

Foreign Exchange Investment Department

Bangladesh Bank

Head Office

Dhaka.

Website : www.bb.org.bd

FEID Circular Letter No. 03/2014

Date: 06 May, 2014

All Authorized Dealers in Foreign Exchange.

Dear Sirs,

**Medium/long term external borrowing by industrial enterprises
in Export Processing Zones (EPZs): approval procedure.**

Paragraph 1, Chapter-15 of the Guidelines for Foreign Exchange Transactions (GFET, 2009 edition) lays down the approval procedure for medium and long term external borrowing proposals of private sector industrial enterprises in Bangladesh. Approvals are accorded by the Board of Investment (BOI) based on decisions of its Scrutiny Committee chaired by Governor, Bangladesh Bank.

2. Enterprises in Export Processing Zones under the purview of Bangladesh Export Processing Zones Authority Act 1980 not being under jurisdiction of the BOI, the modified procedure outlined below will be followed in processing medium/long term external borrowing approval requests of industrial units in the EPZs.

(i) Industrial units in the EPZs will submit borrowing approval applications and related documents as per proforma at Annexure-A, Appendix-6/1 of GFET 2009 edition, through their nominated Authorized Dealer banks for onward referral via BEPZA to Bangladesh Bank, Head Office. Besides documentation requirements indicated at Annexure-A, Appendix-6/1 of GFET, approval application must also be supported by analyses and papers in regard to: (a) commercial viability of the project, (b) the project's capacity to service the proposed debt from its earnings, (c) cost competitiveness of the project's outputs in domestic and external markets, (d) existing domestic output capacity in the sector to which the borrowing proposal relates, and the potential domestic and external demand given the estimated output cost structure, (e) existing indebtedness structure of the project sponsors, duly supported by reports of their bankers and of the CIB at Bangladesh Bank.

(ii) Authorized Dealer banks will forward the applications to BEPZA, after satisfying themselves about completeness of the applications and accompanying documents, as also about prima facie correctness of data/information provided in the applications. While forwarding the applications onward, the Authorized Dealer banks may add such observations/remarks of their own as they may deem necessary to make.

(iii) The BEPZA, after perusal of borrowing approval applications forwarded by Authorized Dealers, will in turn forward these onward to General Manager, Foreign Exchange Investment Department (FEID), Bangladesh Bank Head Office, Dhaka; with such observations/remarks as deemed necessary.

(iv) The borrowing proposals forwarded to Bangladesh Bank by the BEPZA will be scrutinized at the FEID and disposed of with decisions at Governor's level. The decisions will be communicated simultaneously to the BEPZA, the applicant EPZ units, and their Authorized Dealers concerned.

3. Please bring the above instructions, coming into immediate effect, to the notice of all concerned.

Yours Faithfully,

Sd/-

(Nurun Nahar)

Deputy General Manager

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