at present 4 broad Divisions which are designated as :

- A. Policy Division
- B. Inspection Division
- C. Investment Division
- D. Operation Division

13.2. Management

The organisational set up is shown at Annexure...?..... and the functions of its various Divisions and Sections are shown at Annexure.....10.....Formerly, there was one Controller of Foreign Exchange (CFE) as the Head of the ECD. Now there are two General Managers in place of the CFE who hold charge of two separate Divisions each and report to Executive Director IV (Mr. M.R.Khan) who looks after the affairs of the entire Department (ECD) and reports direct to the Governor or in his absence the Deputy Governor - I,

13.3 Functions

The functions of the 4 Divisions of ECD are broadly as under :

A. Policy Division

This Division deals with policies relating to :

- import and export;
- forward exchange bookings;
- export of jute and jute goods, export price certificate, (EPC) and export registration form (ERF) ;
- surplus freight and passage collection of foreign airlines, and shipping companies;
- Wage Earners Scheme (WES);
- foreign exchange budget and reserves;
- issuance of guarantee in respect of foreign currency loans;
- sale and purchase of foreign currencies and fixation of exchange rates;
- issuance of guarantees by authorised dealers (A/DG);

- Utilization procedure of foreign currency loans/ grants/barter etc. etc.

B. Investment Division deals with :

- foreign investment in Bangladesh;
- bilateral agreements with foreign countries;
- remittance of profit of foreign banks/companies;
- foreign currency loans;
- grant of overdraft/credit facilities to foreign companies;
- issue and transfer of shares to foreign companies;
- import of capital machinery on deferred payment basis;
- remittance of management fees of international hotels. etc. etc.

C. Operation Division :

Grants permits and gives approvals for release of foreign exchange for various proposes such as travel, education and training, medical treatment, import of books, magazines, periodicals of technical nature, issuance of NOC for release of foreign currency from convertible/Dollar Account of different organisations, remittances of foreign nationals employed in Bangladesh, payment of hotel bills of foreign nationals in Bangladesh.

- remittances for payment of export claimes, etc.
- payment of principal and interest of foreign loans
- approval of opening, amendment, extension of L/Cs. under aids/loans/credits, etc. etc.

D. Inspection Division

The banking part of the foreign exchange business has been entrusted to certain branches of all the scheduled commercial banks operating in the country, by giving them licence and designating them as authorised dealers (A/Ds) by Bangladesh Bank, Bangladesh Bank also gives licence to international hotels and even private individuals and firms to deal in foreign currency only and designate them as Authorised Money changers who can only purchase approved foreign currency at official rates. Both the Authorised Dealers and the Authorised Money changers are required to follow the drill laid down in a book titled "Exchange Control Manual which is a compilation of the Foreign Exchange Regulations and the circulars issued by the Exchange Control Deptt. from time to time. It also contains the various forms prescribed

by ECD to be used in foreign exchange transactions. The Authorised Dealers and Money changers are required to report all their foreign exchange transactions through regular returns and statements in the prescribed forms to the ECD. Besides checking the statements and returns, the ECD is also required to conduct regular inspection of the A/Ds, indenting houses, foreign firms, airlines, shipping companies/ recruiting agents, travel agents international hotels, to oversee whether they meticulously follow the Foreign Exchange Regulations in their dealings in foreign exchange. The Inspection Division of (ECD) is responsible for carrying out the abovementioned inspection and for following up/^{on} compliance with rectification/removal of their mistakes of irregularities detected during inspection.

14.1 Organisation

Before the creation of Bangladesh Bank there was a small unit of the Research Department of the former State Bank of Pakistan at its Deputy Governor's office at Dhaka, which after liberation, became the Head Office of Bangladesh Bank. The main responsibility of this unit of Research Department which was not fully independent and adequately equipped, was to study, analyse and review the economic and financial matters concerning the then province of East Pakistan and send comprehensive reports on all such matters to the Bank's Central Directorate at Karachi. After liberation, the Department was reorganised, strengthened and gradually developed to its present status of a full fledged Department. The Department now consists of 5 Divisions which are designated as :

- Division I : External Economics Division (EED)
- Division II : International Financial Institutions
Division (IFID)
- Division III : Internal Economic Division (IED)
- Division IV : Money And Banking Division (MBD)
- Division V : Special Studies And Project Division (SSPD)

Each of the Division has several sections as shown in the Department's organogram at Annexure ..8.....

14.2 Management

The Department has at present 3 General Managers who work under the direction of an officer of the rank of Executive Director, designated as the Economic Advisor.

14.3 Functions

The functions of the Department are broadly as under :

- to study closely the trends in the domestic economy as well as international economic developments with particular reference to monetary, fiscal and trade policies and problems ;
- to prepare comprehensive reports and reviews on economic and financial matters for perusal of the Governor, Deputy Governors, the senior Executives of the Bank and its Board of Directors to keep them fully informed of the latest developments in all such matters ;
- to prepare comments/views/opinion, on behalf of the Bank, on important economic, financial or such other issues referred to the Bank by the Ministries of the Government and Planning Commission;

- to give expert opinion on important matters referred to the Department by the major Operational Departments like ACD, BCD and Accounts Department of the Bank ;
- to represent the Bank on various expert committees constituted by the Government to examine and study economic issues;
- to make presentation to and participate in the discussion meetings with IMF, World Bank and other International Financial Organizations within the country and abroad;
- to prepare Daily News Summary, Monthly Bulletin, 'the Banks' Annual Report and Report on Currency and Finance;
- to review, analyse and appraise the monetary and credit situation as required to render advice to the Government on all economic and financial matters.

Division/Section wise distribution of the functions is given in some detail in the Appendix - A.

15.1. Organisation

The Bank by its charter i.e. Bangladesh Bank Order, 1972 (Art. 52 and 53) has been empowered to call for any information, statistics, statements returns from any banking and non-banking institutions in the country relating to their operations within and outside the country, as such information are necessary for formulation of monetary policy and giving appropriate advice to the Govt. on all financial, and fiscal matters. The Bank, therefore, considered it necessary to create and establish at its Head Office, a full fledged independent Department to be called the Statistics Department., like the one its predecessor, State Bank of Pakistan had at Karachi. The Department was organised with the officers and staff who had previously worked in any capacity in the Statistics Department of State Bank of Pakistan and it was gradually strengthened by recruiting officers with proper educational background and giving them the necessary training at home and abroad so that it could come to its present status, having five broad divisions, as noted below :

- A : Balance of Payments Division
- B : Banking Statistics Division
- C : Central Statistics Division
- D : Special Studies and Project Division
- E : Computer Division

Each of these Division is again sub-divided into several sections as shown in the organogram at Annexure-2-----

15.2 Management

Administration and management of the Department has been entrusted to the Departmental Head presently designated as the General Manager. He is responsible for reporting to the Economic Advisor who is the overall in-charge of the Statistics Department as well as the Department of Research. The works of these two Departments which are interrelated are required to be routed through Deputy Governor I to Governor.

15.3 Functions

The main responsibility of the Department is to produce and maintain correct and upto date statistics systematically on various aspects of the national economy, particularly money, banking, credit, finance and trade both internal and international. The principal functions of the Department as such include, among others, the following :

- (i) Regular collection and systematic compilation of various data on national economy;
- (ii) Preparation and publication of (a) Scheduled Bank's statistics and (b) Cooperative Bank's statistics, showing detailed analyses of their deposits, advances, borrowings, investments etc., from the figures regularly obtained from the banks in the prescribed forms.
- (iii) Compiling (a) Balance of Payments (b) Export Receipts and (c) Imports Payments, from figures reported by banks, which are more realistic than the figures reported by the Customs Department.
- (iv) Compilation of the figures for the Bank's Bulletin and other publications brought out regularly by the Department.
- (v) Computerization of the Bank's own statistics.
- (vi) Conducting special studies and surveys.

The Division/section wise functions of the Department are given in some detail as appendix at Annexure -----¹⁰

It may be noted that the Statistics Department provides the organisational support to the Research Department which is responsible for helping the Bank in formulating monetary policies and in tendering advice to the Govt. on important economic, financial and fiscal issues.

16. OPERATIONAL OFFICES

16.1 As mentioned earlier, Bangladesh Bank has established 6 offices- one each at Dhaka, Chittagong, Khulna, Bogra, Rajshahi and Sylhet, to carry out its functions as the Bankers' Bank and Bankers to the Government. Of all the offices, Dhaka office is the largest and full fledged one. It has the distinction of being the only office of issue (of currency). It has a full fledged Public Debt Office which deals with the management of Public Debts on behalf of the Government and has also a Securities Department which deals with the sale and purchase, and safe custody of Government Securities for and on behalf of the Government Administrators, Banks and Public Bodies like Municipal Corporations, Port Trusts, etc. All the operational offices have mainly two departments, namely Public Accounts Department (PAD) and Deposit Accounts Department (DAD) which in fact are the two wings of the Banking Department. Each of these offices has also a cash Department which handles cash transactions including issue and exchange of currency notes, coins etc. The officers entrusted with the responsibility of administration and management of these offices are designated as the General Managers (formerly they were designated as Managers). They work under the direction, control and general supervision of the Head Office. They are required to report to the respective Heads of Departments at the Head Office.

Functions

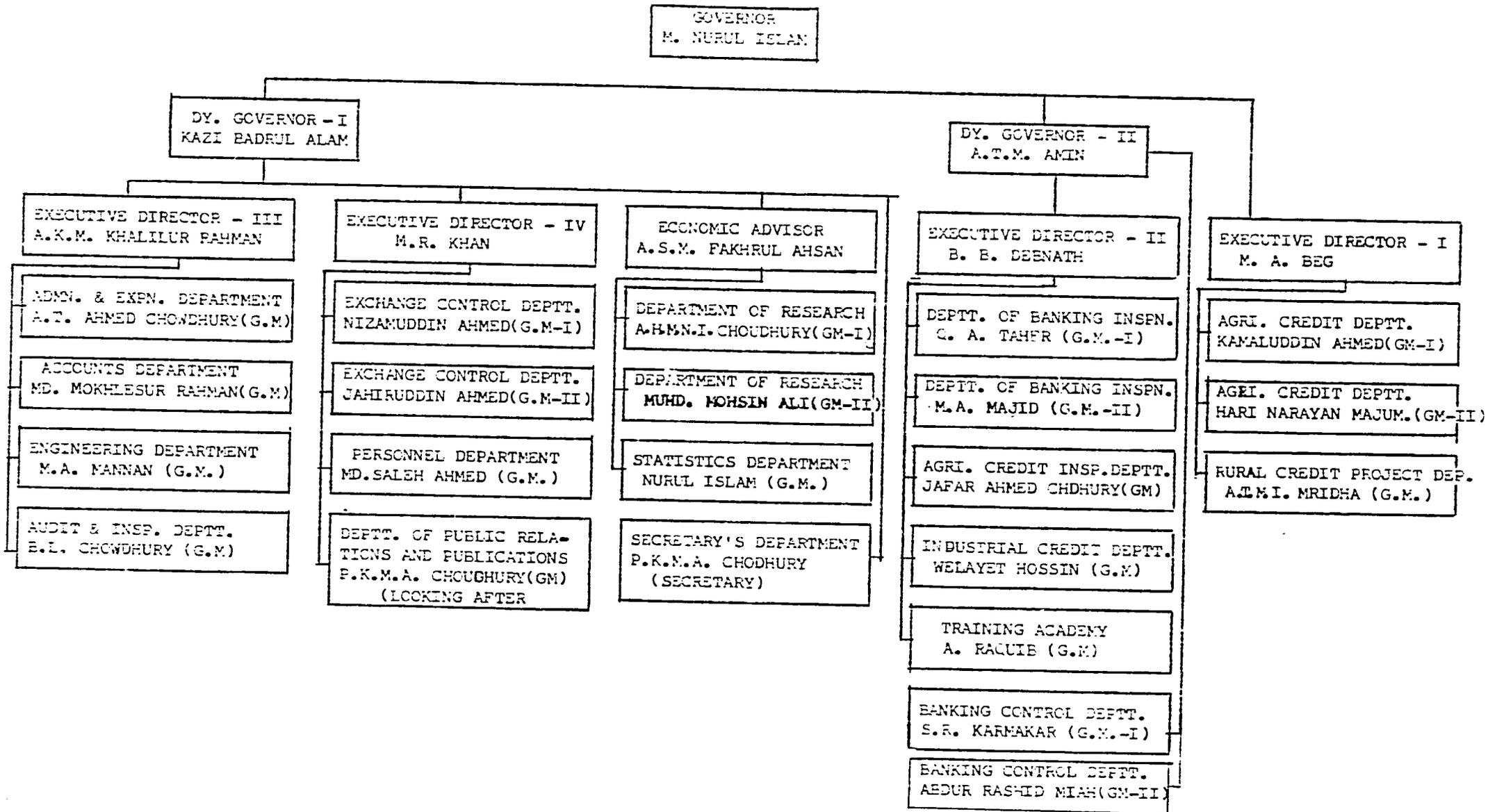
The Deposit Accounts Departments (DAD) of the operational offices maintain accounts of all scheduled banks operating in the area concerned. This Department is also responsible for providing remittance facilities to the banks as well as the general public, under the Bank's Remittance Facilities Scheme. This Department manages the Bankers' Clearing House which provides, the facility of clearing cheques, drafts and such other monetary instruments (called the negotiable instruments). This Department also deals with the Bank's loaning operations with the scheduled banks, sales and purchases of foreign exchange etc.

The Public Accounts Department (PAD) deals with all banking transactions for and on behalf the Government (other than management of Public Debt) including receipts and payments on Government account. These transactions are carried out in accordance with the

provisions of the Government Treasury Rules and are subject to the regulations of Public Accounts. The PAD is responsible for reporting these transactions along with the vouchers to the Accountant General of the Government as well as to the Accounts Department of the Bank's Head Office at Dhaka where the Government Accounts are maintained in a consolidated manner under 4 broad 'Heads'. The Bank has agency arrangement with the Sonali Bank for handling on its behalf the Government transactions at places where there is no office of the Bank. Sonali Bank reports these Govt. transactions direct to the Bank's Accounts Department at the Head Office.

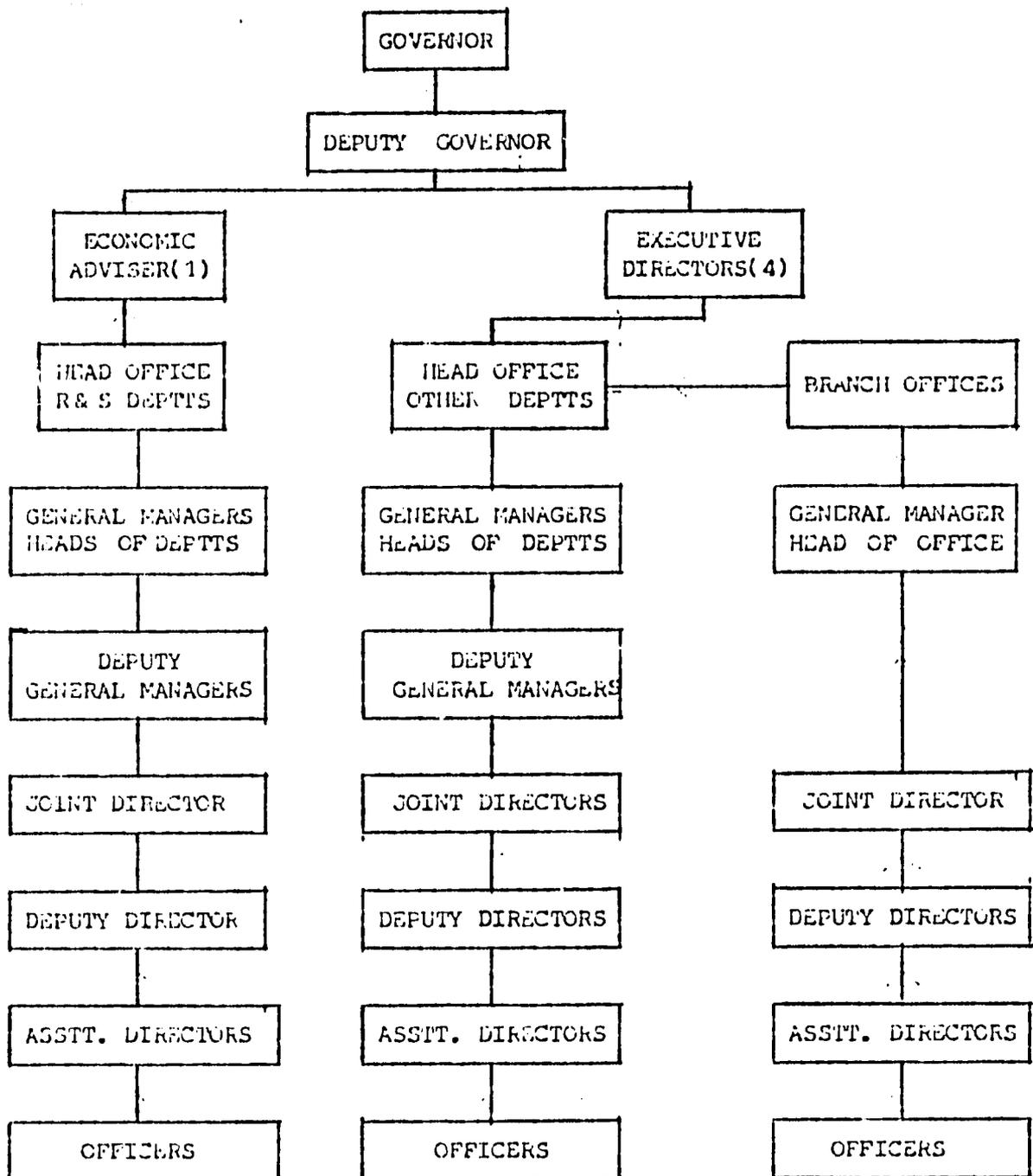
As for the work relating to issue and supply of currency including coins subsidiary coins etc. on behalf of the Govt, the Bank's Dhaka office maintains the main Issue Department which is under the charge of an officer designated as the currency officer, under the administrative control of the General Manager, Dhaka office. The Issue Department of Dhaka office operates through the other offices of the Bank as well as the Sonali Bank where currency chests are maintained for the purpose.

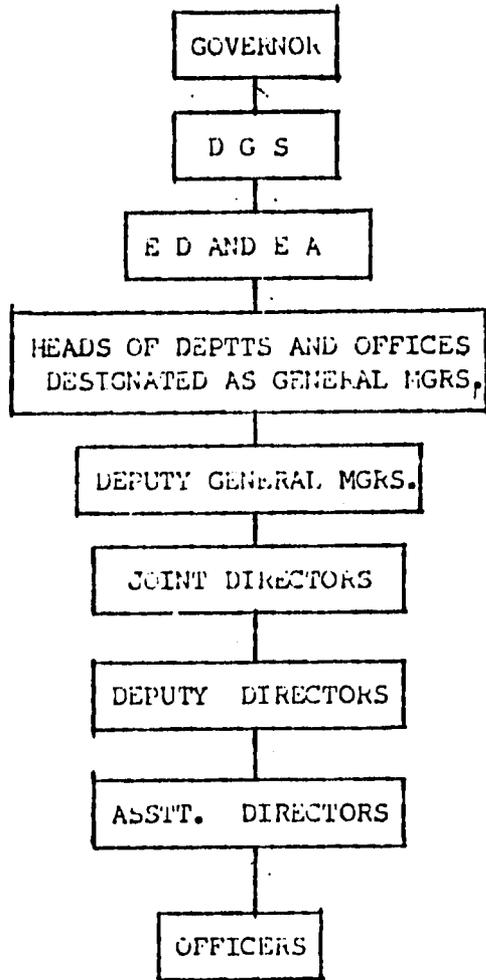
BANGLADESH BANK ORGANIZATIONAL CHART



21

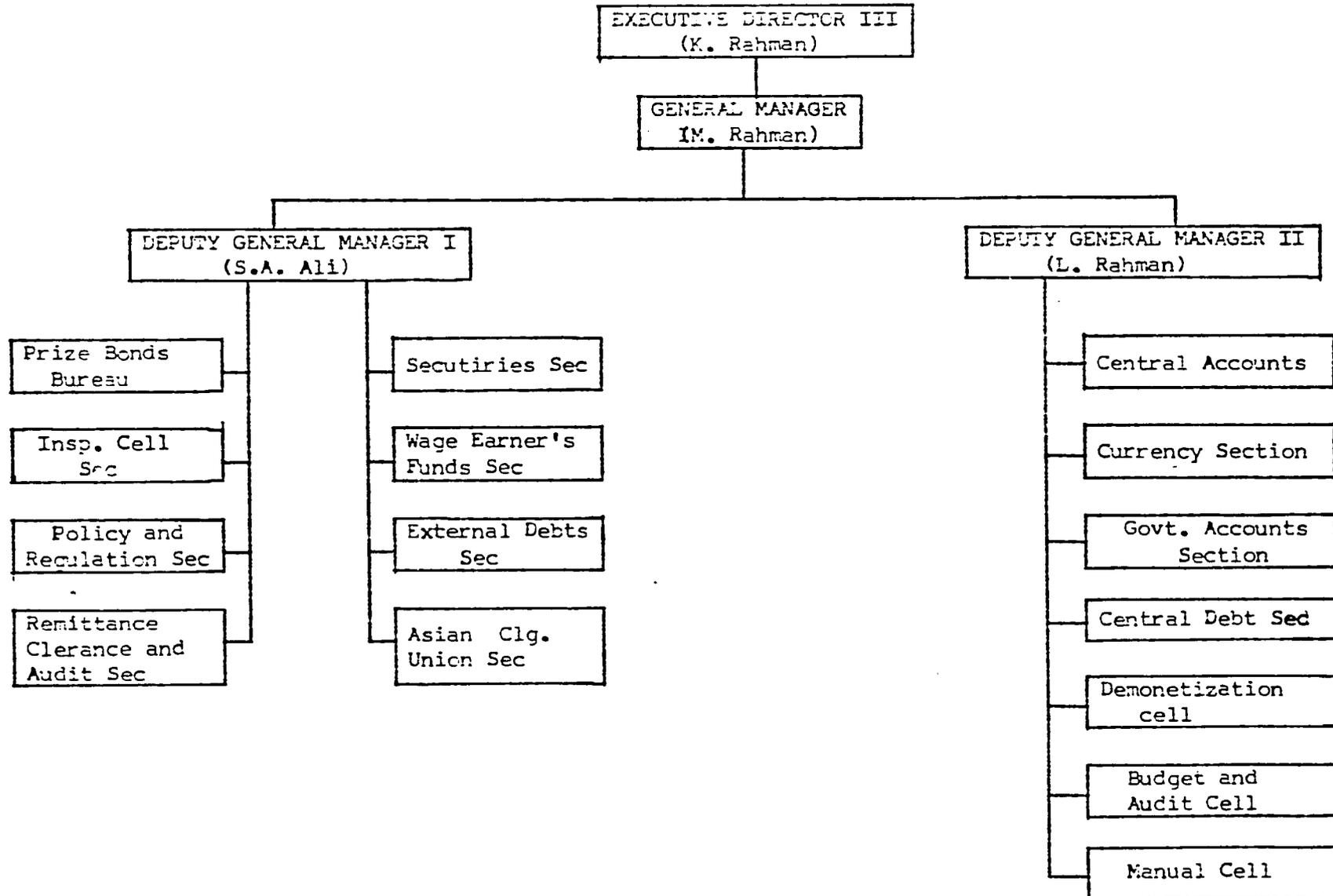
OFFICERS HIERARCHICAL POSITION



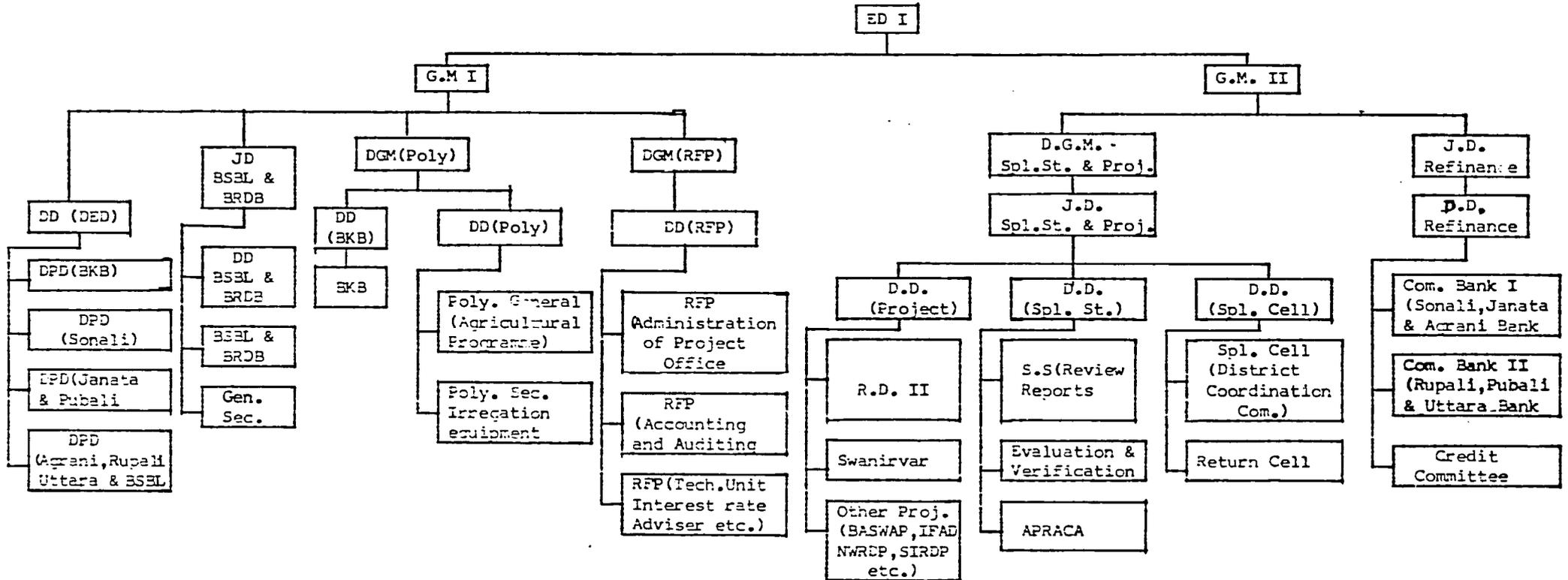


ACCOUNTS DEPARTMENT

ORGANOGRAM



ORGANOGRAM
OF
AGRICULTURAL CREDIT DEPARTMENT (ACD)



ACD DEPARTMENTAL ORDER NO. 12/1985

Consequent upon sanctioning of one additional post of General Manager in ACD, the workload of the Department has been distributed among the 2 General Managers as under :-

General Manager-I

1. General Policy - General agricultural credit policies and programmes, annual agricultural credit programme, crop financing programme and monitoring of DACC's activities.
2. Sectoral policy - Agricultural Credit policies programmes regarding sectors like irrigation, fishery, cold storage, horticulture, etc.
3. BKB Section - All cases relating to BKB and its financing.
4. Cooperative Section. - All cases relating to LRDE and BSBL financing.
5. RFP Section - Implementation of Rural Finance Project which deals with policy reforms.
6. Data Processing Unit. - Introduction and implementation of computerised data base for agricultural credit.
7. General Section - Deals with administration.

General Manager III. Refinance Operations(NCB)

1. Commercial Bank Section-I - Refinancing against agricultural credit of Sonali, Agrani & Rupali Bank.
2. Commercial Bank Section II - Refinancing against agricultural credit of Janata, Pubali & Uttara Bank Ltd.
3. Credit Committee Section.

II. Special Studies Unit

1. Special Studies Section
2. AFRACA Section
3. Evaluation & Verification Section.

III. Special Project Unit

Dealings with RD-III, Swacharvar, BASWAP, IFAD Project, NWRDP, SIRDAP, etc.

IV. Special Coll (SACP)

These cases will be routed as shown in the organogram
in Annexure-I & II.

(Kamal Uddin Ahmad)
General Manager

AGRICULTURAL CREDIT DEPTT.
BANGLADESH BANK
HEAD OFFICE
DHAKA

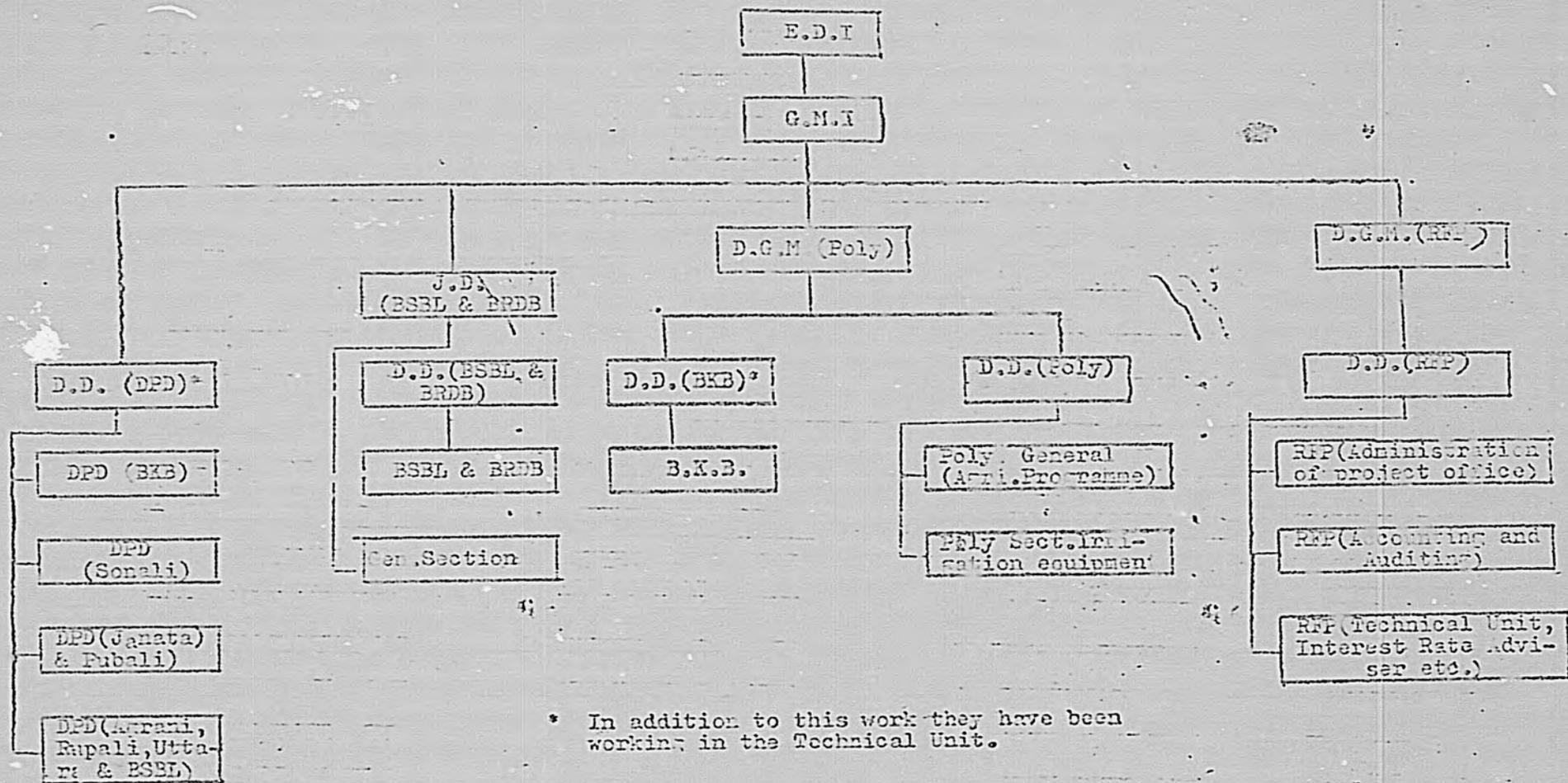
DATED THE 2ND MAY 1985

Encl. No. ACD(G)204/85-141 A of date

Copy forwarded for information and necessary action to :-

1. The General Manager, Personnel Department, Bangladesh Bank, Head Office, Dhaka.
2. The General Manager, Administration & Expenditure Department, Bangladesh Bank, Head Office, Dhaka.
3. The General Manager II, ACD, Bangladesh Bank, Head Office, Dhaka.
4. All concerned.

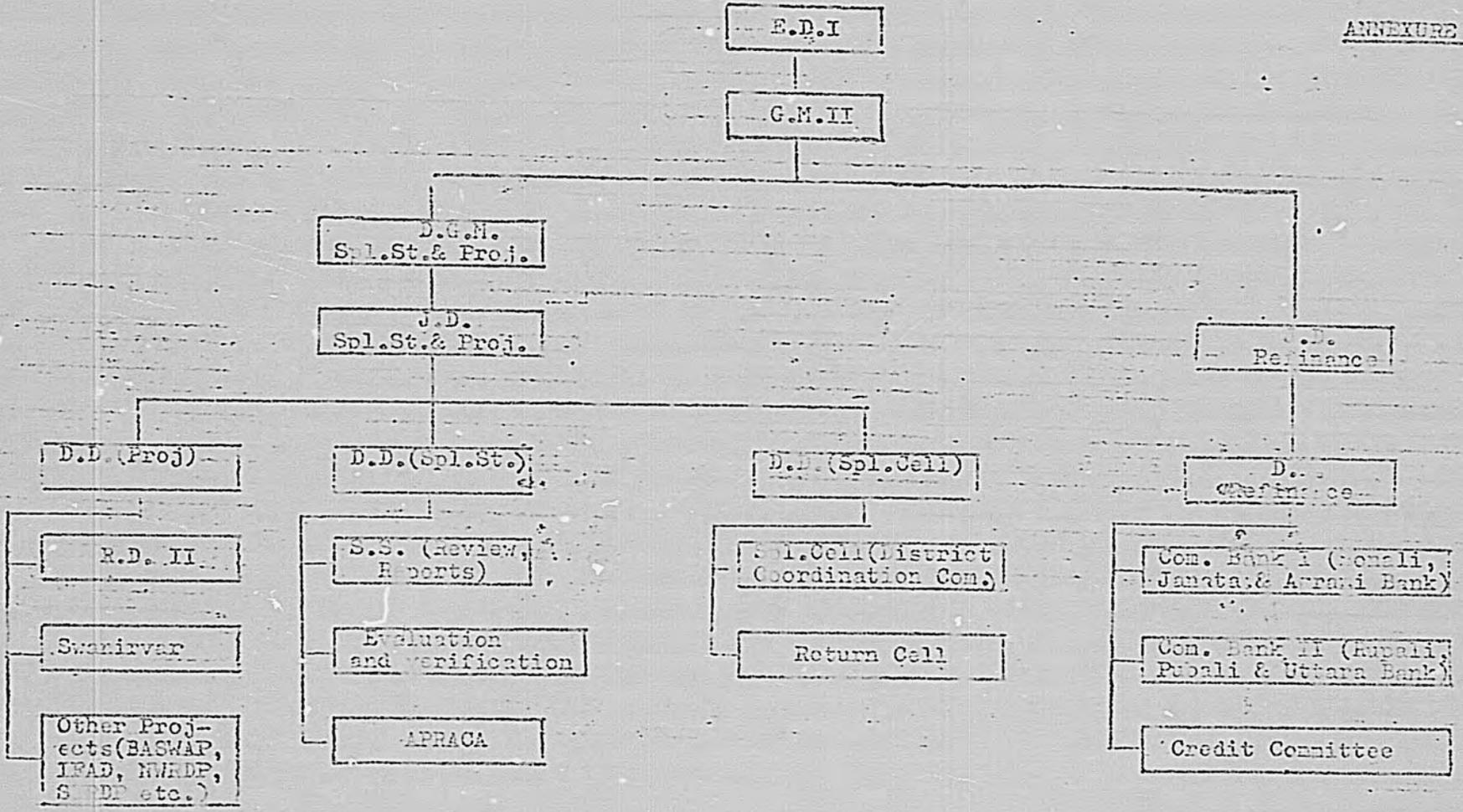
(H. H. Hafez)
Joint Director
Tel: 235000, 628



* In addition to this work they have been working in the Technical Unit.

1/11

ANNEXURE II



THE STAFF POSITION WILL BE AS UNDER

Deputy General Manager

1. Mr. Mohiuddin Z. Amin (Policy)
2. Mr. Didarul Islam (RFP)
3. Vacant (Project & Studies)

Joint Director

1. Mr. M.H. Jafiz (BSBL, BRDB & General Section)
2. Mr. Abdul Mubin Miah (Refinance)
3. Mr. Abul Jushem (Project & Studies)

Deputy Director

1. Mr. Murshid Kuli Khan (Policy & Technical Unit)
2. Mr. A.T.M. Nasiruddin (DFD & Technical Unit)
3. Mr. Mir Abdur Rabim (BKB)
4. Mr. Mahfuzur Rashid (RFP)
5. Mr. Mehqullah Miyon (Co-op., BSBL & BRDB)
6. Mr. Md. Alam Khan (Area Project)
7. Mr. Md. Nahabubul Islam (Special Studies, Evaluation & Verification)
8. Mr. Asoke Bandhu Das (Refinance)
9. Mr. N.I. Mollah (Special Cell)

Assistant Director

1. Mr. Kh. Khalidur Rahman (DPD-BKB)
2. Mr. Nirmal Kumar Roy (DPD - Sonali)
3. Mr. Velayet Hossain (DPD - Janata & Fubali)
4. Mr. Shahidul Islam (DPD - Agrani, Rupali, Uttara & BSBL)
5. Mr. Md. Wali Ahmed Patwary (DPD - Statistics)
6. Mr. Abdul Hakim Mia (C.C.)
7. Mr. Kazi Mohsin Reza (BSBL & BRDB)
8. Mr. Md. Delwar Hossain (General Section)

9. Mr. M. A. Satter (BKB - Policy)
10. Mr. Syed Shahadat Hossain (Agricultural Programme)
11. Mr. Abul Khair Majumder (Sectoral Policy)
12. Mr. Mansur Rahman (Administration of Project Office)
13. Mr. Shamoul Alam (RFP - Accounting & Auditing)
14. Mr. Md. Azizullah (RFP - Tech. Unit, Interest Rate Advisor etc.)
15. Mr. Nurul Haq (RD-II)
16. Mr. A.Q.N. Jalaluddin (Swanirvar Project)
17. Mr. Habibur Rahman (BASWAP, SIRDP etc.)
18. Mr. D.P. Roy (IFAD & NWRDP)
19. Mr. Zesuddin Ahmed (Special Studies - Review, Reports)
20. Mr. Shamoul Huda Khan (Special Studies)
21. Mr. Anjad Ali Miah (APRACA)
22. Mr. Afazuddin (Verification & Evaluation)
23. Mr. Anwar Hossain Sikder (Special Cell - District Coordination Com.)
24. Mr. Mojamel Haq Khan (Returns)
25. Mr. Anwar Hossain Mia (Return Cell)
26. Mr. A.K. Fazlul Haq (Commercial Bank I - Sonali, Janata & Agrani)
27. Mr. M.A. Rashid (Com. Bank-II-Rupali, Pubali & Uttara)
28. Mr. Kazi Abdus Samad (D.P.L.)
29. Mr. Ali Akbar Khan (Co-operative)
30. Mr. A.H. Razee Hasan (Attached with P.S. of USAID)
31. Mr. Manirul Islam - under training in Research Department.

Officers

1. Mr. Md. Anwarul Ameen (D.P.D.)
2. Mr. Anu Ranjan Das "
3. Mr. Khalir Ahmed "
4. Mr. Md. Motim (MSBL & BRDB)
5. Mr. Dew n' chiuddin Ahmed (General)
6. Mr. M.A. Hider (General)
7. Mr. Md. Ra'iqul Hoque (Policy-General)
8. Mr. Anwaros Saha (Policy-Sectoral)

9. Mr. Shyamal Ranjan Kar (RFP - Adm. & Project Office)
10. Mr. Md. Shamsul Hoque (RFP - Accounts & Audit)
11. Mr. Abul Haseeb (BKB)
12. Mr. Abu Bakr Siddique (RD-II & Swanirvar)
13. Mr. Anisur Rahman Howlader (Other Projects)
14. Mr. Debaprosad Debnath (Other projects-NWRDP)
15. Mr. Kalipada Sarker (Special Studies)
16. Mr. Md. Abdul Mannaf (Ret. Cell)
17. Mr. Md. Mozammel Hossain Sarker (Credit Committee - Refinance)
18. Mr. Md. Jairul Abedin (G.M.'s Section.)

Clerical Staff

1. Mr. M.A. Awal (D.P.D)
2. Mr. Md. Anaduzzaman Khan (D.P.D.)
3. Mr. Md. Abul Kalam (Policy - Sectoral)
4. Mrs. Laila Arjumand Bano (General Section)
5. Mr. Md. Natiur Rahman (Policy- General)
6. Mr. Sarder Shrab Hossain (BSBL & BRDE)
7. Mr. Md. Zawadul Nurir (RFP)
8. Mr. M.A. Samad (RD-II and other Project)
9. Mr. Rejoy Kumar Das (Special Cell)
10. Miss Sanchita Rani Das (Credit Committee - Refinance).

Other Staff

Typist

- | | | |
|--------------------------|---|---------------------|
| 1. Mr. Md. Nurul Hossain | Y | General Manager -I |
| 2. Mrs. Namita Rani Das | X | |
| 3. Mr. Md. Nazrul Islam | Y | General Manager -II |
| 4. Mrs. Aloya Khatun | X | |

MESS (Peon)

- | | | |
|--------------------------|---|--------------------|
| 1. Mr. Bachchu Miah | Y | General Manager-I |
| 2. Mr. Md. Serajuddin | X | |
| 3. Mr. Md. Ariful Haque | Y | General Manager-II |
| 4. Mr. Md. Mominul Hoque | X | |

CS

Stenographer

1. Mr. Md. Ali Haider (General Manager-II)

Caretakers

1. Mr. Md. Shafiullah General Manager-I
2. Mr. Md. Tanu Miah General Manager-II

Jamadar

1. Mr. Md. Muslim D.G.M-I & D.G.M-II

Daftary

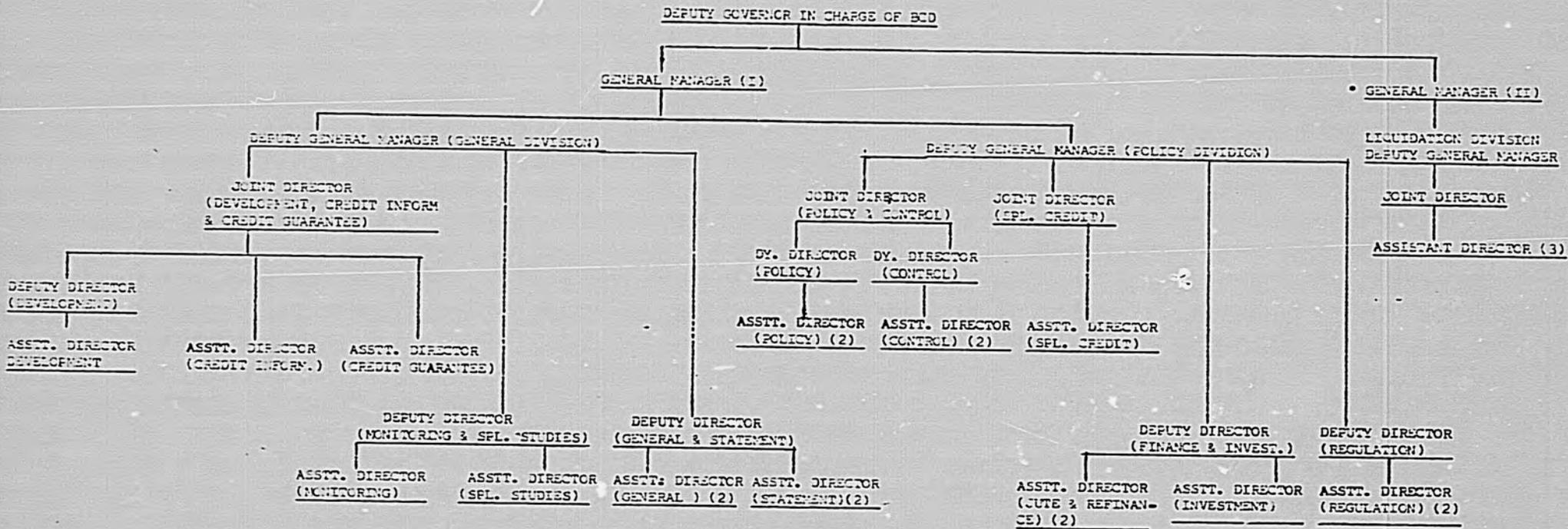
1. Mr. M.A.Razzauque Khan A.C.D.

Khidmatgar

1. Mr. Jamir Ali A.C.D.

----- X -----

BANKING CONTROL DEPARTMENT
ORGANOGRAM



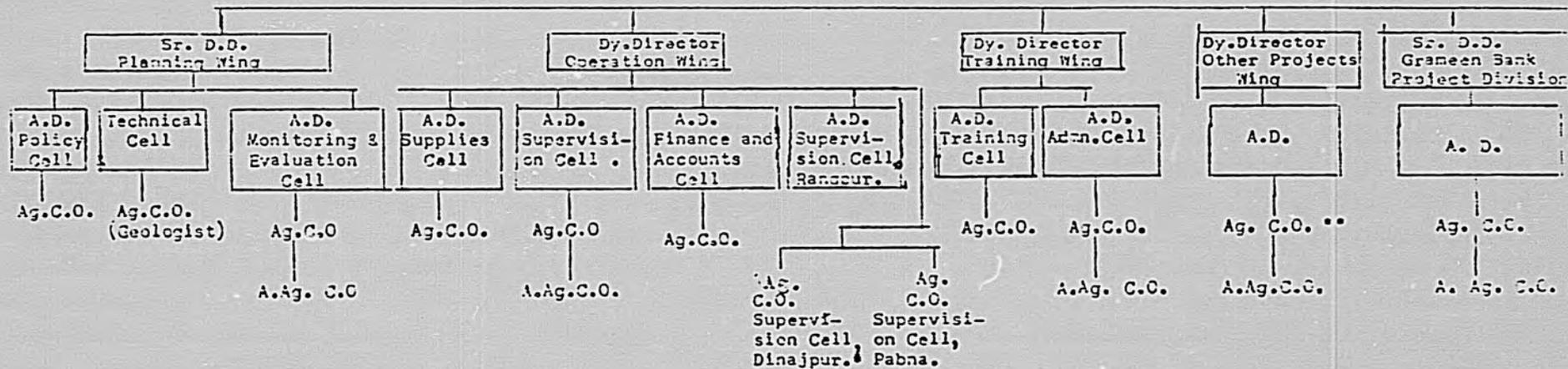
* A newly created post. Job details in addition to Liquidation Division has not yet been fixed.

RURAL CREDIT PROJECT DEPARTMENT

BANGLADESH BANK

DIRECTOR

DIRECTOR



Sr.D.D.	-	Senior Deputy Director
A.D.	-	Assistant Director
Ag.C.O.	-	Agricultural Credit Officer
A.Ag.C.O.	-	Asstt. Agricultural Credit Officer.

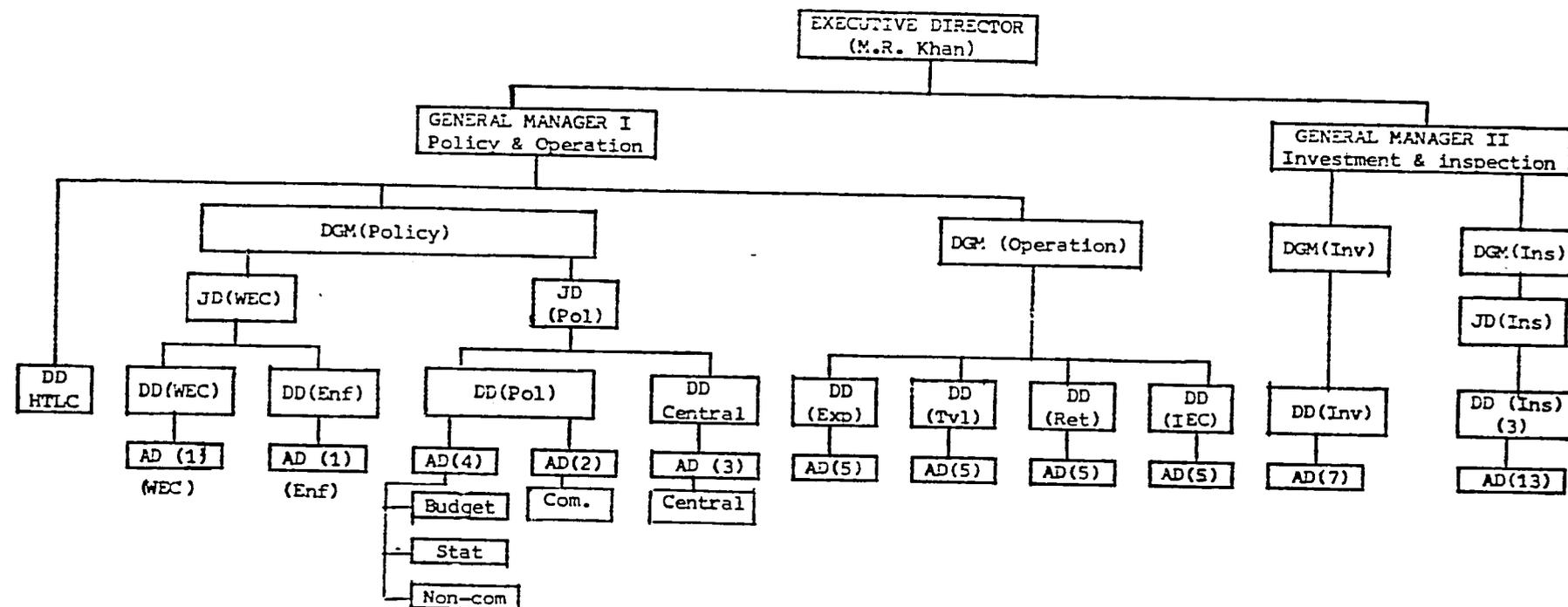
* There are two other Supervision Cells of the Department at Rajshahi and Bogra, which are attached to the respective offices of Bangladesh Bank.

** Including one Horticulturist and two Agricultural Economists.

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ORGANOGRAM
OF
EXCHANGE CONTROL DEPARTMENT (ECD)



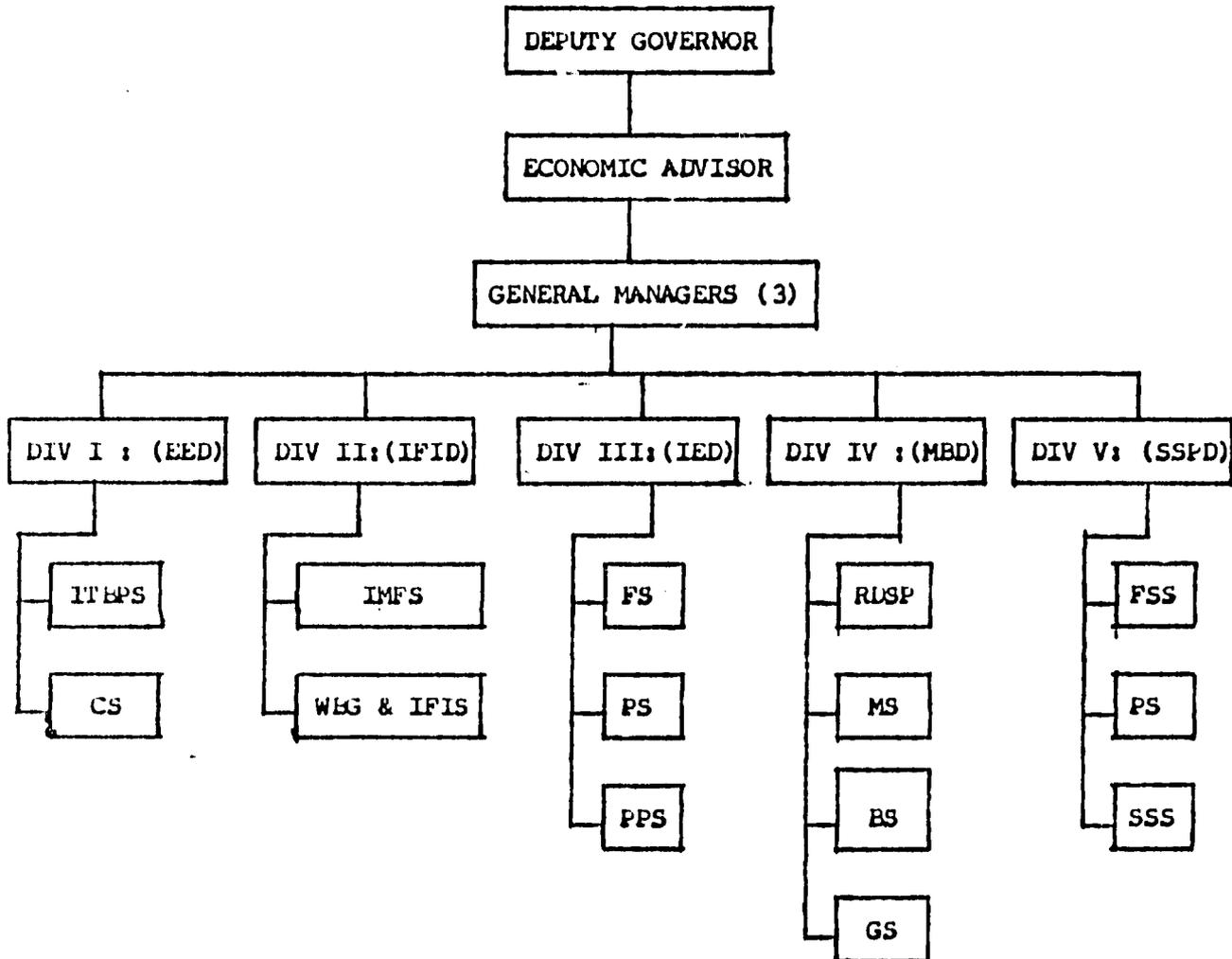
- | | |
|--------------|---|
| 1. HTLC | = Hard Term Loan Committee |
| 2. WEC | = Wage Earners Cell |
| 3. Central | = Deals with foreign aids, grants, barter |
| 4. IEC | = Import Entitlement Certificates |
| 5. Gen. Mgr. | = General Manager |
| 6. DGM | = Deputy General Manager |
| 6A. Enf | = Enforcement Section |

- | | |
|---------|-------------------|
| 7. JD | = Joint Director |
| 8. DD | = Deputy Director |
| 9. AD | = Asstt. Director |
| 10. Exp | = Export |
| 11. Tvl | = Travel |
| 12. Ret | = Returns |

- | | |
|----------|--------------|
| 13. Stat | = Statement |
| 14. Com | = Commercial |

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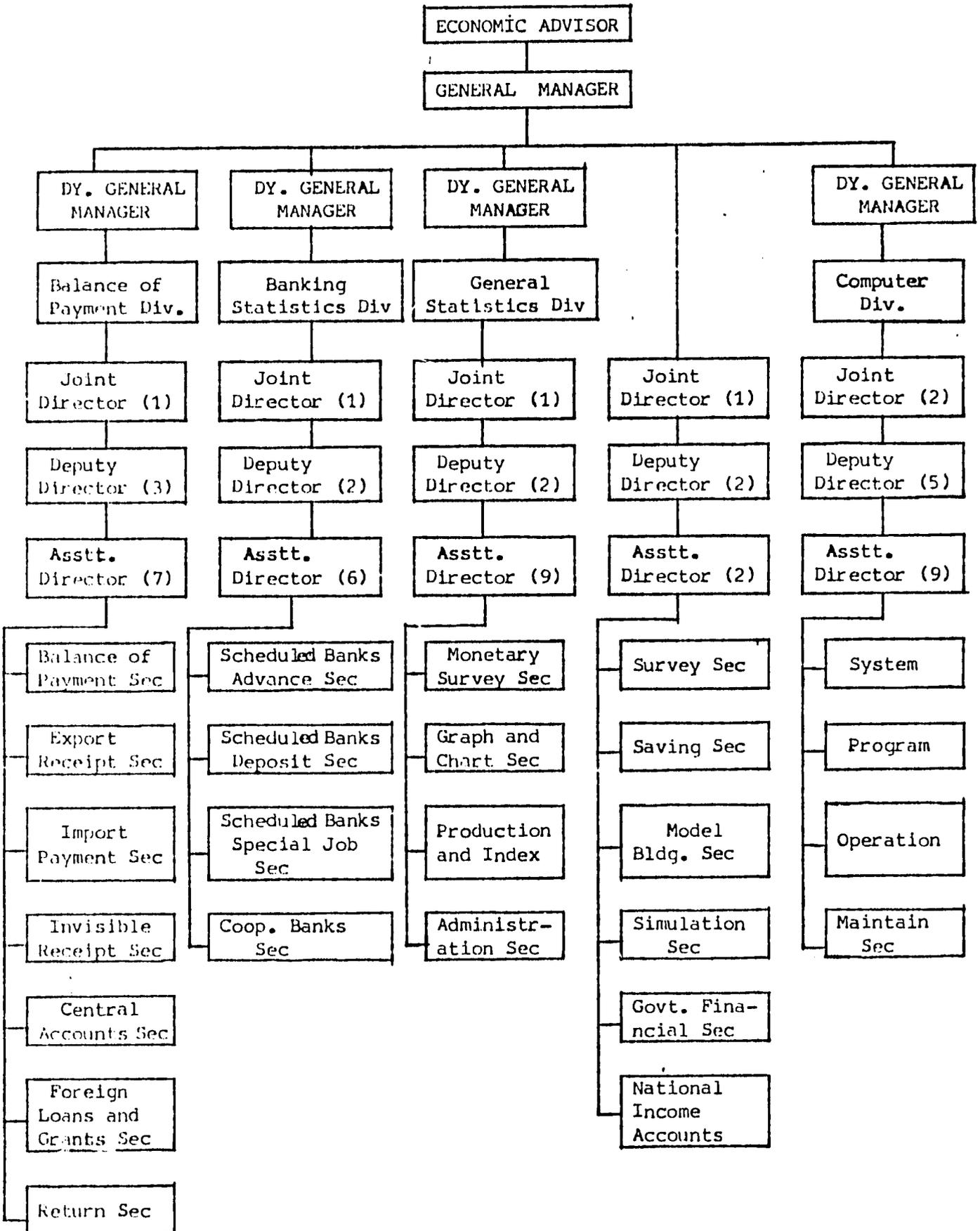
Organizational set up of the Department of
Research, Bangladesh Bank



Legend

- | | | |
|-----------|---|--|
| 1. EED | = | External Economics Division |
| 2. EFID | = | International Financial Institution Division |
| 3. IED | = | Internal Economics Division |
| 4. MBD | = | Money and Banking Division |
| 5. SSPD | = | Special Studies and Publications Division |
| 6.. ITBPS | = | International Trade and Balance of Payment Section |
| 7. CS | = | Commodities Section |
| 8. IMFS | = | International Monetary Fund Section |
| 9. WBG | = | World Bank Group |
| 10. FS | = | Food Section |
| 11. PS | = | Prices Section |
| 12. PPS | = | Periodical Publications Section |
| 13. RDSC | = | Rural Development Studies Cell |
| 14. MS | = | Monetary Section |
| 15. BS | = | Banking Section |
| 16. GS | = | Govt. Section |
| 17. FSS | = | Fiscal Studies Section |
| 18. SSS | = | Special Studies Section |

**ORGANOGRAM
OF
STATISTICS DEPARTMENT**



ACTIVITIES OF EXCHANGE
CONTROL DEPARTMENT

A. POLICY DIVISION

- Implementation & follow-up of Import & Export Policies formulated by the Government.
- Permit for appointment of overseas agents by local exporters for promotion of exports.
- Extension/closure of forward exchange contracts and policies thereof.
- Policies regarding exports of jute and jute goods and procedures of export price certificates (EPC) and export registration forms (ERF).
- Secretarial services for conducting regular meetings of different committees relating to export of jute and jute goods.
- Monitoring/Coordination of EPC registration.
- Issuance of guidelines from exchange control angle in respect of imports and exports.
- Policies relating to surplus freight and passage collections of foreign airlines and shipping agencies and remittance facilities thereagainst.
- Procedural matters relating to insurance/re-insurance against exports/imports.
- Issuance of Exchange Control Manual, Booklet of instructions, summary of Exchange Control Regulations etc. and amendments/additions thereto.
- Policies with regard to operation of the Wage Earners' Schemes and attending to the complaints/allegations/suggestions etc. with regard to inward remittances & improvement of the scheme.
- Monitoring of compulsory remittance of 25% earnings by the deputationists abroad.
- Monitoring disposal of the Wage Earners' Fund by auction.

- Posting of bank representative abroad for the purpose of promotion of remittances to Bangladesh & matters relating to employment of Bangladesh nationals abroad.
- Maintenance of statistics with regard the transactions under Wage Earners' Scheme.
- Review of W.E. Scheme & management of purchase and sale of W.E. funds daily by the Authorised Dealers.
- Review/preparation of foreign exchange budget, review of foreign exchange reserve, review of registration of raw jute and jute goods.
- Review of outstanding commitment of letters of credits, preparation/revision allotment of code lists.
- Collection of various data relating to exports, import invisible receipts and payments, compilation of data in respect of re-imburement of local cost of aided projects, compilation of statistics relating to family maintenance, foreign money orders, money changers' business, convertible taka as foreign currency accounts, foreign exchange release to private invisibles, blocked accounts and securities, donations, ready sale of foreign currencies and figures of 'P' forms approval.
- Issuance of guarantee in respect of foreign currency loans.
- Allocation of Authorised Dealers' code numbers.
- Passage and freight collection of Biman & foreign airlines.
- Monitoring repatriation of export proceeds.
- Actions from enforcement angle under Foreign Exchange Regulation Act, 1947 (as adapted in Bangladesh) for non-realisation of export proceeds, indenting commission, passage costs, non-submission of Exchange Control Copy of Bill of Entry in respect of import cases, over-invoicing & under-invoicing in cases of exports & imports, currency racketeering & smuggling, management of non-resident properties & transfer of sale proceeds, all fraud & forgery cases involving foreign exchange.

- Policies in respect of booking of passages of Bangladesh nationals for their travel abroad for various ^{purposes} like private visits, business travels, higher studies, official visit, employment abroad, delegation abroad, booking of passages for foreign nationals.
- Release of foreign exchange for various non-commercial purposes.
- Sale & purchase of foreign currencies, fixation of rates of exchange of different currencies.
- Permission to Authorised Dealers to maintain foreign currency balances abroad & to open foreign currency accounts with foreign banks.
- Issuance of Authorised Dealership Licence to banks for dealing in foreign exchange, issuance of money changers licence.
- Policies regarding issuance of guarantees by Authorised Dealers favouring non-resident, payment of hotel bills in foreign exchange by foreign nationals and allowing exemptions therefrom, disposal of non-resident properties.
- Release of foreign exchange for membership/registration fees, subscription for books, magazines, journals etc. miscellaneous visible remittances, medical treatment abroad etc.
- Policies with regard to maintenance of non-resident accounts/ non-resident blocked accounts by non-resident foreign nationals.
- Management of import & export of foreign currency notes, silver, jewellerys, gold, gold bullion etc.
- Cases relating to remittance on account of travel, family maintenance, leave salary, pension, provident fund, superannuation fund capital transfer of foreign nationals working in public/private organisations in Bangladesh.
- Policy restricting currency racketeering & smuggling across the border belt.
- Issuance of operational procedures for private bonded houses, sale & purchase of bonded goods to diplomatics & privileged persons.

- Recognition to non-IATA travel agents, checking mal-practices by airlines/travel agents/authorised dealers/money changers.
- Permission for opening & operation of F.C. accounts, convertible & non-convertible taka accounts.
- Policies regarding package tours & issue of blank 'P' forms.
- Examination of drafts of agreements to be signed between Bangladesh Government and foreign Government/agencies for loans/credits/grants/barters etc. and offering comments on it, scrutiny and finalisation of banking arrangements of the agreements, designating banking institutions for handling transactions under agreements.
- Preparation of utilization procedures and statements of the foreign loans/credits/grants/barters and following-up progress of its implementation, attending the periodical meetings in the Ministry of Finance & Ministry of Commerce with regard to utilization of the funds.
- Obtaining re-imburements from the donar countries/agencies by submitting cash documents of imports.
- Issuance of instructions in respect of utilization of IDA commodity credits and DECF commodity loans and designating banks for handling transactions thereof.
- Receipt of applications alongwith necessary documents relating to procurement of commodities under IDA commodity credit from designated banks for scrutiny and onward transmission to IDA through World Bank's local office for issuance of qualified agreements to re-imburement.
- Receipt and processing of amendment advice and import documents in respect of re-imbursable L/Cs and despatch the same to IDA Head Office, disposal of the applications received from the designated banks for eligibility of procurement under OECF commodity loans, communications with Japanese banks regarding OECF commodity loans.
- Following-up utilisation of funds under OECF commodity loans and IDA commodity credit.

B. INSPECTION DIVISION

- Conducting regular inspection on the foreign exchange transactions of the authorised dealers (banks), indenting houses/agents, foreign firms, airlines, shipping companies, recruiting agents, travel agents, international hotels etc.
- To oversee whether the Foreign Exchange Regulations are being meticulously followed by the banks & other organisations dealing in foreign exchange and involved in foreign exchange transactions.
- Examining the inspection report of the banks & other organisations involved in foreign exchange transactions and following-up compliance with rectification/removal of irregularities/mistakes committed by them which are detected during inspection.
- Following-up proper compliance with the removal of irregularities mentioned in the Audit & Inspection Reports of Bangladesh Bank's area offices and Registration Units received from Audit & Inspection Department.

C. INVESTMENT DIVISION

- Monitoring of foreign investment in Bangladesh Joint venture, bilateral agreement with foreign countries, industries in Export Processing Zone, Remittance of profit of foreign banks & companies.
- Permission for incorporation of foreign/joint venture companies, issue and transfer of shares to non-resident foreign shareholders, remittance of dividend/technical know how fees to foreign collaborators, permission to recruiting agents.
- Monitoring of Bangladesh shipping companies, Bangladesh construction companies & banks working abroad, opening of business houses abroad by Bangladeshi nationals, permission to shipping agents for handling etc. of foreign flag vessels.
- Permission to local agents doing indenting business on behalf of their foreign principals, permission to open liaison office in Bangladesh by foreign companies.

- Permission for bringing in repatriable foreign currency loan, issue of repatriation guarantee against foreign currency loan, grant of overdraft/credit facilities foreign companies, issue & transfer of shares to foreign companies, remittance of management fees etc. to foreign operating companies of international hotels, remittance to foreign news agencies/service fees/charges etc.
- Permission for acquiring fishing trawlers etc. under 'Pay-as-you-earn' scheme', monitoring of Bangladesh Shipping Corporation and Bangladesh Biman.
- Permission for obtaining foreign currency loan for import of capital machineries under deferred payment arrangement.
- Secretarial services for Hard Term Loan committee arranging meeting thereof, preparation of comments on the proposals, arrangements for long term foreign currency loans for public sector organisations.

D. OPERATION DIVISION

- Sale & purchase of different forms, books etc, distribution of various circulars to the Area Offices of Bangladesh, Authorised Dealers & other concerned organisations.
 - To ensure repatriation of export proceeds, issue of jewellery & non-objection certificate for special type of export etc.
 - Receipt of IMP forms & checking the same with the relative invoices/licences/customs bills of entry etc.
 - Issuance of Import Entitlement Certificates to the exporters in different denominations in Pound Sterling and U.S. Dollars based on FOB value of export receipts which are freely transferable in the open market by endorsement at the back.
- Foreign Exchange Budget
- Maintenance of foreign exchange budget allocations of different Ministries & departments under them made by Ministry of Finance in every financial year, Maintenance of proper accounts against different

budgetary heads & release of funds thereof, Maintenance of proper accounts against imports of food grains and allied, imports of rice & wheat on different payment basis & payment of freight charges for import of food grains against cash purchase, PL-480-1, other grants, loans & aids, Maintenance of accounts of budgetary allocations of Bangladesh Biman, development & non-development imports, public invisibles, debts, loans by instalments, interest, service charges etc. cash import policy for POL TCB, sector corporations, export-oriented industries, Coal Controller, Bangladesh Railway, other Government agencies and autonomous bodies.

- Permission for remittances in respect of re-insurance premia, membership fees, annual subscription of Sadharan Bima Corporation to different foreign re-insurance companies/organisations, approval for marine insurance claim against non-traditional items, remittance & disbursement of foreign airlines, shipping companies, public agents, remittance of claim cases on account of short shipment, commission etc. against exports from Bangladesh, approval of remittance on account of payment principal & interest payment, bank charges under various loans & credits, approval of opening/amendment/extension/encashment of L/Cs under aids/loans/credits & approval of remittance of excess amount against back to back L/Cs opened under special arrangement.
- Approval of 'P' forms in respect of private visit including foreign nationals, Govt. visit, individual visit, group employment issuance NOC for release of foreign currency for public & private sector : issuance of permit for release of foreign currency in case of Govt. employee, issuance of NOC for release of foreign currency from convertible/Dollar account of different organisations, approval of passenger ticket advance (PTA) in case foreign experts etc.

- Approval of 'P' forms in respect of defence personnels/other officials students undergoing training/higher studies abroad, approval of 'P' forms and TM forms for business travel abroad, permission for remittances of salary, TA, DA, TC, etc. of defence personnels undergoing training abroad, for higher studies and for office expenses & other purposes of Govt. offices & other organisations operating abroad, remittances for membership fees, examination fees etc. in foreign universities/institutions for medical treatment abroad & family maintenance of foreign nationals employed in Bangladesh, permission for payment of hotel bills of foreign nationals in local currency.
- Registration of Export Registration Forms (ERF) for sale of jute goods, amendments/extensions/substitutions of the registered ERFs, preparation of statements of the sales for onward submission to the Ministry.
- To allow registration of Export Certificate (EPC) forms for sale of raw jute, scrutiny as to see whether the prices are as per market quotations & relative contracts etc.
- Scrutiny of the monthly foreign exchange returns in respect of payments & receipts made by the Authorised Dealers, detection of irregularities committed by Authorised Dealers, Maintenance of the foreign exchange balance register, watch register etc. in respect of head offices of Authorised Dealers.
- Receipt, of quarterly statements of indenting commission/ passage cost/ agency commission earned by the indenting firms/recruiting agents, checking the same to see whether the commission etc. in foreign exchange are repatriated into the country, approval of blanked 'P' forms for employment abroad, receipt of indent copies, TM forms for travelling & miscellaneous payments made by Authorised Dealers, receipt of statements of inward remittances & blocked accounts and following-up the same.

- Dealing with the passage/freight/refund statements submitted by foreign airlines operating in Bangladesh including Bangladesh Biman and its approved travel agents, undertaking cent per cent checking of these statements, examination of the reportings of foreign transactions dealing with cancellation of the approved 'P' forms, detecting various irregularities committed by travel agents in connection with issuance of air tickets, allowing remittance to foreign airlines.
- Checking up and ascertaining the country's foreign exchange position at home and abroad, receipt of weekly/monthly/quarterly statements of exchange position from Authorised Dealers, money changers, hoteliers and other organisations who are authorised to deal in foreign exchange, renewal of the money changers licences.
- Registration of the letter of credit authorisation forms (LCAF) for imports against allocation of foreign exchange among the different organisations.

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BRIEF DESCRIPTION OF FUNCTION OF STATISTICS DEPARTMENT

Presently the Statistics Department has been organised into five divisions namely, A) Balance of Payments Division, B) Banking Statistics Division, C) General Statistics Division, D) Special Studies & Project Division and E) Computer Division to carryout its functions smoothly and effectively. The Division-wise main functions of the Statistics Department are given below : The distribution of present sanctioned strength has been shown in Annexure - A.

A) BANKING OF PAYMENTS DIVISION

This Division has 8 sections which are :

1) Balance of Payments Section, 2) Export Receipts Section, 3) Import payments Section, 4) Invisible Receipts Section, 5) Invisible Payments Section, 6) Central Accounts Section, 7) Foreign Loans and Grants Section, and 8) Return Section. This Division is responsible for collection, compilation and storing of the country's statistics in the realm of balance of payments, exports and invisible receipts, imports and invisible payments, monetary reserves, exchange rate of different currencies vis-a-vis each other etc. Monthly, quarterly and yearly analytical reviews and write-ups are also prepared by this Division covering the foreign trade sector and submitted to Deputy Governors, Governor, Board of Directors and various Ministries for information and uses. The compilation of statistics is based on large numbers of returns of different frequencies (monthly, quarterly and yearly) received from the different sources such as 1) Authorized Dealers (Scheduled Banks), 2) Exchange Control Department of Bangladesh Bank, 3) Accounts Department (Securities Section, Bangladesh Bank), 4) Deposit Accounts Department of Bangladesh Bank, 5) Planning Commission (ERD), 6) Bangladesh Missions Abroad, 7) Public Sector Corporation etc. Some of the main statistical tables, statements and reports prepared by this Division which are widely used by national and international organizations are :

- 1) Balance of Payments - (Quarterly)
- 2) Balance of Payments - (Annual)
- 3) Export Receipts - (Quarterly)
- 4) Export Receipts - (Annual)
- 5) Import Payments - (Quarterly)
- 6) Import Payments - (Annual)

B. BANKING STATISTICS DIVISION

The Banking Statistics Division is solely responsible for collection of data in the prescribed formats from all the branches (nearly 5000 branches) of the Scheduled Banks as well as 95 Co-operative Banks and compilation of detailed statistics of the same.

The Division has been sub-divided into 4 sections namely 1) Scheduled Banks Advances Section, 2) Scheduled Banks Deposit Section, 3) Scheduled Banks Special Job Section and 4) Co-operative Banks Section. The detailed statistics on the banking contain the data in respect of advances, deposits, bills purchased and discounted etc. for all the Scheduled Banks and the Co-operative Banks operating in Bangladesh. This Division also prepares analytical reviews and write-ups for Scheduled Banks and Co-operative Banks separately for use at national and international level. The main sources of quarterly data collected included 1) all the branches of Scheduled Banks, 2) Bangladesh Samabaya Bank Limited, 3) Central Co-operative Banks, 4) Co-operative land Mortgaged Banks and 5) Other Co-operative Banks.

This Division also collects the data on yearly basis (end June) from all the Scheduled Bank branches on advances having sanctioned limit/outstanding amount of Tk. 5 lacs and above and compile the related statistics in order to provide a broad spectrum on the behaviour and pattern of individual credit accounts, to identify similar borrowing by the same borrower from more than one bank and to regulate the flow of credit to the desired direction.

Some of the main statistical tables compiled by this Division in respect of Scheduled Banks and Co-operative Bank which are used frequently by the different agencies at home and abroad are given below :

- 1) Advances classified by Securities
- 2) Advances classified by Economic Purposes.
- 3) Advances classified by Rate of Interest & Security
- 4) Advances classified by Size of Accounts and Economic Purposes
- 5) Advances classified by Rates of Interest and Rates of Margin
- 6) Advances classified by Securities & Rates of Margin
- 7) Advances distributed by Size of Accounts and Sectors.
- 8) Advances distributed by Major Cities.
- 9) Deposits distributed by Type
- 10) Deposits distributed by Categories and Type
- 11) Deposits distributed by Rates of Interest & Type of Accounts
- 12) Deposits distributed by Size of Account and Categories
- 13) Deposits distributed by major Cities
- 14) Manuscripts for "Scheduled Banks Statistics" publications (Quarterly)

- 15) Manuscripts for "Co-operative Banks Statistics" publications (Quarterly)
- 16) Other special statements on advances for Tk. 3 lacs and above (yearly) for individual accounts.

The Banking Statistics Division also brings out the following two booklets having detailed quarterly/Statistics of Scheduled Banks and Co-operative Banks and make them available to different organisations (national and international) for their use:

- 1) Scheduled Banks Statistics - (Quarterly)
- 2) Co-operative Banks Statistics - (Quarterly)

GENERAL STATISTICS DIVISION

The General Statistics Division is responsible for collection, compilation and maintenance of Statistics on Monetary Authority Account, Scheduled Banks Account, Monetary Survey, Indices of Industrial and Agricultural Production, Prices and Production of various industrial and agricultural commodities of different frequencies such as monthly, quarterly, half yearly and yearly. To carryout the statistical jobs smoothly and efficiently, the Division has been sub-divided into (7) section i.e. 1) Monetary Survey Section, 2) Graph & Charts Sections, 3) Publication Section, 4) Production & Index Section 5) Administration Section, 6) Cert. Fin. Statistics and 7) National Income Account Section.

This Division acts as the correspondent to IMF on behalf of Bangladesh Bank for supplying of various data on monetary, trade statistics etc. required by them for publication in the International Financial Statistics (IFS) and Direction of Trade (DOT). This Division also prepares various graphs/charts for Annual Report Bangladesh Bank Bulletin and other publications of the Bank, and also prepares monograms/drawings needed in connection with seminars, workshops etc. of the Bangladesh Bank. This Division is further responsible for maintenance of overall administration of the Department (excluding Computer Division) such as maintenance of leave records, stationery, dak receipts, letter despatch, acquisition of machines, control of typing pool, issue of various circulars for internal administration etc.

The main sources from which this Division received returns are 1) Accounts Department, Deposit Accounts Department, Banking Control Department of Bangladesh Bank, 2) General Post Office, 3) Clearing Houses, 4) Directorate of Agriculture & Marketing, 5) All Scheduled Banks, Head Offices, 6) Sonali Bank, Wage Earners' Branch, 7) Ministry of Planning, 8) Dhaka Stock Exchange etc.

Some of the important statistical statements/tables/graphs and reports prepared by this Division are as follows :

- 1) Monetary Authority Accounts - (Monthly)
- 2) Scheduled Banks' Accounts - (Monthly)
- 3) Consolidated Monetary Survey of Bangladesh (Monthly)
- 4) Liabilities & Assets of all Scheduled Banks in Bangladesh-(Monthly)
- 5) Decisonalised data on money and bank credit - (Quarterly)
- 6) Share price Indices of companies listed in Dhaka Stock Exchange (Monthly)
- 7) Market value of share prices of Listed companies in Dhaka Stock Exchange (Monthly)
- 8) Graphs/Charts/Diagrams for inclusion in the Annual Report of Bangladesh Bank and in other publications like Scheduled Banks Statistics (Quarterly), Bangladesh Bank Bulletin (Monthly), Economic Trends (Monthly), etc.
- 9) Manuscripts for "Economic Trends" publications (Monthly)
- 10) Manuscripts/statement for "Banks Bulletin" publications (Monthly)

This Division also brings out the following booklets for distribution at home and abroad.

- 1) Economic Trends (Monthly)
- 2) Bangladesh Bank Bulletin (Monthly)

D SPECIAL STUDIES AND PROJECT DIVISION

The Division undertakes special studies relating to banking and finance in particular and the economy in general and as and when required. This Division has been sub-divided into 4 sections namely 1) Survey Section, 2) Savings Section, 3) Model Building and Simulation Section and 4) Special Project Studies Section in order to execute the jobs of this Division smoothly and efficiently. The studies so far undertaken by its Division relatad to "Savings Behaviour in Bangladesh," "Foreign Assets and Liabilities and Foreign Investment in Private Sector in Bangladesh" and the "Flow of Funds Accounts in the Bangladesh Economy". Each of the studies undertaken is the first of its kind in Bangladesh. The two yearly statistical surveys i.e. "Foreign Assets and Liabilities and Foreign Investment in Bangladesh " and "Savings Behavior in Bangladesh" have successfully been completed and they have become a regular feature of yearly publications. The former provides the net debtor/creditor position of the country with respect to the foreigners, the net inflow/outflow of capital in the form of private investment by different categories of firms/companies and information to bridge the gap in the realm of balance

• Note : • Compiled jointly by Statistics & Research Department.

of payment statistics. The latter provides the opportunity to judge the savings behaviour of the country classified by different sectors of the economy and help formulate the different fiscal and monetary policy.

The Flow of Funds Accounts in the Bangladesh Economy has recently been undertaken and the preliminary work for designing the questionnaire and collecting the relevant statistics from the various data sources has already been started. Besides, this Division also prepares statistics in respect of 1) Estimate of Cost of Funds and Gross Field on Assets of the Individual Nationalised Banks and (ii) Estimate of the portion of Savings Deposits which may be treated as a part of Demand Deposits.

This Division receives returns/data from different sources such as 1) Govt. Budget Document, 2) All Banks and Financial Institutions including Insurance Companies, 3) All Sector Corporations, 4) All Non-Financial Private Limited Companies, 5) All Non-Corporate Local Bodies, 6) Planning Commission. 7) General Post Office (GPO), 8) Bangladesh Railway, 9) Accountant General (A.G. Civil), 10) Accountant General (A.G. Military), 11) All Autonomous/Semi Autonomous Bodies, 12) Directorate of National Savings, 13) Dhaka Stock Exchange, 14) Registrar Of Joint Stock Companies, 15) All Co-operative Societies.

Some of the main statistical statements/studies which have been prepared/undertaken by this Division are given below :

- 1) Determination of demand components of savings deposits based on information supplied by the Scheduled Banks (Yearly).
- 2) Determination of average cost of funds (Quarterly)
- 3) Determination of average gross yield on assets (Quarterly)
- 4) Manuscript for "Foreign Assets & Liabilities in private sector in Bangladesh" Booklet (Yearly)
- 5) Manuscripte for " Savings Behaviour in Bangladesh" Booklet (Yearly)
- 6) Special works on Flow of Funds Accounts and Balance Sheet Analysis (preliminary works initiated for collection of data) (Yearly).

This Division brings out the following Booklets for use of researches an policy makers of different organisations.

- 1) Foreign liabilities and Assets and Foreign Investments in Bangladesh (Yearly)
 - 2) "Savings Behaviour in Bangladesh" (Yearly).
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E. COMPUTER DIVISION

The Data Processing Section of this Department was converted into a Computer Division in 1979 and was entrusted with the responsibilities of acquisition, installation and successful operation of an IBM Computer System 370/115-2 having multi-programming facilities. The main function of this Division is:

- 1) To help various Offices/Departments of the Bank to identify areas where computer facilities may be profitably utilised for overall benefit of the management.
- 2) To devise and develop job systems suitable for computerization for various Department/Offices of the Bank as and when approached.
- 3) To write computer programmes for various job system
- 4) As a matter of routine to receive data from various Officer/Departments of the Bank, on regular basis, for processing on the basis of approval system.
- 5) To provide adhoc processing facilities to various Departments/Offices/Researchers/Organisations as and them approached.
- 6) To manage adhoc training in the computer field as and when required.

In order to manage the jobs smoothly and properly, presently the Computer Division has been divided into 4 sub-divisions i.e. 1) System sub-Division, 2) Programme Sub-Division, 3) Operation Sub-Division and 4) Maintenance Sub-Division.

The job the System Sub-Division is to receive preliminary data processing requests from various Departments/Offices/Users and to see whether computerisation may be initiated for the benefit of the management, After through examination, a system report is prepared and submitted to the users/offices for their comments. As soon as the aystem report is approved, the same to handed over to the Programme Sub-Division for necessary action.

The function of this Programme Sub-Division is to translate the defined system specifications into a logical process and set of computer instructions for operation of a given step within a system. After finalisation of programmes writing and testing thereof, the programmes are used to process the raw data for obtaining the final output in the desired format.

The Operation Sub-Division is mainly responsible for actual data processing work with the help of Computer Encoding machines to obtain the final outputs. The data processing operational function can be grouped in 3 broad areas i.e. 1) Scheduling and Control, 2) Equipment Operation and 3) Production Support. The scheduling and control is related to the management of jobs and equipment to satisfy both temporary and permanent demand of jobs with least deterioration of performances or schedules and the most economical use of the equipment. The equipment operation is responsible for actual operation of the equipment and control of the same. The production

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support includes various functions that support a smooth running of data processing operation .

The function of the Maintenance Sub-Division is to manage and provide the technical and management supports to the data processing activities and the functions of this Sub-Division are categorised under the following heads :

a) Technical Assistance : This includes supply of information, direct assistance, and technical resources to users, System Development Staff, Operations management and General management.

b) Supervision and Project Management : Supervision refers to the organisation, direction, management and control of the people and process of the activity.

c) Planning : This includes estimation, projection scheduling of future requirements and resources needed to meet them.

d) Security : This includes protection of the security of the installation, data processed by it and the personnel, programmes and equipment that perform the processing.

e) Reporting : The reporting function is executed through translation of technical measures of progress and performances into commonly understood standards and Continual reporting on planning, project performances and resource utilization.

i) Personnel Management : This includes recruitment and selection, job description (duly) list), training and career development, performance evaluation and Administration (i.e. maintenance of employee records, attendance record, and similar and relevant administrative functions in respect of the employees).

g) Financial Management : It is one of the important aspects of the data processing centres and it is related to the determination of costs to users for computer use, resource budgeting on yearly basis and purchase of equipment, software, magnetic tape, dish, diskettes, continuous business forms, coding form, spacing chart etc.

h) Administrative Support : This relates to general support services needed as part of regular data processing operation and executed through.

- i) Secretariat and clerical assistance.
- ii) General record keeping of the various items procured from time to time for the Computer Division.
- iii) House keeping and maintenance responsibilities.

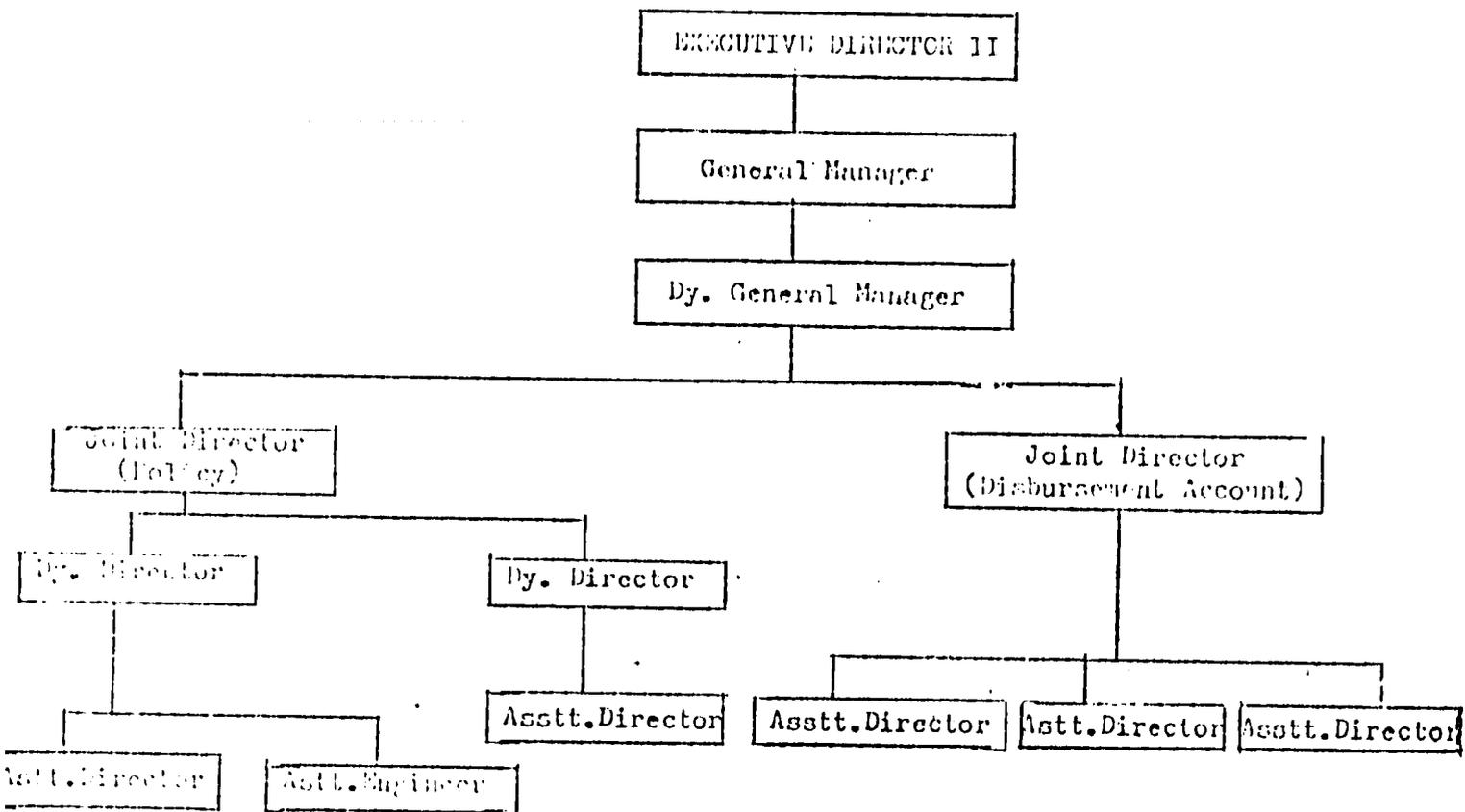
Distributies of present sanctioned strength of officers
in the Statistics Department(excluding General Managers

Grade of Officers	Balance of Payments Division	Banking Statistics Division	General Statistics Division	Special Studies and project Division	Computer Division
Deputy General Manager	1	1	1	-	1
Joint Director	1	1	1	1	2
Deputy Director	3	2	2	2	5
Assistant Director	7	6	9	2	9
Officers	8	10	9	2	13
Total	20	20	22	7	30

G.T= 99

N.B. The distribution of clerical staff and punch machine operators has not been shown.

ORGANGRAM
OF
INDUSTRIAL CREDIT DEPARTMENT (ICD)



Aided by : One Clerk cum-typist
 One Typist
 Three HLSS.