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Examining the Possible Effects of COVID-19 on Inflow of Foreign Direct Investment: A Bangladesh Perspective

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Abstract: Foreign direct investment has a multidimensional impact on an economy. Developing countries consider it as a driving force in meeting their economic targets. In the wake of COVID-19 the economic sustainability of many countries is at stake. Considering the global pandemic as a game changer the economic potentiality of FDI is needed to be explored by the developing countries. Accordingly, the general objective identified the effects of COVID -19 on FDI inflow in Bangladesh. While the specific objectives defined the potential threats and opportunities that may emanate from the pandemic in the country. The study is designed by a mixed method to analyze data to evaluate the study findings. The micro and macro level threats and opportunities of FDI inflow in the country were highlighted by this study. The study found that the challenges are not less than the opportunities that the economy can offer to FDI at this moment. Based on FDI's past performance and present status this study prescriptions may accordingly be considered as a revised guideline for screening FDI in the country to address this pandemic and the following unforeseen events.

Keywords: *FDI, COVID-19; Potentialities; Mixed Method Analysis; Bangladesh.*

Introduction: Investment is the prerequisite for economic progress and human advancement for a developing country. In this regard Foreign Direct Investment (FDI) among others plays a vital role in instigating growth, development and human capital of a nation [1]. As per the World Trade Organization (WTO) FDI drives an investor of a mother country to acquire asset in a host country in the pursuit of managing his or her asset efficiently. The donor and the host countries develop a symbiotic bond through FDI where they share the stake of knowledge, technology and capital transfer, Research and Development (R&D),availability of cheap labor, and institutional progress[2].The investment criterion of the Multinational Companies (MNCs) specially focus on economic integration, locational challenges, infrastructural condition, political freedom, legal facility for cross-border trade , and institutional provisions of the host countries [3].

Economic governance and democratic accountability have been determined as vital for inward FDI for many transitory economies [4]. Though financial deepening [5] and reliability of the intellectual property rights (IPR) are less evaluated, they are considered as significant for FDI [6,7]. Accordingly, the present world economy largely affected by COVID-19 requires an investigation to the potentials and challenges of FDI at the regional and international level. It is observed that globally the intensity of COVID-19 in host countries are more adverse than that of the home countries in case of manufacturing and service sector [8].

The inception of Novel Corona Virus at Wuhan in China in December 2019, has imperiled the economic progress of around 210 countries in the world. Concerns were echoed from policy makers, analysts and researchers all over the world to identify COVID impacts globally.JP Morgan by now forecasted for the next quarter not only a 25 % of lessened estimate of US GDP and but also an impending recession [9].

The macroeconomic conditions of COVID-19 on the global economy as well as Bangladesh are quite uncertain. Being on the verge of graduation from the least developed country (LDC) investment particularly FDI plays a crucial role for Bangladesh. It is predicted by many scholars and think tanks that an imminent harsh hit sourced by countrywide shutdown aimed at preventing the unprecedented contagious disease is very evident for the country. COVID deterred national and international trade, remittance inflow, food supply chain and consumption, transport infrastructure, etc. The GDP of Bangladesh drastically reduced causing a soaring unemployment with a loss of 5 million full-time jobs in FY 2021[10]. Additionally, it is predicted that, the pandemic may ruin the trends of rising domestic demand owing to the disturbances in remittance, export earnings and consumption demands etc. The occurrence of the pandemic dropped the country's export by 16.23 percent in 2020 in the wake of global export fall of 8.98 percent. The relative tumble in the export performance signals some specific contextual factors, in addition to the pandemic ridden global factors for Bangladesh [11]. The country's contemporary import performance was also dampened in parallel with the downturn of export processing industries, import material disruption, stagnated construction works and consumer demand slump [12].

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Regardless of government's persistent efforts in attaining convenient business environment, the actual and proposed FDI inflow to Bangladesh in 2020 has reduced owing to the global recession driven by the pandemic [13]. The net FDI in Bangladesh declined by around 40 per cent in FY2020 from FY-2019, consistent with the latest statistics [14]. The researcher believes that it is high time to investigate the FDI potential of the country during COVID-19 pandemic considering the unruly economic condition stated above. The researcher tried to obtain a comprehensive landscape of the potential challenges and opportunities that Bangladesh may face in utilizing FDI in meeting its development targets. In this regard COVID-19 is a particular focus for this study. Accordingly, the general objective is to investigate the effects of COVID-19 on inflow of FDI in Bangladesh. In this connection the specific objectives include the derivation of possible threats and challenges of FDI those emanate with the pandemic in Bangladesh. Provided the above-mentioned challenges this research may contribute empirically to the FDI literature addressing COVID issues. Considering the very limited span of COVID-19, the FDI literature lack a comprehensive overview of FDI potentials that COVID brings in to the country. This study is the first attempt to fill this research gap in the context of FDI in Bangladesh. Addressing the FDI context this paper tried to make three noteworthy contributions to the FDI literature domain of Bangladesh and similar nations. Firstly, availing the potential benefit of mixed method where quantitative and qualitative methods of data analysis is applied to validate the study findings. Secondly, the similar countries with identical economic performance of Bangladesh may get the idea of potential challenges and opportunities they might confront with in utilizing FDI in their socio-economic achievement. Thirdly, this study may offer a guideline for the developing countries to address the FDI issues which may assist them in hitting the targets of Sustainable Development Goals with a more refined investment strategy.
The article is arrayed as follows: it firstly described the literature review on FDI potentiality in Bangladesh before and after COVID-19. It is then followed by the methodology where data source and data analysis process of the research was introduced. The following section is explaining the quantitative and the thematic presentation of the possibilities and threats for FDI in the country. Finally, the study is ended with the discussions and conclusions and recommendations.

Literature Review: A study found that a significant upsurge in the FDI inflow in Bangladesh was driven by the liberalized policy measures of 1990s. Cheap labor was identified as the major determinant of FDI inflow in Bangladesh by both foreign investors and policy makers. On the contrary infrastructural constraint is found to be the most substantial barrier of FDI inflow. The study additionally focused that though the economy has offered investment-friendly policies the implementation challenges of facilitating directorates are prevalent in the process [15]. Political stability is also considered as another requirement to smooth inflows of FDI in Bangladesh. The bilateral agreements will not be effective until the government and opposition political parties work altogether. [16]. Delving deep a study reveals that, reinvestment of locally earned profit is the main source of FDI [17]. Despite some handsome policy initiatives, Bangladesh remained unsuccessful in attracting momentous flow of FDI yet. Additionally, the repatriation of the lion share of FDI is a growing concern for the country [18]. Among many barriers to FDI the regulatory aspects are gaining importance presently. For instance, the findings of a study designate that power sector FDI in the country considers regulatory aspects as the most dominant factors followed by economic and monetary, political, and finally societal characteristics. Particularly government's obligation to contracts, tax exemption and land acquisition are vital decision-making features in dealing with FDI, while least important features include gender disparity, road networks, and freedom of association etc. In contrast the firm-level characteristics like firm size and ownership, and contract period are important in ranking the factors of FDI at the micro level in Bangladesh [19]. The judicial or arbitral settlement is another apprehension of investors in the country. It was found that though cases of disputes between Bangladesh and foreign investors are discussed in the international platform, the arrangements for settlements in Bangladesh are not up to the mark and demand substantial progress [20].

The study is emphatic about the relationship with different macroeconomic factors of Bangladesh to recognize the possibilities of FDI. Research analysis suggests that, with the help of positive spillovers in South Asian countries FDI has a positive impact on export growth in Bangladesh mostly concentrated in manufacturing and services [21]. In this regard another study on exchange rate unfolded the long run association between FDI, exchange rate, monetary policy, and fiscal policy. It is observed that the exchange rate appreciation against USD dampen FDI inflows. Although the negative shocks results in grater FDI inflows, the positive shocks were more intensified than the negative shocks in the region. Furthermore, a bidirectional causality was unveiled between FDI and exchange rate [22]. The causal link between FDI and GDP in Bangladesh was explored by a study using an augmented Autoregressive Distributed Lag (ARDL) model. The study obtained a long-run relationship between FDI and GDP. In addition, the presence of a unidirectional causality running from GDP to FDI was also evident by the study [23].Another research exhibited a trivial positive link between FDI and GDP growth, a vigorous negative correlation between FDI and Balance of Trade (BOT) and a robust positive correlation between inflation rate and FDI [24].Among other macroeconomic variables a different study found that in spite of the expected sign between inflation and GDP , GDP, inflation along with interest rate are insignificant in attracting FDI in Bangladesh [25].

Focusing on more variables an undesirable significant link between Corporate Tax Rate (CTR) and FDI was apparent whereas exchange rate and FDI indicated negative trivial relationship. Based on the result, the study suggested that the government should trim down CTR to attract FDI into the region [26]. Concentrating on trade a study reveals that FDI and GDP growth both have a positive link in quickening Export Processing Zone (EPZ) export. The 0.74% coefficient value of FDI means that a 1% increase in FDI inflow increases export of EPZ by 0.74%. Furthermore, the ARDL model reflects that, in both long-run and short-run, a positive association between FDI inflows and EPZ employment prevails [27]. Among other crucial variables the role of Market Sizes (MKTS), GDP, Trade Openness (TO) and Inflation Rate (INFR) were explored by the researchers. For MKTS and GDP a less than 5 % of P value means that they have a statistically significant impact on FDI.TO and INFR is found to be not statistically significant but have negative relationship with FDI [28]. A relevant research using the annual data from 1996-2010, found that trade openness, market size, export promotion, infrastructure facilities, cost and availability of skilled labor etc., are the vital components that contribute FDI [29].

Considering the significance of domestic savings, a direction of causality between FDI and domestic savings was developed using innovation accounting approach. The result obtained a bi-directional causal link between them though the movement from domestic savings to foreign direct investment is stronger. Evaluating their complimentary relationship, the study suggested the policy planners to ponder on the elements of both FDI and domestic savings in order to fast-track its growth in Bangladesh [30]. A regional study on South Asia suggests that the co-integration between FDI and GDP is evident for both long and short run in Bangladesh and India. However, it found the similar result for Pakistan as well. Contrariwise, Granger Causality found no causal relationship between GDP and FDI for Bangladesh but it confirmed one way or unidirectional link for Pakistan and India, which does not confirm the FDI and GDP relationship in Bangladesh [31]. Another study of FDI in Pakistan, Nepal, Bangladesh and Sri Lanka explored the causality between FDI and GDP. The results showed that FDI is instrumental in enhancing GDP in all the cases though respective economic policies of the countries played a role in elucidation the difference in the quantum of the flow [32].

To explore the FDI potential further in Bangladesh the sector wise FDI role is also explored by this study. The last 17 years of FDI analysis specifies that highest growth was taken place in 'Manufacturing' sector followed by 'Trade & Commerce' and 'Transport, Storage & Communication' sectors -which amounted the rates as 46.34, 21.74 and 21.66 per year respectively. Whereas the multiple regression analyses designate that FDI in the sector of services, transport, storage & communication and trade & commerce had the statistically significant effect on economic growth in Bangladesh [24]. In this vein the potential sectors are further highlighted by this study. A study in this regard found both short run and long run bi directional causality between FDI and tourism in case of Bangladesh. Dynamic *Ordinary Least Squares* (DOLS) and ARDL found that a 1 million USD increase in FDI will increase tourism receipts by 0.065 and .062 million USD respectively [33]. A study found that there remain robust and positive unidirectional short-run causal relationships from FDI to energy use and from energy use to GDP growth. The energy equation is empirically proven for a causal relationship in the long run [34]. Another research based on environmental Kuznet hypothesis negates short and long-run causality from energy consumption per capita (ECPC), GDP per capita (GDPPC), and FDI to greenhouse gas emissions significantly. However, a bi-directional causality is found from ECPC to FDI and GDP per capita in short-run [35]. Concentrating on the role of FDI in attainting the environmental sustainability in Bangladesh from1972 to 2015 a study found that FDI enhances the share of renewable electricity output in the total electricity output levels of the country. In contrast FDI is also evidenced to hamper environmental quality by increasing the ecological footprints directly in Bangladesh. Hence, at one side it promotes renewable electricity generation on the other hand it converts the nation into a pollution center [36].

Studies also found how FDI responses during economic crisis. One study identified that FDI recession does not show a common pattern. Global crisis has marked differently on FDI in 2007 and later in 2014.Though the extant past of FDI recovery may provide some relevant insights, it is not sufficient to follow them totally. Accordingly, the COVID driven FDI recession may require a complete review, with an enhanced focus on promotion of "sustainable FDI" [37]. Another micro point of view of FDI crisis for categorical analysis was pursued. The researchers detailed about the financial crises and their possibly differential effects on FDI for Mergers and Acquisitions (M&A) and Greenfield investment, as well as for FDI—horizontal based on tariff jumping and FDI-vertical based on integrating production stages. The result showed that, financial emergencies strongly and negatively effect on inward FDI. Horizontal and vertical FDI is also found to be vulnerable to financial crisis [38]. During the very recent COVID-19 pandemic, FDI flow dampened especially in developing countries particularly for primary and manufacturing sectors. The OECD (2020) foresees under the most optimistic assumptions based on the government's economic and health stimulus policies that, FDI flows will fall by more than 30% in 2020. Nearly 90% of multinational companies in the second quarter of 2020 reported undergoing side effects provided the uncertainties of demand and supply shock, disruption of the global supply chain etc. [39]. More importantly a decrease in net income, resulted from a slump in investment and employment was the phenomena for almost 80 % of international companies [40].

From the various literature on FDI recession and economic crisis the FDI potentiality took multifaceted appearance and accordingly its management also differs. In this vein the literature on COVID time FDI potentiality lack national level contextual analysis. In this effort most of the studies focus on global or different continent perspective. A particular focus on Bangladesh standpoint is missing in this regard. Considering this literature gap this study may turn to be an effective and timely filler of the literature that explores FDI potentiality during COVID in Bangladesh.

Materials and Methods: The researcher applied a mixed method to address the research objective. The study has combined the elements of quantitative and qualitative research in order to obtain a more comprehensive view than a separate approach since it validates the data for the very short span of COVID-19 from 2018-2022.The quantitative part applied the descriptive statistics and the qualitative part attempted for content analysis of the relevant literature.

The quantitative part sourced from secondary data, is mainly taken from World Bank database, Bangladesh Bureau of Statistics, Central Bank of Bangladesh. The data have been gathered for scrutinizing the impression of COVID-19 on FDI inflows in Bangladesh from FY2018- FY2022. The study period purely depends on the current data availability with respect to FDI and associated variables. The consistency check directs to include all the variables in million and billion U.S. Dollars. The collected data of various sources have been categorized, tabulated and evaluated by descriptive statistics through Excel and STATA software. Considering the small data set the rigorous econometric tools are not in the purview of the study.

The qualitative part of the study applied content analysis to make a systematic thematic analysis of the FDI potentiality in Bangladesh during COVID-19. The value of using content analysis lies in the fact that it can unfold information that would have been impossible to uncover through quantitative methodologies alone. In the way of content analysis, a logical search was commenced to collect the literature data. When data processing and depth of exposure are taken into account, *Scopus* and *Web of Science* are considered as the front liners. It is also evident that among them *Scopus* offers the best coverage and could be an alternative to the *Web of Science* as in the social science related research [41]. Since the terms like "Foreign Direct Investment" is aligned with the study theme and terms like "foreign direct investment in COVID-19" needs to remain in the title or abstract or keywords to ensure the search nature, the researcher used these terms with several modifications to get the comprehensive domain of the literature.

The data domain for this study was derived on August,30, 2022, and the earliest time in searching data was set as 2000 in the specific search engines. Accordingly, avoiding duplication 36 documents were retrieved from a total list of 50. In this method firstly based on the research objectives the texts where chosen. Afterwards the categories of analysis were identified using a set of codes. The majority of the text codes were analyzed and accordingly the results and conclusions are derived for the study.

Considering the vast scope of the research objective and the data limitation regarding the quantitative evaluation of COVID-19 and FDI, the mixed method is pursued to be the best alternatives from many other methods. It can also help to discover contradictions and inconsistencies and can clarify the results of an evaluation.

Results and Discussion: Quantitative and qualitative data are respectively presented in this stage to identify the FDI opportunities and threats during COVID-19 in the perspective of Bangladesh.

At the very onset the quantitative study portrays the recent past trend of FDI inflow in Bangladesh so that it may help the researcher to unfold the up-to-date bearing of COVID-19 on FDI compared to its past trend. It is evident that FDI is not satisfactorily growing from 2014 to 2019 and on top of that it became constant between 2019-2020.

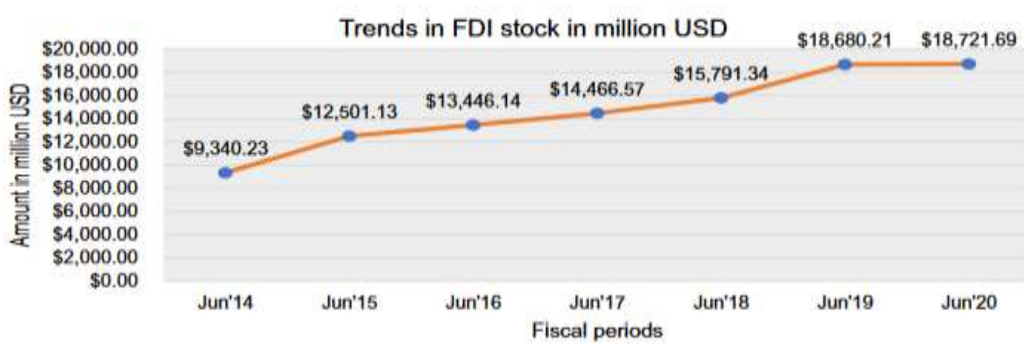


Fig. 1: FDI Trends in Bangladesh. (Source: Bangladesh Bank, 2020)

To explore the COVID time FDI status in Bangladesh the study opted to focus on the trends of variables which impact on FDI either directly or indirectly as prescribed by the literature. Accordingly, the following descriptive statistics of different variables are attempted to link with FDI performance during COVID.

To start with the study identified how the investment environment was friendly for Bangladesh compared to the South Asian countries. In this vein the following data revealed that the FDI environment of the country compared to others was not satisfactory.

Table 1. Ranking Data on Business Environment for Bangladesh and South Asia.

Economy	Ranking (1-1-190)	Ease of DB Score (1-100)		Number of Reforms	
	BD 2020	BD 2019	BD 2020	DB 2019	DB2020
Afghanistan	173	44.2	44.1	5	0
Bangladesh	168	42.5	45.0	0	3
Bhutan	89	66.0	66.0	1	0
India	63	67.5	71.0	7	4
Maldives	147	53.3	53.3	0	0
Nepal	94	59.7	63.2	0	4
Pakistan	108	55.5	61.0	3	6
Sri Lanka	99	61.8	61.8	4	0

Source: Doing Business database.

Note: The rankings depend on the average of individual economy's doing business scores for 10 specific topics. More the score implies more efficient business environment and legal institutions.

Despite of having 40 per cent negative growth in FDI inflow in the country in FY2020, it slumped by 43.8 per cent during the third quarter which highlights the beginning of the pandemic effects for Bangladesh.

Fig. 2: FDI inflow during COVID-19 in Bangladesh. (Source: Bangladesh Investment Development Authority (BIDA), 2022

The pandemic has unfavorably affected the new foreign project registration with BIDA. Though the lock down period in Bangladesh (from Apr. to Jun. 2020) recorded severely declined value, the number of new projects has been on the recovering trend since Oct.-Dec. 2020.

Table 2. New Foreign Project Registration.

New Foreign Project Registration			
		Number	Volume (in Million Dollar)
FY 2019-2020	Oct-Dec	60	1325
	Jan-Mar	47	268
	Apr-Jun	6	16
FY 2020-2021	Jul-Sep	19	113
	Oct-Dec	30	687
	Jan-Mar	37	78
	Apr-Jun	16	19
FY 2021-2022	Jul-Sep	11	147

Source: Bangladesh Investment Development Authority (BIDA)

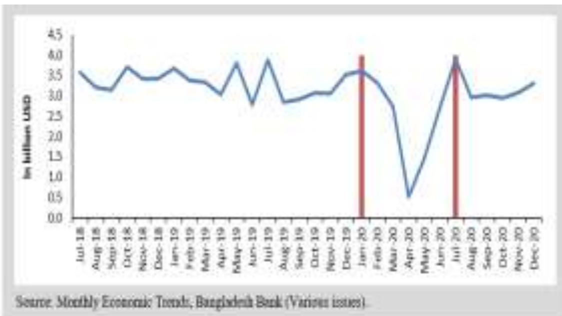
Even with the fall in FDI during COVID-19, Bangladesh economy's steady recovery is visible in the following GDP forecasts. It may in future lead to a rise in FDI inflow as literature found a prevalence of unidirectional causal association between them in the country.

Table 3.Economic Recovery of Bangladesh from COVID-19.

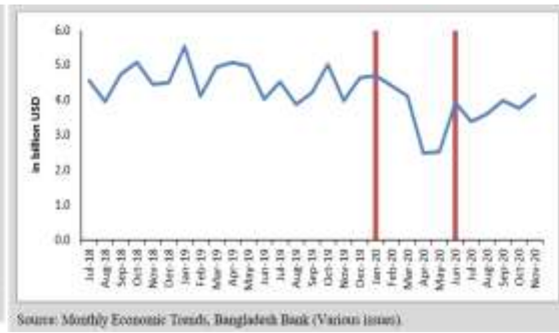
Country		Real GDP Growth at Constant Market Price (Percent)			
Fiscal Year		FY 19/20	FY 20/21(e)	FY 21/22 (f)	FY 22/23 (f)
Bangladesh	July to June	3.4	6.9	6.4	6.7

Sources: World Bank Macro Poverty Outlook (2020).

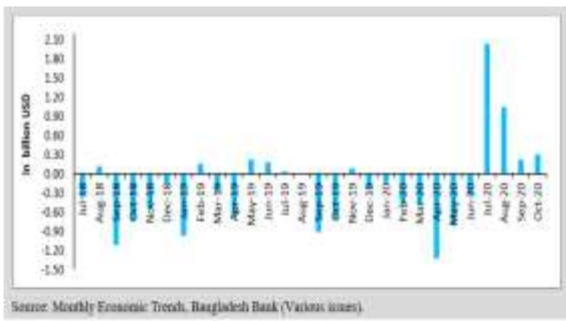
Since FDI has a strong connection with international trade a fall in FDI may also reasoned by the following trends of export and import performance of the country. It is observed from the descriptive statistics that exports have been affected instantly as the pandemic started to spread in the globe vastly since the early 2020 (panel a). In this process a reduction in firms' and households' incomes and disruptions in the global supply chain etc., have resulted in a drastic decline in import payments from USD 4.71 billion in January,20 to USD 2.53 billion in May,20 in Bangladesh. Though the import trend has regained its momentum as shown in panel (b), it showed a slower pace to reach at the pre-COVID-19 level.



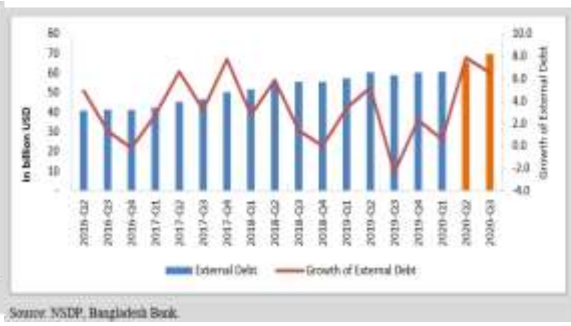
Panel (a): Trends of Export



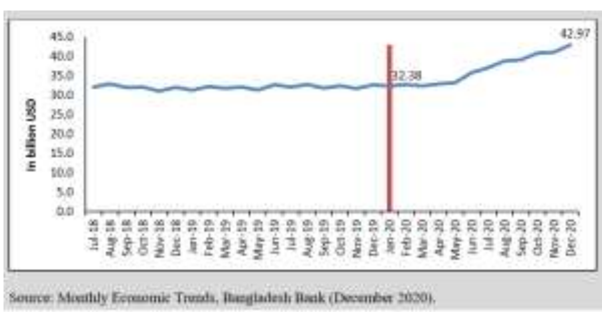
Panel (b): Trends of Import



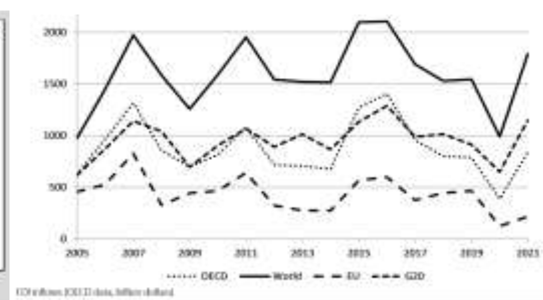
Panel (c): Trends of Current Account Balance



Panel (d): Trends in External Debt



Panel (e): Trends of Foreign Exchange Rate



Panel (f): Trend in Global FDI Inflow

Fig. 3: FDI Relation with other economic indicators During Covid-19.

The Current Account Deficit (CAD) widened from USD 0.14 billion in January, 20 to USD 1.32 billion in April,20 at the earlier stage of COVID pandemic. Following this stage, the rapid rise in exports and remittance along with fall in imports a bit, the overall current account performance improved and ultimately it turned into positive (USD 2.04 billion) in July,20 as presented in panel (d). A higher CAD is consisting of two likelihoods. One is depletion of its exchange reserves though not sustainable. The other one is attraction of large capital inflows, particularly in the form of inflow of FDI [42]. This may turn to be a possibility for FDI in the near future. The external debts increased from USD 60.3 billion to USD 69.7 billion from December,19 to September,20. The trend of external debt if it continues to grow may deter FDI induced growth. As outside a certain limit high indebtedness constrains economies from securing growth benefits from FDI since it seeks to diminish a country's debt burden [43].

The hovering foreign exchange reserves around USD 32 billion since July,2018, ultimately got the impetus since April,2020 and reached a high amount of USD 43.0 billion at end-December,2020. It is observed by previous research that the long run appreciation of exchange rate against USD dampen FDI inflows and vice versa in Bangladesh. Additionally, the positive shocks are more intense than the negative shocks of exchange rate though a bidirectional causality was revealed between them [22]. This may turn to be a potential factor in attracting FDI in the near future. Finally, the similar trends of national FDI and GDP growth rates during COVID and its coherence with the world FDI inflow may indicate that in the near future FDI may increase with the accompany of some uncertain shocks.

The qualitative study of this research relies on a host of literature review to supplement the findings of the quantitative responses of FDI to COVID in Bangladesh**.** By analyzing the trends of FDI over the months from 2019 to 2020 on different sectors and countries of FDI, it is concluded that Covid-19 negatively affected FDI inflows in Bangladesh [44]. A host of limitations along with information crisis in Bangladesh may slow down its development with an increase in unemployment in various sectors [45]. The job loss resulted from the sudden fall in remittance and shutting down of RMG industry affected economic sections badly. The informal sector reported to have a job loss of almost 20 million workers in the country [46]. Re-investments, merger and acquisitions and greenfield investments are the prime focus of Bangladesh government for attracting both local and foreign investors. The business infrastructure by this time is showing an improving port facilities, road and rail connectivity and powerplants, economic zones and favorable administrative support services. Despite government's persistent efforts the actual and proposed FDI inflow in 2020 has reduced in the wake of global recession driven by the pandemic [22]. In the FY 2019-20, the negative growth in exports (17%) is found to be unprecedented in the recent history of Bangladesh. Since FY 2020-21, although it progressed a bit, is still showing uncertainty in its pattern. Additionally, the negative growth in the import trade (8.6%) in the last year was not conducive to business for the near future. The challenges further add the increasing cost of doing business, hostile regulatory atmosphere, organizational red-tape, uncertain policy regime, weak implementation of IPR, and slow operation of infrastructural projects including the Special Economic Zones [47].

The 41-billion-U.S. dollar foreign exchange reserve amid a fall in import bills made the experts to predict that it is adequate to support Bangladesh's flexibility to external shocks in the time of unabated COVID-19 outbreak. They believed that the country is able to pay more than 10 months' import bills with the current reserves, which may also facilitate the central bank to keep the foreign exchange market stable in the wake of the pandemic [48]. Additionally, it is found that exchange rate policy is not beyond flaws. Experts in this regard support fully floating exchange rate policy. Considering the higher trade deficit, Bangladesh Bank is still not ready for it rather it tampers the rate to absorb the burden on BOP [49]. The decline of FDI during the pandemic concerns Bangladesh, as it could be opted for technological and infrastructural productivity. Additionally, the chain effects of worsening capital account to exchange rate depreciation to expensive imports may also occur with the falling pattern of FDI [50]. Despite all FDI in Bangladesh may recover as its forecasted values till 2030 based on the future GDP growth of Bangladesh presents the like. Taking into account of the nonconformity of the actual and the projected values, smoothing out the average a study shows that growth in FDI inflows may slow down in the following pair of years initially due to COVID. Nonetheless, after 2021, the growth may bounce back and reach the range of 38% to 40% by 2030 [56]. The projection is given below:

Table 4. Projected Values of FDI Inflow.

Period	FDI Inflow (in Million US $)
2001-2005	2390
2006-2010	4060
2011-15	6300
2016-2020	6850
2021-2025	15920
2026-2030	82090

At this stage investigating the global domain seems worthy by the researcher. To investigate globally on bilateral FDI a study observed that the adversities of COVID on host countries affected the manufacturing sector more severely regardless of the entry manner than the home countries. In contrast the severity of both host and home countries has suggestively negative impact on greenfield FDI, except on cross-border Merger &Acquisition during for the service sector [51].

An UNCTAD estimate says that supply chains disruption, slowing of global trade and fears over possible takeovers by large MNCs and state-owned enterprises in many developing countries may deter investment environment further. [52].

Recent studies on other countries may also provide signs for Bangladesh FDI challenges. For instance, a study explored that COVID pandemic had superseded the adverse effects on oil price, exchange rate and stock market performance of the global recession of 2009 and 2016 in Nigeria. The causality directed that oil price had significant influence on exchange rate and stock market performance while exchange rate pointedly influenced stock market performance. These had implications for Transnational Corporations (TNCs) and FDI inflow in the economy [53].

Focusing more on the home country a study found that USA and Canada being world economic power also faced international supply challenges which harmed their ability of the governments. The governments' failure to acquire critical medical equipment exacerbated the health crisis resulted a protectionist sentiment, and a new protectionist legalization across the globe [54].

On the contrary China as a case was explored by the study and found that the dissociating activities by the Trump administration, could not deter China from being a significant domain for global trade. The accumulated advantages over time in the way of stable per capita wealth, extensive domestic market and a competent industrial and supply chain supported China being its crisis shield [55]. From the above holistic analysis, it is evident that the FDI in Bangladesh is dynamic in nature. It has many dimensions to look at. Considering a transitory economy Bangladesh's Inward FDI found a lot of attention from the researchers than outward FDI. The quantitative and qualitative analysis of the study implies that the FDI status at present is uncertain. Considering the very limited time span to analyze a global pandemic on FDI in the country the descriptive analysis can offer only a possible outlook of FDI where it does not show severe impacts. The macroeconomic outlook in compliance with FDI trend is not very demeaning during COVID in Bangladesh. In contrast the qualitative interpretations do offer some challenges where the economic governance is a crisis for Bangladesh. Unless it can be ensured in the near future the uncertainty in FDI inflow may further ruin the already insignificant inflow in the country.

The possible implication of FDI inflow in Bangladesh in the near future after COVID-19 is intertwined with other macroeconomic variables. In this regard market size, inflation, trade openness, domestic savings, infrastructure facilities, export promotion, cheap and skilled labor etc., may impact FDI positively. On the contrary, trade deficit, higher exchange rate and corporate tax rate etc., may deter FDI in the country. The regional performance of FDI in the South Asia draws a special focus where Bangladesh may arise as a source of FDI outflow if the inflow targets are achieved. The study concerned may further be developed if the sector wise performance of FDI can be obtained since manufacturing and service sectors are responding differently in response to COVID-19 provided different capabilities of the host and home countries. Additionally, how the greenfield and cross border M & A is responding during COVID in our country may add further dimension in the study. Moreover, analysis on FDI status inside and outside EPZ domain during COVID-19 is the demand of the time.

Conclusion and Recommendations: To conclude it was vivid that this study revises the potentiality of FDI in Bangladesh considering the vulnerable situation developed by the COVID-19 in the investment environment. Accordingly, the study identified that the challenges and potentials of FDI in the country through a quantitative and qualitative analysis. The economic and governance aspects at the micro and macro level are emphasized by the study. The challenges are found to be not less than the opportunities that the economy can offer for FDI. In this vein, the possible solutions to the falling FDI during COVID-19 is highlighted by the researcher considering their scarcity in the existing literature domain of FDI. It is crucial for the economy of Bangladesh to offer a friendly environment to the foreign investors in considering the challenges and threats to the existing business climate. In this regard without reiterating the traditional recommendations this study offered some timely suggestions.

The macro level strategies include government's revision of the existing FDI guideline to protect companies during any pandemic situation. In this connection security, medical products, and protective equipment which are considered as the sources of critical assets of strategic position can be more open for local and foreign investors to address not only the pandemic demand but also to keep the normal pace of FDI. To attract inward FDI bilateral investment and partnership deepening Belt and Road (B&R) based Asian counterparts may add value in the process because they are geographically close and may have a stronger inclination towards this trade and investment. Engaging more into newly established Regional Economic Partnerships may improve Bangladesh's elasticity to endure future external shocks. In contrast reforms on simplifying regulations, enforcing IPR, and cost-effective and timely implementation of mega projects and the Special Economic Zones (SEZs) may turn to be local initiatives to create a friendly investment environment. It should empower its governance capacity by ensuring administrative efficiency, diplomatic initiatives and particularly updating its IT sector, etc. Another sector which can be an attraction for the foreign investors is our capital market. This sector can be improved by ensuring easy access to long term credit to the eligible private sector in the capital market.

The micro perspective of the study demands firm level economic governance. Accordingly, to ensure ownership, firm size, and contract period etc., IPR can be ensured, counterfeiting can be strictly monitored and dispute resolution should be regularized and standardized. Though government is following protectionist legislation for its infant industries, the mergers and acquisitions may help the micro enterprises to direct access to better technologies, more extensive market base and thus global reach. Consequently, the prescriptions of this research may assist the policy planners to make a consistent effort to make FDI a contributor to the economy of Bangladesh which may suffer new challenges of development and growth driven by COVID crisis.

The study leaves room for other researchers to explore the significance of outward FDI in the country as a backup of any future recession in the economy. In this vein a comparison of the fiscal and monetary policies of the contemporary home and host countries can be an added contribution to the existing literature. Moreover, scopes can be extended to see outward FDI as a channel of inward FDI in the country.

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