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GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH  
MINISTRY OF COMMERCE  
NOTIFICATION

Dhaka, the 9th October, 1985

No. S.R.O. 437-L/85.—In exercise of the powers conferred by sub-section (2) of section 3 of the Import and Export (Control) Act, 1950 (XXXIX of 1950), the Government is pleased to authorise the Vice-Chairman, Export Promotion Bureau, to issue licence for the export of readymade garments subjected to Textile Quota Administration Rules framed by the Government from time to time.

Whereas it is expedient to provide rules for the administration of textile quota policy in Bangladesh.

Now, therefore, the Government of the People's Republic of Bangladesh is pleased to make the following rules, namely:—

1. **Short title, commencement and application.**—(1) These rules may be called the Textile Quota Administration Rules, 1985.

(2) They shall come into force at once.

(3) They shall apply to all manufacturer-exporters of Bangladesh including those in a Zone and State Trading Organisation.

2. **Definitions.**—In these rules, unless there is anything repugnant in the subject or context,—

(a) "Allocation Committee" means the Allocation Committee constituted under rule 16;

(b) "Agreement" means any textile Agreement or textile quota Agreement entered into between the Government of the People's Republic of Bangladesh and one or more importing foreign countries in pursuance of the provision of the Multi-Fibre Arrangement;

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( 7501 )

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- (a) "available quota" means the quota of textile in a quota year *plus* swing, carry over and carry forward, if any ;
- (d) "EPB" means the Export Promotion Bureau established under the Export Promotion Bureau Ordinance, 1977 (XLVI of 1977) ;
- (e) "manufacturer-exporter" means a person or firm manufacturing and exporting textiles and includes a manufacturer-exporter who has no export performance prior to the commencement of the quota year ;
- (f) "performance quota" means the quota to be allocated to a manufacturer-exporter on the basis of his past performance in an item or category of textiles in relation to the concerned importing country during the quota year ;
- (g) "quota" means the quantitative limit agreed between Bangladesh and an importing country on the import of any item or category from Bangladesh for a given period in accordance with the Agreement ;
- (h) "quota year" means the 12-month period specified in the Agreement ;
- (i) "STO" means a State Trading Organization engaged in foreign trade ;
- (j) "share-holder" means the share holder of quota item or category of textiles ;
- (k) "textiles" shall have the same meaning as assigned to it in Article 12 of the Multi-Fibre Arrangement ;
- (l) "Zone" means an export processing zone created under the Bangladesh Export Processing Zones Authority Ordinance, 1980 (XXXVI of 1980).

3. **Export of textiles.**—(1) All quota items or categories of textiles shall be exported in accordance with the provisions of these rules.

(2) All shipment of textiles relating to any particular quota year shall be made before the expiry of the quota year.

4. **Notification of quota item or category.**—The EPB shall, from time to time, notify the items or categories of textiles subjected to quota including the names of importing countries.

5. **Registration.**—(1) For becoming eligible to apply for share from quota, a manufacturer-exporter of Bangladesh including one in a Zone and an STO shall be registered with the EPB.

(2) For the purpose of registration under sub-rule (1), an application in the form prescribed by the EPB shall be submitted to it.

(3) No application shall be entertained unless it is accompanied by account payee pay order or bank draft amounting to taka five hundred in favour of the EPB.

(4) An application of manufacturer-exporter, other than one from a Zone, shall be accompanied by the following documents attested or certified by a Gazetted Class I Officer, Class I Bank Officer, by a Notary Public or by Chamber of Commerce and Industry, namely :—

- (a) registration certificate from the Department of Textiles as manufacturer-exporter ;

- (b) export registration certificate from the office of the Chief Controller of Imports and Exports ;
- (c) bonded warehouse licence from the concerned authorities ;
- (d) income-tax clearance certificate or GIR No. ;
- (e) certificate of membership from the Bangladesh Garments Manufacturers and Exporters Association, hereinafter referred to as BGMEA, and Chamber of Commerce of which he is a member ;
- (f) any other document as may be required by the EPB.

(5) An application from a manufacturer-exporter from a zone shall be accompanied by—

- (a) a certificate issued by the Bangladesh Export Processing Zone Authority established under the Bangladesh Export Processing Zones Authority Ordinance, 1980 (XXXVI of 1980), hereinafter referred to as BEPZA, to the effect that the unit of the manufacturer-exporter is located within a Zone and is in operation ;
- (b) any other document as may be required by the EPB.

(6) The STO shall, for the purpose of registration, submit application to the EPB in prescribed form.

(7) The EPB, after due scrutiny, shall register the manufacturer-exporter/unit in a Zone/STO and allocate a registration number. In case registration is refused, the EPB shall assign specific reasons for doing so.

**6. Basis of allocation of share of quota.**—(1) The available quota in the 1st quota year shall be allocated as under in the proportion mentioned against each, namely :—

(a) performance quota	.. .. .	40%
(b) free quota	.. .. .	60%
(c) reserved quota	.. .. .	Nil

(2) The Government shall notify, in respect of each item or category of textiles, the proportion of performance quota, free quota and reserved quota for the second subsequent quota years at least one month before the commencement of the quota year.

**7. Performance quota.**—(1) Performance quota shall be allocated at a time by the first month of the quota year to manufacturer-exporters who have past performance in the given category and in the given country prior to the commencement of the quota year.

(2) The past performance of all manufacturer-exporters taken together would be compared with the available performance quota and individual quota would be determined on a pro-rata basis as follows :—

$$\frac{\text{Available performance quota} \times \text{individual's past performance}}{\text{Total past performance of all manufacturer-exporters.}}$$

(3) For the purposes of these rules, past performance shall be computed on the basis of actual exports over the 12-month period immediately preceding the quota year.

(4) A manufacturer-exporter shall not be allocated a share in a quota item or category exceeding the total of his two months' production capacity computed on a eight-hour shift basis.

(5) If an application of the ceiling mentioned at sub-rule (4), there results a saving, such saving shall be distributed among manufacturer-exporters receiving performance quota below a certain minimum to be determined by the Allocation Committee.

(6) A performance quota-holder may surrender this share for allocation of share in free quota.

(7) For the purpose of enabling a manufacturer-exporter to maintain smooth flow of exports, advance allocation for the quota year following a given quota year up to a maximum of 50% of a manufacturer-exporter's past performance entitlement in the given quota year may be made in the ninth month of that year subject to the condition that this allocation shall be adjusted against his quota entitlement in the following year.

(8) When awarding quota for the following year to the manufacturer-exporters with past performance, top 50% of all such exporters fetching higher return for the country in terms of both value added and higher unit price shall be given 5% more than their *pro-rata* entitlement and the other 50% of such exporters shall be given 5% less than their *pro-rata* entitlement.

8. Free quota.—(1) Subject to the other provisions of this rule, free quota shall be allocated among the manufacturer-exporters engaged in manufacturing textiles but having no export performance prior to the commencement of the quota year.

(2) The free quota shall consist of the items or categories of textiles mentioned below, namely :—

- (a) allocations under rule 6(1)(b) ;
- (b) shares in a quota item or category forfeited or withdrawn as a measure of penalty under rule 15 ;
- (c) shares in a quota item or category withdrawn under rule 12(2) ;
- (d) shares in quota item or category surrendered under rules 7(6), 11 and 14(2) ;
- (e) other shares in quota item or category, if any, not exported.

(3) The available items or categories of textiles under free quota shall be allocated in the following three phases, namely :—

- (a) 50% in the first month of the quota year ;
- (b) 30% in the fifth month of the quota year ;
- (c) 20% in the ninth month of the quota year ;

(4) Items or categories of textiles available under free quota shall be allocated to manufacturer-exporters mentioned in rule 8(1) in the following order of preference, namely :—

- (a) export order or L/C based on local fabrics ;
- (b) export order or L/C based on higher return for the country in terms of both higher value added and higher unit price ;
- (c) export performance in the quota item in particular and other quota and non-quota item(s) in general in non-quota countries ;
- (d) export performance in non-quota item in quota countries.

(5) Allocation shall be subject to production of irrevocable L/C or confirmed sale contract. In case of allocation made on the basis of confirmed sale contract, it would not be effective until irrevocable L/C is produced against it within a period of four months.

(6) A performance quota-holder may also apply for free quota in the eighth month of the quota year on the export of his cent per cent share of quota item or category under performance quota and if he fulfils at least three conditions specified at sub-rule (4) :

Provided that no application shall be considered if there is no residue in the free quota item or category for allocation after distribution among manufacturer-exporters mentioned in sub-rule (1).

(7) Notwithstanding anything contained in this rule, no manufacturer-exporter shall be given share under free quota in excess of his two months, production capacity computed on eight-hour shift basis in any particular category.

8. In distributing free quota at any time, the pro-rata principle would be followed among applicants enjoying the same level of priority.

9. **Reserved quota.**—There shall be reserved a maximum of three per cent of the available quota of textiles for allocation among STOs in the second and subsequent years.

10. **Application procedure.**—(1) A manufacturer-exporter or a State Trading Organisation desiring to get share in quota item or category shall apply to the EPB in the form prescribed by it within such time as may be notified therefor.

(2) Separate application for each quota item or category of textile and for each quota country shall be submitted.

(3) No application under this rule shall be entertained unless it is accompanied by a fee of taka fifty paid by account payee pay order or bank draft in favour of EPB.

(4) An application for performance quota shall accompany the following documents, namely :—

- (a) a statement showing the export performance during the 12 months preceding the commencement of quota year in the relevant item or category in relation to the relevant quota country ;
- (b) a statement showing the following information, namely :—
  - (i) L/C-wise export proceeds realised ;
  - (ii) quantity exported ;
  - (iii) destination of cargo ;
  - (iv) number and date of bill of lading ;
- (c) copy of letter of credit ;
- (d) any other document or information as may be required by the EPB.

(5) An application for free quota shall accompany the copies, attested by persons mentioned in rule 5(4), of the following documents, namely:—

- (a) letter of credit or firm contract;
- (b) a declaration by the applicant to the effect that he has not exported the relevant item or category of textile to the concerned quota country or a declaration to the effect that he was awarded a share of the performance quota which (he wishes to) surrendered for a share of the free quota.

(5) An application for reserved quota shall accompany the following documents, namely:—

- (a) copy of letter of credit or firm contract;
- (b) any other document or information as the EPB may require.

11. **Interchange of quota.**—Inter-change of quota item(s) or categories between share-holders in quota items or categories may be allowed by the Allocation Committee on their joint application and on condition that both the applicants shall surrender 5% of the total quantity shares allotted to each of them.

12. **Review of utilisation of quota.**—(1) With a view to ensuring the maximum utilisation of the available quota, the Allocation Committee shall review the export position on the fifteenth day of the sixth month of the quota year and, thereafter, on the fifteenth day of the eighth month of the quota year:

Provided that if the date fixed for review is a public or closed holiday, the review shall take place on the next working day.

(2) If, on review, a manufacturer-exporter of STO is found to have failed to export 50% of the allocated quota in an item or category by the last day of the fifth month and 75% by the last day of the seventh month of the quota year, the Allocation Committee may, in the absence of any reasonable ground shown by the quota holder, withdraw the quantity which has no prospect of export within the quota year.

13. **Security deposits.**—(1) The EPB shall inform the manufacturer-exporters and STO the quantity of share of quota allocated to them by the Allocation Committee in a particular item or category of textiles and shall also intimate the amount payable in favour of the EPB by them as security deposit against the share allotted.

(2) Allotment letter of the share of quota item or category shall be issued only on payment of the security deposit in favour of the EPB by a/c payee pay order or bank draft at the following rates:—

- (a)  $\frac{1}{2}$ % of the FOB value of the total share if quota allocated within fifteen days of the receipt of the share allocation letter;
- (b) additional 1% of the FOB value of the unexported items standing on the last day of the fifth month of the quota year within the first fifteen days of the sixth month of the quota year;
- (c) additional 2% of the FOB value of unexported items standing by the last day of seventh month of the quota year within the first fifteen days of the eighth month of the quota year.

14. **Refund of security deposit.**—(1) Security deposit made by a manufacturer-exporter and a STO shall be refunded in full on the export of full share of quota items or categories within the quota year.

(2) If a share holder is unable to export his share of quota in full, he may voluntarily surrender to the EPB the quantity he is unable to export in order to facilitate its full exportation within the quota year through re-allocation.

(3) In the case of surrender of share of quota items or categories under sub-rule (2), the refund of security deposit shall be made in the following manner :—

- (a) if the surrender is by the last day of the third month of the quota year, 100% of the security deposit ;
- (b) if the surrender is by the last day of the fifth month of the quota year, 100% of the security deposit proportionate to the quantity exported plus 60% of the security deposit proportionate to quantity surrendered;
- (c) if the surrender is by the last day of the seventh month of the quota year, 100% of the security deposit proportionate to the quantity exported plus 30% of the security deposit proportionate to quantity surrendered.

15. **Penalty.**—(1) If a share-holder of quota, whether a manufacturer-exporter or STO, fails to export his or its share in full or in part within the quota year or if any quota is withdrawn under rule 12(2)—

- (a) his or its security deposit proportionate to the unexported share or to the share withdrawn shall be forfeited; and
- (b) the quantity of share as was left unexported or was withdrawn within the quota year shall be deducted from his/its allocation in the next quota year.

(2) If it is established that the share-holder did not export the quota items of his share, in full or in part, with *mala fide* intention, the Allocation Committee may, after giving him a hearing, declare him or it disqualified to apply for share of quota item for category of textiles in the subsequent quota year and also may suggest to the Government other penal actions against the defaulter.

(3) If a share-holder, whether a manufacturer-exporter or STO, sells his share, he or it shall be disqualified to apply for share of quota item or category for the two subsequent quota years.

(4) No sub-contracting for manufacture or quota item shall be allowed and if a manufacturer-exporter enters into any such sub-contract, his share to the extent the contract relates shall be withdrawn and he shall be debarred from allotment of share of the item or category in question for the two subsequent quota years.

16. **Committees.**—(1) The Ministry of Commerce shall constitute—

- (a) a Consultative Committee with the Minister for Commerce as its Chairman, representatives of the Ministries or Divisions dealing with Commerce, Textiles and Industries, the Bangladesh Bank, National Board of Revenue, EPB, BEPZA, FBCCI, BGMEA and of such other organisation as members to advise the Government, from time to time, on matters relating to administration of quota policy;

- (b) an Allocation Committee consisting of representative of the Ministries or Divisions dealing with Commerce and Textiles and the EPB to allocate share of quota of textile ;
- (c) an Appellate Committee consisting of the representatives of the Ministries or Divisions dealing with Commerce, Textiles, the EPB, BEPZA and the BGMEA to hear any appeal from any manufacturer-exporter or STO aggrieved by any decision of the Allocation Committee.

(2) If any manufacturer-exporter or STO is aggrieved by the decision of the Allocation Committee, he or it may submit an appeal to the Appellate Committee within seven days from the date of announcement of the decision concerned and the Appellate Committee shall give its decision on the appeal within five days after the expiry of the date of submission of appeal.

**17. Allocation Committee to make random check.**—(1) The Allocation Committee shall make a random check of manufacturing units of manufacturer-exporter to ascertain the correctness of the statement made in at least 10% applications.

(2) If the statement of a manufacturer-exporter is found not in conformity with the declaration made in the application, his or its application shall be liable to be rejected.

**18. Decision of Ministry to be final.**—The decision of the Ministry of Commerce, Government of the People's Republic of Bangladesh, shall be final in all matters relating to the quota policy and also in relation to the interpretation of any provision of these rules.

**19. Amendment of rules.**—The Ministry of Commerce shall have the power to amend, alter, rescind all or any of the provisions of these rules.

**20. Repeals and savings.**—(1) All orders made, rules or instructions issued before the commencement of these rules shall stand *repealed*.

(2) Notwithstanding the repeal under sub-rule (1), all actions taken and all decisions or orders given under the repealed instrument shall be deemed to have been taken or given under these rules.

By order of the President  
ABU SAYED CHOUDHURY  
*Joint Secretary.*