

**INFORMATION
FOR
INVESTORS**



**BANGLADESH EXPORT
PROCESSING ZONES AUTHORITY**

Country Profile

A. Geography & Climate

Official Country Name	: The People's Republic of Bangladesh
Geographical Location & Coordinates	: North-Eastern part of South Asia between 20°34 and 26°38 North Latitude and between 88°01 and 92°41 East Longitude
International Boundaries	: North-India (West Bengal & Meghalaya), West-India (Tripura & Assam) and Myanmar South –Bay of Bengal
Area	: 1,43,998 square km (Territorial water-12 nautical miles)
Land type	: Consists of flat fertile alluvial land
Capital city	: Dhaka (Metropolitan Area 522 sq km)
Standard Time	: GMT+6 hours
Climate	: Sub-tropical monsoon
Climate Variations	: Winter: December-February Temperature: Average maximum 29°C Average minimum 11°C Summer : March-June Temperature: Average maximum 32°C Average minimum 21°C Monsoon : July-October 80% of rainfall occurs during monsoon
Rainfall	: 1,194mm to 3,454 mm
Humidity	: Highest 99 percent (July)
Lowest	: 36 percent (December & January)
Vegetation	: Grassland, mixed evergreen and evergreen

B. Demographics

Population	: 160 million
Male/Female Ratio	: 100/105.26
Population Growth Rate	: 1.579%
Population density	: 1033.5 / km ²
Adult Literacy Rate	: 65% (15years)
Ethnic Groups	: Predominantly mixed group of Proto Austroloids / Dravidians, Mongoloids and Aryans.
Language	: Bangla : 95% Dialects : 5% English : Widely spoken
Religion	: Muslim : 88.3% Hindu : 10.5% Buddhist : 0.6% Christian : 0.3% Animists and believers in Tribal faiths: 03%
Human Resources	: -A trained and skilled manpower reserve -Professionals include Engineers, Technicians, Physicians, Economists, Accountants, Administrative and Managerial personnel. -Low-cost, easily trainable and adaptable, hard working, intelligent and youthful labour force.
Educational Institutions.	: Public University : 32 Private University : 54 Colleges : 3,639 Polytechnic Institutes : 50 Medical Colleges : 25 Dental Colleges : 03 Secondary Schools : 21,665 Primary Schools : 78,363

Labour Force	:	Civilian Labour Force	:	60.3 million
(Labour force survey)		Male	:	37.5 million
1999 / 2000		Female	:	22.8 million
		Sectoral Distribution of Labour Force:		
		Agriculture	:	62.3%
		Industry	:	7.6%
		Others	:	30.1%

C. Resources

Food	:	Rice, Vegetable, Pulses, Fish and Meat
Principal Crops	:	Rice, Wheat, Jute, Tea, Tobacco and Sugarcane
Principal Rivers	:	Padma, Brahmaputra, Jamuna, Meghna, Karnaphuli, Teesta, Etc. Total 203 rivers including Tributaries.
Mineral Resources	:	Natural Gas, Limestone, Hard rock, Coal, Lignite, Silica, Sand, White Clay, Radio-Active Sand etc.

D. History & Government

History	:	1971: Emergence of the sovereign state of Bangladesh through a 9 months long Liberation War
Government	:	Parliamentary form of Government headed by the Prime Minister. The President is the constitutional head of the state

E. The Economy

Currency	:	Taka. In short: Tk
Major Industries	:	Jute, Tea, Textile, Garments, Paper, Newspaper, Fertilizer, Leather and Leater goods, Sugar, Cement, Fish processing, Pharmaceuticals, Chemical industries etc.
Thrust Sector Industries	:	Agro-Based Industries, Artificial Flower, Computer Software & ICT, Electronic, Frozen Foods, Flower Cultivation, Gift Items, Infrastructure, Jute & Jute Mixed Goods, Jewellery, Diamond Cutting & Polishing, Leather

& Leather Goods, Oil & Gas, Sericulture Industry, Stuffed Toys, Textile Industries. Tourist Industries, Basic Chemicals / Industrial raw materials, Dye & Chemicals for Textile Industries, Optical Frame, CNG, Furniture.

Traditional Export Items	:	Raw Jute, Jute manufacture (Hessian sacking, Carpet backing, Carpets), Jute products, Tea, Leather, Leather products etc.
Non-Traditional Export Items	:	Garments, Frozen Shrimps, other Fish Products, Newsprint, Paper, Naphtha Furnace Oil, Urea, Ceramic Products etc.
Major Imports	:	Wheat, Oil, Seeds Crude Petroleum, Raw Cotton, Edible oil, Petroleum Products, Fertilizer, Staple Fibers, Yarn, Iron & Steel, Capital Goods, etc.
Major Trading Partners	:	USA, EU Countries, India, China, Japan, South Korea, Australia, Malaysia, Hong Kong, Taiwan, Indonesia, Thailand, Saudi Arabia, UAE.

F. Air Sea and River Ports.

International Airport	:	Hajrat Shahjalal International Airport, Dhaka Shah Amanat International Airport, Chittagong Osmani International Airport, Sylhet
Domestic Airport	:	Dhaka, Chittagong, Sylhet, Cox's Bazar, Thakurgaon, Syedpur, Rajshahi, Jessore, Ishwardi and Barisal
Sea Port	:	Chittagong and Mongla
Inland River Port	:	Dhaka, Chandpur, Barisal, Khulna, Bhairab, Narayanganj, Sirajganj etc.

Source: i) CIA World Fact Book, updated up to February, 2013
ii) en.wikipedia.org

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**THE BANGLADESH EXPORT PROCESSING ZONES
AUTHORITY ACT, 1980**

(Act No. XXXVI of 1980, dated 26 December, 1980)
(As modified up to 13 December, 1994)

CHAPTER – 1

ACTS AND PRINCIPLES OF EPZ

- THE BANGLADESH EXPORT PROCESSING ZONES
AUTHORITY ACT, 1980
- INCLUSION OF NEW MEMBERS IN
THE BOARD OF GOVERNORS OF BEPZA
- FOREIGN PRIVATE INVESTMENT
(PROMOTION & PROTECTION) ACT, 1980
- PRINCIPLES & PROCEDURES GOVERNING
SETTING UP OF INDUSTRIES IN EPZS

An Act for the establishment of the Bangladesh Export Processing Zones Authority; Whereas it is expedient to make provision for the establishment of the Bangladesh Export Processing Zones Authority for creation, development, operation, management and control of Export Processing Zones and for matters connected therewith.

It is hereby enacted as follows:

1. Short Title and Commencement:

1. This Act may be called the Bangladesh Export Processing Zones Authority Act, 1980
2. It shall come into force on such date¹ as the Government may, by notification in the official Gazette, appoint.

²[2. Definitions:

In this Act, unless there is anything repugnant in the subject or context,-

- (a) "Authority" means the Bangladesh Export Processing Zones Authority establishment under section 3;
- (b) "Board" means the Board of Governors of the Authority;
- (c) "Executive Board" means the Executive Board of the Authority;
- (d) "Executive Chairman" means the Executive Chairman of the Board;
- (e) "Prescribed" means prescribed by rules made under this Act; and
- (f) "Zone" means a place or places to be specified by the Government under section 10 as an Export Processing Zone for the purposes of setting up export-oriented industries.]

3. Establishment of the Authority:

- (1) As soon as may be after the commencement of this Act, the Government shall, by notification in the official Gazette, establish³ an Authority to be called the Bangladesh Export Processing Zones Authority for carrying out the purposes of this Act.
- (2) The authority shall be a body corporate having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and shall by the said name sue and be sued.

¹This Act has come in to force on the 14th April, 1981, vide notification no. SRO 113-L / 81, dated 13-4-1981, published in the Bangladesh Gazette, Extra, dated 13-4-1981, page 781.

²Substituted by ordinance No. LII of 1996, s 2, for section 2.

³The Bangladesh Export Processing Zones Authority was established on the 15th April, 1981, vide Notification No. SRO 11-L / 81, dated 15-4-1981, published in the Bangladesh Gazette, Extra, dated 15-4-1981, page 783.

¹[3A. General Direction:

- (1) The General direction and administration of the affairs of the Authority shall vest in the Executive Board which may, subject to sub-section (2), exercise all powers and do all acts and things as may be exercised or done by the Authority.
- (2) The Executive Board, in discharging its functions, shall act in accordance with the guidance, order and instructions given by the Board of Governors of the Authority from time to time.]

4. Head Office, etc.:

- (1) The Head Office of the Authority shall be located at Chittagong.
- (2) The Authority may establish its offices and branches at such places as it may deem fit.

²[4A. Objects of the Authority:

The objects of the Authority shall be -

- (a) to foster and generate economic development of Bangladesh by encouraging and promoting foreign investments in a zone;
- (b) to diversify the sources of foreign exchange earnings by increasing export of Bangladesh through a zone³ [;]
- ³[(c) to encourage and foster the establishment and development of industries and commercial enterprises in a zone in order to widen and strengthen the economic base of Bangladesh;
- (d) to generate productive employment opportunity and to upgrade labour and management skills through acquisition of advanced technology.]

⁴[5. Board of Governors:

- (1) There shall be a Board of Governors of the Authority which⁶ [shall subject to provision of sub-section (3), consist] of the following members namely:
 - (a) Chairman;
 - (b) Minister-in-charge of the Ministries or Divisions dealing with Industries, Commerce, Finance, Planning, Foreign Affairs, Energy and Ports and Shipping, ex-officio;
 - (c) Governor, Bangladesh Bank, ex-officio;
 - (d) Secretaries of the Ministries or Divisions dealing with Industries, Commerce, Finance, Planning, Foreign Affairs, Energy, Ports and Shipping and Internal Resources, ex-officio;
 - (e) Chairman of the Executive Board, who shall also be the Secretary of the Board, ex-officio;
- (2) The⁵ [Prime Minister], or a member, who is a Minister nominated [by the⁵ [Prime Minister], shall be the Chairman of the Board.

¹Section 3A was inserted by Ordinance No. LII of 1986, s.3.

²Section 4A was inserted by Ordinance No. XLIX of 1984, s.2

³The semi-colon was substituted for the full-stop at the end of clause (b) and thereafter New clauses (c) and (d) were added by Ordinance No. LII of 1986 s.4.

⁴Substituted, *ibid*, s.5, for sections 5 and 6.

⁵The words "Prime Minister" were substituted for the word "President" by Act. XXX of 1992, s.2.

- [(3) The Government may, by notification in the official Gazette, include in the Board any person or exclude from the Board any member with approval of the Prime Minister.]

5A. Functions of the Board:

- (1) The Board-
 - (a) Shall formulate the policies for operation and management of the Authority and Zones;
 - (b) shall review, from time to time, the activities and performance of the Executive Board and the zones;
 - (c) may give orders or issue instructions which are deemed appropriate for the purpose of efficient management of the affairs of the authority and the zones.
- (2) The policies formulated, orders given and instructions issued by the Board shall be deemed to be the policies formulated, orders given and instructions issued by the government and shall be followed accordingly; and they shall not require any formal approval of any Ministry or Division dealing with the matters for their implementation.

5B. Executive Board:

- (1) There shall be an Executive Board of the Authority consisting of a Chairman and three other members.
- (2) The Chairman of the Executive Board shall be called the Executive Chairman and he shall be the Chief Executive Officer of the Authority.
- (3) The Executive Chairman and other members of the Executive Board shall be appointed by the Government and shall hold office on such terms and conditions as the Government may determine.
- (4) If a vacancy occurs in the office of the Executive Chairman or if the Executive Chairman is unable to discharge the functions of his office on account of his absence, illness or any others cause, the Government shall make such arrangement for discharging the functions of the Executive Chairman as it may consider expedient.
- (5) No act or proceeding of the Executive Board shall be invalid or be called in question merely on the ground of any vacancy in, or any defect in the constitution of the Executive Board.

6. Meetings:

- (1) Same as provided in this section, the Board of Governors and the Executive Board shall regulate the procedure for their meetings.
- (2) All meetings of the Board of Governors shall be convened by the Secretary of the Board in consultation with its Chairman and shall be held at such times and places as may be determined by him.

⁶The words comma number and bracket "shall subject to provisions of sub-section (3), consist" were substituted for the words "shall consist" by Act XXII of 1994, s.2.

⁷Sub-section (3) was inserted by Act XXII of 1994 s.2.

- (3) All meetings of the Executive Board shall be convened by the Executive Chairman and shall be held at such times and places as may be determined by him.
- (4) All meetings of the Board of Governors shall be presided over by its Chairman and, in his absence, by a member of the Board who is a Minister, authorized by the Chairman.
- (5) All meetings of the Executive Board shall be presided over by its Chairman.]

¹[6A. Consultative Committee:

- (1) ²[The Executive Board shall, in the discharge of its functions, be aided] and advised by a Consultative Committee which shall consist of the following members:
 - (a) One member to be nominated by the Internal Resources Division from among its Officers;
 - (b) One member to be nominated by the Ministry of Industries from among its Officers;
 - (c) One member to be nominated by the Ministry of Commerce from among its Officers;
 - (d) One member to be nominated by the Export Promotion Bureau from among its Officers;
 - (e) One member to be nominated by the Finance Division from among Senior Bankers;
 - (f) One member to be nominated by the Ministry of Industries from among Prominent Industrialists;
 - (g) One member to be nominated by the Government from among Industrialists of each zone;
 - (h) Director General, Department of Industries, or his nominee;
 - (i) Division Chief (Industries), Planning Commission;
 - (j) Commissioner of the Division in which a Zone is situated or his nominee;
 - (k) Chairman of the Water Supply and Sewerage Authority within the area of which a Zone is situated;
 - (l) Chairman of Chittagong Port Authority or Port of Chalna Authority to be nominated by the Government'
 - (m) Chairman of the body, by whatever name called, responsible for the development or improvement of the urban area within which a zone situated;

¹Section 6A was inserted by ordinance No. XLIX of 1984. s.5.

²Substituted by Ordinance No. LII of 1986, s. 7(a), for "The Authority shall in the discharge of its functions, be aided".

- (n) Chairman, Bangladesh Small and Cottage Industries Corporation;
- (o) One member to be nominated by the Federation of Bangladesh Chamber of Commerce and Industry;
- (p) Four members to be nominated by the Federation of Bangladesh Chamber of Commerce and Industries, one from among Presidents of Chamber of Commerce and Industry of each Division;
- (q) One member to be nominated by the Authority from among the Owners or Shareholders of the Enterprises set up in a Zone;
- (r) One officer of the Authority to be nominated by it who shall also be the Secretary of the Consultative Committee; and
- (s) Such other members as may be nominated by the Government.

(2) The ¹[Executive Chairman] shall *ex-officio* be the Chairman of the Consultative Committee.

²[(3) The meetings of the Consultative Committee shall be convened by its Chairman and shall be held at such times and places as may be determined by him.]

- (4) All meetings of the Consultative Committee shall be presided over by ³[its Chairman] or, in his absence, by a member of the ⁴[Executive Board authorized by him.]
- (5) To constitute a quorum at a meeting of the Consultative Committee no less than one-third of the total number of its members shall be present.]

⁵[6B. Post Sanction Clearance Committee:

- (1) There shall be a committee to be called the Post Sanction Clearance Committee.
- (2) The Committee shall be consist of the following members, namely:
 - (a) Executive Chairman, ex-officio, who shall be its Chairman;
 - (b) Controller or Capital Issue, ex-officio;
 - (c) Registrar or Joint Stock Companies, ex-officio;
 - (d) General Manager, Exchange Control Department, Bangladesh Bank, ex-officio;
 - (e) An officer of the Authority to be nominated by it, who shall also be the Secretary of the Committee.
- (3) The Committee shall assist the Executive Board in matters of registration of companies, capital issues and foreign exchange transaction in respect of, and in all other matters connected with the operational needs of, sanctioned industries in a zone.

¹Substituted by Ordinance No. LII of 1986, s. 7(b), for "Chairman of the Authority"

²Substituted, *ibid.*, s. 7(c), for sub-section(3).

³Substituted, *ibid.*, s. 7(d)(i), for "the Chairman"

⁴Substituted, *ibid.*, s. 7(d)(ii), for "Authority Authorized by him this behalf".

⁵Section 6B was inserted, *ibid.*, s.8.

- (4) Same as provided in this section, the Committee shall regulate the procedure of its meetings; Provided that the Committee shall meet at least once in a month.
- (5) The meetings of the Committee shall be convened by its Secretary and shall be presided over by its Chairman.]

7. The Functions of the Authority:

The Functions of the Authority shall be-

- (a) to take possession of land to be acquired or requisitioned by the Government for the purpose of creation and development of a zone;
- [(b) to allot land and building spaces in a zone to investors on sale, lease or on rent and to allow them to mortgage the allotted lands for raising loan from financial institutions or commercial banks;]
- (c) to provide infrastructure facilities, including building, utilities and warehouses;
- ²[(d) to process application for setting up industries within a zone and accord sanctions in accordance with the guidelines given by the government from time to time.]
- (e) to provide customs bonded facilities in accordance with customs regulations for importation into a zone of building materials for construction purposes and packaging materials, raw materials and intermediate goods for the purpose of processing for exports;
- (f) to allow import of raw materials or semi-processed, processed or other goods to be specified by the ³[Board] in such manner as may be prescribed;
- (g) to assist in transportation of imported raw-materials and intermediate goods in bonded conditions and export of finished products;
- (h) to provide necessary banking facilities within the zone in consultation with the Bangladesh Bank;
- (i) to establish liaison with the port, municipal and other authorities to make arrangement for transportation of imported raw materials and intermediate goods on bonded condition and for export of finished products;
- (j) to sanction employment of foreign nationals in accordance with the guidelines given by the Government from time to time, to posts for which local expertise is not available for efficient running of the industries in a zone;

.....
¹ Substituted by Ordinance No. LII of 1986, s. 9(a), for clause (b)
² Substituted by Ordinance No. XLIX of 1984, s. 6(a), for clause (d)
³ Substituted by Ordinance No. LII of 1986, s. 9(b), for "Government".

- ⁴[(jj) subject to the approval of the Government, to enter into any contract or agreement of any kind for the purposes of this Ordinance;]
- (k) to do such other acts and things as may be necessary to be done in connection with, or conducive to, the performance of the aforesaid function.

¹[7A. Establishment, etc., of warehouses:

Notwithstanding anything contained in this Act, the Authority may, if the Government so directs, set up, maintain and manage public warehouses at any place in Bangladesh to provide customs bonded facilities in accordance with customs regulations for importation into Bangladesh of raw materials, packaging materials, semi-processed goods and accessories required for export oriented industries.]

8. Fund:

- (1) There shall be a fund of the Authority to which shall be credited-
 - (a) grants and loans from the Government;
 - (b) loans from such other sources as the Government may approve;
 - (c) proceeds from the land allotted for setting up of industries in the zone;
 - (d) rental of buildings leased out to the industries set up in the zone;
 - (e) fees and service charges, if any, received for services rendered;
 - (f) any other sums not specified accruing to or due to the Authority from other source.
- (2) The fund of the authority shall be used to meet expenditure in connection with the functions of the authority under its Act.

9. Power to Borrow:

The Authority may² *** borrow money for carrying out of the purpose of this Act.

10. Power to Create Zone:

The government may, by notification in the official gazette, declare any place or places to be specified in the notification to be an Export Processing Zone for the purposes of this Act.

11. Acquisition of Land for a Zone:

Where any land or any interest in any land is required by the Authority for any of its purpose under this Act that land or the interest therein may be acquired by the Government under *Land Acquisition Act, 1894 (I of 1894), for the Authority and the land or interest therein so acquired shall be deemed to be required for a public purpose.

.....
⁴ Clause (jj) was inserted by ordinance No. XLIX of 1984, s. 6(b)
¹Section 7A was inserted by ordinance No. XIII 1985, s.2.
²The commas and words, "with the prior approval of the Government," were omitted by ordinance No. XLIX of 1984. s.7.
³Section 11A was inserted by ordinance No. XLIX 1984, s.8.
^{*}Read the Acquisition and Requisition of Immovable Property Ordinance. 1982(Ord. No. II of 1982).

²[11A. Power to Exempt Zones from Operation of Certain Laws:

The Government may, by notification in the official Gazette, exempt a Zone from the operation of all or any of the provisions of all or any of the following enactments or, direct that any such enactment or any provision thereof shall, in its application to a zone, be subject to such modifications or amendments as may be specified therein, namely:

- (a) The Stamp Act, 1899 (II of 1899)
- (b) The Companies Act, 1913 (VII of 1913);
- (c) The Excises and Salt Act, 1944 (I of 1944);
- (d) The Foreign Exchange Regulation Act, 1947 (VII of 1947);
- (e) The Employment of Labour (Standing Orders) Act, 1965 (VIII of 1965);
- (f) The Industrial Relations Ordinance, 1969 (XXIII of 1969);
- (g) The Land Development Tax Ordinance, 1976 (XLII of 1976);
- (h) The Income-Tax Ordinance, 1984 (XXXVI of 1984) [.]
- ¹[(i) The Municipality Taxation Act, 1881 (Ben. Act IX of 1881);
- (j) The Explosives Act, 1884 (IV of 1884);
- (k) The Electricity Act, 1910 (IX of 1910);
- (l) The Boilers Act, 1923 (V of 1923);
- (m) The Building Construction Act, 1952 (E.B. Act II of 1953);
- (n) The Fire Service Ordinance, 1959 (E.P. Ordinance XVII of 1959);
- (o) The Factories Act, 1965 (E.P. Act IV of 1965);
- (p) The Chittagong Municipal Corporation Ordinance, 1982 (XXV of 1982).]

³ [11B. Committees:

In addition to the committees constituted under this ordinance, the Board of Governors or the Executive Board may, from time to time, appoint such other Committee or Committees as may be necessary to assist them in the discharge of their functions.]

⁴[11C. Inclusion in, or exclusion from committees:

Notwithstanding anything contained in this Act, the Government may, by order in writing, include in, or exclude from, the Consultative committee or the Post Sanction Clearance Committee under section 6A and 6B respectively or any other Committee appointed under section 11B with the approval of the Prime Minister.]

.....
¹ The semicolon was substituted for the full-stop at the end of entry (h) and thereafter the entries (i), (j), (k), (l), (m), (n), (o) and (p) were added by Ordinance No. LII of 1986. s. 10.

²Section 11B was inserted, *ibid.*, s. 11.

³Substituted *ibid.*, s. 12, for "Government".

⁴Section 11c was inserted by Act XXII of 1994. s. 3.

12. Permission for Setting up Industry in the Zone, etc.:

- (1) A person desiring to set up an industry in a zone shall make an application to the Authority in the prescribed form for permission in that behalf.
- (2) The Authority or any person authorised by in this behalf shall, on receipt of an application made under sub-section (1), process it in accordance with the principle to be laid down by the [Board] in this behalf and shall, if it is satisfied that the applicant fulfils the requirements for setting up an industry in the zone, grant him a permission in the prescribed form.

13. Allotment of Land, etc., in a Zone:

The Authority may, subject to such terms and conditions as it may determine, allot, or lease out on rental basis or otherwise; land and building spaces in a zone to a person who has been granted permission under section 12 to set up an industry in that zone.

¹[14. Permission to Banks to Operate in a Zone :

The Authority may, with the approval of the Bangladesh Bank, permit banks, foreign and local, to operate in a zone and to have as their constituents persons not resident in Bangladesh and to accept deposits on current account or otherwise from such persons.]

15. Bonded Facilities, etc.:

Notwithstanding anything contrary contained in any other law for the time being in force, there shall not, subject to such rules as may be prescribed, be leviable-

- (a) On any goods, including raw-materials, imported into a zone any customs duty, sales tax, octroi or excise duty or import license or permit fee or any other charges;
- (b) On any goods exported from a zone any duty or any other charges.

16. Types of Industries to be Set up in a Zone, etc.:

The authority may, with the previous approval in writing of the Government, determine, from time to time, the type or types of industries to be set up in a zone.

17. Budget:

The Authority shall, by such date in each year as may be fixed by the Government, submit to the Government for approval a budget, in such form as the Government may specify, for each financial year, showing the estimated receipt and expenditure during that financial year.

18. Audit and Accounts:

- (1) The accounts of the Authority shall be maintained in such manner and form as may be prescribed by the Government.
- (2) Without prejudice to the provision of the Comptroller and Auditor General (Additional Functions) Act, 1974 (XXIV of 1974), the accounts of the Authority shall be audited by an Auditor, being a Chartered Accountant within the meaning of the Bangladesh Chartered Accountants Order, 1973 (P.O.No. 2 of 1973), who shall be appointed by the Authority, with the prior approval of the Government, on such remuneration to be paid by the Authority as the Government may fix.

.....
¹ Substituted by Ordinance No. XLIX of 1984, s.9. for section 14.

- (3) The Auditor appointed under sub-section (2) shall examine the annual balance sheet of the Authority together with the accounts and vouchers relating thereto and shall have a list delivered to him of all books kept by the Authority; and shall at all reasonable times have access to the books, accounts and other documents of the Authority, and may in relation to such accounts examine any member or officer of the Authority.
- (4) The Auditor shall report to the Government on the accounts examined by him and in his report state whether, in his opinion, the books of accounts have been properly maintained and they exhibit the true picture of the Authority's affairs, and in case he has called for any explanation or information from the Authority, whether it has been given and whether it is satisfactory.
- (5) The Government, may at any time, issue direction to the Auditors requiring them to report to it upon the adequacy of measures taken by the Authority for the protection of the interest of the Government and of the creditors of the Authority or upon the sufficiency of the procedure in auditing the accounts of the Authority, and may, at any time, enlarge or extend the scope of the audit or direct that a different procedure in audit be adopted or that any other examination be made by the Auditors if in its opinion the public interest so requires.

19. Submission of Reports, etc.:

- (1) The Authority shall submit to the Government, as soon as possible after the end of every financial year, a report on the conduct of its affairs for that year.
- (2) The Authority shall submit to the Government at such times and at such intervals as the Government may specify-
 - (a) Such returns, accounts, statements, estimates and statistics as may be required by the Government;
 - (b) Information and comments asked for by the Government on any specific subject;
 - (c) Copies of documents required by the Government for examination or for any other purpose.

20. Appointment of Officers, etc.:

The Authority may appoint such officers and other employees and engage such consultants, advisers, auditors, and contractors as it may consider necessary for the efficient performance of its functions of such terms and conditions as it may deem fit.

21. Government Directions etc.:

[Omitted by Ordinance No. LII of 1986,s.13.]

22. Power to Make Rules:

The Government may, by notification in the official gazette, make rules for carrying out the purpose of this Acts.

23. Power to Make Regulations:

The Authority may, with the approval of the Government, make regulations, not inconsistent with the provisions of this Act and the rules made there under, to provide for all matters not required to be provided for by rules and for which provision is necessary or expedient for carrying out the purpose of this Act.

¹ [24. Removal of Difficulties:

If any difficulty arises in giving effect to the provisions of this Ordinance, the Government may, by order, do anything which appears to it to be necessary for the purpose of removing the difficulty.]

¹Section 24 was added by Ordinance No. LII of 1986, s.14.

**INCLUSION OF NEW MEMBERS IN
THE BOARD OF GOVERNORS OF BEPZA**

(Board of Governors' SRO No. 78-Law / 95, dated 25 May, 1995)

In exercise of the power conferred under sub-section (3) of section 5 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980) and after the approval of the Prime Minister, the government has included the Principal Secretary of the Prime Minister's Secretariat and the Executive Chairman of the Board of Investment as members of the Board of Governors of the Bangladesh Export Processing Zones Authority.

**FOREIGN PRIVATE INVESTMENT
(PROMOTION & 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 likely 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 manner.
- (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 measures having effect of 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 laws 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.

**PRINCIPLES & PROCEDURES GOVERNING
SETTING UP OF INDUSTRIES IN EPZS**

(Approved by ECNEC in its meeting on 19 March, 1981)

Industries which may be set up in EPZs of Bangladesh may be classified as:

- (a) Type-A: 100% foreign owned including investment by Bangladeshi nationals ordinarily resident abroad;
- (b) Type-B: Joint Venture projects between Foreign and Bangladesh entrepreneurs resident in Bangladesh;
- (c) Type-C: 100% Bangladeshi entrepreneurs resident in Bangladesh.

The following conditions shall be applicable to Type-A industries:

- (a) Total investment cost of the project including cost of construction shall have to be financed by the entrepreneurs' own foreign exchange resources;
- (b) The raw materials and the entire working capital requirement including payment of rental, rates and taxes, wages and salaries, transportation and local materials, repairs and maintenance shall have to be financed out of remittances received in convertible foreign currencies or export proceeds of the enterprise;
- (c) The entire products of the enterprise shall have to be exported outside Bangladesh. However, the government may allow under exceptional circumstances sales into Bangladesh of any product manufactured in a zone. Such sales will be paid for in foreign exchange and be subject to observance of other formalities including payment of duties and taxes, if any as applicable to imports;
- (d) The industries shall declare to Bangladesh Bank the FOB (Free On Board) value of the goods exported out of Bangladesh immediately after the actual shipment of the goods has been effected; and the export proceeds, when realized, will be allowed to be retained on convertible foreign currency accounts;
- (e) No import duty, sales tax, octroi or other taxes shall be leviable on the import of capital machinery, instruments and equipment including replacements thereof, spare parts, raw materials, packaging materials, construction equipment and materials for use in EPZs;
- (f) Bangladesh goods or raw materials sold against foreign exchange for use or processing in EPZs will be treated as exports from Bangladesh and will be subject to usual export formalities including payment of export duty, if any, such exports will be eligible for export incentives as may be allowed from time to time;
- (g) There shall be no excise duty on goods produced in EPZs and no export duty shall be leviable on the exports of such goods;
- (h) The income, profits and gains of any industrial undertaking set up in a zone shall be exempted from the income tax payable under the Income Tax Act for a period

of 10 years beginning with the month in which the commercial production of the undertaking is commenced without any condition of reinvestment. Rebate of 50% of the income tax attributable to export sales of the undertaking shall be allowed after the expiry of 10 years;

- (i) The company's office of the undertaking shall be registered as a foreign company under the Companies Act;
- (j) A foreign technician employed in a zone who is neither a citizen of taxable territories nor was a resident in taxable territories in any of the 4 years immediately preceding the year in which he arrived in taxable territories shall be exempted from the payment of income tax on salaries for a period not exceeding 3 years from the date of his arrival in the taxable territories provided that such salary is exempted from income tax in the country of domicile of the technician. This exemption shall be available only if all the conditions and requirements laid down under clause (XIII) of sub-section (3) of section 4 of the Income Tax Act are fulfilled and that the said law is in force at the relevant time;
- (k) The enterprise shall submit its audited and certified annual statement of accounts to Bangladesh Bank and Register of Joint Stock Companies;

The following conditions shall be applicable to Type-B industries:

- (a) The cost of capital machinery and spare parts imported from abroad shall have to be paid for by the foreign partners from their own resources;
- (b) The entire raw materials used for manufacturing or processing whether imported from abroad or locally procured shall have to be provided by the foreign partners from funds to be brought from abroad.
- (c) Local currency cost of the investment including working capital not provided for by foreign partners except these mentioned in (a) and (b) above, may be contributed by the local partners;
- (d) Local currency borrowing by Bangladesh entrepreneurs may be allowed subject to such restriction as may be imposed by the Bangladesh Bank;
- (e) In case, the extent of investment to be made by the foreign partner as agreed upon and approved by the Authority, does not cover the import of raw materials, the local partner may be allowed by Bangladesh Bank to open L.C. for imported raw materials, on case-to-case basis;

- (f) While dividend payable to the foreign partners will be remittable in foreign exchange, the payment of dividend to the local partners will be made in local currency;
- (g) The undertaking shall be registered in Bangladesh as a Bangladeshi company under the Companies Act.

The following conditions shall be applicable to Type-C industries:

- (a) The machinery, spare parts, raw materials and other imported capital goods have to be financed under non-repatriable foreign exchange, supplier's credit, PAYE or other approved arrangements or such other arrangements as the Government may permit. Salaries and emoluments of foreign experts, if employed, shall have to be financed under any of these arrangements;
- (b) The first consignment of raw materials may be imported by procuring foreign currency from the Secondary Exchange Market (SEM) subject to approval of the Bangladesh Bank. Such industries will be eligible for cash foreign exchange for subsequent import of raw materials and spares etc. to the extent of the net foreign exchange earned and surrendered to the Bangladesh Bank;
- (c) The cost of any construction and working capital and goods not covered in (a) & (b) above may be financed out of the local resources of the entrepreneurs;
- (d) The entire export proceeds shall have to be surrendered to the Bangladesh Bank;
- (e) These enterprises shall be subject to usual foreign exchange regulations of the country. Incentives and facilities admissible under any rules or orders to export-oriented industries shall not be automatically admissible to an enterprise in a zone unless otherwise specifically made admissible to it by the Government.

CHAPTER-2

EXCHANGE CONTROL REGULATIONS FOR INDUSTRIES IN EPZS

- ⦿ OPERATION OF EPZS IN BANGLADESH
- ⦿ EXTENSION OF CREDIT FACILITIES TO INDUSTRIES IN EPZS
- ⦿ CREDIT FACILITIES TO INDUSTRIES IN EPZS
- ⦿ CREDIT FACILITIES TO INDUSTRIES IN EPZS
- ⦿ EXTENSION OF CREDIT / REMITTANCE FACILITIES TO TYPE-B INDUSTRIES IN EPZS
- ⦿ DEPOSIT OF EXPORT EARNINGS IN FOREIGN CURRENCY ACCOUNT OF TYPE-A & B INDUSTRIES IN EPZS
- ⦿ DPOSIT OF EXPORT EARNING IN FC ACCOUNT OF TYPE-B INDUSTRIES IN EPZS
- ⦿ DEPOSIT OF EXPORT EARNING IN FC ACCOUNT OF TYPE-C INDUSTRIES IN EPZS
- ⦿ OPERATION OF FC ACCOUNT BY TYPE-B & C GARMENTS INDUSTRIES IN EPZS
- ⦿ OPERATION OF FC ACCOUNT BY TYPE-B & C INDUSTRIES IN EPZS
- ⦿ ENCASHMENT OF FOREIGN EXCHANGE BY THE INDUSTRIAL UNITS IN EPZS: APPLICATION OF SEM RATE
- ⦿ PAYMENT OF BILLS IN FC BY TYPE-A & B ENTERPRISES IN EPZS
- ⦿ ISSUANCE AND ENDORSEMENT OF BILL OF LADING / AIRWAY BILL / OTHER TITLE DOCUMENTS OF EXPORT CONSIGNMENTS OF TYPE-AN ENTERPRISE OF EPZS
- ⦿ NON-RESIDENT FC DEPOSIT ACCOUNT (NFCD ACCOUNT)
- ⦿ EXTENSION OF FACILITIES OF NON-RESIDENT FC DEPOSIT ACCOUNT
- ⦿ APPLICATION OF INTEREST ON FC ACCOUNTS OF NON-RESIDENT PERSONS / INSTITUTIONS INCLUDING BANGLADESH NATIONALS WORKING ABROAD
- ⦿ ESTABLISHMENT OF BANKING UNITS IN EPZS
- ⦿ ESTABLISHMENT OF OFF-SHORE BANKING UNITS IN EPZS
- ⦿ SIMPLIFIED EXCHANGE CONTROL REGULATION ON CERTAIN ISSUES

OPERATION OF EPZS IN BANGLADESH

(Bangladesh Bank FE Circular No. 37, dated 10 May, 1983)

By an act of Parliament, namely, the Bangladesh Export Processing Zones Authority Act, 1980 (Act. No. XXXVI of 1980), Export Processing Zones shall be established in Bangladesh under the auspices and supervision of the Bangladesh Export Processing Zones Authority.

2. Regulation:

The board features relating to the operation of the industrial enterprises in the zones are contained in the Principles and Procedures governing setting up of industries in EPZs issued by the Export Processing Zones Authority.

3. Repatriation of Export Proceeds:

Exports made from the zones shall be declared to the customs on EXP forms in 6 copies as in the case of ordinary exports from Bangladesh. However, for the purpose of indemnifications, these export forms should be rubber stamped or over printed with the words 'Export from EPZ' in bold letters to distinguish these exports from the ordinary ones.

4. Release of Foreign Exchange to the Enterprises against Exports:

The following procedure shall apply to release of foreign exchange by the Bangladesh Bank against exports made from the zones:

- (i) Type-A industry (100% foreign owned investment) shall as usual bring into Bangladesh the foreign exchange representing the export proceeds within 4 months from the date of export. They shall thereafter submit an application to the area office of the Bangladesh Bank through their bankers for permission to remit the export proceeds abroad or to retain the same in a foreign currency account with an authorized dealer in Bangladesh (Bank). The application should contain full particulars of the export consignment, namely EXP form No. and date, description of the commodity exported and its FOB value, freight charges, if any, the name and address of the consignees, and the date of receipt of foreign exchange supported by a proceeds realisation certificate from the authorized dealers in the prescribed form. The exporting unit shall also submit a declaration to the effect that no part of the cost of production of the goods exported has been paid in local currency other than through sale of foreign exchange to an authorized dealer. Bangladesh Bank may, if necessary, ask for such other particulars or documents as it may consider necessary to satisfy itself that no element of such costs has been paid for in local currency other than no element of such costs has been paid for in local currency

other than through conversion of foreign exchange. The Bangladesh Bank, on being satisfied with the particulars furnished by the exporting unit, shall make a deduction of 5% from the C&F / FOB value realised and will allow remittance or retention in a foreign currency account of the balance amount. Remittance of the amount representing 5% so deducted from the export proceeds will be allowed at the end of each financial year after deduction of taxes, if any, and / or any cost of production that may have been incurred in local currency otherwise than by conversion of foreign exchange. As an alternative to the above arrangement envisaging initial surrender of entire export proceeds, the exporters could be allowed to retain 95% of the export proceeds in a foreign currency account maintained with an authorized dealer in Bangladesh subject to prior arrangement being made between the Bangladesh Bank and the exporter concerned setting out the terms and conditions thereof. For the purpose of retention of export proceeds, as allowed by the Bangladesh Bank, and for crediting other inward foreign exchange remittances received from the head office or other sources, an industrial unit shall be entitled to maintain a foreign currency account with any authorized dealer in Bangladesh. Withdrawals can be made freely from this account for local disbursements as also for remittance abroad for importation of capital machinery and raw material, payment of service charges and royalty, repayment of loans etc. as per provision of the lease agreement / contract. The unit may also maintain a Taka account for the purpose of payment of wages, rent, rates, taxes etc. but this account must be fed by inward remittance in foreign exchange or through conversion of funds from the foreign currency account.

(ii) Type-B industry (joint venture projects) shall repatriate the entire amount of foreign exchange to Bangladesh against the exports made by it from the zone within 4 months from the date of export through an authorized dealer in foreign exchange. Thereafter, it shall submit an application to the area office of the Bangladesh Bank to allow transfer to a foreign currency account the amount representing the cost of imported materials plus other foreign exchange overheads applicable to each exported consignment. The remaining portion of the export proceeds representing the cost of production in local currency profit etc. shall be converted into Bangladesh Taka at the official exchange rate.

Application for the purpose should be submitted to the Bangladesh Bank indicating the cost of production in local currency and foreign currency duly supported by Proceeds Realisations Certificate from an authorized dealer in the prescribed form and other documents as may be required by the Bangladesh Bank.

Pending the Bangladesh Bank's approval, the authorized dealer through whom the export proceeds are realised shall retain the foreign exchange on its own account outside the regular exchange position.

(iii) Type-C industry (100% locally owned) shall also repatriate the export proceeds through an authorized dealer within 4 months as per usual Exchange Control Regulations. The industry shall submit an application to Bangladesh Bank in the manner indicated in 4 (ii) above for allowing transfer to a foreign currency account the FOB value of the cost of goods exported that represents the cost of imported inputs used by it. The said account may also be used for crediting the proceeds of loans etc. obtained in foreign currency. The balance in this account can freely be used for importation of raw materials, capital and other machinery, spares etc. required by the industry as also for repayment of loans, if any, taken from overseas sources.

5. Sale of Bangladeshi Goods to EPZs:

Sale of Bangladeshi goods or raw materials to the enterprises in the EPZs against payment in foreign currency as explained in the annexed regulations shall be treated as exports from Bangladesh and normal exchange control regulations concerning declaration of the exports on EXP forms and repatriation of proceeds within 4 months shall be applicable to these exports.

6. Remittance of Dividends:

For joint venture enterprises (Type-B industries) the Bangladesh Bank shall allow remittance of dividends to the foreign partners / collaborators on submission of the Audited Balance Sheet and Profit & Loss Account etc. as per existing Exchange Control Regulations.

EXTENSION OF CREDIT FACILITIES TO INDUSTRIES IN EPZS

(Bangladesh Bank FE Circular No. 9, dated 23 January 1984)

It has since been decided that Type-A industries of the Bangladesh Export Processing Zones would be allowed to obtain short term repatriable foreign currency loans from overseas banks and financial institutions against mortgage / hypothecation of fixed and other assets subject to prior clearance from the Bangladesh Bank.

- (i) The Type-A industry of the EPZs will submit their application through any authorized dealer detailing the terms and conditions of the repatriable foreign currency loans for prior approval of the Bangladesh Bank.
- (ii) The assets against which charge will be created have to be fully owned by the Type-A industry in Bangladesh.
- (iii) After obtaining prior approval from the Bangladesh Bank, the authorized dealer may credit the amount of the short term foreign currency loans in the FC accounts of Type-A industries maintained by them in terms of para 4 of FE Circular No. 37 of 1983. The above FC account may also be freely debited for-
 - (a) Making remittances abroad for importation of capital machinery and raw materials, payment of interest, service charges and repayment of loan etc. and
 - (b) For crediting Taka account maintained by the Type-A industries for meeting their local expenses.
- (iv) The above loans will not get any forward cover facility against fluctuation in exchange rates of Taka.
- (v) In case, the short term repatriable foreign currency loan is called up by the creditor, the fixed and other assets fully owned by the Type-A industry and charged to the foreign financing bank will be allowed to be sold and proceeds thereof repatriated subject to the conditions that-
 - (a) the assets are sold in foreign exchange
 - (b) all liabilities in Bangladesh are paid off and
 - (c) prior approval of the Bangladesh Bank is obtained. No remittance from the country's foreign exchange or under Wage Earner's Scheme will be allowed for this purpose.
- (vi) Type-B industries of the Export Processing Zones would also be allowed to obtain short term repatriable foreign currency loans from overseas banks and financial institutions subject to prior clearance from the Bangladesh Bank. All procedures as

applicable in this regard in case of Type-A industries have also to be observed for Type-B industries. But the Type-B industries will not be permitted to mortgage / hypothecate their fixed assets or raw materials to anyone outside Bangladesh. The authorized dealers may, however, issue guarantee to overseas banks and financial institutions for the short term repatriable foreign currency loans brought in to Bangladesh by the Type-B industries subject to prior approval of the Bangladesh Bank.

2. The authorized dealers may also grant Taka loans to Type-B industries up to 100% of any short term foreign currency loan brought into Bangladesh subject to prior clearance of the Bangladesh Bank. Taka loans on matching basis can be allowed only if the foreign currency proceeds of the loan is converted into Taka and not credited to any FC account. The Type-B industries of the EPZs will submit their applications for this purpose through any authorized dealer detailing the terms and conditions in this regard for prior clearance from the Bangladesh Bank.
 - (i) Type-B industries will not be permitted to mortgage / hypothecate their fixed assets / raw materials to anyone outside Bangladesh for Taka loans also.
 - (ii) Type-B industries will not be allowed to take forward cover facility for the Taka loans for a maximum period of six months against fluctuation in exchange rate of Taka as admissible under FE Circular No. 26 of 1983.
 - (iii) The above Taka loans against repatriable short term foreign currency loans will not be allowed to type-A industries.
3. The authorized dealers may extend credit facilities to Type-C industries as admissible to such industries outside EPZs.
4. Bringing in and repatriation of all foreign currency loans including payment of interest will require the prior approval of the Bangladesh Bank. No prior approval would, however, be necessary for such repatriation if the remittances are made out of the foreign currency accounts maintained by Type-A and Type-B industries of the EPZs where such / foreign currency accounts are maintained in terms of para 4 of FE Circular No. 37 of 1983. Repayment of principal or payment of interest will be allowed out of the industries own resources only. No resources borrowed or acquired in Bangladesh would be allowed to be utilized for this purpose.

5. To meet the credit needs of the garments industries of the Bangladesh Export Processing Zones, it has been decided to extend the back-to-back L / C facility to the garments industries of the EPZs also. All instructions as contained in circular letter No. ECP Com. 241 / A-3050, dated 5.12.1982 will apply in case of garments industries of the EPZs also. In addition, the authorized dealers should satisfy themselves that necessary arrangements have been made by the opener so that in case of any shortfall or delay, necessary foreign exchange would be made available from external sources. No funds originating in Bangladesh including those under XPL / WES would be allowed to be utilized for this purpose.

CREDIT FACILITIES TO INDUSTRIES IN EXPORT PROCESSING ZONES

(BANGLADESH BANK GUIDELINES FOR FOREIGN EXCHANGE TRANSACTIONS, Volume-1
Instructions as of 31 May, 2009 issued to
Authorised Dealers and Money Changers in Foreign Exchange)

17. (A) 100% foreign owned enterprises in the EPZs known as Type A industries may obtain short term foreign currency loan from overseas banks and financial institutions subject to the following conditions:
- (i) The loan shall be received through an AD in Bangladesh; and the loan proceeds will be credited to the FC account maintained by the AD in the name of the Type-A unit, to be used for financing import of capital machinery and raw materials, payment of interest / service charges, repayment of loans and for crediting Taka account for meeting local expenses;
 - (ii) Only assets fully owned by the Type-A industry may be lodged as collaterals for such loans;
 - (iii) Repayment of principal and interest on the loan shall be remitted out of the balances available in the FC account without prior Bangladesh Bank approval. No fund may be provided from the AD's own resources for such repayment except with prior approval of Bangladesh Bank;
 - (iv) In case the loan is called up by the creditor, the assets charged to foreign lender will be allowed to be sold only in foreign exchange and proceeds, after paying off all local liabilities in Bangladesh, may be remitted abroad with Bangladesh Bank's approval;
 - (v) No Taka loan against repatriable short term foreign currency loan will be allowed to a Type-A industry.
- (B) Type-B industries (joint venture projects) may also obtain such loans subject to conditions applicable to Type-A industries as indicated above, except that Type-B industries will not be permitted to mortgage / hypothecate their fixed assets, raw materials in favour of any non-resident. The ADs may, however, issue guarantee to overseas banks / financial institutions for short term foreign currency loans brought into Bangladesh by Type-B industries, subject to prior approval of the Bangladesh Bank.
18. Taka loan may be granted to a joint venture (Type-B) industrial unit in EPZ up to 100% of short term foreign currency loan brought in and encashed to taka. Loan in Taka for procurement of capital machineries for setting up a Type-B industry, not exceeding the local partners' share of ownership of the unit, may be extended on normal banker-customer relationship. Prior Bangladesh Bank approval should be

obtained by the AD while providing foreign exchange for import of the machineries out of the Taka loan. Repayments of the Taka loans along with interests should be received out of the foreign exchange earnings of the unit.

19. ADs may extend credit facilities to Type-C industries (100% locally owned) as admissible to such industries outside EPZ.
20. In establishing import LCs on account of Type-A, B and C units in the EPZs ADs shall bear in mind the position that the import payments may be made only out of the foreign exchange earnings of the concerned units or out of their borrowings abroad credited in their FC accounts, and that no funds from the ADs own foreign exchange resources can be used for this purpose. Before opening inputs import LC against an export LC or export order received by an EPZ unit the AD should satisfy itself completely about the clarity of the conditions in the export order / LC, the standing and credit of the foreign buyer and the ability of the exporting unit for timely execution of the export order. In opening inputs import LCs on account of Type-B and Type-C units, domestic value addition requirements prescribed for the respective items by the Ministry of Commerce should also be abided by.

Import payments against the LCs should be scheduled in a manner that payment obligations do not fall due before receipt of export proceeds. In all cases of opening inputs import LCs on accounts of units in the EPZ, ADs should satisfy themselves that necessary arrangements have been made by the opener that in case of shortfall or delay in export receipts, foreign exchange would be made available from external sources.

21. In the case of joint venture (Type-B) projects in the EPZs, the foreign partners will have to arrange their contributions in foreign exchange from own or borrowed sources outside Bangladesh and the local partners shall contribute their shares in local currency. In the event, however, the contributions as per joint venture project agreements made by the foreign partners are not sufficient to cover the cost of machinery and equipment, the shortfall may be made up, with prior Bangladesh Bank approval, by conversion of Taka into foreign currency up to an amount not exceeding the local partners' shares / contributions referred to above.
22. Bangladesh in NFCD accounts may be utilized for discounting usance bills drawn by Type-A and B units of EPZs for supplying raw materials under back to back (BTB) arrangement and accepted by ADs operating outside EPZs. However, utilization of NFCD fund for the above purpose including payment for BTB sight LCs (as mentioned in Chapter 7) will not exceed 50% of total NFCD balance of the concerned bank.

23. For working capital, in addition to pre-shipment non-funded facility through BTB LC and post shipment finance through bill discounting as mentioned in para 22 of this chapter, an AD may grant working capital loan from its own source on banker customer relationship considering repayment capacity of the B and C Type units up to the extent of value of inputs required for four months production. However, loans so advanced should be adjusted from export receivables within shortest possible time. The amount of importable is to be determined on the basis of export performance of the concerned unit during the previous year while for the new concern the AD should refer to the production capacity as determined by BEPZA.

N. B.: To be read in conjunction with other instructions, subsequent amendments and modifications issued from time to time.

**EXTENSION OF CREDIT / REMITTANCE FACILITIES
TO TYPE-B INDUSTRIES IN
THE EXPORT PROCESSING ZONE**

(Bangladesh Bank F.E. Circular No. 79, dated 21 December, 1993)

Foreign partners of joint venture companies known as Type-B industries are now required to supply machinery and equipment to set up industries in the Export Processing Zones (EPZs).

It has been decided that in case of joint venture project in the EPZs, the foreign partners will have to arrange their contributions in foreign exchange from own or borrowed sources outside Bangladesh and local partners may similarly contribute their shares in local currency. In the event, however, the contributions as per joint venture project agreements made by the foreign partners are not sufficient to cover the cost of machinery and equipment, the shortfall may be made up, with the Bangladesh Bank's approval, by conversion of taka into foreign currency up to an amount not exceeding the local partners' shares / contributions referred to above.

Authorized dealers may also extend local currency loans on the basis of banker customer relationship without prior approval of the Bangladesh Bank within the limit of the contribution of the local share holders of Type-B industries as per project agreement. Foreign exchange released for import of machinery along with interest of any loan granted to them for this purpose will require be adjusting / repaying out of the foreign exchange earnings of the concerned industries.

Other instructions regarding extension of credit / remittance facilities to the different types of industries in the Export Processing Zones will remain unchanged.

**DEPOSIT OF EXPORT EARNINGS IN FC ACCOUNT
OF TYPE-A & TYPE-B INDUSTRIES IN EPZS**

(Bangladesh Bank FE Circular No. 25, dated 16 July, 1989)

In partial modification of the instructions contained in para 4(i) and (ii) of FE Circular No. 37 of 1983, it has been decided that:

- (a) The existing provision for deduction of 5% of the C&F / FOB value of each export consignment in respect of Type-A industries in the Export Processing Zones in withdrawn. Henceforth, Type-A industries of EPZs shall be allowed to deposit 100% of their export proceeds in a foreign currency account maintained with an authorized dealer in Bangladesh.
- (b) Type-B industries of EPZs (joint venture enterprises) other than garments industries shall, henceforth, be allowed to deposit 70% (seventy percent) of their export value in their foreign currency accounts without prior permission of the Bangladesh Bank and the remaining 30% (thirty percent) will continue to be deposited in local currency accounts at official rate of exchange.

**DEPOSIT OF EXPORT EARNINGS IN FC ACCOUNT
OF TYPE-B INDUSTRIES IN EPZS**

(Bangladesh Bank FE Circular No. 33, Dated 4 September, 1989)

Attention of the authorized dealers is invited to FE Circular No. 25 dated 16.07.89.

02. The following instructions are issued in cancellation of the instructions contained at item (b) of the 1st paragraph of the Circular referred to above:

Type-B industries (joint venture) of EPZs other than garments industries shall be allowed to deposit 70% of each of their exports earnings in their foreign currency account without prior permission of the Bangladesh Bank and the remaining 30% will be encashed at SEM rate and deposited in their local currency accounts. The foreign currency so purchased by the authorized dealers will be sold to be the SEM fund of the Bangladesh Bank as per instructions contained in para (3) of FE Circular No.15, dated 17 March,1988.

In case, expenses representing the cost of imported raw materials, spares and other foreign exchange overheads applicable to each export consignment exceed 70% of the export proceeds of the related consignment, applications may be submitted to the Bangladesh Bank with relevant documents for purchasing funds at SEM rate out of the remaining 30% of export proceeds encashed at SEM rate. In case of Type-B garments industries in the EPZs, 75% of the export proceeds will continue to be credited to their foreign currency accounts as per provisions of FE Circular No. 66, dated 23.8.84 and the remaining 25% will be credited to their local currency accounts. For encashment of 25% of the export proceeds in these cases, the instructions contained in FE Circular No. 15, dated 17.3.88 will apply.

**DEPOSIT OF EXPORT EARNING IN FC ACCOUNT
OF TYPE-C INDUSTRIES IN EPZS**

(Bangladesh Bank FE Circular No. 18, dated 15 May, 1994)

Attention of the authorized dealers is invited to article 4 (3) of the FE Circular No. 37, dated 10 May, 1983.

2. It has been decided that all the Type-C enterprises of the Export Processing Zones will be able to deposit their export value in foreign currency (FOB value) of their FC account directly after deducting the amount of value addition.

They will not require prior permission of the Bangladesh Bank for this purpose.

**OPERATION OF FC ACCOUNT BY TYPE-B AND
TYPE-C GARMENTS INDUSTRIES IN EPZS**

(Bangladesh Bank FE Circular No. 66, dated 23 August, 1984)

In partial modification of the instructions contained in para 4(ii) and 4(iii) of the Bangladesh Bank's FE Circular No. 37, dated 10 May, 1983, it has since been decided that the authorized dealers may credit to the FC account to Type-B or Type-C garments manufacturing units in the EPZs an amount not exceeding 75% of the C&F / FOB value, as the case may be, of each export consignment realized without prior permission from the Bangladesh Bank. The remaining 25% shall be credited to a local currency account at the official exchange rate.

2. Withdrawals may be made freely by the Type-B and Type-C garments industries of the EPZs from the foreign currency account maintained by them for local disbursement as also for remittance abroad for importation of capital machinery and raw materials, payment of service charges and royalty, repayment of loans etc.

**OPERATION OF FC ACCOUNT BY
TYPE-B AND TYPE-C INDUSTRIES IN EPZS**

(Bangladesh Bank FE Circular No. 21, dated 2 August, 1995)

Attention of the authorized dealers is invited to para (b) of F.E. Circular No. 25 of 1989 and F.E. Circular No. 18 of 1994.

In partial modification of the instructions contained in the above F.E. Circulars, it has since been decided that the Type 'B' and Type 'C' industries, other than the garment units of the EPZs, who shall use only imported raw materials, shall henceforth be allowed to deposit in their respective foreign currency accounts up to 80% of the C&F / FOB value of each export consignment released without prior permission from the Bangladesh Bank. The remaining 20% shall be credited to the local currency accounts at the official exchange rate.

**ENCASHMENT OF FOREIGN EXCHANGE
BY THE INDUSTRIAL UNITS IN EPZS:
APPLICATION OF SEM RATE**

(Bangladesh Bank FE Circular No. 15, dated 17 March, 1988)

Attention of the authorized dealers is invited to our F.E Circular No. 37 of 1983 and 66 of 1984 regarding the foreign exchange transactions of the industrial units in the Export Processing Zones (EPZs).

02. It has been decided that henceforth the SEM rate will be applied instead of official exchange rate, for all encashment for export receipts of the industrial units in the EPZs. The SEM rate will also be applied for encashment of funds brought in from abroad by the units in EPZs for meeting their local expenses.
03. Foreign exchange funds representing (both compulsory and optional encashment) should be sold by the authorized dealers in the SEM fund in the Bangladesh Bank, through their Head Offices / Principal Offices at Dhaka (Funds should be tendered to the Bangladesh Bank in amounts rounded to the nearest US\$ 5000 or £3000. Amounts smaller than US\$ 5000 or £3000 need not be tendered). It will not, however, be compulsory for the authorized dealers to sell to the SEM fund the foreign exchange representing encashment of other receipts of the EPZ units (such as encashment of funds brought in from abroad for meeting local expenses, foreign exchange loans brought in by them with the prior approval of the Bangladesh Bank etc.); The authorized dealers may retain such funds with them subject to general instructions regarding holding of foreign exchange outside exchange position.
04. If any portion of the Taka funds encashed at SEM rate by a Type -A EPZ unit is found remittable at the year end (excess rate amount after all local expenses have been met in foreign exchange / in local Taka obtained from encashment), reconversion of the same to foreign exchange will be admissible only at the SEM rate.
05. It may be mentioned here that no XPB is admissible to EPZ units for their exports.

**PAYMENT OF BILLS IN FOREIGN CURRENCY
BY TYPE-A & TYPE-B ENTERPRISES IN EPZS**

(Bangladesh Bank FE circular No. 13, dated 3 March, 1987)

Attention of the authorized dealers is invited to FE Circulars No. 37 of 1983 and 66 of 1984.

It has since been decided that Type-A industries in EPZs shall have to pay the bills of BEPZA in foreign currency out of 95% of their export proceeds which are being credited to their FC A / Cs in terms of FE Circular No. 37 of 1983.

Type-B industry shall have to pay the bills of BEPZA both in foreign and local currencies in proportion to the equity participation between locals and foreigners. Authorized dealers may credit the FC A / Cs of Type-B industries other than garments industries in EPZs with the amount representing the bills payable by them in foreign currency to BEPZA out of their export proceeds without obtaining the Bangladesh Bank's permission required in terms of FE Circular No. 37 of 1983. In case of Type-B garments industries, bills payable in foreign currency to EPZs be credited to their FC A / Cs in excess of 75% of export earning now being allowed to be credited in terms of FE Circular No. 66 of 1984.

**ISSUANCE AND ENDORSEMENT OF
BILL OF LADING / AIRWAY BILL / OTHER TITLE DOCUMENTS
OF EXPORT CONSIGNMENT OF TYPE-A ENTERPRISES
OF EXPORT PROCESSING ZONES**

(Bangladesh Bank FE Circular No. SPA 1, dated 26 April, 1992)

Attention is hereby drawn to instructions at para 8 and 9 in chapter 21 of the Exchange Control Manual (1986 edition) regarding issuance and endorsement of bill of lading / airway bill / other title documents in respect of export consignments from Bangladesh.

In this regard it is hereby informed that bill of lading / airway bill / other title documents drawn to the order of authorized dealers shall not be compulsory in respect of export consignments of Type-A (i.e. 100% foreign ownership) enterprises operating in the Export Processing Zones. Documents drawn to the order of the LC opening bank / consignee, as per conditions of export letter of credit / export agreement shall also be treated as valid documents. In such case, authorized dealers shall certify the exporter of the consignments, as a Type-A industry of EPZs.

Endorsement in favour of the consignee or bank endorsement by authorized dealers as per conditions of the letter of credit / export agreement for bill of lading / airway bill / other title documents of export consignments, if drawn to the order of authorized dealers, shall also be treated as valid.

Other instructions in this regard remain unaltered.

**NON-RESIDENT FOREIGN CURRENCY DEPOSIT
ACCOUNT (NFCDA ACCOUNT)**

(Bangladesh Bank FE Circular No. 44, dated 23 June, 1986)

In order to enable overseas Bangladesh nationals to invest their funds on term deposits with the banks in Bangladesh, a scheme known as "Foreign Currency Deposit Account" was introduced in June, 1982 (FE Circular No. 28 of 1982). Under this scheme, Bangladesh nationals living abroad including Government and Semi-government employees seconded to international and regional organizations may keep deposits for 1 month, 3 months, 6 months and 1 year with the banks in Bangladesh; interest comparable to these available in the International Money Markets and Euro-currency Markets is paid on these deposits.

It has been decided that foreign nationals and companies / firms registered and / or incorporated abroad, (Banks and financial institutions) including institutional investors will also be allowed to maintain time deposits in foreign currencies with the banks in Bangladesh.

The minimum amount of deposit shall be US\$ 25,000.00 or its equivalent in Pound Sterling. Generally, the terms and conditions applicable to Non-Resident Foreign Currency Deposit Account will also apply to deposits from foreign nationals, firms companies etc. Some of them are recapitulate below for ready reference.

i. How to Open the Account:

An intending depositor may send the application as per the specimen enclosed as Annexure-A along with a set of specimen signatures to a bank in Bangladesh authorized to deal in foreign exchange. The specimen signatures should be verified / attested by a reputable person, bank or any other person known to the Bank.

ii. Designated Currencies:

The currencies in which the accounts can be maintained are US\$ and Pound Sterling £. However, remittances can also be sent in other convertible currencies in which cases the bank will convert the currency into either US\$ or Pound Sterling £ as directed by the depositors.

iii. Interest:

The bank will pay interest on such deposits at the rates fixed by the Bangladesh Bank from time to time for NFCD Accounts. The rates are determined on the basis of Euro-currency deposits rates ruling from time to time. Interest rates prevailing on the date of deposit shall remain unchanged throughout the tenure of the deposit.

iv. Value Date:

The date of deposit shall be reckoned from the date the foreign currency is actually delivered to the overseas account of the bank in Bangladesh.

v. Repatriation of Principal and Interest:

The account holder can freely repatriate the balance and interest in foreign exchange to the country of his residence or anywhere he chooses by means of TT or MT payable to the credit of his account or by means of draft drawn on a bank in that country and marked 'Account Payee'. The account holder may, at his option, transfer either any part or full of principal and or interest amount to Private Foreign Currency Account, if any, maintained by him with any bank in Bangladesh under existing Foreign Exchange Regulations and or convert into local Taka currency at official rates for use in Bangladesh.

EXTENSION OF FACILITIES OF NON-RESIDENT FC DEPOSIT ACCOUNT

(Bangladesh Bank FE Circular No. 49, dated 25 September, 1990)

Attention of the authorized dealers is invited to para 2 of FE Circular No. 44, dated 23 June 1986 on the captioned subject in terms of which Non-Resident Foreign Nationals, Companies / Firms incorporated / registered abroad and banks and financial institutions including institutional investors also can maintain Non-Resident Foreign Currency Deposit (NFCD) accounts with authorized dealers in Bangladesh in addition to non-resident Bangladesh nationals.

It has now been decided that 100% foreign owned (Type-A) industrial units in the Export Processing Zones (EPZs) shall also be eligible to maintain Non-Resident Foreign Currency Deposit (NFCD) accounts as per instructions contained in FE Circular No. 44 of 1986.

**APPLICATION OF INTEREST ON FC ACCOUNTS
OF NON-RESIDENT PERSONS / INSTITUTIONS
INCLUDING BANGLADESH NATIONALS
WORKING ABROAD**

(FE Circular No. 4, dated 16 March, 1997)

Non-resident persons / institutions including Bangladesh nationals working abroad maintain Foreign Currency Accounts with Authorized Dealers in Bangladesh; there is general provision for applying interest at prevailing Euro-currency deposit rates on accounts maintained as one, three, six or twelve month term deposits (c.f. chapter X, EC Manual 1986 edition and FE Circulars No. 44, of 1986 and No. 52 of 1993). However, due to absence of any general provision for applying interest on the Non-Resident Accounts not specifically maintained as term deposits, the account holders do not earn reasonable return on their funds even if substantial balances are maintained for periods of one month or longer and consequently do not feel encouraged to maintain deposits in Bangladesh.

2. Under this circumstances it has since been decided that Authorized Dealers may apply interest at prevailing Euro-currency deposit rates also on Non-Resident Foreign Currency Accounts not specifically maintained as term deposits, for balances not less than US\$ 1000, Pound Sterling 500 or equivalent in other currency lying in the account for one month or longer

ESTABLISHMENT OF BANKING UNITS IN EPZS

(MF SRO No. 474-4 / 85, dated 12 November, 1985)

In exercise of the powers conferred by section 93 of the Banking Companies Ordinance, 1962 (LVI of 1962), the Government, on the recommendation of the Bangladesh Bank, is pleased to declare that the provisions of the said ordinance except those of sections 27, 28, 32(2), 33, 40, 41, 42, 83(1), 83(3), 83(5), 85, 93 and 94 shall not apply to a bank permitted to operate in a zone under section 14 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), until further orders.

ESTABLISHMENT OF OFF-SHORE BANKING UNITS IN EPZS

(Bangladesh Bank BCD Circular No. (P) 744(27), dated 17 December, 1985)

It has been decided to allow operation of Off-shore Banking Units (OBU) in Bangladesh subject to the following terms and conditions:

- (i) OBU will be a part of a bank whether incorporated in Bangladesh or outside Bangladesh but it shall maintain its own separate accounts relating to off-shore banking business.
- (ii) The operations of the unit shall be subject to the relevant laws of Bangladesh except those in respect of which exemptions are provided.
- (iii) Any bank willing to operate an OBU in Bangladesh will have to obtain license from Bangladesh Bank. The license may be issued at the discretion of the Bangladesh Bank. In the event, the license is issued; the permissible functions as well as requirements to be fulfilled will be incorporated in it. The bank applying for license for off-shore banking unit must have well established links with important international financial center.
- (iv) OBUs will be free to accept deposits from outside Bangladesh and borrow abroad. They will also be free to make advances / investments abroad and also make permissible transactions with industries in the EPZs. Every bank while applying for license to establish an OBU, should voluntarily indicate the limit of the assets and liabilities up to which they would like to operate.
- (v) There will be no statutory capital and reserve or liquidity requirement for an OBU. It will, however, be required to furnish to the Bangladesh Bank an assurance from its head office that it will maintain a sound liquidity position at all times and that the head office will assist OBU with funds whenever required.
- (vi) OBUs will be allowed to carry on transactions in specified foreign currencies. The suggested currencies are US Dollar, Pound Sterling, Canadian Dollar, Deutsch Mark, Japanese Yen, Swiss Franc, Dutch Guilder, French Franc, Swedish Kroner and Singapore Dollar. OBUs will be free to determine the minimum size of deposits on their own.
- (vii) There would not be any restriction on the physical location of OBUs. These may be located both in the Export Processing Zones or any other convenient location outside. Even existing branches of banks may be allowed to operate such units through a completely separate counter.

- (viii) Banking transactions with residents of Bangladesh outside EPZ will not be permissible and there would be no restriction on banking transactions with non-residents.
 - (ix) Local banks may also maintain foreign currency accounts with OBUs in the manner they maintain such accounts with their foreign correspondents.
 - (x) Records of OBUs will not be accessible to anyone in Bangladesh except the Bangladesh Bank. OBUs will submit reports / returns to the Bangladesh Bank as and when asked for. Such returns / reports will generally deal with aggregates rather than individual accounts.
 - (xi) OBUs would be free to take out insurance abroad and not be subjected to local insurance laws.
 - (xii) OBUs, regardless of their location in Bangladesh, would get coverage under BEPZA Act, 1980.
 - (xiii) Interest payable on foreign currency loans / deposits obtained by OBUs from outside Bangladesh will be exempted from payment of income tax.
 - (xiv) After obtaining a license for OBU, a registration fee of US\$ 5,000.00 is initially payable by the bank to Bangladesh EPZ Authority and a normal renewal fee each year.
2. OBUs of the banks have been allowed exemption from the purview of certain provisions of Banking Companies Ordinance, 1962 as per government notification SRO No. 474-4 / 85, dated 12.11.85.

OBUs of the scheduled banks will also be considered for exemption from article 36 (1) of Bangladesh Bank Order, 1972 on such terms and for such period as may deemed fit by the Government.

SIMPLIFIED EXCHANGE CONTROL REGULATIONS ON CERTAIN ISSUES

1. Issue and Transfer of Shares to Non-residents:

Prior permission of the Bangladesh Bank is no longer required for:

- (a) Issue and transfer of shares in favour of non-residents against their investment in joint ventures in Bangladesh;
- (b) Transfer of Bangladeshi shares / securities to one non-resident by another non-resident;
- (c) Remittance of dividend on shares / securities held by non-residents and
- (d) Investment by non-residents in new public issues.

2. Investment by Non-Residents in Shares Quoted in the Stock Exchange:

Previously, non-residents were not allowed to invest in shares / securities quoted in stock exchange. Now, such investment is allowed against inward remittance. Dividends and sale proceeds including capital gain are repatriable without prior approval of the Bangladesh Bank.

3. Withholding of Tax on Dividend:

Remittance of dividend and capital gain can be allowed prior to actual payment of taxes provided that the amount payable at the applicable rate is withheld by the concerned company.

4. Remittance of Profit of Foreign Firms / Companies:

Prior permission of the Bangladesh Bank is no longer required for remittance of profit earned by the Bangladesh branches of foreign firms / companies to their head offices.

5. Remittance of Salaries and Savings of Foreign Nationals:

Prior permission of the Bangladesh Bank is no longer required for Remittance of:

- (a) 50% of net salary of foreign nationals working in Bangladesh with the approval of the Government,
- (b) 100% of leave salary and
- (c) actual savings and other pension benefits as admissible on retirement from Bangladesh. Previously, only provided fund was remittable with the prior permission of the Bangladesh Bank.

6. Issue of bank guarantee / performance bond on behalf of the merchandise Exporters of Bangladesh in favour of Non-Resident Importers.

7. Remittance on account of short weight, quality claim and partial shipment etc. up to 10% of export proceeds realized.

8. Allowing discount not exceeding 10% of the invoice value at the request of the exporter where foreign importers refuse to clear goods due to discrepant documents, conservative arrest etc.

9. It has also been decided to make the following further relaxations in respect of exchange control restrictions:

- (a) 100% foreign owned (Type-A) as well as joint venture (Type-B) industrial units set up in the EPZs shall now be free to obtain short term foreign currency loans from abroad without prior clearance of the Bangladesh Bank;
- (b) Banks may, now at their option, grant local currency loans to joint venture industries in EPZs up to 100% of short term foreign currency loans received by such industries from abroad and
- (c) Prior permission of the Bangladesh Bank will no longer be required by the foreign and foreign controlled companies to take short term interest free foreign currency loans from abroad.

10. Payment of hotel bills of foreign guests may now be accepted in local currency.

CHAPTER -3

CIRCULARS ON CAPITAL ISSUES

- ◎ RESTRICTION ON THE SIZE OF PAID-UP CAPITAL OF PUBLIC AND PRIVATE LIMITED COMPANIES
- ◎ EXTENSION OF LIMITS OF PAID-UP CAPITAL
- ◎ NOTIFICATION ON REPATRIATION OF SALE / TRANSFER VALUE OF SHARES OF FOREIGN NATIONALS OF PRIVATE LTD. COMPANIES

RESTRICTION ON THE SIZE OF PAID-UP CAPITAL OF PUBLIC & PRIVATE LIMITED COMPANIES

(Ministry of Finance Circular No. INV-1 / CI-89 / 83, dated 22 July, 1984)

In order to facilitate investment and expedite issue of shares by companies registered under the Companies Act, 1913 and in supersession of this Ministry's Circular No. MF / Inv-1 / CI-7 / 77 / 121, dated 13 June, 1977, the Government of the People's Republic of Bangladesh have been pleased to direct that:-

- (a) a public limited company may raise capital up to twenty lac taka without the consent of the Government;
- (b) a private limited company may raise capital up to fifty lac taka without the consent of the Government;
- (c) a private limited company may with the consent of the Government, raise their capital up to one crore taka;
- (d) a private limited company formed and promoted under joint venture basis with foreign organization(s) / nationals may, with the consent of the Government, raise their capital up to two crore taka; and
- (e) a private limited company will have to convert themselves into a public limited company as soon as they exceed their aforesaid exemption limits.

2. The private limited companies may, however, convert themselves into public limited companies, on their own, before reaching the aforesaid limits.

EXTENSION OF LIMITS OF PAID-UP CAPITAL

(MF Circular No. Inv-1 / CI-89 / 83, dated 8 April, 1989)

In the last line of the article (d) of the Circular No. MF / Inv-1 / CI-89 / 83 issued by Investment Cell of the Ministry of Finance on 22.7.84, "two crore taka" will be substituted by "five crore taka".

NOTIFICATION ON REPATRIATION OF SALE / TRANSFER VALUE OF SHARES OF FOREIGN NATIONALS OF PRIVATE LTD. COMPANIES

(Notification of Ministry of Industries No. SM / SN-1 / N-4 / 89 / 85, dated 8 July, 1990)

In order to attract foreign investment for industrial development in the private sector, the Government, in pursuance of sub-section (1) of section 8 of the Foreign Private Investment (Promotion and Protection) Act, 1980 and subject to the conditions contained in sub-section 2 of the same section and in exercise of the powers conferred by section 9 of the same Act, have been pleased to declare that the following policies shall be adopted for repatriation of sale / transfer value of shares of the foreign nationals belonging to private limited companies registered under "The Companies Act, 1913".

- (a) The sale / transfer price of the shares of foreign nationals can be determined for the purpose of repatriation in the following manner:

$$\frac{\text{Net worth}}{\text{Total number of paid up shares of the company}}$$

The price shall be determined after deduction of all liabilities (except capital and reserved capital) from the historical cost of the tangible asset as per annual accounts and auditors report.

- (b) All fixed and current assets except fictitious or intangible assets may be taken as tangible assets.
- (c) In no circumstances permission shall be given for repatriation of money the amount of which shall not be more than the sale proceeds (after deduction of taxes and other expenses).
- (d) If the sale proceeds (after deduction of taxes and other expenses) become more than the calculated sale price, the government may grant special permission, subject to consistent and rational reasons, for repatriation of sale proceeds (after deduction of taxes and other expenses).
- (e) In both the cases of sale proceeds and calculated sale price, either the taxes or other expenses shall be deducted or shall have to be paid before repatriation.

CHAPTER-4

INCOME TAX REGULATIONS FOR EPZS

- ⊕ EXEMPTION OF INCOME TAX PERTAINING TO INDUSTRIAL UNITS
- ⊕ TAX EXEMPTION OF SALARY-INCOME FOR FOREIGN TECHNICIANS
- ⊕ EXEMPTION OF INCOME TAX ON THE EXPORT VALUE
- ⊕ EXEMPTION OF 50% TAX ON EXPORT SALES FOR ENTERPRISES IN EPZS
- ⊕ EXEMPTION FROM DIVIDEND TAX FOR TAX HOLIDAY PERIOD FOR FOREIGN NATIONALS
- ⊕ ACCELERATED DEPRECIATION TO ANY MACHINERY OR PLANT IN EPZS
- ⊕ AMENDMENT OF ORDINANCE NO XXXVI OF 1989 IN SECTION 52A
- ⊕ LIST OF MATERIALS ALLOWED TO BE PURCHASED IN LOCAL CURRENCY BY EPZS ENTERPRISES FROM TARIFF AREA OF BANGLADESH
- ⊕ LIST OF 'OTHER GOODS' TO BE IMPORTED AS DUTY FREE

EXEMPTION OF INCOME TAX PERTAINING TO INDUSTRIAL UNITS

Notification of MF, IRD (Income-tax), dated 04 July, 2011

S.R.O. No. 219- Law / Income-tax / 2011.- 1. The Government, in exercise of powers conferred under clause (b) of sub-section (4) of section 44 of the Income-tax Ordinance, 1984 (Ord. No. XXXVI of 1984), herein after referred to as the said Ordinance, and having repealed the notification No. S.R.O. 289-Law / 89 dated 02 Bhadra 1396 BE corresponding to 17 August 1989 is pleased to exempt from tax on the income arising out of any industrial units declared by section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 and established in any Export Processing Zones on or after January 1, 2012 in accordance with the following rates and conditions, namely:-

Tax Exemption Period	Rate of Tax Exemption
First two years (First and Second year)	100%
Next two years (Third and Fourth year)	50%
Next one year (Fifth year)	25%

2. Any industrial units described in Paragraph 1 shall maintain its accounts properly and have to submit income tax returns to the concerned income tax authority within the time prescribed under section 75 of the said Ordinance.
3. This provision shall be effective from January 1, 2012.

TAX EXEMPTION OF SALARY-INCOME FOR FOREIGN TECHNICIANS

Notification of MF, IRD (Income-tax), dated 28 January, 2010

S.R.O. No. 28- Law / 2010.- The Government, in exercise of powers conferred under clause (b) of sub-section (4) of section 44 of the Income-tax Ordinance, 1984 (Ord. No. XXXVI of 1984), is pleased to exempt from tax on the salary-income of the foreign technicians, subject to the following conditions and exceptions, namely:-

Conditions:

- (a) If the foreign technicians are appointed to the industrial companies which have been approved by BEPZA within March 22, 2009 to set up industries and shall start commercial production within the year of 2012, after 3 (three) years from the date of their arrival in Bangladesh or after 5(five) years from the date of establishment of the employer companies or the date of commencement of its commercial production, which precedes first;
- (b) For the tax-exemption from their salary-income, the concerned foreign technicians shall have to apply to the National Board of Revenue, within one year of their joining at the service, along with the copy of passport, certificates of academic qualifications and experiences, work permit from BEPZA and contract of service;
- (c) Copy of the company's Memorandum of Articles and Certificate of Incorporation shall have to be submitted along with the application;
- (d) Dual Tax Exemption Contract between Bangladesh and the country, to which citizenship of foreign technicians belongs, shall have to be in force;
- (e) Approval of the National Board of Revenue shall have to be obtained.

Exception:

If foreign "Technicians" who, from their arrival, have already exceeded 365 days of their staying in Bangladesh or in case of their becoming Bangladeshi residents, shall not be entitled to the tax exemption benefit described in this notification.

Explanation:

The word "Technician" as used in this notification means a person who possesses specialized knowledge in industrial arts and sciences and has experience in industrial practice and whose employment in Bangladesh, irrespective of his designation, is in a capacity in which such specialized knowledge and experience are brought into play.

EXEMPTION OF INCOME TAX ON THE EXPORT VALUE

(NBR File No. 4(9) Tax-8 / 92, dated 6 December, 1992)

The National Board of Revenue has instructed that the enterprises of the Export Processing Zones who are getting exemption of income tax according to the SRO no 289-Law / 89, of NBR, dated 17 August, 1989 will continue to receive the exemption on the export value of the exported items.

**EXEMPTION OF 50% TAX ON EXPORT
SALES FOR ENTERPRISES IN EPZS**

(IRD SRO No. 267-L / 86, dated 1 July, 1986)

In exercise of the powers conferred by section 44(4) (b) of the Income Tax Ordinance, 1984 (XXXVI of 1984), and in supersession of the Division's notification No. SRO 184-L / 81, dated 12 May 1981, the government is pleased to exempt from the tax payable under the said Ordinance fifty percent of the tax attributable to the export sales of any industry set up in any Export Processing Zone declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), after the expiry of tax exemption period of five years under notification No. SRO 149-L / 81, dated 12 May, 1981, or ten years under notification No.SRO 266-L / 86, dated 1 July, 1986 as the case may be.

**EXEMPTION FROM DIVIDEND TAX FOR
TAX HOLIDAY PERIOD FOR FOREIGN NATIONALS**

(IRD SRO No. 268-L / 86, dated 1 July, 1986)

In exercise of the powers conferred by section 44(4) (b) of the Income Tax Ordinance, 1984, (XXXVI of 1984), the government is pleased to exempt from the tax payable under the said Ordinance the dividend income of non-resident shareholder of a company out of its profits from any industry set up in any Export Processing Zone declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), for the period for which the industry enjoys tax exemption. Such exemption shall also be available even after the expiry of the tax exemption period if the dividend income is re-invested in the same project by the non-resident shareholder in such manner as may be specified by the Board.

**ACCELERATED DEPRECIATION TO
ANY MACHINERY OR PLANT IN EPZS**

(IRD SRO No. 269-L / 86, dated 1 July, 1986)

In exercise of the powers conferred by section 44(4) (b) of the Income Tax Ordinance, 1984 (XXXVI of 1984), the government for the purpose of computation of tax, is pleased to allow accelerated depreciation to any machinery or plant, other than office appliances and road transport vehicles, which not having been previously used in Bangladesh, has been or is being used in such hi-tech electronics industry as may be specified by the board and set up in any Export Processing Zone declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), to the extent of hundred percent of the actual cost of machinery or plant within the tax exemption period of five or ten years, as the case may be, provided that an application for accelerated depreciation is made within four months from the end of the month of installation of such machinery or plant to the Board for its approval.

**AMENDMENT OF ORDINANCE NO. XXXVI OF 1989
IN SECTIONS 52A**

Instead of Section 52A of Income Tax Ordinance will be replaced section 52A as follows:
"52,A Deduction at source from fees for professional and technical services-

1. The Principal Officer of any company registered under the Companies Act, 1913 (VII of 1913) or Company Act, 1994 (18 No. Act of the year 1994) or the Chief Executive of any Non-Government Organization registered with the NGO Affairs Bureau or the Chief Executive of any trust registered under the Trusts Act, 1882 (II of 1882) running any general or specialized hospital or any diagnostic center shall be responsible for making any payment to any doctor which may be payable to him on account of fees for services rendered by him to a patient in such hospital or diagnostic center and shall, at the time of making such payment, deduct income tax at the rate of five percent on the amount so payable.
2. The government or any other authority, corporation or body, including its units, the activities of which are authorized by any Act, Ordinance, Order or instrument having the force of law in Bangladesh, or any company as defined in clause (20) of section 2 or any banking company or any insurance company or any co-operative bank or any Non-Government Organization registered with NGO Affairs Bureau, responsible for making any payment on account of royalty or technical know-how fee shall deduct or collect, at the time of credit of such royalty or fee to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, as advance payment of tax at the rate of ten percent of such royalty or fee.
3. The government or any other authority, corporation or body, including its units, the activities of which are authorized by any Act, Ordinance, order or instrument having the force of law in Bangladesh, or any company as defined in clause (20) of section 2 or any banking company or any Insurance Company or any Co-operative bank or any Non-Government Organization registered with NGO Affairs Bureau, responsible for

making any payment or account of fees for professional or technical services shall deduct or collect, at the time of credit of such fees to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, as advance payment of tax at the rate of five percent of such fees:

Provided that where the Board, on an application made in this behalf, gives a certificate in writing that the person rendering professional or technical services is not likely to have any assessable income during the year or the income is otherwise exempted from tax under any provision of this Ordinance, payment referred to in this section shall be made without any deduction until the certificate is cancelled.

Explanation: For the purposes of this section

- a. "Professional Services" means services rendered by a person in the course of carrying on legal, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or advertising but does not include services rendered by doctors;
- b. "Fees for Technical Services" shall have the same meaning as in clause (31) of section 2 but does not include royalty, technical know-how fee."

LIST OF MATERIALS ALLOWED TO BE PURCHASED IN LOCAL CURRENCY BY EPZ ENTERPRISES FROM THE TARIFF AREA OF BANGLADESH

Public Notice No. 172 (97-2002) / Import (Control of Import Trade), dated 10 February, 2004

This is to inform all concerns that on the basis of NOC from NBR and recommendation from the Bangladesh Export Processing Zones Authority as per para 15 (4) regulations of the Governments Import Policy Order 1997-2002, the enterprises of EPZs can purchase the raw materials & other useable materials mentioned below under the following conditions from the Tariff Area of Bangladesh for their industrial purpose.

1. All kinds of Office Stationery and Printing Materials;
2. All kinds of Food and Beverages;
3. POL: Petrol, Diesel, Lubricants, Kerosene, Grease, Mobil oil, Tarpin oil, Coconut oil, Gas cylinders;
4. All kinds of Construction Materials: Bricks, Sand, Cement, MS Rods, Nails, Paints and Varnishes, Aluminum panels, Doors, Fiberglass, Wooden & Partex items
5. Packing materials: Poly Bags, Cartons, Straps, Manila Boards, Sweet Cones, Thread, Hessian Clothes, Packing Wood, Iron Belts, Tapes, Strap Bends, Clips, Paper Boards, Tissue Papers, Belt Hooks, Foam / Cork Sheets;
6. Dyes and Chemicals: Thinner, Bleaching Powder, Soda Ash, Potassium Permanganate, Sodium Sulphate, Sulphuric Acid, Caustic flux, silicate and Aica Aiben and all other locally available dyes & chemicals;
7. Medicines for use in EPZs;
8. Accessories: Woven Labels, Buttons, Thread, Elastics, Zippers, Pins, Tapes, Bends & Clips Hanger, Draw String, T / R pocketing, Polyester, padding, Hangtag and all other accessories available in the local market;
9. Spare parts: Needle plates, Sewing Machine parts, Loppers, Motor belts, Generator parts, Boiler parts, Nut bolts, Grinders, Gate valves, Welding electrodes, Drills, Hose pipes, Steel sheets, Angles, Flat bars, Bushes and Bearings and all other spare parts necessary for production;
10. Electrical goods: Induction Motors, Circuit Breakers, Switches, Insulation tapes, Bulbs of various kinds, Heater coils, Tube lights and Dry Starters, Cables all type, Transformer;

11. Office Equipment: Computer & Accessories, Fax machine, Scanner, Printer, Modem, Computer Table, CD Holder, Photo Copier, Telephone Set, Mobile Set, Type Writer, Laminating Machine, Walkie-Talkie, all other communication equipment;
12. Other Assets: Television, Audio-Video CD, PA System, Refrigerator, Vehicle, Steel Almirah, Cabinet, Chair, Conference Table, Distilled Water System, Projector, Air-conditioner, Yarn of Various types, Air cooler, Coffee Machine, Furniture, Carpets, Decorative items;
13. Storing Materials: Wooden Plat form, Tarpaulin, Marker;
14. Maintenance Tools & Accessories: Welding Machine, Drill Machine, Steel Sheet, Pliers, different tools;
15. Security Items: Fire Extinguisher, Fire control Equipments, Gloves, Helmet, Siren, Alarm etc.
16. Cleaning Devices: all type of Cleaning Devices;
17. Health & Hygiene Items : All sort of Medical Check-up related items, i.e. B.P. Machine, Thermometer, Stethoscope, Musk, Gloves, Cradle;
18. Miscellaneous: Water Pumps, Deep Tubewell accessories, Pipe-Pipes Fittings, Tyre, Tubes, Materials for Water Treatment, Hose pipe, Aluminium Panels, Door locks.

Conditions:

- a) The enterprises of Export Processing Zones should follow the regulations in para 15 (4) of Import Policy Order 1997-2002 to purchase the said listed materials from the Domestic Tariff Area of Bangladesh.
- b) The Enterprises of EPZs should pay the cost of the goods in convertible currency out of their own foreign currency accounts.
- c) The EPZ Authority shall issue a Pass Book in favour of industrial units in the EPZ areas indicating therein the amount in taka upto which goods can be procured locally on a yearly or fiscal yearly or quarterly basis.
- d) EPZ Authority will select the proforma of the Pass Book and Account System of procurement as discussions with the Dhaka Bond Commissionerate of Customs Authority.
- e) When the endorsed value ceiling mentioned in the Pass Book will be exhausted the EPZ Authority shall endorse a fresh value ceiling in the Pass Book or issue a new Pass Book.

LIST OF “OTHER GOODS” TO BE IMPORTED AS DUTY FREE

The enterprises in the EPZs are entitled to import the following goods under duty free as per the SRO no. 269 / 09 / Customs dated 31.08.2009.

Machinery Oil (all types)
 Spare parts
 Fan excluding Domestic Types
 Safety Hand Gloves / Rubber Gloves
 Freezer / Refrigerator (Industrial Type compressor requiring more than 1,00,000 BTU)
 Electric Cable (Heavy Duty 440 Volt or above) Building Material
 Tyre & Tube for Vehicles / Forklift to be used within the EPZ premises
 Safety Working Shoes / Rubber Boot
 Hand tools and their parts & components
 Air conditioners (industrial Type-compressor requiring more than 1,00,000 BTU / HR and above and related spare parts.)
 Lamps (UV, Fluorescent, Sodium Mercury, Halogen etc.)
 Exhaust Fan
 Washing Machine (Industrial Type)
 Measuring or testing device and their parts & components
 Office Equipment (Fax machine, Photocopiers, Computers and Peripherals, Typewriter etc.)
 Telephone, PABX System, Switch etc.
 Refrigerator for canteen
 Foodstuff for foreign employees not available in Bangladesh
 Wireless Sets (Walkie Talkie)
 Basic medical equipment (Stethoscope, BP Checking machine, Oxygen cans etc.)
 Hospital furniture
 Ambulance
 Security Appliances (CCTV, smoke detector, fire alarm & extinguishers etc.)
 All kinds of office furniture
 Underlay paper, maker paper & pattern paper
 LT. switch gear, Busbar trunking system, PFI plant, IPS, UPS
 Projection screen, multimedia projector, video conference, camera safety vault & floor
 Industrial type, floor clearing machine (excepting vacuum cleaner)
 Service Lift
 Fork lift, stackers
 Gas generator
 Dryer (Industrial type)
 Heater (Industrial type)
 Micro wave oven for canteen

CHAPTER-5

CUSTOMS REGULATIONS FOR EPZS IN BANGLADESH

- ✪ EXEMPTION OF CUSTOMS DUTY, VALUE ADDED TAX AND ADVANCE INCOME TAX
- ✪ CUSTOMS AND VALUE ADDED TAX
- ✪ EXEMPTION OF CUSTOMS DUTIES AND VALUE ADDED TAX
- ✪ EXEMPTION OF CUSTOMS DUTIES AND SALES TAX ON IMPORT OF MACHINERIES, EQUIPMENT AND RAW MATERIALS
- ✪ THE CUSTOMS (EXPORT PROCESSING ZONES) RULES, 1984
- ✪ EXEMPTION OF CUSTOMS AND REGULATORY DUTY ON VEHICLE (CAR, PICK-UP, JEEP AND MICROBUS)
- ✪ EXPORT OF GOODS FROM EPZS TO DTA
- ✪ LIST OF EPZS GOODS ALLOWED TO EXPORT IN DTA
- ✪ CUSTOMS CLEARANCE PROCEDURE FOR IMPORTED GOODS FOR EPZS
- ✪ RULES RELATING TO SUPPLY OF CONSTRUCTION MATERIALS FROM DTA TO EPZS
- ✪ EXPORT OF GOODS OF THE INDUSTRIES IN BANGLADESH EPZS AGAINST PAYMENT IN FOREIGN CURRENCY FROM THE SPECIAL BONDED WAREHOUSE ESTABLISHED FOR 100% EXPORT
- ✪ EXEMPTION OF 50% STAMP DUTY ON TRANSFER OF LAND IN EPZS
- ✪ EXEMPTION OF STAMP DUTY ON TRANSFER OF LAND IN EPZS
- ✪ REGARDING THE INCLUSION / EXCLUSION / CORRECTION / UPDATING THE INFORMATION IN THE "INFORMATION FOR INVESTORS" BOOK

EXEMPTION OF CUSTOMS DUTY, VALUE ADDED TAX AND ADVANCE INCOME TAX

Notification of MF,IRD, NBR (Customs), SRO No. 100- Law / 2010 / 2281 / Customs
Dated 04 April, 2010

1. The Government, in exercise of powers conferred-
 - (a) by-
 - (i) section 18(2), to be read with section 18(4),
 - (ii) section 19(1), of the Customs Act, 1969 (Act IV of 1969), in consultation with the National Board of Revenue (NBR), for public interest,
 - (b) by section 44(4)(b), to be read with section 53(3) of the Income-tax Ordinance, 1984 (Ord. XXXVI of 1984), and
 - (c) by section 14(1) of the Value-Added Tax Act, 1991, is pleased to exempt from all the customs duty exceeding 15% of the customs duty, regulatory duty, if any, value-added tax or, as the case may be, value-added tax and supplementary duty, if any, on any food items, cigarettes, liquor and drinks imported by a BEPZA Commissariat under the Bonded Warehouse License to be applicable at the time of purchase from BEPZA Commissariat by the foreign investors and their foreign officers or technicians of any industrial units established within EPZs with the permission of the Bangladesh Exporting Processing Zones Authority (BEPZA) on or before 22 March, 2009, as well as from the advance income tax of the said foreign officers or technicians.
2. Exemption benefit of advance income tax mentioned in paragraph 1 shall be effective up to the next 3 (three) years from the date of issuance of this notification.

Explanation.- For the purposes of this notification, "BEPZA Commissariat" means a Commissariat approved by BEPZA.

CUSTOMS AND VALUE ADDED TAX

(FM, IRD, NBR, SRO No-88-Law-98 / 1739 / Customs, dated 28 May, 1998)

In exercise of the power conferred by section 19 / Customs Act, 1969 (IV of 1969) and section 14 (1) under Value Added Tax Act, 1991 (Act no. 22 of 1991) for public interest and in consultation with the National Board of Revenue under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980) and by postponing under notification no SRO 544- L / 84 / 888 / Cus dated 10 December, 1984, the government has exempted all import duties, Value Added Tax and supplementary tax under 7(e) and (f) of any Export Processing Zone.

EXEMPTION OF CUSTOMS DUTIES AND VALUE ADDED TAX

(SRO No. 1666 / 96 / Customs, dated 27 June, 1996)

In exercise of the powers conferred under section 19 of the Customs Act, 1969 (IV of 1969) and section 14(1) of the Value Added Tax Act, 1991 (Act no. 22 of 1991) the government, in consultation with the National Board of Revenue, has repealed the Notification number, SRO 544-L / 84 / 888 / Cus and has exempted import duty, value added tax and supplementary duty imposed on imported goods only for processing and value addition in the Export Processing Zones and exported according to section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980) for public interest.

**EXEMPTION OF CUSTOMS DUTIES
AND SALES TAX ON IMPORT OF
MACHINERIES, EQUIPMENT AND RAW MATERIALS**

(IRD SRO No. 125-L / 81 / 634 / Cus, dated 21 April, 1981)

In exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969), and sub-section (1) of section 7 of the Sales Tax Act, 1951 (III of 1951), the Government is pleased to exempt from the whole of customs duties and sales tax leviable on-

- (a) the capital machinery and spares, instruments, apparatus and appliances including testing and quality control equipment and parts thereof, imported for installation in an Export Processing Zone declared under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980) and
- (b) The materials and equipment imported for construction of buildings and factories to be established in any of the aforesaid zone.

Provided that-

- (i) the goods specified above have been duly certified by the Chairman of the Export Processing Zones Authority established under section 3 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980), are for installation or use in an Export Processing Zones;
- (ii) the importer makes a declaration at the time of clearance of the goods to the effect that the imported goods shall be installed or used for the production, manufacture, processing, repair or refitting of goods within a zone for export outside Bangladesh and shall not, in any case, without the written approval of the National Board of Revenue be sold or otherwise disposed of, in any manner for consumption outside the said zone.

THE CUSTOMS (EXPORT PROCESSING ZONES) RULES, 1984

(NBR SRO No. 545-L / 84 / 889 / Cus, dated 10 December, 1984)

In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), read with item 23 of the third schedule thereof, the National Board of Revenue is pleased to make the following rules, namely:

THE CUSTOMS (EXPORT PROCESSING ZONES) RULES, 1984

1. Short Title and Extent:

- (1) These rules may be called the Customs (Export Processing Zones) Rules, 1984.
- (2) They shall apply to all zones specified by the government under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980).

2. Definitions:

In these rules, unless there is anything repugnant in the subject or context,-

- (a) "Act" means the Customs Act, 1969 (IV of 1969);
- (b) "Authority" means the Bangladesh Export Processing Zones Authority established under section 3 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980);
- (c) "Collector of Customs" in relation to a zone means the Collector of Customs in whose jurisdiction such zone is situated;
- (d) "Import" in relation to a zone means import from outside Bangladesh and includes goods brought into a zone from the tariff area or from another zone;
- (e) "Tariff area" means any area in Bangladesh outside the limits of a zone and
- (f) "Zone" means such area as is specified by the Government to be a zone under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980);

3. Import of Goods into a Zone:

- (1) Subject to sub-rules (6) and (7), any goods may be imported into a zone from outside Bangladesh or from the tariff area or from another zone.
- (2) A separate bill of entry in respect of goods imported into a zone along with other documents showing details of other goods as required under the Act and the rules made there under shall be presented to the Collector of Customs for assessment and clearance.
- (3) Goods imported into a zone shall be assessed in accordance with his procedure laid down in the Act and the rules made there under.

- (4) Any goods for which exemption has been granted by the Government under the Act shall be used exclusively within the limits of a zone.
- (5) All goods cleared shall be secured and forwarded to the zone under customs supervision, and a pass shall be sent with the goods specifying the name of the importer and the clearing agent, if any, number of conveyance, description and quantity of goods with the marks and numbers and contents thereof and on receipt of the goods in the zone, the officer of customs allowing the goods to enter the zone shall retain the pass.
- (6) Admission of goods imported for a zone shall not be refused except when the goods are liable to restrictions or prohibitions imposed on the grounds of public morality or order, public security, public hygiene or health or for veterinary or phytopathological consideration or relating to the protections of patent, trademark or copy rights.
- (7) Hazardous goods may be allowed to be admitted to a zone only when an area specially designed for its storage is made available within the zone.
- (8) Goods admitted to a zone may remain there for such period as may be prescribed by the Authority.

4. Introduction of Goods into a Zone from Tariff Area:

- (1) Goods from the tariff area required for further processing in a zone shall be admitted after completion of export formalities which are normally observed for export out of the country.
- (2) Goods which are entitled to exemption or repayment of customs duties and sales tax on exportation shall qualify for such exemption or repayment immediately after these have been admitted into a zone in accordance with the provisions of the Act and the rules made there under.

5. Export of Goods from a Zone:

- (1) Any person exporting goods from a zone shall follow the export procedure as laid down in the Act and the Rules made there under.
- (2) Goods cleared for export shall be secured and forwarded to the customs station under customs supervision, and a pass shall be sent with the goods, specifying the name of the importer and the clearing agent, if any, number of conveyance, description and quantity of goods with the marks and number and contents thereof, and on receipt of the goods at the customs station, the officer of customs allowing the export of goods shall retain the pass.
- (3) All customs formalities regarding removal of goods from the tariff area shall be completed at the customs stations or at any place within the zone approved for this purpose by the Collector of Customs.

6. Removal of Goods from a Zone of Tariff Area:

- (1) Removal of goods from a zone for home consumption may be restricted to only such goods as may be authorized by the Authority.
- (2) Any goods permitted by the Authority for entry into the tariff area under sub-rule (1) may be taken out of the zone after fulfilling all requirements prescribed under

the Act and the rules made there under for import of goods from out of Bangladesh into the tariff area.

- (3) For the purpose of determination of value and the rate of duties and other taxes applicable to goods removed for home consumption shall be determined in accordance with the provisions of the Act and the rules made there under.

7. Destruction:

Any goods brought into a zone having been rendered unfit for consumption may be allowed to be destroyed or rendered commercially valueless by an officer of customs not below the rank of a Deputy Collector of Customs in such manner as may be prescribed by the Collector of Customs.

8. Annual Stock Taking:

The Collector of Customs shall carry out annual stock taking of each industrial unit set up in a zone in such manner as he deems fit.

9. Unaccounted Goods:

If any importer fails to give proper account of the imported goods to the satisfaction of an officer of customs not below the rank of an Assistant Collector of Customs, the importer shall pay demand an amount equal to the duties and taxes leviable thereon and shall also be liable to pay penalties imposed for such violation under the Act and the rules made there under.

10. Restriction on Removal of Goods from Zones:

No goods shall be taken out of zone except as provided in rules 5 and 6 or for transfer to another zone, or for being used in the production, manufacture, processing, repair, or refitting in the tariff area with the prior permission of the Collector of Customs on such conditions, restrictions and limitations as he may prescribed.

11. Security of a Zone:

- (1) Each zone shall be bounded with secured boundary fencing and suitable check posts may be established after approval of the Collector of Customs.
- (2) The construction of the check posts shall be carried out by the Authority in accordance with the layout plan approved by the Collector of Customs.
- (3) The Collector of Customs may impose restrictions on means of access to a zone and regulate the hours of business; and may keep the means of access to a zone under supervision and make spot checks on the goods brought into or taken out of the zone to ensure that these have complied with the provisions of the Act and the rules made there under.

EXEMPTION OF CUSTOMS AND REGULATORY DUTY ON VEHICLE (CAR, PICK-UP, JEEP AND MICROBUS)

Notification of MF,IRD, NBR (Customs and VAT), dated 04 April, 2010

S.R.O. No. 101- Law / 2010 / 2280 / customs and VAT- The Government, in exercise of powers conferred –

- (a) by-
- (i) section 18(2), to be read with section 18(4),
 - (ii) section 19(1) of the Customs Act, 1969 (Act IV of 1969), in consultation with the National Board of Revenue (NBR), for public interest,
- (b) by section 44(4)(b), to be read with section 53(3) of the Income-tax Ordinance, 1984 (Ord. XXXVI of 1984), and
- (c) by section 14(1) of the Value-Added Tax Act, 1991,

is pleased to exempt from all customs duty, regulatory duty, if any, value added tax, or, as the case may be, value-added tax and supplementary duty, if any, to be imposed on the cars, pick-ups, jeeps and microbuses imported by industrial units established within Export Processing Zones (EPZs) under the following conditions, namely:-

Conditions

- (1) Entitlement of the above benefits shall be applicable to only those industrial units which have obtained permission from BEPZA to set up industry up to March 22, 2009 and any industrial units having attained permission after this date shall not be entitled to this benefit.
- (2) The importer industrial units shall be-
 - a) established with the investment of hundred percent foreign capital; or
 - b) in case of joint venture enterprise,-
 - i) equity of foreign investment shall be more than fifty percent, or
 - ii) if the foreign investment equity is less than 50%, a certificate obtained from BEPZA mentioning that at least 500 (Five Hundred) Bangladeshi citizens have been employed or will be employed in the said industrial unit has to be submitted to the customs authority.
- (3) Importer industrial units shall be allowed to import any two types of the above mentioned vehicles, that is pick-ups, jeeps, microbuses and cars up to 2000 cc:
Provided that the said industrial unit shall be given permission to import one more additional vehicle of the four types of vehicles other than the said two within the

periphery of exemption-benefit of customs duty and others mentioned in this notification, if BEPZA certifies that in the industrial unit-

- a) at least ten lac (10,00,000) US Dollar or its equivalent money has been invested;
 - b) minimum five hundred (500) Bangladeshi Citizens have been employed.
- (4) At the time of specification of customs duty on the car, pick-up, jeep and microbus imported under this notification and its clearance, the approval letter and other relevant certificates issued by BEPZA shall be submitted to the Customs Authority.
 - (5) A detailed description and account of every car, pick-up, jeep and microbus imported and released under this notification shall be preserved by BEPZA.
 - (6) The ownership of the car, pick up, jeep and microbus imported under this notification -
 - (a) shall not be transferred either by sale or otherwise up to the next five years from the date of their release; and
 - (b) in case of transferring the ownership of vehicle(s) after five years of their release, prior approval shall have to be obtained from the Customs Authority under which jurisdiction the relevant EPZ is situated after having made the payment of customs duty, value-added tax along with all other duty-taxes in such rate as is applicable upon the depreciated value according to existing rules of the Income Tax Department.
 - (7) The word "BEPZA" shall be inscribed before the serial number in the number plate of the cars, pick-ups, jeeps and microbuses imported under this notification.
 - (8) The cars, pick-ups, jeeps and microbuses imported under this notification shall not be used commercially or in any other purposes other than the purpose of production and related activities of the importer industrial units.

**EXPORT OF GOODS FROM
EXPORT PROCESSING ZONES
TO DOMESTIC TARIFF AREA**

(NBR Standing order No. 1655 / 96 / Customs, dated 6 March, 1996)

There is a provision to export / import goods produced in the Export Processing Zones (EPZ) to the Domestic Tariff Area (DTA) subject to observance of conditions specified in clauses 6 and 10 of the Customs (Export Processing Zone) Rules, 1984. As per above provision, the concerned Customs House / the Commissioner of Commissionerate can accord permission to Bangladeshi importers to import goods to the Domestic Tariff Area (DTA) produced in the Export Processing Zones through opening L / C subject to fulfillment and observance of the following conditions:

- (1) The permission for the goods specified in the Annexure-A shall only be permitted to import.
- (2) The quantity of goods to be imported annually shall not exceed 10% of the goods exported by the concerned enterprise during the previous financial year.
- (3) The approval / permission from BEPZA shall have to be obtained for the import.
- (4) Other terms of the Customs (Export Processing Zone) Rules, 1984 shall be applicable in this respect.

**LIST OF EPZ's GOODS ALLOWED TO EXPORT IN DTA
(Except Garments Industries)**

Enterprises in the EPZs are allowed to export the following products, not exceeding 10% of their export in preceding year, in DTA after paying applicable VAT & Taxes.

1. Woven Dyed and Printed Fabric
2. Knitted dyed and Printed Fabric
3. Terry Towel, Shop Towel and Surgical Towel
4. Sewing Thread
5. Sweater Yarn
6. Hand Bag, School Bag, Luggage
7. Label, Poly Bag and Other Garments Accessories
8. Padding and Quilting Materials
9. Zipper
10. Carton box
11. Sports Shoe, Leather Shoe
12. Electronics Goods
13. Electrical Goods
14. Circuit Board
15. Audio Video Tapes
16. Electronics Ballast
17. Software
18. Floppy Diskette
19. Fan Motor
20. Artificial Flower
21. Plastic Bag
22. Printed Jute Bag, Rope
23. Vinyl Belt
24. Toys
25. Chair, Table, Basket, Folding and Compact Chair
26. Plywood
27. Aluminum Ingot
28. Fishing Reel and Golf Shaft
29. Metal Parts for Vehicle and others Parts
30. Metal Pipe Fittings
31. Steel Marine Chain
32. Cycle
33. Parts of Cycle
34. Dye cast parts
35. Marine / Industrial Mechanical parts
36. Plastic Granules
37. Optical Instrument parts
38. Crystal Blank
39. Quartz Crystal

40. Hanger & its accessories
41. Gloves
42. Steel stud / Fitting / Forging products
43. All type of Acrylic Resin, Styrene, Vinyl Acrylic, PVC Resin
44. Natural Rubber Male Latex Condom
45. Rubber based products – Automobile parts, Rubber mats / Tiles, Rubber metal bonded parts, Shoe accessories
46. Blanket
47. Textile chemical and auxiliaries
48. Back light board
49. Multi led lamp
50. Yamatech multi
51. LCD holder
52. LED AC
53. Amount indicator
54. Vax
55. Selection button
56. Key board
57. Parts of selection button
58. Parts of amount indicator
59. Parts of key board
60. Parts of Vax
61. Number display
62. LED display
63. Fishing Board
64. Disposable Syringe
65. Shutter Profile
66. Spring Box
67. Connector
68. Steel Ball
69. Flat and Flat Stand
70. Iron Bumper
71. Steel Bumper
72. Rubber Bumper
73. Lock and Lock Guide
74. Handle
75. Hook
76. Clips
77. Aluminum False
78. Motor
79. Fixing Plate
80. Nylon Sliding Block
81. Micro Perforated Role
82. Protection Box
83. Rolling Box
84. Rolling Shutter
85. Tiles
86. Headwear and Caps
87. Tent and Accessories
88. Plastic Thread Cone / Bobbin / Plastic Basket (used for carrying garments only)
89. Copper Wire (diameter & other specification will be specified)
90. Copper Stripe
91. Zipper Accessories (Slider / top stopper / bottom stopper / box pin)
92. Shoes Accessories Foam
93. Edible Oil (Palm oil and Soya bean oil)
94. Fatty Acid
95. Shining Eye
96. LED Electric Light Bulb
97. LED Fluorescent Lamp
98. Machine Parts (soft jaw)
99. Fabricated Steel Materials & Spare–Parts
100. Bamboo Coffin
101. Latex Mask for Make up
102. Make up Products
103. Make up Accessories
104. Make up Appliances
105. Camp Cot
106. Camping Chair
107. M. F. Battery
108. Foam
109. Sleeping Bag
110. Knitted Elastic Tapes
111. Woven Tapes
112. Braided Cords
113. Covered Rubber Thread
114. All types of Interlining
115. Fabricated Aluminum Louver Window
116. Fabricated Storage Rack
117. Fabricated Steel Structure Mezzanine Floor
118. Fabricated Boundary Grill Fence
119. Fabricated MS Cable Tray with DB box
120. Fabricated Garments Floor Helper Box
121. Battery Lead Acid of a kind used for starting Piston Engine

CUSTOMS CLEARANCE PROCEDURE FOR IMPORTED GOODS FOR EPZS

(NBR Circular No. 4(1) Cus-IX / 83 / 260, dated 23 May, 1983)

1. EPZ enterprises will submit an import declaration form addressed to Collector of Customs in sextuplicate along with 6 copies of invoices. The declaration will be received in a specific counter in the Customs office in the zone.
2. The import declaration will be registered in the Customs station and an entry number given with date. After endorsing necessary order on the declaration form, 5 copies of the declaration will be handed over to the importer / his authorized agent. The original copy of the declaration will be retained. A requisition for escort may also be requested by the importer simultaneously at the time of filling the declaration.
3. The import declaration will be endorsed as "Passed out of Customs Control" by an authorized officer / official and the marks and number of the packages will be verified by the Customs Department. The goods will be escorted from the port to the EPZ enterprise without examination. In case of doubt on the bonafide of the declaration made by the importer, customs may physically examine the goods within the port area, before the goods are allowed to pass out of the jetty, the duplicate copy of the declaration will be retained at the gate. This copy will be kept with the original copy in the main file as a token that the goods have been delivered to the importer. The remaining 4 copies of the declaration form for imports will be distributed for necessary action by the recipient as follows:
 - (i) The 3rd copy will be retained by the Enterprise;
 - (ii) The 4th copy will be retained by the Exchange Control Department, Bangladesh Bank;
 - (iii) The 5th copy will be retained by the Marketing Department of BEPZA and
 - (iv) The 6th copy will be retained in the Gate Office at EPZ.
4. Each enterprise in the EPZs will be allotted a registration number from the customs and all imports affected by each enterprise will be briefly recorded in the register with value.
5. Inventory and physical examination of the imported goods will be made within Export Processing Zones and if possible, within the factory premises of the enterprise in presence of Customs Officer and EPZ Officer.
6. The importer shall remain accountable to BEPZA and Customs for proper use of the imported goods for manufacture of approved goods for export.
7. The declaration form will be in pink colour.
8. For easy identification, there should be a yellow bond around each package of imported goods of BEPZA enterprises. This will expedite clearance.

M / S.....
(Clearing Agent)

Address:
Customs Clearing and Forwarding Agent
License No.....

RULES RELATING TO SUPPLY OF CONSTRUCTION MATERIALS FROM DTA TO EPZS

(General Order No. 10 / VAT / 94, dated 25 August, 1994)

At present the construction materials produced in the country are being supplied to the Export Processing Zones under the Customs (Export Processing Zones) Rules, 1984. Because of the various customs formalities, the local manufacturers are losing interest to sale their products in the Export Processing Zones. On the other hand the enterprises of the Export Processing Zones are being encouraged to import similar items from abroad at the cost of foreign exchange.

2. The National Board of Revenue has reviewed these problems in details. At present duty drawback on various exportable are under the Value Added Tax Act, 1991. The Board has decided that the supply of various construction materials produced in the country for supply to the Export Processing Zones will also be covered by the same taxation rules.
3. According to the decision, various construction materials like Rod, Cement, GI Pipe, PVC Pipe, Sanitary Ware, Transformer, Switch Gear etc. produced in the country and being supplied to the Export Processing Zones only under internal Letter of Credit with foreign exchange, will be treated as direct export under the Value Added Tax system.
4. For such supply to the Export Processing Zones, the local manufacturers will produce the chalan of the Value Added Tax, (VAT-11) at nil rate and will be able to receive exemption of the tax automatically under rule 19(4) of the Value Added Tax Rules, 1991 on the inputs used for the production of such products.
5. However, for obtaining exemptions against direct export, a supplier must possess above letter or credit, certificate of receiving foreign currency issued by the bank and another certificate acknowledging receipt of goods in the Export Processing Zones.

EXPORT OF GOODS OF THE INDUSTRIES IN BANGLADESH EPZS AGAINST PAYMENT IN FOREIGN CURRENCY FROM THE SPECIAL BONDED WAREHOUSE ESTABLISHED FOR 100% EXPORT

(NBR Permanent order no. 1515 / Cus / 93, dated 5 July, 1983)

Due to the absence of any instruction pertaining to export of goods from special bonded warehouse to industries operating in the Export Processing Zones, different complexity has developed. In order to overcome the complexity, the following instructions have been issued.

Supply of goods from special bonded warehouse to Export Processing Zones established for 100% export, will be treated as normal export. Goods entering the customs gate of the Export Processing Zones will be endorsed by the Customs Officer on duty in 1st, 2nd and DEDO copy of the bill of export and forward it to the export sections of the Customs House.

In this process of export, the exporter shall follow instructions of the Bangladesh Bank's foreign exchange regulations applicable for normal export.

For the purpose of an export, an exporter shall prepare all required papers including the bill of export. In the bill of export, prepared by the exporter for submission to the Customs Department, the words "Duty Exemption or Draw-back not to be claimed," should be written clearly.

The exporter should have a foreign currency account with any schedule bank in Bangladesh. Along with the bill of export, the exporter shall also submit a certificate issued by the schedule bank regarding details of his foreign currency account. In the copy of the bill of export prepared for the Bangladesh Bank, the name of the bank along with the account number of the exporter should be included. The sale proceed can be deposited in convertible foreign currency through TC, draft, cheque or credit card.

The bill of export for the goods to be exported for the Chittagong and the Dhaka (Savar) Export Processing Zones from the special bonded warehouse shall have to be submitted to Customs House, Chittagong and Collectorate of Customs Excise and VAT respectively.

**EXEMPTION OF 50% STAMP DUTY ON
TRANSFER OF LAND IN EPZS**

(IRD SRO No. 96 / Law / 97 / IR / IRD-8 / 17 / 94 (stamp) / 222), dated 12 April, 1997)

in exercise of the powers conferred by section 9(a) of the Stamp Act, 1899 (II of 1899), the government has repealed the SRO No. 52 / L / 87 / MF / IRD-1 / 27 / 86(Stamp) / 58, dated 2.4.87 of this decision and reduced by 50% of the stamp duty chargeable on the agreement for transfer of land declared for the establishment of export oriented industries under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (Act XXXVI of 1980).

**EXEMPTION OF STAMP DUTY ON
TRANSFER OF LAND IN EPZS**

(SRO No. 52-L / 87 / MF / IRD-1 / 27 / 86 (Stamp) / 58, dated 2 April, 1987)

In exercise of the powers conferred by section 9(a) of the Stamp Act, 1899 (Act II of 1899), the government has exempted the whole of stamp duty imposed on the lease agreement executed by the Bangladesh Export Processing Zones Authority for transfer of land allotted to the investors in the Export Processing Zones.

**REGARDING THE INCLUSION / EXCLUSION / CORRECTION /
UPDATING THE INFORMATION IN THE
"INFORMATION FOR INVESTORS" BOOK**

The enterprises in the EPZs are entitled to sell the following items to DTA after paying applicable Duties & Taxes:

- (a) Old / Unusable Machinery as Scrap.
- (b) Old / Usable Machinery having at least 10 years of economic life.
- (c) Surplus Raw Materials.
- (d) Defective Un Exportable Goods.

CHAPTER -6

EPZ WORKERS' WELFARE ASSOCIATION AND INDUSTRIAL RELATIONS ACT 2010

- ✪ PRELIMINARY
- ✪ WORKERS' WELFARE ASSOCIATION
- ✪ UNFAIR PRACTICES, AGREEMENTS, ETC.
- ✪ CONCILIATION AND ARBITRATION
- ✪ EPZ LABOUR TRIBUNAL, APPELLATE TRIBUNAL, ETC.
- ✪ PENALTIES AND PROCEDURE
- ✪ MISCELLANEOUS

EPZ WORKERS' WELFARE ASSOCIATION AND INDUSTRIAL RELATIONS ACT, 2010

(Act No. 43 of 2010, dated 1st August, 2010)

An Act to amend and consolidate the laws relating to the EPZ Workers' Welfare Associations and Industrial Relations

WHEREAS it is expedient and necessary to amend and consolidate the laws relating to EPZ Workers' Welfare Associations and Industrial Relations;

It is hereby enacted as follows:-

CHAPTER-1 PRELIMINARY

1. Short Title, Extent and Commencement–

(1) This Act may be called the EPZ Workers' Welfare Association and Industrial Relations Act, 2010.

(2) It shall apply to workers and employers in the Export Processing Zones established under the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980).

(3) The sections 9,52 and 81 of this Act shall be deemed to have come into force on August 25, 2008 and the provisions of the remaining sections shall come into force at once.

2. Definitions.- In this Act, unless there is anything repugnant in the subject or context.-

- (1) "illegal strike" means a strike declared, commenced or continued otherwise than in accordance with the provisions of this Act;
- (2) "illegal lock-out" means a lock-out declared, commenced or continued otherwise than in accordance with the provisions of this Act;
- (3) "Appellate Tribunal" means the EPZ Labour Appellate Tribunal established under section 51;
- (4) "EPZ" means an Export Processing Zone established under the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980);

- (5) "Zone" means an export processing zone established by the Government under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980);
- (6) "Authority" means the Bangladesh Export Processing Zones Authority established under the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980);
- (7) "Officer", in Relation to an Association, means any member of the Executive Council thereof;
- (8) "Company" means a company registered under the Companies Act 1994, (Act No. 18 of 1994) having one or more Industrial units in a Zone;
- (9) "Tribunal" means an EPZ Labour Tribunal established under section 48;
- (10) "Strike" means cessation of work by a group of workers employed in any industrial unit acting in combination under a common understanding;
- (11) "Prescribed" means prescribed by rules or regulations;
- (12) "Executive Chairman" means the Executive Chairman of the Bangladesh Export Processing Zones Authority;
- (13) "Executive Council" means the Council to which the management of the affairs of an association is entrusted by its constitution;
- (14) "Regulations" means regulations made under this Act;
- (15) "Rules" means rules made under this Act;
- (16) "Employer" in relation to an industrial unit, means any person or body of persons, whether incorporated or not, who or which employs workers in an industrial unit under a contract of employment; and a registered company employing workers in any industrial unit or units in a Zone shall be deemed to be an employer;
- (17) "Settlement" means a settlement arrived at in the course of conciliation proceeding, and includes an agreement between an employer and his workers arrived at otherwise than in the course of any conciliation proceeding, where such agreement is in writing and has been signed by the parties thereto;
- (18) "Conciliator" means a person appointed as such under section 40;
- (19) "Conciliation Proceedings" means any proceeding pending before a Conciliator under this Act;
- (20) "Industrial Unit" means any industrial unit established in a Zone for manufacturing or producing any goods or commodity, and for the purposes of CHAPTERS II more than one industrial units under the same employer or company in a Zone shall be deemed to be one industrial unit;
- (21) "Industrial Dispute" means any dispute or difference between employers and workers, which is connected with the employment or non-employment or the terms of employment or the conditions of work of any person;
- (22) "Worker" means any person (including an apprentice) not falling within the definition of employer, who is employed in an industry in a Zone for wages or reward either directly or through a contractor to do any skilled, unskilled, manual, technical or clerical work, whether the terms of employment be expressed or implied and for the purpose of any proceeding under this Act in relation to an industrial dispute includes a person who has been dismissed, discharged, retrenched, laid-off or otherwise removed from employment in connection with or as a consequence of that dispute, or whose dismissal, discharge, retrenchment, lay-off or removal has led to that dispute, but does not include a person-
- a) employed as a member of the watch and ward or security staff or confidential assistant, cipher assistant or as casual workers or workers employed by kitchen or food preparation contractors;
 - b) employed in a managerial or administrative capacity;
 - c) who, despite of being employed in a supervisory capacity, performs functions of managerial or administrative nature by virtue of the duties attached to his office or by reason of powers given to him;
- (23) "Workers' Welfare Association" means an association formed by workers for the purposes of regulating the relations between workers and employers under this Act;
- (24) "Association" means a Workers' Welfare Association formed under this Act;
- (25) "Organization" means the organization of the Workers' Welfare Association of the eligible workers of an industrial unit for furthering and defending the interests of workers;
- (26) "Arbitrator" means a person appointed as such under section 45;
- (27) "Signature" shall include thumb impression, if the expression is used in relation to a worker;
- (28) "Collective Bargaining Agent" in relation to an industrial unit or units, means the Workers' Welfare Association which under section 37, is the agent of the workers in the industrial unit or units in the matter of collective bargaining;
- (29) "Eligible Worker" means an eligible worker mentioned under sub-section (3) of section 20;

- (30) "Award" means the decision given by a Labour Tribunal, Arbitrator or Appellate tribunal of any industrial dispute or any matter relating thereto and shall include an interim award;
- (31) "Lock-Out" means the closing of a place of employment or part of such place or the suspension, wholly or partly, of work by an employer, or refusal, absolute or conditional by an employer to continue to employ any number or workers employed by him where such closing, suspension or refusal occurs in connection with an industrial dispute, or closure of an industrial unit, suspension of work or refusal by the employer to allow the workers to work for the purposes of compelling workers to accept certain terms and conditions affecting employment.
3. **The Act to Override all Other Laws.**-Notwithstanding anything contained to the contrary in any other law for the time being in force, the provisions of this Act shall prevail.
4. **Bar to Exempt from any Provision of the Act.**-The Government shall not, by notification in the official Gazette or otherwise, exempt any industrial unit or any class or description of industrial units in a Zone or Zones from any of the provisions of this Act.

CHAPTER-II

WORKERS' WELFARE ASSOCIATION

5. **Formation of Workers Association.**-(1) Since November 1st, 2006, the workers engaged in an industrial unit situated within a Zone shall, subject to the provisions of this Act, rules or regulations, have the right to form an association for the purpose of performing functions relating to industrial relations.
- (2) If any employer is registered as a company with a separate certificate of incorporation and operating as such in a Zone, there shall have one Workers' Welfare Association under the company in that Zone.
- Provided that if there are two or more industrial units in a Zone under an employer registered as a company, the units shall be deemed to be one industrial unit for the purposes of this section.
6. **Requisition for the Formation of an Association.**-(1) If the workers in an industrial unit situated within of a Zone intend to form an association, not less than 30% (thirty percent) of the eligible workers of the industrial unit shall apply in a prescribed form to the Executive Chairman demanding a Workers' Welfare Association to be formed.
- (2) Upon receipt of an application under sub-section (1), the Executive Chairman shall verify and be confirmed that not less than 30% (thirty percent) of the eligible workers have subscribed to the application by signatures or thumb impressions.
- (3) A form signed by a worker under this section shall remain valid up to six months from the date of its signature.
- (4) If ultimately the workers association is not formed on the basis of the result of the referendum held under section 7, no employer shall in any manner discriminate against a worker for subscribing to an application under sub-section (1), and any such discrimination shall be deemed to be an unfair labour practice of the employer under section 33.
7. **Referendum to Ascertain Support for Association.**-(1) if the Executive Chairman is satisfied under sub-section (2) of section 6 that not less than 30% (thirty percent) of the eligible workers have applied in prescribed forms demanding the formation of association, he shall arrange to hold a referendum of the eligible workers of the industrial unit within the Zone, within a period not later than five days from the date of

receipt of the application under sub-section (1) of section 6 to ascertain the support of the eligible workers in favour of the formation of Workers' Welfare Association.

(2) If more than 50% (fifty percent) of the eligible workers do not cast their votes, the referendum under this section shall be ineffective.

(3) If more than 50% (fifty percent) of the workers cast their votes, and more than 50% (fifty percent) of the votes cast are in favour of the formation of a Workers' Welfare Association, the workers in the said industrial unit shall, thereby, acquire the legitimate right to form a Workers' Welfare Association under this Act; and the Executive Chairman shall be required to accord registration to that association within 25 (twenty five) working days of the date of the referendum.

(4) The referendum shall be held through secret ballots and until any procedure is prescribed, the referendum shall be held according to the procedure determined by the order passed by the Executive Chairman.

8. No further Referendum in one year.- If the workers fail to obtain mandate for formation of Workers' Welfare Association in a referendum held under section 7, no further referendum shall be held for the same industrial unit until one year is expired since thereafter.

9. Constitution of the Workers' Welfare Association.-(1) If the workers exercise their option under section 7 in favour of formation of Workers' Welfare Association, the Executive Chairman shall, within a period not later than 5 days thereafter, ask the workers to form a Constitution Drafting Committee, hereinafter referred to as the Constitution Committee consisting of not more than nine representatives with one of them as the Convener.

(2) The Executive Chairman shall, on being satisfied, approve the Constitution Committee within 5 days of receipt of the proposal for constituting the Constitution Drafting Committee, and shall ask the Constitution Committee to frame and submit a constitution of the Workers Welfare Association within a period of 15 (fifteen) days.

(3) No provision of the constitution shall be contrary to any provision of this Act.

(4) The constitution of an association shall include the following matters, namely;

(a) a General Council, the members of which shall be the eligible workers registered as members of the Workers' Welfare Association;

(b) an Executive Council consisting of maximum 15 (fifteen) and minimum 5 (five) posts including a President, a General Secretary and a Treasurer and all its members shall be elected by the members of the General Council; and

(c) if the number of the eligible workers for casting votes exceeds 500 (five hundred), the members of the Executive Council shall increase by one for every 100 (hundred) after 5 (five) members, but the total number of the members shall not exceed 15 (fifteen) mentioned in clause (b).

Explanation:-In calculating eligible workers under clause (c), if the number comprises a fraction, the number shall be determined, by adding with previous rounded number if the workers are less than 50 (fifty) and if the number comprises a fraction of above 50 (fifty) workers, by adding with the subsequent number.

10. Further Requirements of the Constitution.-(1) A constitution for the formation of an association shall not be approved under this Act, unless the constitution provides for the following matters, namely :-

(a) the name and address of the Workers' Welfare Association;

(b) the objects for which the Workers' Welfare Association has been formed;

(c) the manner in which a worker may become a member of the Workers' Welfare Association specifying therein that no worker shall be enrolled as its member unless he applies in the form set out in the constitution;

(d) the sources of the fund of the Workers' Welfare Association and the purposes for which such fund shall be applicable;

(e) the conditions under which a member shall be entitled to any benefit assured by the constitution of the workers association and under which any fine or forfeiture may be imposed on him;

(f) the maintenance of a list of the members of the Workers' Welfare Association and of adequate facilities for the inspection thereof by the officers and members of the Workers' Welfare Association;

(g) the manner in which the constitution shall be amended, varied or repealed;

(h) the safe custody of the funds of Workers' Welfare Association, its annual audit, the manner of audit and adequate facilities for inspection of the account books by the officers and members of Workers' Welfare Association;

(i) the manner in which the Workers' Welfare Association may be de-registered;

(j) the manner of election of officers by the General Council of the Workers' Welfare Association and the term for which an officer may hold office upon his election or re-election;

(k) the procedure about resignation from the General Council of the Workers' Welfare Association and cancellation of membership;

(l) the procedure for expressing want of confidence in any officer of the Workers' Welfare Association; and

- (m) the meeting of the Executive Council and General Council of the Workers' Welfare Association, where there shall be obligation for the Executive Council to meet at least once in every four months and the General Council to meet at least once in every year.
- (2) No Workers' Welfare Association shall obtain or receive any fund from any source out side of the Zone without the prior approval of the Executive Chairman.
11. **Approval of Constitution.-** The Executive Chairman, on being satisfied that the constitution has been framed with due compliance with the provisions of this Act and does not contravene any provision of this Act and rules or regulations, shall approve the constitution and shall issue a letter of approval to that effect within 5 (five) days.
12. **Application for Registration of Association.-** The Convener of the Constitution Drafting Committee shall, in a prescribed form, apply to the Executive Chairman for registration of the Workers' Welfare Association formed under the constitution approved under section 11.
13. **Requirements for Application.-** (1) Every application for registration of Workers' Welfare Association shall be made to the Executive Chairman and shall be accompanied by the following matters, namely:-
- (a) the name of the Workers' Welfare Association and its address;
 - (b) date of formation of the association;
 - (c) the titles, names, ages and addresses of the members of the Workers' Welfare Association; and
 - (d) a complete statement of total paid membership.
- (2) With the application made under sub-section (1), three copies of the constitution approved by the Association shall be attached.
14. **Registration of Association.-**(1) The Executive Chairman, on being satisfied that the Workers' Welfare Association has complied with all the requirements of this Act and has been formed within the framework of the approved constitution, shall register the Workers' Welfare Association in the prescribed register within a period of 10 days from the date of receipt of the Application under section 12.
- (2) If the Executive Chairman finds the application to be deficient in a material respect or respects, he shall communicate his objection in writing to the Workers' Welfare Association within a period of 10 days from the date of receipt of the application and the Workers' Welfare Association shall reply thereto within a period of 10 days from the date of receipt of the objections.
- (3) When the objections raised by the Executive Chairman are satisfactorily met, the Executive Chairman shall register the Workers' Welfare Association as provided in sub-section (1), and if the objections are not satisfactorily met, the Executive Chairman may reject the application.
- (4) If the application is rejected or the Executive Chairman has, after settlement of the objections, delayed disposal of the application beyond the period of 10 days provided in sub-section (1), the Workers' Welfare Association may apply to the Tribunal which, for reasons to be stated in its judgment, may pass an order directing the Executive Chairman to register the Workers' Welfare Association and to issue a certificate of registration, or may reject the application.
15. **Certificate of Registration.-**(1) The Executive Chairman, on registering an association under section 14, shall issue a certificate of registration in the prescribed form.
- (2) If a certificate is issued under sub-section (1), it shall be deemed to be the conclusive evidence that the Workers' Welfare Association has been duly registered under this Act.
16. **No Association in New Industrial Unit for 3 months.-**No Workers' Welfare Association shall be allowed to be formed under this Act, in any industrial unit established in a Zone after the commencement of this Act, unless a period of three months has expired after the commencement of commercial production in that industrial unit.
17. **Restriction in Respect of Number of Association.-**(1) There shall not be more than one Workers' Welfare Association in an industrial unit in a Zone.
- (2) If there are more than one industrial units under the same employer or company in a Zone and any of the said units comes within the restriction under section 16, that shall not bar the formation of Workers' Welfare Association for rest or the units.
18. **Authority of the Executive Chairman to Determine Ownership of an Industrial unit.-**If any doubt or dispute arises as to whether any two or more industrial units are under the same employer within the same Zone, the decision of the Executive Chairman on the issue shall be final.
19. **Activities and Membership of Association.-**(1) The activities of the Workers' Welfare Association shall be confined only within the territorial limits of the Zone.

- (2) A worker shall be eligible to be a member of only such Workers' Welfare Association under an industrial unit in which he is employed.
- (3) Subject to the right to form Federation of Workers' Welfare Associations under section 24. a Worker' Welfare Association formed within the territorial limits of the Zone shall not associate or affiliate in any manner with another Workers' Welfare Association in the same Zone or another Zone or with any other Workers' Welfare Association beyond any Zone.
20. **Election of Executive Council.**-(1) The members of the Executive Council of a Workers' Welfare Association formed under this Act shall be elected by the registered general members of the said Workers' Welfare Association through secret ballot in an election organized and conducted by the Authority.
- (2) Only the eligible Workers shall be entitled to cast votes and to be elected to an office in the Executive Council under this Chapter.
- (3) For the purposes of this Chapter "eligible worker" shall mean-
- in relation to capacity to elect members of the Executive Council in respect of an industrial unit which has commenced commercial production prior to the commencement of this Act, a worker from the first day of service.
 - in relation to capacity to be elected as a member of the Executive Council of an industrial unit which has commenced commercial production prior to the commencement of this Act, a confirmed worker in the concerned industrial unit for not less than 9 (nine) months;
 - in relation to capacity to elect members of the Executive Council of an industrial unit, commencing commercial production after commencement of this Act, a confirmed worker in the concerned industrial unit for not less than 3 (three) months;
 - in relation to capacity to be elected as a member of the Executive Council of an industrial unit commencing commercial production after commencement of this Act, a confirmed worker for not less than 3 (three) months in the concerned industrial unit.
21. **Approval of the Executive Council.**-The Executive Council, if duly elected within the framework of the constitution, shall be approved by the Executive Chairman within 5 (Five) days of the declaration of results of the election.
22. **Tenure of the Executive Council.**-Unless de-registered earlier or otherwise ceases to exist, the Executive Council of an association shall hold office for a period of three years from the date of its being approved by the Authority.
23. **Holding of next election.**-(1) The next election of the Executive Council of an association shall be held within the period of 90 (ninety) days prior to the date expiration of its fixed term.
- (2) If the Executive Council of an association is dissolved prior to expiration of the term fixed, the next election shall be held within 90 (ninety) days after such dissolution.
24. **Federation of Associations.**-(1) If more than 50% (fifty percent) of the Workers' Welfare Associations in a Zone agree, they shall be entitled to form one Federation of Workers' Welfare Associations in that Zone.
- (2) Unless earlier de-registered or ceases to exist, a federation formed under this section shall hold office for a period of four years from the date of its being approved by the Executive Chairman.
- (3) A Federation of Workers' Welfare Associations formed within the territorial limits of the Zone shall not affiliate or associate in any manner with another federation in another Zone or with any other federation beyond any Zone.
- (4) The Authority shall determine, by regulations, the procedure of election and other details in respect of the Federation of Workers' Welfare Associations.
25. **Disqualifications for being an Officer or Member of an Association.**-Notwithstanding anything contained in the constitution or the rules of the Workers' Welfare Association, a person shall not be entitled to be, or to be elected as, an officer of the Workers' Welfare Association if he has been convicted of an offence involving moral turpitude or an offence punishable under this Act or ruled or regulations, and sentenced to imprisonment for any term, unless a period of 2 (two) years has elapsed since his release.
26. **Maintenance of Register, etc. by Registered Workers' Welfare Association.**-Every registered Workers' Welfare Association shall maintain the following matters in such form as may be prescribed, namely:-
- a register of members showing particulars of subscriptions paid by each member;
 - an accounts book showing receipts and expenditure; and
 - a minute book for recording the proceedings of meetings.

27. **De-Registration of Workers' Welfare Association.**-(1) At any time during the existence of a Workers' Welfare Association, not less than 30% (thirty percent) of the eligible workers may apply in prescribed form to the Executive Chairman demanding de-registration of the Association.
- (2) Upon receipt of an application under sub-section (1), the Executive Chairman shall verify and ascertain that not less than 30% (thirty percent) of the eligible workers have subscribed to the application by signature of thumb impression.
- (3) If the Executive Chairman is satisfied under sub-section (2), he shall hold a referendum in 5 (five) days by secret ballots of the eligible workers to ascertain the demand in favour of such de-registration.
- (4) If more than 50% (fifty percent) of the eligible workers cast votes in the referendum and if more than 50% (fifty percent) of the votes cast are in favour of de-registration of the Association, the Executive Chairman shall, within 25 (twenty five) days thereafter, issue an order notifying the de-registration.
- (5) If the workers association is not de-registered on the basis of the result of the referendum held under sub-section (3) no employer shall in any manner discriminate against a worker for subscribing to an application under sub-section (1), and any such discrimination shall be deemed to be an unfair practice on the part of the employer under section 33.
- (6) The authority shall, by regulations, determine and prescribe procedure and further details in respect of referendum under this section.
- (7) Once an association is de-registered under this section, no further association shall be allowed in that industrial unit the expiry of one year from the date of notification of de-registration.
- (8) A form signed by a worker under sub-section (1) shall remain valid up to six months from the date of signature.
28. **Cancellation of Registration of Workers' Welfare Association.**-(1) In addition to the procedure regarding de-registration under section 27, the Executive Chairman may also, subject to the provisions of sub-section (2), cancel the registration of a Workers' Welfare Association on any of the following grounds that it has-
- (a) ceased to exist on any ground;
- (b) obtained registration by fraud or by misrepresentation of facts;
- (c) contravened any of the provisions of its constitution;
- (d) committed any unfair practice;
- (e) inserted in its constitution any provision which is inconsistent with this Act or rules or regulations;
- (f) failed to submit its annual report to the Executive Chairman as required under this Act;
- (g) elected as its officer a person who is disqualified under this Act to be elected as such officer; or
- (h) contravened any of the provisions of this Act or rules or regulations.
- (2) Where the Executive Chairman is of opinion that the registration of Workers' Welfare Association should be cancelled, he shall submit an application to the Tribunal praying for permission to cancel such registration.
- (3) The Executive Chairman shall cancel the registration of a Workers' Welfare Associations within five days of the date of receipt of permission from the Tribunal.
- (4) The registration of an association shall not be cancelled on the ground mentioned in clause (d) of sub-section (1) if the unfair practice is not committed within three months prior to the date of submission of the application to the Tribunal.
29. **Appeal against Cancellation of Registration.**-A Workers' Welfare Association aggrieved by an order of the Tribunal under sub-section (3) of section 28 may, within 30 (thirty) days from the date of the order, appeal to the Appellate Tribunal, and the Appellate Tribunal may uphold, reject or amend the disputed order.
30. **No Workers' Welfare Association to Function without Registration.**-(1) No Workers' Welfare Association, which is not registered, or has been de-registered, or registration of which has been cancelled, shall function as Workers' Welfare Association or Collective Bargaining Agent.
- (2) No person shall collect any subscription for the fund of any Workers' Welfare Association mentioned in sub-section (1).
31. **Powers and Functions of the Executive Chairman.**-The Executive Chairman shall have the following powers and functions, namely:-
- (a) to register Workers' Welfare Association under this Act and maintain a register for that purpose;
- (b) to lodge complaints with the Tribunal for action against the Workers' Welfare Association or employers for any alleged offence or any unfair practice or violation of any provision of this Act, rules or regulations;

- (c) to determine the question as to the legitimacy of any Workers' Welfare Association formed for any industrial unit or units in Zone and its capacity to act as the Collective Bargaining Agent; and
 - (d) to exercise or perform such other powers or functions as may be conferred by rules or regulations.
32. **Incorporation of Workers' Welfare Association.**-(1) Every registered Workers' Welfare Association shall be a body corporate and shall have a perpetual succession with a common seal and power to contract and to acquire, hold and dispose of property, and it may, by its name, sue and the sued.
- (2) The employer shall provide space within the Zone for establishment of the office of the Workers' Welfare Association.

CHAPTER-III

UNFAIR PRACTICES, AGREEMENTS, ETC.

33. **Unfair Practices on the Part of Employers.**-(1) It will be an act of unfair practice for an employer or person acting as employer, namely :-
- (a) to impose any condition in a contract of employment to restrain the right of a person who is a party to such contract to join an association or continue his membership of an association;
 - (b) to refuse to employ or refuse to continue to employ any person on the ground that such person is or is not, a member or officer of an association;
 - (c) to discriminate against any person in regard to any employment, promotion, condition of employment or working condition on the ground that such person is or is not, a member or officer of an association;
 - (d) to dismiss, discharge, remove a worker from employment or threaten a worker to dismiss, discharge or remove from employment or threaten to injure him in respect of his employment by reason that the worker-
 - (i) is or proposes to become, or seeks to persuade any other person to become, a member or officer of an association;
 - (ii) participates in the promotion, formation or activities of an association; or
 - (iii) exercise any right under this Act;
 - (e) to induce any person to refrain from becoming or to cease to be, a member or officer of an association, by conferring or offering to confer any advantage on, or by procuring or offering to procure any advantage for such person or any other person;
 - (f) to compel any officer of the workers association to sign a memorandum by intimidation, coercion, pressure, threat, confinement to a place, physical injury, disconnection of water, power or telephone facilities or resorting to any other similar technique;
 - (g) to interfere with or influence, in any manner, the process or balloting in any election held under this Act; or
 - (h) to recruit any new worker during the period of strike under section 46, or during the continuation of a strike which is not illegal, except where the Executive Chairman has, being satisfied that complete cessation of work is likely to have the risk of causing serious damage to the machinery or installation or future operation of the industry, permitted temporary employment of such limited number of workers as may be deemed necessary to avoid the aforesaid likely risks.

- (2) Nothing in sub-section (1) shall be deemed to preclude an employer from requiring that a person upon his appointment or promotion to managerial position shall cease to be, or be disqualified from being, a member or officer of an association.
34. **Unfair Practices on the Part of Workers or Association.**-(1) It shall be an act of unfair practice for a worker, Workers' Welfare Association or any person acting on behalf of such a worker or Workers' Welfare Association, namely:-
- (a) to persuade a worker to join or refrain from joining an association during working hours;
 - (b) to intimidate any person to become, or refrain from becoming, or to continue to be or to cease to be a member or officer of an association;
 - (c) to induce any person to refrain from becoming, or cease to be a member or officer of an association, by conferring or offering to confer any advantage on or by procuring or offering to procure any advantage for, such person or any other person;
 - (d) to compel or attempt to compel the employer to sign a memorandum of settlement by using intimidation coercion, pressure, threat confinement to a place, physical injury, disconnection of telephone, water and power facilities or resorting to any other similar technique; or
 - (e) to compel or attempt to compel any worker to pay, or refrain from paying, any subscription towards the fund of any Workers' Welfare Association by using intimidation coercion, pressure, threat, confinement to a place, physical injury, disconnection of telephone, water and power facilities or resorting to any other similar technique.
- (2) It shall be an unfair practice for a worker or a Workers' Welfare Association to interfere with a ballot for holding any referendum or election under this Act, by the exercise of undue influence, intimidation, impersonation, or by bribery through its Executive Council or through any person acting on its behalf.
35. **Enforceability of Agreement.**-(1) An agreement reached between an association and the employer shall be legally binding upon the parties and it shall be enforceable through court.
- (2) Nothing in this section shall enable any civil court to entertain any legal proceedings instituted for the purpose of enforcing or recovering damages for the breach of, any agreement.
36. **Submission of Returns and Information.**-(1) There shall be submitted annually to the Executive Chairman, on or before such date as may be prescribed, a general statement audited in the prescribed manner of all receipts and expenditure and of the assets and liabilities of every Workers' Welfare Association of the previous year ending on the 31st day of December.
- (2) Together with the general statement, there shall be sent to the Executive Chairman, a statement showing the up to the date position of, all members of the Executive Council and the General Council of the year to which the general statement refers, together with a copy of the constitution of the Workers' Welfare Association corrected up to the date.
 - (3) A copy of every alteration made in the constitution of the Workers' Welfare Association and of a resolution of the General Council having the effect of a provision of the constitution shall be sent to the Executive Chairman within 15 (fifteen) days of the making of the alteration or adoption of the resolution.
37. **Collective Bargaining Agent.**-(1) The Workers' Welfare Association registered under this Act in an industrial unit shall be the Collective Bargaining Agent (CBA) for that industrial unit.
- (2) The Committee shall have the right to negotiate with the employer on wages, working hours and other terms and conditions of employment and no reasonable request for information from the association to the employer for negotiation purposes shall be denied.
 - (3) The collective Bargaining Agent in relation to an industrial unit in addition to aforesaid functions, perform the following functions, namely:-
 - (a) to undertake collective bargaining with the employer on matters connected with employment, non-employment, and the condition of work;
 - (b) to represent all or any of the workers in any proceedings; and
 - (c) to give notice of, and declare, a strike in accordance with the provisions of this Act.
 - (4) In any Zone where under any employer or company there is a registered Workers' Welfare Association, only the minimum starting wages as are determined by law or other applicable legal orders for the workers there at the entry level shall apply and other wages issues such as-increments, promotions, or other enhanced benefits would be subject to negotiation between the association and employer.

38. **Check-Off.**-(1) If a Collective Bargaining Agent so requests, the employer of the member-workers of an association shall deduct from the wages of those workers such amounts, not exceeding one percent of the basic wage, towards their subscription to the funds of the Workers' Welfare Association as may be specified with the approval of each such individual worker named in the demand statement furnished by the Workers' Welfare Association.
- (2) An employer, making any deduction from the wages under sub-section (1) shall within 15 (fifteen) days thereafter, deposit the entire amount so deducted by him in the account of the Workers' Welfare Association on whose behalf such deductions have been made.
- (3) The employer shall provide facilities to the collective Bargaining Agent for ascertaining whether deductions from the wages of its members are being made under sub-section (1).
- (4) The Executive Council at the beginning of each calendar year, shall submit its revenue budget stating income and expenditure of the current year along with the financial statement of the previous year to the Executive Chairman or an officer authorized by him on this behalf for approval.

CHAPTER-IV

CONCILIATION AND ARBITRATION

39. **Negotiation Relating to Industrial Disputes.**-(1) If, at any time, an employer or a Collective Bargaining Agent finds that an industrial dispute is likely to arise between the employer and any of the workers, the employer or, as the case may be, the Collective Bargaining Agent shall communicate his or its views in writing to the other party.
- (2) Within 15 (fifteen) days of the receipt of communication under subsection (1), the party receiving it shall, in consultation with the representatives of the other party, arrange a meeting with the representatives of the other party for collective bargaining on the issues raised in the communication with a view to reaching an agreement thereon through the procedure of a dialogue.
- (3) If the parties reach a settlement on the issues discussed, a memorandum of settlement shall be recorded in writing and signed by both the parties and a copy thereof shall be forwarded to the Executive Chairman and the Conciliator.
40. **Conciliator and Counselor.**-(1) The Government shall, upon recommendation of the Executive Chairman, by notification in the official Gazette, appoint as many conciliators as it considers necessary for the purposes of this Act and shall specify in the notification the Zone or Zones within which, or the class of industrial units or industries in relation to which in a Zone or Zones, each one of them shall perform his functions.
- (2) The Government shall, upon recommendation of the Executive Chairman, by notification in the official Gazette, appoint as many Counselors as it considers necessary for the purpose of this Act and the Executive Chairman shall specify the Zone or Zones for which the Counselors will be appointed and their functions.
41. **Conciliation before Notice of Strike, etc.**-Where the parties to an industrial dispute fail to reach a settlement by negotiation under section 39, any of them may report to the Executive Chairman and the Conciliator that the negotiations have failed and request the Conciliator in writing to conciliate in the dispute and the conciliator shall, on receipt of such request, proceed to conciliate in the dispute.
42. **Notice of Strike or Lock-out.**-(1) If the Conciliator fails to settle the dispute within 10 (ten) days from the date of receipt of a request made under section 41, the Collective Bargaining Agent or the employer may, subject to the provisions of sub-section (2), and in accordance with the provisions of this Act, serve on the other party to the dispute 21 (twenty one) days notice of strike or lock-out, as the case may be.

- (2) No Collective Bargaining Agent shall serve any notice of strike unless three-fourths of the members of the Executive Council of the Workers' Welfare Association have given their consent to it through secret ballots specifically held for the purpose, in a manner approved by the Executive Chairman, if not prescribed by regulations.
43. **Conciliation after Issuing Notice of Strike or Lock-out.**-(1) Where a party to an industrial dispute serves a notice of strike or lock-out under section 42, it shall, simultaneously with the service of such notice, deliver a copy thereof to the Conciliator who shall proceed to conciliate or, as the case may be, continue to conciliate in the dispute notwithstanding the notice of strike or lock-out.
- (2) Before proceeding to conciliate in the dispute, the Conciliator shall satisfy himself as to the validity of the notice of strike, and if the notice does not confirm to the provisions of this Act or the rules of the constitution of the concerned Workers' Welfare Association, the notice of strike shall not be deemed to have been given under the provisions of this Act, and in such cases the Conciliator may, at his discretion, decide not to proceed with the conciliation.
44. **Proceedings Before Conciliator.**-(1) The Conciliator shall, as soon as possible, call a meeting of the parties to the dispute for the purpose of settlement of the dispute through conciliation.
- (2) The parties to the dispute shall appear before the Conciliator in person or through their nominated representatives, and they may authorize such representatives to negotiate on their behalf and to enter into agreement to be binding on them.
- (3) The Conciliator shall perform such functions in relation to a dispute before his as may be prescribed, and may, in particular, suggest to either party to the dispute such concessions or modifications or in its demand as are, in the opinion of the Conciliator, likely to promote an amicable settlement of the dispute.
- (4) If a settlement of the dispute or of any matter in dispute is arrived at in the course of the proceedings before him, the Conciliator shall send a report thereof to the Executive Chairman together with the memorandum of settlement signed by the parties to the dispute.
- (5) If no settlement is arrived at within the period of the notice of strike or lock-out, the conciliation proceedings may be continued for such further period as may be agreed upon by the parties.
45. **Arbitration.**-(1) If the conciliation fails, the Conciliator shall try to persuade the parties to agree to refer the dispute to an Arbitrator, and if the parties agree, they shall make a joint request in writing for reference of the dispute to an Arbitrator agreed upon by them.
- (2) The Arbitrator, to whom a dispute is referred under sub-section (1), shall be a person borne on a panel to be maintained by the Executive Chairman and such a panel of Arbitrators shall be reviewed by the parties every 18 (eighteen) months.
- (3) The Arbitrator shall give his award within 30 (thirty) days from the date on which the dispute is referred to him under sub-section (1) or such other extended time as may be agreed upon by the parties to the dispute.
- (4) After he has made an award, the Arbitrator shall forward a copy thereof to the parties and to the Executive Chairman for its due implementation.
- (5) The award of the Arbitrator shall be final and binding upon the parties, and no appeal shall lie against it and it shall be valid for a period not exceeding two years or as may be fixed by the Arbitrator.
46. **Strike and Lock-out.**-(1) If no settlement is arrived at during the course of conciliation proceedings and the parties to the dispute do not agree to refer it to an Arbitrator under section 45, the workers may go on strike or, as the cause may be, the employer may declare a lock-out, on the expiry of the period of the notice under section 42, or upon the issuance of a certificate by the Conciliator to the parties to the dispute to the effect that the conciliation proceedings have failed, whichever is the later.
- (2) The parties to the dispute may, at any time, either before or after the commencement of a strike or lock-out, make a joint application to the EPZ Labour Tribunal for adjudication of the dispute.
- (3) If strike or lock-out continues for more than 15 (fifteen) days, the Executive Chairman may, by order in writing, prohibit the strike or lock-out.
- (4) Notwithstanding anything contained in sub-section (3), the Executive Chairman may, by order in writing, prohibit a strike or lock-out at any time before the expiry of 15 (fifteen) days, if he is satisfied that the continuance of such strike or lock-out is causing serious harm to productivity in the Zone or is prejudicial to public interest or national economy.
- (5) In any case in which the Executive Chairman prohibits a strike or lock-out, he shall forthwith, refer the dispute to the EPZ Labour Tribunal.
- (6) The Tribunal shall, after giving both the parties to the dispute an opportunity of being heard, make such award as it deems fit as expeditiously as possible, but not exceeding 40 (forty) days from the date on which the dispute was referred to it.
- (7) The Tribunal may also make an interim award on any matter of dispute, and any delay by the Tribunal in making an award shall not affect the validity of any award made by it.
- (8) An award of the Tribunal shall be valid for such period, as may be specified in the award, but shall not be valid for more than two years.

CHAPTER-V

EPZ LABOUR TRIBUNAL, APPELLATE TRIBUNAL, ETC.

47. **Application to EPZ Labour Tribunal.**-Any Collective Bargaining Agent or worker may apply to the EPZ Labour Tribunal for the enforcement of any right under any law or any award or settlement.
48. **EPZ Labour Tribunal.**-(1) The Government shall, by notification in the official Gazette, establish for the Export Processing Zones as many EPZ Labour Tribunals as it considers necessary to dispose of industrial disputes and try offences under this Act, and where it establishes more than one EPZ Labour Tribunal, it shall specify in the notification the Zone or Zones in which each of those shall exercise jurisdiction under this Act.
- (2) A Tribunal shall consist of a Chairman appointed by the Government and two Members to be appointed in the prescribed manner to advise the Chairman, one to represent the employer and the other to represent the worker.
- (3) A person shall not be qualified for appointment as Chairman unless he has been or is a District Judge or an Additional District Judge.
- (4) An EPZ Labour Tribunal shall have the following powers and functions, namely:-
- to adjudicate and determine an industrial dispute which has been referred to or brought before it under this Act;
 - to enquire into and adjudicate any matter relating to the implementation or violation of a settlement which is referred to it by the Executive Chairman;
 - to try offences under this Act and rules or regulations made there under, and such other offences under any other law as the Government may, by notification in the official Gazette, specify in this behalf; and
 - to exercise and perform such other powers and functions as are or may be conferred upon or assigned to it by or under this Act or any other law.
- (5) Notwithstanding anything contained in the Labour Act, 2006 (Act No. 42 of 2006), the Government may, by notification in the official Gazette, appoint a Tribunal to be, or confer upon it any power or function of any Authority under any of the said Act, and upon such notification, the Tribunal shall be deemed to be such Authority and shall exercise the powers and perform the functions of such Authority under the relevant Act.
- (6) If any Member of the Tribunal is absent from, or is otherwise unable to attend any sitting of the Tribunal, the proceedings of the Tribunal may continue, and the decision or award may be given in absence of such member; and no acts, proceedings, decision or award of the Tribunal shall be in valid or be called in question merely on the ground of such absence of that Member.
49. **Procedure and powers of Tribunal.**-(1) Subject to the Provisions this Act, the Tribunal shall, in matters of criminal proceedings, follow, in so far as possible, the summary procedure as prescribed under the Code of Criminal Procedure, 1898 (Act No. V of 1898).
- (2) A Tribunal shall, for the purpose of trying an offence under the Act, have the same powers as are vested in the Court of a Magistrate of the first class under the Code of Criminal Procedure, 1898 (Act No. V of 1898), and shall, for the purpose of appeal from a sentence passed by it, be deemed to be a Court of Sessions under that Code.
- (3) A Tribunal shall, for the purpose of adjudicating and determining any industrial dispute, be deemed to be a Civil Court and shall have the same powers as are vested in such Court under the Code of Civil Procedure, 1908 including the following powers of-
- enforcing the attendance of any person before the Tribunal and examining him on oath;
 - compelling the production of documents and material objects to the Tribunal;
 - issuing commissions for the examination of witness or documents; and
 - delivering expert decision in the event of failure of any part to appear before the Tribunal.
- (4) No court fee shall be payable for filing, exhibiting or recording any document, or obtaining any document from the Tribunal.
50. **Awards and Decisions of the Tribunal.**-(1) An award or decision of the tribunal shall be given in writing and delivered in open Tribunal and a copy thereof shall be forwarded forthwith to the Executive Chairman.
- (2) An award or decision of a Tribunal shall, in every case, be delivered within 25 (twenty five) days following the date of filing of the case, unless the parties to the dispute give their consent in writing to extend the time limit.
- (3) No award or decision of a Tribunal shall be invalid merely on the ground of delay in its delivery.
- (4) Any party aggrieved by an award given under sub-section (1), may prefer an appeal to the appellate Tribunal within 30 (thirty) days of the delivery thereof and the decision of the Appellate Tribunal in such appeal shall be final.
- (5) All decisions of the Tribunal, other than award referred to in sub-section (2) of this section, and sentences referred to in sub-section (2) of section 49, shall be final and shall not be called in question in any manner before any Court or Authority.

51. **EPZ Labour Appellate Tribunal.**-(1) The Government shall, by notification in the official Gazette, establish an EPZ Labour Appellate Tribunal for the purposes of this Act, and such Appellate Tribunal shall consist of one member to be appointed by the Government by notification in the official Gazette.

(2) The member of the Appellate Tribunal shall be a person who is or has been a Judge or the High Court Division of the Supreme Court, and he shall be appointed on such terms and conditions as the Government may determine.

(3) The Appellate Tribunal may, on appeal, confirm, set aside, vary or modify any decision, order, sentence or award of the Tribunal, and shall exercise all the powers conferred by this Act on the Tribunal and the Appellate Tribunal shall dispose of an appeal within a period of 40 (forty) days of filing of the appeal.

(4) A decision of the Appellate Tribunal shall not be rendered invalid by reason of any delay in its delivery.

(5) The Appellate Tribunal shall follow such procedure as may be prescribed.

(6) The Appellate Tribunal shall have authority to punish for contempt of its authority, or that on any Tribunal, subject to its appellate Jurisdiction, as if it were the High Court Division.

(7) Any person, convicted and sentenced by the Appellate Tribunal under subsection (6) to imprisonment for any period, or to pay a fine exceeding 5 (Five) thousand taka, may prefer an appeal to the Appellate Division, subject to leave granted by that Division.

52. **Special Provision for Establishment of EPZ Labour Tribunal and Labour Appellate Tribunal.**-(1) As long as the EPZ Labour Tribunal under section 48 and EPZ Labour Appellate Tribunal under section 51 are established, the Labour Court established under section 214 and the Labour Appellate Tribunal established under section 218 of the Labour Act, 2006 (Act No. 42 of 2006), hereinafter referred to as Labour Act, for the purposes of this Act, shall be deemed to be the EPZ Labour Tribunal and EPZ Labour Appellate Tribunal respectively.

(2) If there are more than one Labour Court under the Labour Act, the Government, by notification in the official Gazette, shall specify the local limits of jurisdiction of each such courts.

(3) The Labour Court and the Labour Appellate Tribunal, for trial of any offence or adjudication or settlement of any other matters of disputes, shall exercise its powers and follow the procedures under this Act.

53. **Settlements and Awards on Whom Binding.**-(1) A settlement arrived at in the course of a conciliation proceeding, or an award of an Arbitrator, or an award or

decision of the Tribunal delivered under section 50 or the decision of the Appellate Tribunal under section 51 shall be binding-

(a) on all parties to the industrial dispute;

(b) on all other parties summoned to appear in any proceedings before a Tribunal as parties to the industrial dispute, unless the Tribunal specifically otherwise directs in respect of any such party;

(c) on the heirs, successors or assignees of the employer as one of the parties to the dispute; and

(d) where a Collective Bargaining Agent is one of the parties to the dispute, on all worker who were employed in the industrial unit to which the industrial dispute relates on the date on which the dispute first arose or who are employed thereafter that date.

(2) A settlement arrived at by agreement between the employer and an association otherwise than in the course of conciliation proceeding, shall be binding on the parties to the agreement.

54. **Effective Date of Settlement, Award, etc.**-(1) A settlement shall become effective-

(a) if a date is agreed upon by the parties to the dispute to which it relates, on such date; and

(b) if a date is not so agreed upon, on the date on which the memorandum of the settlement is signed by the parties.

(2) A settlement shall be binding for such period as is agreed upon by the parties, and if no such period is agreed upon, for a period of one year from the date on which the memorandum of settlement is signed by the parties to the dispute.

(3) An award given under sub-section (1) of section 50 shall, unless an appeal against it is preferred to the Appellate Tribunal, become effective on such date and remain effective for such period, not exceeding two years, as may be specified therein.

(4) The Arbitrator, the Tribunal, or the Appellate Tribunal, shall specify dates from which the award on various demands shall be effective and the limits by which it shall be implemented in each case.

(5) A decision of the Appellate Tribunal in appeal under section 51 shall be effective from the date of the award.

(6) Notwithstanding the expiry of the period for which an award is to be effective under sub-section (3), the award shall continue to be binding on the parties until the expiry of two months from the date on which either party informs the other party in writing of its intention to be no longer bound by the award.

55. **Commencement and Conclusion of Proceedings.**-(1) A conciliation proceeding shall be deemed to have commenced on the date on which a notice of strike or lock-out is received by the conciliator under section 42.
- (2) A conciliation proceeding shall be deemed to have concluded-
- (a) where settlement is arrived at, on the date on which a memorandum of settlement is signed by the parties to the dispute; and
- (b) where no settlement is arrived at-
- (i) if the dispute is referred to an arbitrator under section 45, on the date on which the Arbitrator has given his award or otherwise;
- (ii) on the date on which the period of the notice of strike or lock-out expires.
- (3) Proceedings before a Tribunal shall be deemed to have commenced-
- (a) in relation to an industrial dispute on the date on which an application has been made under section 46 or section 47; and
- (b) in relation to any other matter, on the date on which it is referred to the Tribunal.
- (4) Proceedings before a Tribunal shall be deemed to have concluded on the date on which the award or decision is delivered under sub-section (1) of section 50.
56. **Certain Matters to be Kept Confidential.**-(1) There shall not be included in any report, award or decision under this Act, any information obtained by the Executive Chairman, Conciliator, Tribunal, Arbitrator or Appellate Tribunal in the course of any investigation or enquiry as to any business carried on by any association or person, unit or company or employer, which is not available otherwise than through the evidence given before such authority, if the relevant association, person, unit or company in question has made a request, in writing, to the authority that such information be treated as confidential; nor shall such proceedings of the case disclose any such information without the consent, in writing, or the President of the association or the relevant person, unit or company question, as the case may be.
- (2) Notwithstanding anything contained in sub-section (1), nothing contained in this section shall apply to disclosure of any such information for the purposes of prosecution under section 193 of the Penal Code, 1860 (Act No. XLV of 1860).
57. **Raising of industrial disputes.**-No industrial dispute shall be deemed to exist unless it has been raised in the prescribed manner by a Collective Bargaining Agent.
58. **Prohibition on Serving Notice of Strike or Lock-out While Proceedings Pending.**-No notice of strike or lock-out shall be served by any party to an industrial dispute while any conciliation proceedings or proceedings before any conciliator, Arbitrator or Tribunal or an appeal to the Appellate Tribunal are or is pending in respect of any matter constituting such industrial dispute.
59. **Powers of Tribunal and Appellate Tribunal to Prohibit Strike etc.**-(1) When a strike or lock-out in pursuance of an industrial dispute has already commenced and is in existence at the time when, in respect of such industrial dispute, there is made to or is pending before, a Tribunal, an application under section 47, the tribunal may, by an order in writing, prohibit continuance of the strike or lock-out.
- (2) When an appeal in respect of any matter arising out of an industrial dispute is referred to the Appellate Tribunal under section 51, the Appellate Tribunal may, by an order in writing, prohibit continuance of any strike or lock-out in pursuance of such industrial dispute which has already commenced and was in existence on the date on which the appeal was preferred.
60. **Illegal Strikes and Lock-out.**-(1) A strike or lock-out shall be illegal if-
- (a) it is declared commenced or continued without giving to the other party to the dispute in the prescribed manner, a notice of strike or lock-out on or before the date of strike or lock-out specified in such notice, or in contravention of section 58; or
- (b) it is declared, commenced or continued in consequence of an industrial dispute raised in a manner other than that provided in section 57; or
- (c) it is continued in contravention of the order made under section 59; or
- (d) it is declared, commenced or continued during the period in which a settlement or award is in operation in respect of any of the matters covered by a settlement or award.
- (2) A lock-out declared in consequence of an illegal strike and a strike declared in consequence of an illegal lock-out shall not be deemed to be illegal.
61. **Conditions of Service to Remain Unchanged while Proceedings are Pending.**-(1) No employer shall, while any conciliation proceeding or any officer proceeding before any Conciliator, Arbitrator, Tribunal or Appellate Tribunal in respect of an industrial dispute is pending, alter to the disadvantage of any worker concerned in such dispute, the conditions of service applicable to him before the commencement of the conciliation proceeding or of the proceeding before the Arbitrator, Tribunal or Appellate Tribunal, nor shall he-
- (a) save with the permission of the conciliator, while any conciliation proceeding is pending; or

- (b) save with the permission of the Arbitrator, the Tribunal or Appellate Tribunal, while any proceeding before the Arbitrator, Tribunal or Appellate Tribunal is pending, discharge, dismiss or otherwise punish any worker or terminate his service except for misconduct not connected with such dispute.
- (2) Notwithstanding anything contained in sub-section (1), an officer of a Workers' Welfare Association shall not, during the pendency of any proceeding referred to in sub-section (1) be discharged, dismissed or otherwise punished for misconduct, except with the previous permission of the Tribunal.
- 62. Protection and Discipline of Elected Officers of Association.**-(1) The president, General Secretary or any other officer of the Executive Council of any Workers' Welfare Association shall not be transferred from one zone to another or one industrial unit to another within the Zone without the prior approval of the Executive Chairman.
- (2) The president, General Secretary or any other officer of the Executive Council of any Workers' Welfare Association shall not be dismissed, suspended, terminated or otherwise removed from the employment without prior approval of the Executive Chairman.
- (3) The employer shall not be deemed to be barred from suspending any elected officer of Workers' Welfare Association or drawing up disciplinary proceedings against him on the allegation of unfair labour practice prohibited under this Act, rules or regulations.
- (4) The Executive Chairman shall have the authority to rule on the legitimacy of any action of the employer under sub-section (3) so as to uphold or set aside the action and also to direct to reinstate the officer to his position and reimburse him with unpaid wages and benefits.
- 63. Protection of Certain Persons.**-No person refusing to take part or to continue to take part in any illegal strike or illegal lock-out shall, by reason of such refusal, be subject to expulsion from any Workers' Welfare Association or to any fine or penalty or to the deprivation of any right or benefit which he or his legal representatives would otherwise have been entitled, or, be liable to be placed in any respect, either directly or indirectly under any disability or disadvantage as compared with other members of the Workers' Welfare Association.
- 64. Representation of Parties.**-(1) A Worker, who is party to an industrial dispute, shall be entitled to be represented in any proceeding under this Act by an officer of the Workers' Welfare Association and, subject to the provisions of sub-sections (2) and (3) any employer, who is a party to an industrial dispute, shall be entitled to be represented in any such proceeding by a person duly authorized by him.
- (2) No party to an industrial dispute shall be entitled to be represented by a legal practitioner in any conciliation proceeding under this Act.
- (3) A party to an industrial dispute may be represented by a legal practitioner in any proceeding before the EPZ Labour Tribunal, Appellate Tribunal, or Arbitrator with the permission of that Tribunal, Appellate Tribunal or Arbitrator.
- 65. Interpretation of Settlement and Awards.**-(1) If any difficulty or doubt arises as to the interpretation to any provision of an award or settlement, it shall be referred to the Appellate Tribunal established under this Act.
- (2) The Appellate Tribunal to which an matter is referred under sub-section (1) shall, after giving the parties an opportunity of being heard, decide the matter and its decision shall be final and binding on the parties.
- 66. Recovery of Money Due from an Employer Under a Settlement or Award.**-(1) Any money due from an employer under a settlement, or under an award or decision of the Arbitrator, EPZ Labour Tribunal or Appellate Tribunal may be recovered as arrears of land revenue or as a public demand upon application by the Executive Chairman if it is moved in that behalf by the person entitled to the money under that settlement, award or decision.
- (2) Where any worker is entitled to receive from the employer any benefit under settlement or under an award or decision of the Arbitrator, Tribunal or Appellate Tribunal, which is capable of being computed in terms of money, the amount at which such benefit shall be computed may subject to the rules or regulations made under this Act, be determined and recovered as provided for in sub-section (1) and paid to the worker concerned within a specified date.

CHAPTER-VI

PENALTIES AND PROCEDURE

67. **Penalty for Unfair Labour Practices.**-(1) Whoever commits any act described under sub-section (1) of section 33, shall be punished with fine which may extend to 50 (fifty) thousand Taka and, in default, to suffer simple imprisonment which may extend to 6 (six) months.
- (2) Any worker who commits any act described under sub-section (1) of section 34, shall be punished with fine which may extend to 2 (two) Thousand Taka and, in default, to suffer simple imprisonment which may extend to 6 (six) months.
- (3) Whoever, being a Workers' Welfare Association or any person other than a Workers' Welfare Association, commits any act described under sub-section (1) of section 34, shall be punished with fine which may extend to 20 (twenty) thousand Taka and, in default, to suffer simple imprisonment which may extend to 6 (six) months.
68. **Penalty for Committing Breach of Settlement.**-Whoever commits any breach of any term of any settlement, award or decision which is binding on him under this Act, shall be punished-
- (a) for the first offence, with fine which may extend to 5 (five) Thousand Taka and, in default, to suffer simple imprisonment which may extend to 6 (six) months; and
- (b) for each subsequent offence with fine which may extend to 10 (ten) Thousand Taka and in default, to suffer simple imprisonment which may extend to 6 (six) months.
69. **Penalty for Failing to Implement Settlement, etc.**-Whoever willfully fails to implement any term of any settlement, award or decision which it is his duty under this Act, to implement, shall be punished with fine which may extend to 20 (twenty) Thousand Taka and, in default, to suffer simple imprisonment which may extend to 6 (six) months.
70. **Penalty for False Statements, etc.**-Whoever willfully makes or causes to be made in any application or other document submitted under this Act or the rules or regulations made there under, any statement which he knows or has reason to believe to be false, or willfully neglects or fails to maintain or furnish under this Act, or any rule or regulation, shall be punished with imprisonment for a term which may extend to 6 (six) months, or with fine which may extend to 10 (ten) Thousand Taka, or with both.
71. **Penalty for Illegal Strike or Lock-out.**-(1) Any Worker who commences, continues or otherwise act in furtherance of an illegal strike, shall be punished with imprisonment for a term which may extend to 6 (six) months, or with fine which may extend to 5 (five) Thousand Taka, or with both.
- (2) Any employer who commences, continues or otherwise acts in furtherance of an illegal lock-out, shall be punished with imprisonment for a term which may extend to 1 (one) year, or with fine which may extend to 20 (twenty) Thousand Taka, or with both, and in the case of a continuing offence, with a further fine which may extend to 2 (two) Thousand Taka for every day after the first during which the offence continues.
72. **Penalty for Instigating Illegal Strike or Lock-out.**-Whoever instigates or incites others to take part in or expends or supplies money or otherwise acts in furtherance of support of an illegal strike or an illegal lock-out, shall be punished with imprisonment which may extend to 6 (six) months, or with fine, which may extend to 10 (ten) thousand Taka, or with both.
73. **Penalty for Contravening Provision of Section 61.**-Any employer who contravenes the provisions of section 61 shall be punished with imprisonment for a term which may extend to 6 (six) months, or with fine which may extend to 10 (ten) thousand Taka, or with both.
74. **Penalty for Embezzlement or Misappropriation of Funds.**-(1) Any officer or any other employee of a registered Workers' Welfare Association, guilty of embezzlement or misappropriation of Workers' Welfare Association fund shall be punished with imprisonment for a term which may extend to 1 (one) year and shall also be liable to fine, which shall not exceed the amount found by the Tribunal to have been embezzled or misappropriated.
- (2) Upon realization under sub-section (1) the amount of fine may be reimbursed by the tribunal to the concerned Workers' Welfare Association.
75. **Penalty for Other Offences.**-Whoever contravenes, or fails to comply with any of the provisions of this Act, shall, if no other penalty is provided by this Act for such contravention or failure, be punished with fine which may extend to 5 (five) Thousand Taka.
76. **Penalty for Contravening Provisions of Section 44.**-A person who willfully fails, except for satisfactory reasons, to appear before the Conciliator or to send representative to him in compliance with the provisions of sub-section (2) of section 44, shall be punished with fine which may extend to 5 (five) Thousand Taka and, in default, to suffer simple imprisonment which may extend to 6 (six) months.
77. **Offences by Company.**-Where the person guilty of any offence under this act is company or a body corporate, every Director, Manager, Secretary of other offence or agent thereof shall, unless he proves that the offence was committed without his knowledge or consent or that he exercised all due diligence to prevent the commission of the offence, be deemed to be guilty of such offence.
78. **Trial of Offences.**-(1) No tribunal or Court other than the Labour Tribunal established under this Act shall try any offence punishable under this Act, and no prosecution for an offence punishable under this Chapter shall be instituted and taken cognizance of by the Tribunal except by or under the authority, or with the prior permission of the Executive Chairman or an officer authorized by him in that behalf.
- (2) All offences punishable under this Act shall be non-cognizable and bailable.

CHAPTER-VII

MISCELLANEOUS

79. **Indemnity.**-No suit, prosecution or other legal proceedings shall lie against any person for anything which is, in good faith done or intended to be done in pursuance of this Act or any rule or regulation made there under.
80. **Bar to Linkage with Political Parties.**-(1) No Workers' Welfare Association or federation of Workers' Welfare Association in a zone shall maintain any linkage, overt or covert, with any political party or organization affiliated with any political party.
- (2) Upon a complaint by any employer that any Workers' Welfare Association or federation of Workers' Welfare Association in a zone has committed an act in contravention of sub-section (1), if the Executive Chairman finds the complaint to be true upon enquiry, he shall forthwith cancel the registration of that Workers' Welfare Association or federation of Workers' Welfare Association as the case may be and upon such cancellation of registration, the workers in the industrial unit or units, or the associations in the Zone, as the case may be, shall not be allowed to form Workers' Welfare Association or federation, as the case may be, for next 1 (one) year.
- (3) If aggrieved by an order of the Executive Chairman under sub-section (2), an employer, association or federation may prefer an appeal to the EPZ Labour Tribunal, and the decision of the Tribunal may be challenged in the Appellate Tribunal, and the decision of the Appellate Tribunal shall be final on the matter.
- (4) For the purposes of this section, political party shall mean a political party as defined in article 152 to the Constitution of the People's Republic of Bangladesh, and shall also include any other organization affiliated with such political party.
81. **Transitional and Temporary Provisions.**-(1) Notwithstanding anything contained in this Act, the transitional and temporary provisions continued in this section shall be effective.
- (2) No strike or lock-out shall be permissible in any industrial unit in a Zone till December 31, 2013.
- (3) Notwithstanding anything contained in section 45, arbitration shall be mandatory for the parties during the period beginning with commencement of this Act and ending with October 31, 2013.
- (4) A mutually acceptable arbitrator shall be appointed by the parties from a list of arbitrators approved by the Authority. If the parties fail to agree on the selection of the arbitrator, the Executive Chairman shall assign an arbitrator from its approved list. The selection or appointment of the arbitrator shall be completed and the date of the arbitration hearing shall be fixed within 15 (fifteen) working days from the date of the request for arbitration. The arbitration hearing shall be completed and a written award shall be given within 30 (thirty) days from the date of the first hearing.
- (5) The decision of the arbitrator shall be binding on the parties and enforceable by the Executive Chairman. The Executive Chairman shall be authorized to take punitive measures as required to enforce the terms of the arbitrator's decision.
- (6) An appeal from an arbitrator's decision shall be limited to decisions where there is reasonable suspicion and evidence of fraud. Corruption or other major defects in the arbitrator's decision.
- (7) An appeal under sub-section (6) shall lie to the Labour Appellate Tribunal, and the Appellate Tribunal shall dispose the appeal within 30 (thirty) days of the filing of the appeal; and the decision of the Appellate Tribunal shall be final and binding on the parties.
82. **Reference to Collective Bargaining Agent and Association to include Committee.**-Unless the context otherwise requires, any reference to "Collective Bargaining Agent" and "Workers' Welfare Association" in CHAPTER III and IV of this Act shall be construed also to include workers Representation and Welfare Committee.
83. **Executive Chairman to Determine Wages etc. in the Absence of Workers' Welfare Association.**-The Executive Chairman shall determine the minimum standard of wages, working hours, salary, other financial benefits and other service conditions of the workers of an industrial unit in a zone for which there shall be no Workers' Welfare Association as the Collective Bargaining Agent:
- Provided that, only the minimum starting wage applicable to the workers at the entry level in any zone shall apply to the workers employed in any industrial unit in a zone where a Workers' Welfare Association is registered; and other wage issues, such as, increment of wages, promotion, or other enhanced facilities would be subject of negotiation between the Workers' Welfare Association and the employer.

84. **Monitoring of Referendum and Elections.**-(1) Any election or referendum under any of the provisions of this Act shall be fairly monitored by representatives of the Authority, employers, workers and neutrals.
- (2) The Authority shall determine and prescribe procedure and further details in respect of monitoring of election or referendum referred to in sub-section (1).
- (3) The companies or employers shall provide lists with the names of all workers eligible to vote in the referendum or election in respect of Workers' Welfare Association before any such referendum or election is held under this Act.
- (4) The companies or employers shall affix the lists of workers referred to in sub-section (3) in a conspicuous place of the relevant factories in a visible manner for 72 (seventy two) hours prior to the referendum or election.
- (5) The election or referendum in relation to registration of any Workers' Welfare Association shall be scheduled at such a time and location so that it does not obstruct the workers to vote.
- (6) In the period between the request for election and ultimate completion of that election of Workers' Welfare Association there shall be no intimidation or threats of reprisal by either party.
- (7) No party shall conduct campaigns or call or conduct any special or general meeting of the workers relating to the election for registration of Workers' Welfare Association of the premises of the industrial unit or during its working hours.
85. **Executive Chairman to Extend Time.**-The executive Chairman may, on reasonable grounds, extend time if certain duty or function cannot be discharged or performed within the specified time under any provision of this Act.
86. **Executive Chairman to Delegate Powers.**-The Executive Chairman may, subject to the approval of the Authority, delegate any of his powers under this Act to an officer subordinate to him.
87. **Public Servants.**-The Executive Chairman a Conciliator, the Chairman of an EPZ Labour Tribunal and the member of the Tribunal and Appellate Tribunal shall be deemed to be public servant within the meaning of section 21 of the Penal code, 1860 (Act No. SLV of 1860).
88. **Constitution of Fund.**-There shall be constituted a fund through collecting contributions from the investors for establishing the EPZ Labour Tribunal and EPZ Labour Appellate Tribunal with appointment of necessary personnel including the Judges, appointment of conciliator, appointment of Arbitrator and Counselor and to meet the administrative and development expenses, the Executive Chairman shall prescribe the procedure for collecting the contribution.
89. **Authority to Administer the Act and the Matters.**-Notwithstanding anything contained in any other law, for the time being in force, the Bangladesh Export Processing Zones Authority shall be responsible for administration of the Act and to deal with all matters relating to rights of workers and industrial relation in the Zones.
90. **Powers to Make Rules and Regulations.**-(1) The government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.
- (2) The Authority may, with prior approval of the Government, by notification in the Official Gazette, make regulations for carrying out the purposes of this Act.
91. **Original Text and English Text.**-The original text of this Act shall be in Bangla, and Government shall, by notification in the Official Gazette, publish an Authentic English text of it :
- Provided that in the event of conflict between the Bangla and The English text the Bangla text shall prevail.
92. **Repeal and Savings.**- (1) The EPZ Workers Association and Industrial Relations Act, 2004 (Act No. 23 of 2004), hereinafter referred to as the repealed Act, is hereby repealed.
- (2) Notwithstanding upon repeal under sub-section (1), any act done or action taken under the Repealed Act shall be deemed to have been done or taken under this Act.
- (3) The Workers Representation and Welfare Committee constituted under section 5 of the Repealed Act shall remain valid for 4 (four) years from the date of its registration with the Authority.

CHAPTER -7

SPECIMEN OF PROPOSAL FOR INVESTMENT IN THE BANGLADESH EXPORT PROCESSING ZONES AUTHORITY

BANGLADESH EXPORT PROCESSING ZONES AUTHORITY

A. Guidelines for filling in the Project Proposal Form

1. The applicant is advised to use this project proposal in original form or as a specimen which may be copied out for use and then filled in appropriately. Proposal may also be in the form of memorandum containing information as asked for in the application form.
2. The information should be furnished in three sets (typed). Unless otherwise requested, all prices should be expressed in thousands and millions as the case may be.
3. Complete information should be furnished in respect of each item to avoid back reference and to ensure expeditious appraisal.
4. If there be any particular aspect of the project not covered in the form, all such relevant information should be submitted in separate sheets together with the set.
5. Similarly, if certain information requested for in the project proposal is not applicable or relevant in the case, please write "Not applicable".
6. It should be noted that incomplete proposal will not be considered for both processing and registration with the authority till such time that the proposal is complete and fully documented.
7. The information should be submitted in tabular form wherever so desired in the project proposal and annexure attached to it.
8. Wherever descriptive information is required, it should be provided sufficiently and clearly indicating the salient points.
9. Please put your signature on all the annexure and every page of your answer sheets / project proposal.
10. Required documents as requested for in the project proposal form should be furnished. The applicant is advised to re-check, before submitting the proposal that the required documents / annexure are correctly furnished with the project proposal.

B. Documents to be attached

1. Bank solvency certificate of the Sponsors / Directors.
2. Project feasibility report, if any.
3. Marketing agreement, if any.
4. Memorandum and Articles of Association along with the Certificate of Incorporation duly attested by the registrar of Joint Stock Companies of Firms, Bangladesh in the case of Private / Public Limited Company.
5. Proforma invoice of the machineries to be imported, one set from manufacturer or three sets from reputed suppliers.
6. Copy of joint venture agreement (if joint venture project) duly endorsed by concerned Embassy / Notary Public.
7. Copies of the first eight pages of the passports of the promoters / authorized representative of the investors.

PROPOSAL FOR INVESTMENT IN THE EXPORT PROCESSING ZONES

Name of EPZs	
<input type="checkbox"/> CHITTAGONG / DHAKA	<input type="checkbox"/>
<input type="checkbox"/> ADAMJEE / KARNAPHULI	<input type="checkbox"/>
<input type="checkbox"/> COMILLA / MONGLA	<input type="checkbox"/>
<input type="checkbox"/> ISHWARDI / UTTARA	<input type="checkbox"/>

Please Tick One

For Official Use Only :
Application No.....
Date of receipt.....
Date of approval

PART-A

1. **Name of Applicant**
Name of Firm
Address
.....
Phone No..... Fax No. E-mail
2. **Applicant's official representative (s) to be contacted :**
Name
Address
Phone No. Fax No. E-mail
3. **Name of the proposed Project**
4. **Type of Business / Industry**
5. **Type of Products**
6. **Type of Organization**
(Please tick one) : Public Ltd. / Private Ltd. / Partnership / etc.
7. **Name of the Zone**.....

Signature

8. Particulars of the Sponsors / Directors:

(Quantity:)

Name and Address	Nationality	Status in the Proposed Company	Extent of Share Holding

Note : Please attach additional papers wherever required.

PART-B

DESCRIPTION OF THE PROJECT :

1. Products :

- a) Name / description of the product (s) :
- b) Use of the product (s) :
- c) Manufacturing process in details with flow chart :

Signature :

- d) Licensing agreement (s) if any, for manufacturing in the brand name :
(if so, please furnish copy)

- e) Annual production capacity :

2. Machinery (Proforma Invoice of machinery with quoted price to be attached) :

3. Raw Materials :

- a) Specific description of foreign raw materials and components indicating quantity and value (in US Dollar) :
- b) Specific description of local raw materials and components indicating quantity and value. List to be attached where necessary. (in US Dollar) :

Signature

4. Production Programme :

(Value '000' US\$)

Description	1 st year	2 nd year	3 rd year	4 th year	5 th year
	Qty. - Value	Qty. - Value	Qty. - Value	Qty. - Value	Qty. - Value
a)					
b)					
c)					
d)					

5. Product Marketing: Place name countries and potentials of the proposed markets together with result of market study (if any) :

(Quantity:)

6. Projection of Export

(Value '000' US\$)

Description	1 st year	2 nd year	3 rd year	4 th year	5 th year
	Qty. - Value	Qty. - Value	Qty. - Value	Qty. - Value	Qty. - Value
a)					
b)					
c)					
d)					

Signature

PART - C

1. Manpower Requirements :

Category	Bangladeshi	Non-Bangladeshi
a) Managerial		
b) Technical		
i) Civil		
ii) Mechanical		
iii) Electrical		
iv) Any other (Please specify)		
c) Production		
i) Highly skilled		
ii) Skilled		
iii) Semi-skilled		
iv) Unskilled		
d) Administrative (including sales)		

Total

2. Cost of Production and Sales Revenue (at 100% capacity)

US \$ _____
Qty: Cost per unit / Total cost

a) Cost of Production :

i) Raw Materials :

- (aa) From Bangladesh
- (bb) From other countries

ii) Packing Materials :

- (aa) From Bangladesh
- (bb) From other countries

iii) Power, Gas, Water and other utilities :

iv) Spare parts :

- (aa) Local
- (bb) Foreign

Signature

v) Wages and Salaries :

- (aa) Local
- (bb) Foreign

vi) Administrative, sales and other general expenses :

- (aa) Local
- (bb) Foreign

vii) Other manufacturing overhead :

viii) Depreciation :

- aa) Building
- bb) Machineries and others

ix) Interest on :

- (aa) Long term debts
- (bb) Short term loans

x) Capitalization of pre-operational expenses :

TOTAL COST OF PRODUCTION -

- b) Sales Revenue
- c) Operating Profits (b-a)

PART- D

INFRASTRUCTURE REQUIREMENT :

1. Land and Factory Building :

- a) Land Required..... sq. meters
- b) Space requirement in standard factory building..... sq. meters

2. Utility Requirement : Requirement per day

- a) Power (kwh)
- b) Water (litre)
- c) Gas (cu-m)

3. Other Services :

- a) Telephone
- b) Facsimile
- c) E-mail
- d) Any other (specify)

Signature

4 Effluents :

- a) Composition of effluents and proposal for in-house treatment thereof:
- b) Are there any dangerous or injurious chemicals or processes involved? if yes, please specify arrangements for disposal :
- c) Arrangements, if any, made by you for environmental control with enclosure :

5. Fire risk (specific arrangement to be mentioned along with implementation programme) :

6. Specific safety and security measures :

PART – E

FINANCIAL ASPECTS:

(All costs in '000' US \$)

Cost of the Project	Foreign Cost	Local Cost	Total
a) Land (six months' rent)			
b) Building			
c) Other civil works			
d) Imported Machinery			
e) Local Machinery			
f) Other Assets			
g) i) Pre-operating charges			
ii) Contingencies			
For Machinery			
For Building			
iii) Financial cost during construction			
TOTAL FIXED COST			
NET INITIAL WORKING CAPITAL			
TOTAL COST OF THE PROJECT			

2. Capital Structure :

Description	Foreign Cost	Local Cost	Total
a) Equity			
b) Long Term Loan			
c) Working Capital			
Total Financing			

3. Source of Finance :

- a) Foreign source
- b) Local source

4. Debt Equity Ratio:

5. Net Foreign Exchange Earnings :

Description	1 st year	2 nd year	3 rd year	4 th year	5 th year
a) Export (FOB)					
b) Dollar cost (CIF)					
i) Imported materials					
ii) Depreciation on imported machinery and equipment					
iii) Interest on overseas loans					
iv) Royalties / commissions / fees					
v) Others (specify)					
c) Net Foreign Exchange Earnings (a-b)					

Signature

Signature

PART - F

DID YOU READ?

- | | |
|---|----------|
| a) The Bangladesh Export Processing Zones Authority Act. 1980 (as modified) | Yes / No |
| b) The Foreign Private Investment (Promotion and Protection) Act. 1980 | Yes / No |
| c) Booklets containing information regarding fiscal and infrastructure facilities | Yes / No |
| d) Principles and procedures governing setting up of industries in EPZ | Yes / No |
| e) Customs clearance procedures and exchange control requirement in EPZ | Yes / No |
| f) The EPZ Worker's Welfare Association and Industrial Relations Act, 2010 | Yes / No |

PART – G

UNDERTAKING:

We hereby certify the correctness of figures / data / information and documents furnished herein / herewith. We also hereby undertake to furnish further particulars as may be required by the Authority and abide by the rules, regulations and instructions issued by the authority from time to time.

Signature (s) of applicant (s)

Designation

Seal

Place

Date

CONTACT ADDRESS

BANGLADESH EXPORT PROCESSING ZONES AUTHORITY (BEPZA)

BEPZA Complex, House # 19 / D, Road # 6, Dhanmondi, Dhaka-1205
PABX – 9613459, 9613467, 9661370, Fax: 9661849, 9673020, 9668472
E-Mail: info@bepza.org, chairman@bepza.org, member-ip@bepza.org, gm-ip@bepza.org, gm-pr@bepza.org
Web Site: epzbangladesh.org.bd

CHITTAGONG EXPORT PROCESSING ZONE

South Haliahar, Chittagong
Phone: 88-031-741446, 031-740919, Fax: 88-031-740031
Mobile: 01713-105063, E-mail: epz@ctg-bd.net

DHAKA EXPORT PROCESSING ZONE

Ganakbari, Savar, Dhaka
Phone: 88-02-7789002, 02-7788822, Fax: 88-02-7789003
Mobile: 01713-016415, E-mail: gm_depz@yahoo.com

ADAMJEE EXPORT PROCESSING ZONE

Shiddirgonj, Narayanganj
Phone: 88-02-7692938, 02-7693187, Fax: 880-2-7692939
Mobile: 01713-043004, E-mail: gmaepz@gmail.com

COMILLA EXPORT PROCESSING ZONE

Old Airport Area, Comilla
Phone: 88-081-77055, 081-71009, Fax: 88-081-77056
Mobile: 01713-106675, E-mail: gm.comepz@yahoo.com

KARNAPHULI EXPORT PROCESSING ZONE

North Patenga, Chittagong
Phone: 88-031-2501470, 031-2501469, Fax: 88-031-2501460
Mobile: 01713-102995, E-mail: gm_karnaphuli@yahoo.com

ISHWARDI EXPORT PROCESSING ZONE

Pakshi, Pabna
Phone: 88-0731-59002, 0731-59009, Fax: 88-0731-59008
Mobile: 01711-419246, E-mail: gmiepz@yahoo.com

MONGLA EXPORT PROCESSING ZONE

Mongla, Bagerhat
Phone: 88-04662-75199, Fax: 880-04662-75198
Mobile: 01713-402040, E-mail: gmmepz@gmail.com

UTTARA EXPORT PROCESSING ZONE

Shongalshi, Nilphamari
Phone: 88-0551-61307, 0551- 61119, Fax: 88-0551-61468
Mobile: 01713-201068, E-mail: gm_uepz@yahoo.com

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