Foreign Exchange Investment Department
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FEID Circular No. 03 Date: July 15, 2026

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

External borrowing from parent companies, associates, and shareholders by fully foreign-owned industrial enterprises operating within and outside specialized zones

Attention of Authorized Dealers (ADs) is invited to the relevant provisions of Part-B and Part-C of FE Circular No. 34, dated September 02, 2025 regarding external borrowing by fully foreign owned industrial enterprises operating in Bangladesh.

02. With a view to ensuring easy access to finance, it has been decided to accord general permission for external borrowing from parent companies, associates, or shareholders by industrial enterprises operating within and outside specialized zones (EPZs/PEPZs/EZs/HTPs), subject to the following stipulations:

03. Short term borrowing (Tenor: less than 1 year):

A. By foreign-owned industrial enterprises outside specialized zones

(1) Scope and general conditions: Fully foreign-owned industrial enterprises in Bangladesh, engaged in manufacturing and service activities (excluding trading businesses), may access short-term borrowings from their parent companies, associates, or shareholders abroad for bonafide business purposes.

(2) Cost-free facility: Such enterprises may obtain interest-free loans for general working capital purposes (excluding input procurement) without prior approval of Bangladesh Bank. Repayment of principal against such borrowings shall also not require prior approval.

(3) Cost-bearing facility: As an alternative to paragraph (2), such enterprises may obtain short-term cost-bearing loans in convertible foreign currencies from parent companies, associates, or shareholders abroad for bonafide business purposes, including input procurement, subject to the following conditions:

(a) The all-in-cost of borrowing shall not exceed 3.00 (three) percent per annum;

(b) Repayment of principal and accrued cost shall be made on a bullet payment basis at maturity;

(c) Such borrowings may be rolled over, provided that the aggregate tenor, including rollovers, does not exceed 3 years from the date of initial drawdown;

(d) These borrowings shall not be converted into medium- or long-term borrowing.

(4) Applicability: The facilities under this paragraph 3 shall also be available to foreign-controlled industrial enterprises, as defined in paragraph 4(1) of FE Circular No. 34/2025.

(5) In accordance with the above, the provisions of paragraph 33 of FE Circular No. 34/2025 stand revised accordingly.

(6) Reporting requirements: ADs shall report all such transactions post facto to Foreign Exchange Investment Department, Bangladesh Bank, Head Office within one week of execution of the transaction, in addition to routine reports to Bangladesh Bank.

B. By fully foreign-owned industrial enterprises within specialized zones

(7) In case of fully foreign-owned (Type A) industrial enterprises of specialized zones, the provision of paragraph 20(2) of FE Circular No. 34/2025 shall remain applicable i.e. Type A enterprises/subsidiaries/associates operating in specialized zones may access short term foreign currency loans from parent companies/shareholders abroad.

04. Medium and long term borrowing by fully foreign-owned industrial enterprises: The provisions of this paragraph shall apply to fully foreign-owned industrial enterprises operating within and outside specialized zones.

(1) Medium term borrowing (Tenor: 1-5 years):

(a) Borrowing proceeds from parent companies, associates, or shareholders shall be utilized for capital expenditure purposes, including procurement of capital machinery/goods, legitimate services, and civil construction;

(b) The limit for cost-free borrowings shall be up to USD 50.00 million or its equivalent in other convertible currencies;

(c) The limit for cost-bearing loans shall be up to USD 5.00 million or its equivalent in other convertible currencies, and the all-in-cost shall not exceed 3.00 percent per annum;

(d) Bullet repayment shall be permissible for loan amounts up to USD 5.00 million or equivalent;

(e) Borrowers may convert the outstanding medium term loan, including accrued cost, into long term borrowings at any time, subject to amendment of the existing agreements or execution of new agreements in accordance with applicable procedures.

(2) Long term borrowing (Tenor: above 5 years):

(a) Borrowing proceeds from parent companies, associates, or shareholders shall be utilized for capital expenditure purposes, including procurement of capital machinery/goods, legitimate services, and civil construction;

(b) Cost-free borrowings shall be encouraged. Where cost is applicable, the rate shall not exceed 3.00 (three) percent per annum;

(c) Bullet repayment shall not be permitted under this category.

(3) General instructions for medium and long term borrowings:

(a) Borrowers shall maintain a satisfactory track record with no history of default in servicing external obligations;

(b) The debt-equity ratio of cost-bearing external borrowings shall not exceed 80:20. However, no such ratio shall be applicable for cost-free loans;

(c) ADs shall ensure compliance with all terms and conditions stipulated herein and completion of documentation in accordance with Annexure-A under Appendix-3 of FE Circular No. 34/2025 prior to disbursement;

(d) Borrowing proceeds will be credited to Foreign Currency (FC) accounts maintained by ADs in the name of fully foreign owned industrial enterprises operating in specialized zones under general authorization. General authorization is hereby given to ADs for maintaining FC accounts in the name of industrial enterprises operating outside specialized zones to credit loan proceeds. Fund may be accumulated in these accounts for repayment purposes;

(e) ADs shall ensure that repayment schedules and installment sizes are commensurate with the projected cash flows of respective borrowers;

(f) Repayments shall be made from funds available in the borrowers' FC accounts;

(g) The installment amount shall not exceed USD 5.00 million or its equivalent;

(h) All disbursements, payments, and repayments shall be routed through the nominated ADs;

(i) ADs shall ensure proper utilization of borrowing proceeds for the purposes permitted under this circular;

(j) ADs shall report disbursement details, along with required documents, to Foreign Exchange Investment Department of Bangladesh Bank, head office within 14 days from the date of disbursement;

(k) Outstanding borrowings, including accrued cost, may be converted into equity at any time, subject to compliance with applicable procedures;

(l) All relevant documents shall be preserved and made available for inspection by Bangladesh Bank;

(m) Any amendment to borrowing agreements shall be reported to Bangladesh Bank within 7 days;

(n) ADs shall conduct due diligence in compliance with AML/CFT standards, foreign exchange regulations, tax laws, and reporting requirements to Statistics Department, including submission of returns as prescribed in Appendix-4 of FE Circular No. 34/2025 and instructions issued by Bangladesh Bank from time to time.

05. Applications beyond the general authorization under this circular shall be forwarded to the appropriate authority for approval.

06. This circular is issued in exercise of the powers conferred upon Bangladesh Bank under Section 20(3) of Foreign Exchange Regulation Act (FERA), 1947.

Please bring the contents of this circular, effective immediately, to the notice of all your constituents.

Yours faithfully,

(Mahmudun Nabi)
Director (FEID)
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