

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

FE Circular No. 04

Date: 19 January, 2021

Head offices/Principal offices of all
Authorized Dealers in Bangladesh

Dear Sirs,

Working Capital Loans from Abroad by Foreign Owned/Controlled Companies.

Please refer to FE Circular No 32, dated August 22, 2019 in terms of which foreign owned/controlled industrial enterprises engaged in manufacturing activities may avail short term loans, with interest payable on loan proceeds in Taka at 3-month taka term deposit rate, from parent companies/shareholders abroad for emergency business needs other than inputs procurements, for which working capital financing from the local market has not yet been lined up. The circular permits the borrowing maximum for 3 (three) years from the date of inception of manufacturing activities with options to renew/extend the tenure within the applicable period.

02. To bring further flexibility in accessing short term borrowing by foreign owned/controlled companies from their parent companies/shareholders abroad, it has been decided that:

- (a) In addition to manufacturing enterprises, the short term borrowing may be applicable to foreign owned/controlled companies engaged in services output activities in Bangladesh; however trading business shall not come under this facility; and
- (b) Such loan may be admissible in convertible foreign currencies maximum for 6(six) years from the date of inception of manufacturing and/or services output activities by the borrowing enterprises as mentioned in 'a' above, with options to renew/extend the tenure within the applicable period. Borrowing enterprises may pay interest maximum at the rate of 3.00 percent per annum until further directives given.

Other relevant instructions regarding the transactions shall remain unchanged. Please bring the contents of this circular to the notice of your concerned clientele.

Yours faithfully,



(Md. Ali Akbar Faraji)
General Manager
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