

## Country Profile

Bangladesh is located in the South Asia, bordering the Bay of Bengal, between Myanmar and India. Bangladesh have a territory of 144,000 square kilometer with a population of 133 million people (Muslim 88.3%, Hindu 10.5%, others 1.2%). While, Bangla is the official language, English is also understood and spoken.

Bangladesh is governed by a parliamentary form of government headed by the Prime Minister. The President is the constitutional head of the state. The judicial system follows the English common law.

Bangladesh produces rice, jute, tea, wheat, sugarcane, leather, timber, and tobacco. The natural resources of Bangladesh are Natural Gas, Limestone, Hard-rock, Coal and has a strong possibilities of oil deposits.

Bangladesh exports raw jute, jute products, tea, leather and leather goods, readymade garments, frozen shrimps, fish products and newsprint papers.

Bangladesh in turn imports crude petroleum, petroleum products, wheat, raw cotton, edible oil, fertilizer, cement, yarn, chemicals and capital machinery.

Bangladesh remains tropical during the month of October to March. Hot and humid between March to June, cool, rainy monsoon begins from June to October.

Dhaka is the capital of Bangladesh. The two seaport cities are located in Chittagong and Khulna. Bangladesh have three international airports located in Dhaka, Chittagong and Sylhet.

## Doing Business in Bangladesh.

Doing business ranks economics based on ten indicators to ascertain a country's business competitiveness. These are: starting a business, dealing with construction permits, employing workers, registering properties, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business.

The survey titled "Doing Business – 2009" reveals that Bangladesh improved in three indicators among ten. Bangladesh is the fourth easiest country in South Asia for doing business. Bangladesh cut the time to 245 days from 425 days, needed to register property by almost half through reforms. Bangladesh is the only country in South Asia that recorded two reforms between June 2007 and June 2008. Three other South Asian countries recorded only one reform each.

Bangladesh has also improved significantly in time to pay taxes to 302 hours from 400 hours compared to previous year. The cost of export in Bangladesh is \$ 970.00 per container, much lower than the rates prevailing in the neighboring countries. In the case of import, the cost is \$ 1,375.00 per container for Bangladesh, again much lower than the rates in neighboring countries.

Bangladesh requires going through seven different procedures for starting a business from eight in the previous year. The average procedures for the South Asian countries are 7.37. The number of days needed to start a business in Bangladesh is 73, while the regional average is only 32 days.

The cost of starting a business in Bangladesh as a percentage of the per capita income, is 25.7 from 46.2 percent in the previous year. The regional average is 31.8 percent. One has to go through 14 procedures and 231 days to obtain a construction permit. Property registration cost in Bangladesh as a percentage of the property value is 10 percentage from 10.3 percent a year ago. The regional average is 6 percent.

The following Bangladeshi companies can assist foreign companies in registering their offices in Bangladesh and provide other logistics.

**LIST OF THE LEADING BANGLADESHI CONSULTING  
FIRMS PROVIDING ASSISTANCE TO FOREIGN  
COMPANIES TO REGISTER IN BANGLADESH.**

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Commercial trading house and Industrial establishment can be set up inside the Bangladesh Export Processing Zones (BEPZ) or even outside the BEPZ in a private property.

### **BOARD OF INVESTMENT**

The Board of Investment (BOI) was established by the Investment Board Act of 1989 to promote and facilitate investment in the private sector both from domestic and overseas sources with a view to contribute to the socio-economic development of Bangladesh. It is headed by the Honourable Prime Minister / Chief Adviser. Its membership include representatives (at the highest level) of the relevant ministries – industry, finance, planning, textiles, jute, commerce, energy, power as well as others, such as the Governor of Bangladesh Bank, Presidents of FBCCI and BCI. The Operational Head and CEO of the Board of Investment is the Executive Chairman.

#### Functions and services of BOI

a) Functions:

Broadly, Board of Investment is responsible for facilitating private investment in the country. Its functions are :

- I) Providing all kinds of facilities in the matter of investment of local and foreign capital for the purpose of rapid industrialization in the private sector;
- II) Implementation of the Government policy relating to the investment of capital in industries in the private sector;

- III) Preparation of investment schedule in relation to industries in the private sector and its implementation;
- IV) Preparation of area schedule for establishment of industries in the private sector and determination of special facilities for such areas;
- V) Approval and registration of all industrial projects in the private sector involving local and foreign capital;
- VI) Identification of investment sectors and facilities for investment in industries in the private sector and giving wide publicity thereof abroad;
- VII) Invention of specific devices for the purpose of promotion of investment in industries in the private sector and their implementation
- VIII) Creation of infra-structural facilities for industries in the private sector;
- IX) Determination of terms and conditions for employment of foreign officers, experts and other employees necessary for industries in the private sector;
- X) Preparation of policies relating to transfer of technology and phase wise local production in the private sector and their implementation;
- XI) Providing necessary assistance in the rehabilitation of sick industries in the private sector;
- XII) Financing and providing assistance in the financing of important new industries in the private sector;
- XIII) Adoption of necessary measures for creation of capital for investment in industries in the private sector;

- XIV) Collection, compilation , analysis and dissemination of all kinds of industrial data and establishment of data-bank for that purpose, and
- XV) BOI has been entrusted to give approval of foreign commercial offices.
- XVI) Providing secretarial service to Private Infrastructure Committee (PICOM).
- XVII) Doing such other acts and things as may be necessary for the performance of the above functions.

b) Service available from Board of Investment:

To summarize, BOI service available for the investors could be categorized in three stages :

Stage 1. Pre-investment Information and Counseling.

At this state, BOI provides all sorts of information required by an investor to undertake initial investment move. Professional Investment and Business Counselors provide cordial assistance upon visit to the BOI office, over phone, by e-mail and fax and express mailing. It also assists in company formation and registration.

Stage 2. Special Welcome Service to Foreign Investor.

BOI has Welcome Service Desk at Zia International Airport, Dhaka and Shah Amanat International Airport, Chittagong operating round the clock. It assists in obtaining necessary immigration and vis on arrival/landing permit, hotel accommodation and counseling arrangement.

Stage 3. Investment Implementation and Commercial Operation.

Once the investor decides to invest and forms a company, BOI provides following specific facilities and comprehensive services:

a) Industrial registration

- b) Industrial plot
- c) Utility connections
- d) Terms and conditions of Foreign Loan, Supplier's Credit, Deferred Payment, PAYE scheme, etc.
- e) Import of Machinery and Raw Materials.
- f) Work Permit.
- g) Remittance of Royalty, Technical Know-how and Technical Assistance Fees.

### Business Set-up at a glance

Implementing a private sector industrial project in Bangladesh either local, joint venture or 100% foreign follows a rather simplified process. The entire process could be divided into 5 (five) major steps.

1. Info search
2. Physical verification
3. Getting Structured
4. Plant set-up
5. Commercial operation

### Info searching:

Once an investor intends to do business in Bangladesh, the first thing is to have relevant, sufficient and reliable information on the investment and business climate, opportunities, competitive strengths, industry structure etc. of the country. These could be collected from a number of agencies like:

Board of Investment : The most reliable and state of the art information source is the Government.

Government of Bangladesh agencies : Other sources of the Government of Bangladesh like Ministries and trade related offices.

Missions	:	Direct queries to the Bangladesh Missions in the country of the investor would also result in reliable Information. Diplomatic Mission of the intending country could also be a dependable source of information.
Chambers	:	Chambers can provide real Experiences of the existing investors. These include the Federation of Bangladesh Chamber of Commerce and Industry, Foreign Investors Chamber of Commerce & Industry, International Chamber of Commerce, Dhaka Chamber of Commerce & Industry, Metropolitan Chamber of Commerce & Industry, Bangladesh Chamber Industries, Chittagong Chamber of Commerce & Industries and other regional chambers. Joint Business Councils and Chambers between the countries.
Associations also	:	Business associations of the country could provide sector specific information related to the respective industry.
International	:	United Nation bodies like World Bank, UNCTAD, UNDP, WTO, IFC, MIGA, FIAS Organizations etc. and other international organizations could be a reliable source.

- Consultants : Independent business consulting Firms and consultants provide professional services and assistance.
- Web-sites : A number of independent web-sites on Bangladesh hosted in different locations of the world could be surfed. The keyword searching by 'Bangladesh Investment', 'Bangladesh Business', 'Bangladesh Profile', 'FDI Bangladesh', etc. would provide numerous results. To have more results, please search in different search engines like Google, Yahoo, Altavista, Lycos, etc. BOI official wen-site is [www.boi.gov.bd](http://www.boi.gov.bd) while the official web-site of Government of Bangladesh is [www.bangladesh.gov.bd](http://www.bangladesh.gov.bd).

### INVESTMENT INCENTIVES

Bangladesh is keen to stimulate the economy and transform a poverty stricken economy to NIE within short time. Government has liberalized the industrial and investment policy in recent years by reducing regulatory requirements and opening up many areas. Substantial incentive programme has also been implemented which is presented below:

Summary of incentives provided to the investors.

<u>Approval authorities</u>	<u>Major fiscal incentives</u>	<u>Major Non-fiscal Incentives</u>
	* Tax Holiday	* Remittance of royalty,
	* Accelerated technical	
* Ministry of Finance	Depreciation	know-how,

* Bangladesh Bank	Allowance instead of	technical assistance
* National Board of Revenue.	tax holiday.	fee.
* Bangladesh Export Processing Zones Authority.	* Concessionaire income tax in lieu of Tax Holiday and Accelerated Depreciation Allowance	* 100% Foreign Equity allowed.
* Board of Investment	* Concessionaire duty on imported machinery.	* Unrestricted Exit Policy.
* Bangladesh Small & Cottage Industries	* Avoidance of Double Taxation.	* Full repatriation facilities of dividend and capital at the event of exit.
		* Permanent residence Permit on investing U.S.\$ 75,000 and Citizenship offer for investing U.S.\$ 500,000.

For detailed information on the subject please log on to [www.boi.gov.bd](http://www.boi.gov.bd) the official web-site of the Board of Investment.

### **BANGLADESH EXPORT PROCESSING ZONES AUTHORITY.**

Foreign Private Investment (Promotion and Protection) Act, 1980. Act No. XI of 1980.

An Act to provide for the promotion and protection of foreign private investment in Bangladesh.

Whereas, it is expedient to provide for the promotion and protection of foreign private investment in Bangladesh.

It is hereby enacted as Follows:

1. Short Title:

This Act may be called the Foreign Private Investment (Promotion and Protection), Act 1980

2. Definitions:

(1) In this Act, unless there is anything repugnant in the subject or context.

- a) “Foreign Capital” means capital invested in Bangladesh in any industrial undertaking by a citizen of any foreign country or by a company incorporated outside Bangladesh, in the form of foreign exchange, imported machinery and equipment, or in such other form as the Government may approve for the purpose of such investment;
- b) “Foreign Private Investment” means investment of foreign capital by a person not a citizen of Bangladesh or by a company incorporated outside Bangladesh, but does not include investment by a foreign Government or an agency of the foreign Government;
- c) “Industrial undertaking” means an industry, establishment or other undertaking engaged in the production or processing of any goods or in the development and extraction of such mineral resources or products, or in the providing of such mineral resources or products, or in the providing of such services, as may be specified in this behalf by the Government.

(2) Words and expressions used but not defined in this Act shall

have the same meaning as in the Companies Act, 1913 (VII of 1913).

3. Foreign Private Investment:

- (1) The Government may, for the promotion of foreign private investment, sanction establishment with foreign capital of any industrial undertaking:
- (a) Which does not exist in Bangladesh and the establishment whereof,
    - in the opinion of the Government is desirable, or
  - (b) Which is not being carried on in Bangladesh on a scale adequate to
    - the economic and social needs of the country, or
  - (c) Which is like to contribute to:
    - (i) The development of capital, technical and managerial resources of Bangladesh, or
    - (ii) the discovery, mobilization or better utilization of the natural resources; or
    - (iii) the strengthening of balance of payment of Bangladesh,
- or
- (iv) increasing employment opportunities in Bangladesh, or
  - (v) the economic development of the country in any other matter.
- (2) Sanction of the establishment with foreign capital of an industrial undertaking under sub-section (1) may be subject to such condition as the government may deem fit to impose.

#### 4. Protection and Equitable Treatment:

The government shall accord fair and equitable treatment to foreign private investment which shall enjoy full protection and security in Bangladesh.

5. Terms of sanction, etc:

The terms of sanction, permission or license granted by the Government to an industrial undertaking having foreign private investment shall not be unilaterally changed so as to adversely alter the conditions under which the establishment of such undertaking was sanctioned; nor shall foreign private investment be accorded a less favorable treatment than what is accorded to similar private investment by the citizens of Bangladesh in the application of relevant rules and regulations..

6. Indemnification, etc :

In the event of losses of foreign investment owing to civil commotion, insurrection, riot, foreign private investment shall be accorded the same treatment with regard to indemnification, compensation, restitution, or other settlement as is accorded by investments by the citizens of Bangladesh.

7. Expropriation and Nationalization:

- (1) Foreign private investment shall not be expropriated or nationalized or  
be subject to any measure having effect of any expropriation or nationalization except for a public purpose against adequate compensation which shall be paid expeditiously and be freely transferable.
- (2) Adequate compensation for the purpose of sub-section (1) shall be an  
Amount equivalent to the market value of investment expropriated or nationalized immediately before the expropriation or nationalization.

8. Repatriation of investment :

- (1) In respect of foreign private investment, the transfer of capital and the  
returns from it and, in the event of liquidation of industrial undertaking

having such investment, of the proceeds from such liquidation is guaranteed.

- (2) The guarantee under sub-section (1) shall be subject to the right which in Circumstances of exceptional financial and economic difficulties, the Government may exercise in accordance with the applicable loss and regulations in such circumstances.

9. Removal of difficulty:

If any difficulty arises in giving effect to any provision of this Act, the Government may take such order, not inconsistent with the provisions of this Act, as may appear to it to be necessary for the purpose of removing the difficulty.

For detailed information please log on to [www.epzbangladesh.org.bd](http://www.epzbangladesh.org.bd) the official web-site of the Bangladesh Export Processing Zones Authority.