

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

FE Circular No. 32

Date: 22 August, 2019

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Working capital loans from abroad by foreign owned/controlled companies

Paragraph 9, chapter 15 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1 permits interest free loans from parent companies/shareholders abroad for upto one year to foreign owned/controlled industrial enterprises in Bangladesh having urgent occasional necessity of short term borrowing for business needs other than inputs procurements, for which working capital financing from the local market has not yet been lined up.

02. To facilitate easy access to short term finance, it has been decided that foreign owned/controlled industrial enterprises engaged in manufacturing activities may pay interest on such type of short term loans extended by parent companies/shareholders abroad in their home currency subject to observance of the following instructions:

(a) Interest on Taka proceeds of short term loan shall be payable in Taka at prevailing 3-month interest rate for Taka term deposit applicable by AD on the date of encashment of loan received from parent companies/shareholders.

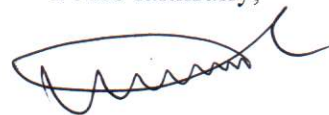
(b) Repayment of principal and accrued interest on maturity shall be repatriable after conversion of payable Taka into currency of sourced country at prevailing exchange rate.

(c) Repayment as mentioned in para 2(b) is subject to deduction of applicable taxes/duties and payment thereof.

03. Short term interest bearing loan facility from parent companies/shareholders abroad under the above authorization shall be admissible for maximum 3 years from the date of inception of manufacturing activities by the borrowing industrial enterprises. The short term loan so availed may be renewed/extended for further periods within the applicable period of 3 years.

04. Other relevant instructions in this context shall remain unchanged. Please bring the contents of this circular to the notice of all your concerned constituents.

Yours faithfully,



(Mohammad Khurshid Wahab)
General Manager
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