

Bank Regulations & Policy Department
Bangladesh Bank, Dhaka

BRPD circular-08

12 April, 2020

Managing Director/Chief Executive
All Scheduled Banks & Financial Institutions

Financial Stimulus Package to Face Possible Financial Impact due to Covid-19 Outbreak

Prime Minister Sheikh Hasina on April 05, 2020 announced BDT Thirty Thousand crore (30,000 Crore) financial package for the entrepreneurs of service and industrial sector to tackle the financial losses due to the Covid-19 outbreak & to boost up the economic activities.

Under this package, commercial banks will provide working capital Loan from their own fund at existing interest rate @9% per annum. The government will pay 4.5% interest of the loan as a subsidiary. The guideline to distribute the fund as follows:

1. **Management of stimulus Loan/Investment:** Loan will be accepted by the Scheduled Bank's own loan/investment granted commission. Before that, it needs to take Bangladesh Bank acceptance from the Regulations & Policy Department. Total subsidiary will be paid by Bangladesh Bank Accounts and Budgeting Department. Repayment of subsidiary interest related procedures are conducted from the Head office/Principal Branch of scheduled banks.
2. **Bank wise limit of fund & time duration:**
 - (a) Related banks will share their total contributions to this loan/investment plan based on account balance till 31st of December, 2019 for industrial and service sectors and make a proposal for fund demand which will be shared to Bangladesh Bank Accounts and Budgeting Department. Bangladesh Bank will coordinate the loan amount to balance the announced package based on demand & availability of fund.
 - (b) The Production & Service allocation ration for fund will be as proportion of last financial year distribution of working capital of different sectors and subsectors.
 - (c) Package validity will be 3 years. Loan/investment subsidiary will be given for one year only for a single client.

3. **Eligibility to get the loan/investment:**

Except CMSME, all kinds of industries & service sectors that are truly affected by Covid-19 outbreak will get the loan under the conditions mentioned below:

- (a) Any loan defaulted person/company will not get the fund. If loan reschedule for more than 3 times, they are also not eligible for this loan.

- (b) New clients who want to get a loan for the first time (which do not have any bank loan, till now doing business from own fund, but currently affected by Covid-19) subject to submission of last year's financial statement (max 6 months old) that gets rating at least Marginal defined by the Guidelines by the Internal Credit Risk Rating System for Banks (ICRRS).

4. Use of this Working Capital Loan:

- (a) To finance the working capital need of production & service industry that are truly affected by Covid-19 outbreak will get the loan.
- (b) This loan money can't be usable for payment of any ongoing loan.
- (c) This fund can't use for any BMRE or to set up new business or expansion of business.

5. Loan/Investment Limit and Validation for Industrial & Service sectors:

- (a) Enterprises engaged with Production/Service sector that are currently beneficiaries of working capital loan from respective banks will get maximum 30% of their present working capital limit
- (b) New beneficiary companies who are affected by Covid-19 will get the amount decide by applicable guideline of each bank which is maximum 30% of their working capital need.
- (c) This package will be named as Working Capital under Stimulus Package and each investment is for one year, non-renewable. But, if the business transaction of the company is satisfactory, investment opportunity can be renewed but without government subsidies.

6. Interest Rate of Loan/Investment:

- (a) Interest rate will be maximum 9%. Government will pay 4.5% as a subsidiary. Another 4.5% will be paid by the beneficiary company. As per section 2.C of this circular package validity will be 03 years. Loan/investment subsidiary will be given for one year only for a single client.
- (b) The liability of total 9 percent interest will not goes to beneficiary of this fund. Beneficiary's liability is only payment of 4.5 percent interest with principle. But if beneficiary does not pay his/her due interest with principle on due time, then full interest payment liability goes to beneficiary.

7. Receiving of Application, Monitoring & Permission of Loan/Investment fund:

- (a) Entrepreneurs can apply through any scheduled banks.
- (b) Total loan limit will be according to section 2. of this circular. If total distributed loan amounts cross the limit that will be out of getting subsidies.
- (c) Scheduled banks will investigate that applied company truly affected by Covid-19 outbreak. After confirming this, Banks will approve loan within their approved limit on the basis of bank-client relationship.
- (d) The most affected company should get the loan/investment as first priority within the fund limit. After 1 year, the amount repaid from beneficiaries can be used for the fund of the next year. In this way, banks can disburse fund for 3 years. But for individual client, maximum tenure is 1 year that enjoy subsidy.

- (e) Scheduled banks will ensure to disburse the subsidies opportunities to as much as affected companies other than distributing to few companies.
- (f) These loan/investment opportunities will be managed according to Bangladesh Bank's Single Borrowers Exposure Limited related circular.
- (g) 'Special Monitoring Cell' of Bangladesh Bank Rules & Policy department will look after this stimulus package functions.
- (h) After approval of loan, submit related documents for necessary approval of Bangladesh Bank Regulations & Policy Department along with approval copy of relevant scheduled bank (in case of Foreign Bank, Head of Operations, Bangladesh), comments from related banks, application form (Attached in Annex-01) and provide information in the form (Annex -02)
- (i) After getting the approval from Bangladesh Bank, the scheduled bank will proceed to disburse the loan.
- (j) According to Annex-03, monthly loan information would be sent to Bangladesh Bank Regulations and Policy Department by the scheduled banks authority by 10 working days of next month.

8. Procedure- Repayment of Loan Money:

- (a) The Loan outstanding with interest should not cross the total loan amount. If loan outstanding exceed total loan amount, then with 5 working days of each 3 months, it should be adjusted by the client.
- (b) Only scheduled banks are responsible for collecting repayment of loan/investment.
- (c) Proper provision and reserve should be maintained by Banks in case of non-realization of fund.

9. Procedure for getting subsidies:

- (a) After getting the repayment of interest with principle according to this circular, in every three months (March, June, September, December), concern Banks will get the interest subsidies from the government.
- (b) Banks will apply for subsidies of each quarter through prescribed FORM by 10th of following month to the Bangladesh Bank's Accounts and Budgeting Department.
- (c) After cross checking the related documents, subsidies will be credited to bank's current account.
- (d) If any bank fails to realize interest & repayment amount from the client, subsidies will not be provided to the bank. Banks should realize whole interest payment from the client against his loan/investment.

10. In case of Financial Institutions:

- (a) Uttered rules will accordingly applicable to financial institutions also (Financial Institutions Act, 1993)
- (b) Before loan disbursement, financial institutions will take acceptance letters from the Department of Financial Institutions and Market, Bangladesh Bank.
- (c) ICRRS will not be applicable for Financial Institutions. In this regard, they can follow their own directives or rules of the Department of Financial Institutions and Markets.

ビジネス短信添付資料：ジェトロ・ダッカ仮英訳

This Circular shall be implemented immediately.

Sincerely,

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