



Investment in Bangladesh

Restrictions on investment made by foreign companies

Foreign investment in Bangladesh is allowed in all sectors except the following:



**Arms and ammunition,
Defense equipment**



**Forest plantation &
mechanical extraction
on reserved forests**



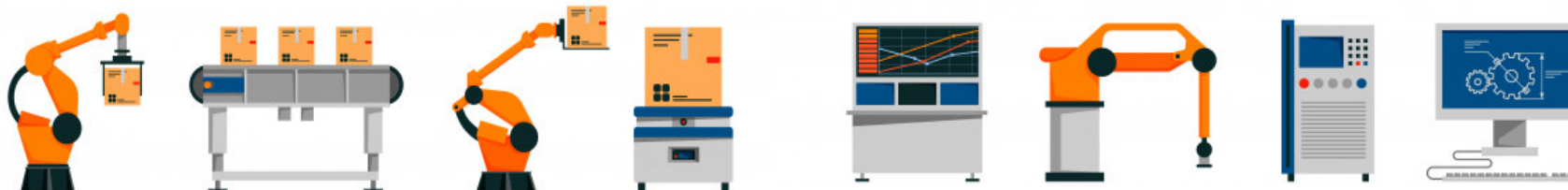
Nuclear energy



**Security printing
& money creation
by way of minting.**

The following are **Regulated industries** - there are limits on the maximum permissible foreign investment or requirement to obtain prior permission from regulatory authorities :

Fishing industry in deep sea by machinery vessel.	Crude oil refinery, used lube oil recycling/refining industry.	Industrial establishment producing heavy mineral artistry from sea sand.
Banking/ financial industry in non governmental sector.	Medium and large industries using homespun natural gas/condensed and other minerals as raw materials.	Any industry involved in the production of explosive materials including but not limited to flammable solid, oxidizing and toxic materials.
Insurance company in no-governmental sector.	Telecommunication service industry (mobile, cellular and land phone).	Acid manufacturer industry.
Electricity Generation, execution supply and distribution in non- governmental sector.	Satellite channel.	Chemical fertilizer manufacturer industry.
Exploration, production and distribution of natural gas/oil industry.	Cargo/ Passenger transport airplane.	Any kind of industries involved in the production of industrial sludge, fertilizers prepared from sludge and materials alike.
Exploration, production and distribution of coal industry.	Ship sailing in international waters.	Stone Crasher industry.
Searching, lifting and distributing of other mineral resources.	Sea port/deep seaport establishment.	
Extensive infrastructure project (i.e.: like flyover, elevated express way, monorail, economic zone, inland container freight station etc.) establishment.	VoIP (Voice over Internet Protocol) and IP (Internet Protocol) Telephone.	



As per section 14 of Bangladesh Industrial Development Authority Act, 2016, The private industrial venture in which foreign investments are made, need to be registered with Bangladesh Investment Development Authority (BIDA)



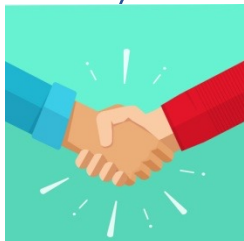
Currently 8 Export Processing Zones (EPZs) and 88 Economic Zones (Ezs) including as exclusive EZ for Japan.

Setting-up industries in these zones would require registration with Bangladesh Export Processing Zones Authority (BEPZA) and Bangladesh Economic Zones Authority (BEZA) respectively.



In the Industrial Policy- 2016, Government has identified 31 sectors as thrust sectors which are enjoying various fiscal and non-fiscal incentives, some of which are:

Apparel	Frozen food
Agriculture	Energy
ICT	Handicrafts
Light engineering	Ceramics
Pharmaceuticals	Tourism
Infrastructure	Healthcare



Section 4 of Foreign Private Investment (Promotion and Protection) Act 1980 – Fair and equitable treatment of foreign investments in Bangladesh is guaranteed.

Restrictions on real estate ownership of foreign companies

There is no legal barrier on a foreign company to purchase land or real estate in Bangladesh.

Article 42 of the Constitution of Bangladesh guarantees the right to property to *citizens* only – it follows that **owning real estate in Bangladesh by a foreigner is not strategically advisable.**

Most of the sub-registrars (the registrar for registering transactions relating to land) are reluctant to register a real estate directly in the name of foreign company.

Prudent approach towards acquiring real property by a foreign company: through formation and registration of a company in Bangladesh with 99.99% share ownership.



Restrictions on transfer of money (e.g. transfer of money from non-residents to residents)

Foreign Exchange Regulation Act 1947 (FERA) & Guidelines for Foreign Exchange Transactions, 2018 (GFET 2018) published by Bangladesh Bank regulates the transactions involving foreign currency.

Generally, transacting in foreign exchange/currency inside by a person (except banks) in Bangladesh is prohibited, unless specific permission has been obtained.

For Remittance, the rules pertaining to inward remittance are flexible, compared to those relating to outward.

The Profits of branch office of a foreign company and dividends from companies owned by foreign shareholders may be remitted abroad.

Upon winding-up of operation, the concerned foreign investor has to apply to Bangladesh Bank for repatriation permission.

Besides the above, remittance of up to a certain limit is permissible without specific permission from Bangladesh Bank.

For outward remittance on any account not already permissible by Bangladesh Bank in GFET, 2018, the concerned foreign company/individual has to apply for Bangladesh Bank's prior permission.



*(**GFET**) : Guidelines for Foreign Exchange Transactions

Borrowing by Foreign Controlled Companies (FCC)

Any loan to a foreign owned/controlled company (FCC) registered in Bangladesh will be governed by the Guidelines for Foreign Exchange Transactions ("Forex Guidelines") in the following manner:

- a) Paragraph 9, Chapter 15 of the Guidelines permits interest free loans from non-resident parent company/shareholder to an FCC, which is an industrial enterprise in Bangladesh, having urgent necessity, for a term of 1 year for business needs other than input procurements;
- b) According to [FE Circular 32 Dated 22 August 2019](#), to be read with [FE Circular No 4, Dated 19 January 2021](#), an FCC may avail loan with interest, not exceeding 3% per annum, from the parent company/shareholder . Such loan is admissible for six (6) years from the date of inception from the manufacturing or service output activities
- c) An FCC may also avail interest free working capital facility from other local companies ([FE Circular 23 Dated 20 May 2019](#)).
- d) Pursuant to paragraph 4(B), 16 of the Guidelines, any scheduled bank may grant Taka working capital facility to an FCC, which is involved in manufacturing/trading activities.