



# POLICY MEASURES

of **Bangladesh Bank**  
in Response to  
the **COVID-19 Pandemic**

**Second Edition, March 2022**



Bangladesh Bank

**Policy Measures of Bangladesh Bank in Response to the  
COVID-19 Pandemic**

**Second Edition**

**March 2022**



**Chief Economist's Unit**  
**Bangladesh Bank**  
[www.bb.org.bd](http://www.bb.org.bd)

**Advisors:** **Fazle Kabir, Governor**

**Ahmed Jamal, Deputy Governor**  
**Kazi Sayedur Rahman, Deputy Governor**  
**A. K. M Sajedur Rahman Khan, Deputy Governor**  
**Abu Farah Md. Nasser, Deputy Governor**

**Chief Editor:** **Dr. Md. Habibur Rahman**  
Chief Economist

**Editor:** **Dr. Md. Ezazul Islam**  
Executive Director

**Team Members:** **Dr. Md. Salim Al Mamun**  
Additional Director

**Mohammed Mahinur Alam**  
Additional Director

**Mohammad Mizanur Rahman**  
Additional Director

**Md. Rashed Hasan**  
Joint Director

**Raju Ahmed**  
Deputy Director

**Povon Chandra Sutradar**  
Deputy Director

**Md. Al-Amin Parvez**  
Assistant Director

**Md. Abir Hossain**  
Assistant Director

**Cover Design:** **Isaba Farheen**  
Deputy Director, Department of Communications  
and Publications

This booklet is based on the data and information available as of March 2022, unless stated otherwise. Feedback on this booklet may be given to [gm.ceu@bb.org.bd](mailto:gm.ceu@bb.org.bd). This publication can be accessed through the internet at <https://www.bb.org.bd>

Chief Economist's Unit  
Bangladesh Bank  
March 2022



**This booklet is dedicated to those people  
who have died from the COVID-19**

# CONTENTS

## **Chapter 1: Policy Measures**

1.1 Monetary and Liquidity Measures	1
1.2 Credit and Interest Rate Measures	2
1.3 Working Capital and Refinance Facilities under Stimulus Packages	5
1.4 Additional Financial Support to COVID-19 Affected Sectors	9
1.5 External Sector and Foreign Exchange Measures	13
1.6 Payment System and Digital Finance	16
1.7 Anti-Money Laundering and Combating Financing of Terrorism	18
1.8 Stimulus Packages at a Glance	18

## **Chapter 2: Implementation Status of Stimulus Packages**

2.1 Implementation of Stimulus Packages by Bangladesh Bank	22
2.2 Implementation of Stimulus Packages by Other Government Organizations	27

## **Chapter 3: Other Supportive Policies**

3.1 Domestic Debt Management	36
3.2 Continuation of Banking Operation	37
3.3 Dividend Policy for Banks and Financial Institution	39
3.4 Internal Credit Risk Rating System for Banks	41
3.5 CSR Activities by Bangladesh Bank	42
3.6 CSR Guidelines for Banks	42

## **Chapter 4: Health Awareness and Preventive Measures**

4.1 Initiatives for Health Awareness	43
4.2 Distribution of Emergency Health Equipment	46
4.3 Measures for COVID-19 Suspected and Affected Staffs	47
4.4 Awareness Program	47

## **List of Boxes**

Box 1 Exiting from COVID-19 Policies	35
Box 2 Unofficial COVID-19 Response Team of Bangladesh Bank	45
Box 3 Coronavirus Symptoms and Preventive Measures	51
Box 4 Preventive Actions against Coronavirus at Individual Level	52

## **List of Tables**

Table 1 Summary of Stimulus Packages by the Government of Bangladesh and Bangladesh Bank	19
Table 2 Implementation Status of Stimulus Packages of Bangladesh Bank	21
Table 3 Guidelines for Distribution of Dividend by Scheduled Banks, 2019	39
Table 4 Guidelines for Distribution of Dividend by Scheduled Banks, 2020	40

## Abbreviations

ACD	Agricultural Credit Department
AD	Authorized Dealer
ADB	Asian Development Bank
ADR	Advance to Deposit Ratio
AIIB	Asian Infrastructure Investment Bank
AML-CFT	Anti-Money Laundering and Combating Financing of Terrorism
ATM	Automated Teller Machine
BACH	Bangladesh Automated Clearing House
BB	Bangladesh Bank
BDT	Bangladeshi Taka
BEFTN	Bangladesh Electronic Fund Transfer Network
BFLLEA	Bangladesh Finished Leather, Leather goods and Footwear Exporters' Association
BGMEA	Bangladesh Garments Manufacturers and Exporters Association
BRPD	Banking Regulation and Policy Department
BSMMU	Bangabandhu Sheikh Mujib Medical University
BTMA	Bangladesh Textile Mills Association
CECRFP	COVID-19 Emergency and Crisis Response Facility Project
CGS	Credit Guarantee Scheme
CMSMEs	Cottage, Micro, Small and Medium Enterprises
CMSE	Cottage, Micro & Small Enterprises
CMS	Cottage, Micro, and Small
CRAR	Capital to Risk-weighted Asset Ratio
CRR	Cash Reserve Ratio
CSR	Corporate Social Responsibility
CTRs	Cash Transaction Reports
COVID-19	CoronaVirus Disease of 2019
DOS	Department of Off-site Supervision
EDF	Export Development Fund
FI	Financial Institution
GR	General Relief
ICDDRDB	International Centre for Diarrhoeal Disease Research, Bangladesh
ICRR	Internal Credit Risk Rating
IDR	Investment to Deposit Ratio
IRF	Interchange Reimbursement Fee

IsDB	Islamic Development Bank
KG	Kilogram
LC	Letter of Credit
LFMEAB	Leathergoods & Footwear Manufactures & Exporters Association of Bangladesh
LTFF	Long-Term Financing Facility
MDR	Merchant Discount Rate
MFI	Micro Finance Institutions
MFS	Mobile Financial Service
MoF	Ministry of Finance
MoU	Memorandum of Understanding
NBFI	Non-Bank Financial Institution
NFC	Near Field Communication
NID	National Identity
NRB	Non-Resident Bangladeshi
OMS	Open Market Sale
PFI	Participating Financial Institutions
PGL	Portfolio Guarantee Limit
PPE	Personal Protective Equipment
RTPCR	Reverse Transcription Real-time Polymerase Chain Reaction
SMEs	Small and Medium-sized Enterprises
SN	Serial Number
SLR	Statutory Liquidity Ratio
USD	United States Dollar



# Chapter 1: Policy Measures

The COVID-19 pandemic has largely affected all major sectors of the Bangladesh economy. In order to minimize adverse economic shocks from COVID-19 and thus to implement the fiscal stimulus packages announced by the government of Bangladesh, the Bangladesh Bank (BB) responded promptly with a wide range of monetary and macro-prudential policy measures. The following sections provide a summary of BB's policy responses.

## 1.1 Monetary and Liquidity Measures

BB undertook several monetary and liquidity enhancement measures by providing adequate liquidity and loanable funds in the market to ensure uninterrupted business operations. Such policy measures include, but are not limited to, reduction in CRR, bank rate, repo and reverse repo rates, the introduction of term repo and extension of Advance to Deposit Ratio (ADR), and Investment to Deposit Ratio (IDR).

### Cash Reserve Ratio (CRR)

- The CRR was reduced by 50 basis points to 5.0 percent on a bi-weekly average basis and 4.5 percent on a daily basis with effect from 1 April 2020.
- CRR was reduced by 100 basis points to 4.0 percent on a bi-weekly average basis and 3.5 percent on a daily basis with effect from 15 April 2020.
- CRR for the offshore banking operations was reduced by 200 basis points to 2.0 percent on a bi-weekly average basis and 1.5 percent on a daily basis with effect from 1 July 2020.
- CRR for the Non-bank Financial Institutions (NBFIs) was also reduced by 100 basis points to 1.5 percent on a bi-weekly average basis and 1.0 percent on a daily basis with effect from 1 June 2020

### Repo Rate

- The repo rate was reduced by 25 basis points to 5.75 percent with effect from 24 March 2020.
- It was reduced further by 50 basis points to 5.25 percent with effect from 12 April 2020.
- The rate was again reduced by 50 basis points to 4.75 percent with effect from 30 July 2020.

### **Term Repo Facility**

A 360-day repo facility was introduced for supporting longer-term financing needs of the banks and NBFIs with effect from 13 May 2020.

### **Reverse Repo Rate**

The reverse repo rate was reduced by 75 basis points to 4.00 percent with effect from 30 July 2020.

### **Bank Rate**

The bank rate was reduced by 100 basis points to 4.00 percent with effect from 29 July 2020.

### **Advance to Deposit Ratio (ADR) and Investment to Deposit Ratio (IDR)**

- ADR for conventional banks was extended by 2 percentage points to 87 percent with effect from 15 April 2020.
- IDR for shariah-compliant Islamic banks was extended by 2 percentage points to 92 percent with effect from 15 April 2020.

## **1.2 Credit and Interest Rate Measures**

The outbreak of the coronavirus has adversely affected business conditions and impaired the repayment capacity of borrowers in Bangladesh. Considering these negative impacts, Bangladesh Bank has suspended existing loan classification rules, formulated a special policy on loan rescheduling and one-time exit, allowed the transfer of interest/profit to non-interest bearing blocked account, eased rules for late payment and interest calculation against credit card bills, and instructed banks to disburse agricultural credit at 4 percent interest rate in crops and grains sector.

### **Loan/Lease/Advance Classification**

- The loan classification status of banks and NBFIs cannot be downgraded till 30 June 2020 with effect from 1 January 2020. However, any improvements in classification status can be made as per existing rules and regulations.
- The loan classification deferral was initially extended up to 30 September 2020 and then further extended till 31 December 2020.
- The remaining period of the term loan/investment can be extended maximum 50 percent time but cannot exceed 2 (two) years to facilitate installment payment, while the loan/investment should be unclassified as on 1 January 2021.
- The imposed interest on the continuous loan/investment whose term expired and not renewed in 2020, can be paid in 6 (six) equal quarterly installments from March, 2021 to June, 2022. Moreover, such continuous loan/investment cannot be marked

as classified if the unpaid interest for year 2020 and imposed interest till June 2022 being paid quarterly on a regular basis. For demand loan/investment, 8 (eight) equal quarterly installments are being allowed during March 2021 to June 2022 and such loan/investment cannot be marked as classified if quarterly installment is paid on regular basis. The loans/investments cannot be marked as classified, if a minimum of 20 (twenty) percent of the payable installments as of June, 2021 is repaid within 31 August 2021. In such a case, the rest of the amount of the payable installments as of June, 2021 can be paid along with the last payable installment.

- The loans/investments cannot be classified, if a minimum of 25 (twenty five) percent of the payable installments from January, 2021 to December, 2021 is repaid within last working day of December, 2021. In this regard, the remaining amount of the payable installments till December, 2021 shall have to be repaid within next 1 (one) year of the current expiry.
- The CMSME sector loans cannot be classified, if minimum 15 percent instead of the previous 25 percent of total instalment of payable amount from January, 2021 to December, 2021 is repaid within last working day of December, 2021.
- The loans/investments would not be classified, if minimum 15 per cent instead of the previous 25 percent of total instalment of payable amount from January, 2021 to December, 2021 is repaid within last working day of December, 2021
- Financial Institutions have been directed not to classify any loan if 15.0 percent of the total dues during January-December 2021 can be repaid by 31 December 2021.

### **Loan Rescheduling and One Time Exit**

- Banks were permitted to recognize 50 percent of the required provision against their specially rescheduled loans as General Provision (will be eligible to get capital status) with effect from 19 March 2020.
- The short-term agricultural credits were allowed to reschedule for a maximum of 2 (two) years with or without down payment. After rescheduling, the farmers are entitled to get fresh short-term agricultural credit without any fresh deposit. In case of running certificate cases, agricultural credit can be rescheduled by withdrawal/settlement of certificate cases. The directive shall come into effect immediately and shall remain in force till 31 March 2022.
- The one-time exit facility of the bank borrowers will remain effective if the borrowers pay the stipulated amount by 31 December 2021.
- The loan moratorium period of shipbuilders will be extended by 2 years if they pay 5 per cent of total loan instalments payable in 2021.

- The defaulters of NBFIs will have to provide a 2 percent down payment of their bad assets to enjoy a one-time exit policy. Also the borrowers could get a waiver of 50 per cent on their interest amount if they repay loans within a year.

### **Long Term Financing Facility (LTFF)**

BB allowed deferral of installments facility for the LTFF borrowers during January-December 2020.

### **Term Loans and Leases for FIs**

BB extended maturity of the term loans and leases of Financial Institutions to 50 percent of remaining time to maturity with effect from 9 August 2020.

### **Revolving Loan Renewal Facilities for FIs**

BB relaxed the terms and conditions of revolving loan renewal to help the pandemic affected clients of FIs.

### **Agricultural Credit**

- BB instructed banks to provide agricultural loans at a 4 percent concessional interest rate from banks' own funds and the bank can claim the rest of 5 percent interest from BB as subsidy with effect from 27 April 2020.
- The rate of interest/profit on agricultural and rural credit has been re-fixed at maximum 8.0 percent instead that of previous 9.0 percent which is effective from 1 April 2021.

### **Transfer of Interest/Profit to Non-Interest Bearing Blocked Account**

- BB instructed that all interests/profits applied/to be applied on bank loans/investments from 1 April 2020 to 31 May 2020 have to be transferred to a non-interest bearing blocked account.
- The directive will be applicable to loan/investment outstanding of borrowers as of 31 March 2020.
- As per the directive, interest/profit waivers will be provided to borrowers at varied rates (depending on loan outstanding) against which government will provide the subsidy.

### **Transfer of Interest/profit to Income Account**

Banks can show unrealised interest incomes as profit if borrowers pay only 15.0 percent of their payable amount within last working day of December, 2021.

### **Late Payment and Interest Calculation against Credit Card Bills**

- Bangladesh Bank issued a directive on 4 April 2020 stating that banks will not charge any late payment fee/charge/penal interest/additional revenue or any other fee/charge due to delayed credit card bill payment from 15 March 2020 to 31 May 2020.

### **Prudential Regulations for Consumer Financing**

Under consumer financing, the credit-margin ratio for consumer credit for purchasing digital equipments (laptop/mobile/computer/tab etc.) has been softened at 70:30 instead of 30:70.

### **Ensuring Proper Use of the Working Capital/loan Provided under Stimulus Packages**

- The annual target of scheduled banks/financial institutions under CMSME stimulus package-to be disbursed as both working capital and term loan- shall be fixed upon the previous year's net loan/investment outstanding in CMSME, excluding classified loan/investment, and implementation rate of the package in previous year.
- Of the allocated target in CMSME sector, minimum 70 percent of the fund shall have to be disbursed in Cottage, Micro and Small scale industries and maximum 30 percent to Medium scale industry.
- Of the 70 percent fund in CMS sector, minimum 65 percent shall have to be loaned /invested in production and service sub-sector combined, and maximum 35 percent in trading sub-sector.
- Besides, maximum 30 percent allocation in Medium-scale industry shall have to be fully attained in production and service sub-sector combined.
- Under the package, minimum 8 percent of the annual total loan/investment shall have to be favored to the women entrepreneurs.
- Defaulters and borrowers whose loan rescheduled 3 (three) times after being classified as bad/loss are not allowed to avail of loan under this package.

### 1.3 Working Capital and Refinance Facilities under Stimulus Packages

The pandemic has disrupted the global transportation and supply chain amid restricted business operations and lockdowns badly affecting industry, service, and the informal sector in Bangladesh. Therefore, to mitigate adverse shocks of COVID-19 on output, employment, and export earnings, BB has continued to step up with appropriate policy measures such as credit and refinance facilities under the government declared stimulus packages.

#### Export-oriented Industries

- A stimulus fund amounting to BDT 50 billion was formed with a view to paying monthly wages of active export-oriented industries with effect from 2 April 2020.
- Scheduled banks can avail of the interest-free fund from BB and can take a one-time service charge of 2 percent while lending the same to active industries and export at least 80 percent of their total production.
- The fund can only be utilized for paying workers' wages for up to three months and the tenure of the loan will be for 2 years including 6 months grace period.

#### Working Capital for Industrial and Service Sector

- The Honorable Prime Minister announced a stimulus package worth BDT 300 billion for affected companies from the industrial and service sector on 5 April 2020.
- To lessen the interest burden at the client-level, the government will subsidize 4.50 percent of interest/profit against the current prevailing interest rate of 9.00 percent.
- Additional BDT 30 billion was added to this package to pay wages of workers for July 2020.
- Working capital facilities for industries and service sector companies were enhanced further to BDT 400 billion from the previous BDT 330 billion on 29 October 2020.
- Type A, B, and C industries that are operating in different economic zones may have access to finance in BDT from the stimulus packages.
- In July 2021, the stimulus package further extended from BDT 400 billion to BDT 730 billion.
- Institutions which availed partial benefit in the first phase of the stimulus package shall get the remaining amount as working capital loan from the second phase.
- The borrower who could not reach to any fund from the first phase of stimulus package, will have to be given priority from the second phase.

## **Special Working Capital Facility for CMSMEs Sector**

- To revive the CMSMEs sector, the Honorable Prime Minister announced a special incentive package worth BDT 200 billion for the entrepreneurs of Cottage, Micro, Small, and Medium Enterprise badly affected by the COVID-19 pandemic on 5 April 2020.
- Entrepreneurs shall avail of the working capital loan/investment facility from the banks and financial institutions at a 9 percent interest rate under the package, out of which 5.0 percent interest shall be subsidized. This facility was effective from 13 April 2020 to 31 October 2020 but was extended up to 31 March 2021 for allowing banks and NBFIs sufficient time to disburse the much-needed working capital for sustaining the CMSMEs sector.
- In July 2021, government declared another BDT 200 billion stimulus package for CMSME sector.
- Cottage, micro and small entrepreneurs will get term loan or investment facility side by side along with the working capital loan or investment facility.
- Medium enterprises will get only working capital loan or investment facility from the incentive package.
- Both micro and small entrepreneurs and medium enterprises will get one year interest or profit subsidy.

## **Credit Guarantee Scheme**

- To provide credit guarantee facilities for Cottage, Micro and Small (CMS) Entrepreneurs, BB approved a Credit Guarantee Scheme (CGS) policy along with a fund of BDT 20 billion. The CGS policy has been announced on 27 July 2020.
- Participating banks and financial institutions shall get a maximum 30 percent guarantee cap against their stipulated portfolio limit of investment as working capital in the CMS sector. Of the guarantee cap, banks and financial institutions shall enjoy a maximum 80 percent guarantee coverage against their loans and investment to a single entrepreneur/borrower.
- Sector-wise division of portfolio limit for Cottage, Micro and Small Enterprises shall be maximum 70 percent in manufacturing and service sectors and a maximum 30 percent in the trading sector.
- Credit Guarantee Scheme shall be admissible for both Working Capital loans and Term Loan/Investment to Cottage, Micro and Small Enterprises.

- Participating banks and financial institutions are required to apply for the guarantee registration within first 15 days of every month.
- A minimum of 10.0 percent of their Portfolio Guarantee Limit has to be preserved for women entrepreneurs.
- Under Credit Guarantee Scheme, the borrower limit to the Cottage, Micro and Small Enterprises (CMSE) has been re-fixed at minimum BDT 25 thousand and maximum BDT 1 crore instead of previous minimum BDT 2 lac and maximum BDT 50 lac.

### **Working Capital Loans/ Investments for the Tourism Sectors**

- The Honorable Prime Minister announced BDT 10 billion stimulus package as working capital loan to pay salary/wages and allowances of the low-income earning staffs of hotels/motels/theme parks in tourism industry on 13 July 2021.
- Under the package, scheduled banks shall offer working capital loan, with a tenure of 1 (one) year from their own fund to the pandemic-hit owners of hotels/motels/theme parks of the industry on banker-customer relationship.
- The rate of interest of the package shall be 8.0 percent, of which 4 percent shall be borne by the beneficiary institution and the remaining 4 percent shall be subsidized by the government.
- Banks are allowed to get 50 percent refinancing facility of the disbursed loan/investment from BB.
- The rate of interest against the refinance shall be 4.0 percent with a term of 1 (one) year from the date of availing the refinancing facility.

### **Refinance Schemes**

- BB established a revolving refinancing fund of BDT 50 billion for providing pre-shipment credit facility to export-oriented industries with effect from 13 April 2020. The validity period of this fund is three years. The rate of interest at the borrower level of refinance scheme for pre-shipment credit has been reduced to 5.0 percent from that of previous 6.0 percent. The rate of interest to be charged by the Bangladesh Bank against its refinance to scheduled banks has been reduced to 2.0 percent from that of previous 3.0 percent.
- A refinance scheme of BDT 150 billion was formed by BB from its own source for providing working capital loan/investment facilities in large industrial and service sector with effect from 23 April 2020. The validity period of this fund is three years.

- A refinance scheme of BDT 50 billion was formed to provide working capital in the agriculture sector (floriculture, pomiculture, pisciculture, poultry, dairy, and livestock sector) with effect from 13 April 2020. Banks have to disburse the allocated amount within 31 March 2021. In September 2021, BB declared another BDT 30 billion refinance scheme for the continuation of the previously adopted incentive packages for agriculture sector. Participating banks under the scheme shall get refinancing facility at 1.0 percent interest/profit from BB. The rate of interest at the farmers level shall be maximum 4.0 percent simple interest/profit rate, equally applicable for existing and new borrowers. Banks shall have to disburse minimum 30 percent of the refinancing fund in crops and harvesting sector.
- A refinance scheme of BDT 30 billion titled “Refinance Scheme for Professionals, Farmers and Marginal/Small Businessman of Low Income, 2020” was formed by BB. The scheme was made effective from 20 April 2020 for three years. Out of this fund, 25 percent is to be disbursed in favor of the female borrowers in both segments (Microcredit and Microenterprise Credit). BB had extended the tenure of the refinance scheme by another year to June 30, 2023. Bangladesh Bank shall charge 0.5 percent interest annually against the refinance to the scheduled banks and scheduled banks are allowed to charge maximum 3 percent interest against their financing to MFIs. The rate of interest to be charged by MFIs at customer end cannot exceed 9 percent at Reducing Balance Method. In the meantime, the interest rate on loans directly disbursed by the scheduled banks to the small entrepreneurs shall be maximum 7 percent at Reducing Balance Method.
- BB formed a revolving refinance scheme of BDT 100 billion from its own source for the CMSME sector to provide the working capital facility to the entrepreneurs with effect from 26 April 2020. The validity period of this fund is three years.
- The export development fund (EDF) had expanded on 5 April 2020. Under the package, the size of the existing EDF was increased from US\$ 3.5 billion to US\$ 5.0 billion, and its interest rate was fixed at 2.0 percent, which was previously based on a variable interest rate. The interest rate was further reduced to 1.75 percent (fixed) in 28 October 2020 and can be availed till 31 March 2021. Further, this fund amount increased to US\$ 7.0 billion with 2 percent fixed interest rate.
- BB formed a refinance scheme of BDT 5 billion from its own source to pay salaries-allowances for the workers of Hotel/Motel/Theme park of tourism sector through banking channel. Banks are allowed to get 50 percent refinancing facility of the disbursed loan/investment from BB.

## 1.4 Additional Financial Support to COVID-19 Affected Sectors

### Refinance fund for COVID-19 affected CMSMEs Sector Under COVID-19 Emergency and Crisis Response Facility Project (CECRFP)

- In order to support credit expansion and reduce liquidity constraints on CMSMEs brought on by the COVID-19 pandemic, a loan agreement of USD 300 million was signed between the Government of Peoples Republic of Bangladesh (GoB) and the Asian Infrastructure Investment Bank (AIIB) on 26 February 2021 to carry out COVID-19 Emergency and Crisis Response Facility Project (CECRFP) of Bangladesh Bank.
- The project is aligned with the Bangladesh Bank’s revolving refinance scheme amounting BDT 100 billion under the stimulus package announced by the government amounting to BDT 200 billion for the CSMEs.
- Under CECRFP the participating Financial Institutions (banks and non-banks) are getting additional refinance up to 50 percent of their lending under CMSMEs stimulus package in parallel to BB’s own refinance facility.
- The interest/profit rate will be 4 percent (Four) for refinancing loan, which will be charged on quarterly basis with the validity of three years.
- An initial budget amounting BDT 2 billion was sanctioned from Finance Division in favour of the project for FY 2021-22 against which BDT 0.88 billion was disbursed in December 2021 to 11 participating financial institutions (PFIs) against 464 sub-borrowers of CMSME sector.

### Refinance Scheme for 10/50/100-Tk-account holder

- Bangladesh bank reconstructed a refinance scheme titled “Refinance Scheme for marginal/landless farmers, low-earningprofessionals, school-banking account holder and small businessmen of 10/50/100-Tk-account holder”.
- The size of the fund has been enhanced to BDT 5 billion from BDT 2 billion.
- The tenure of the scheme is 5 (five) years, to be extended if needed and is revolving.
- The default borrower and borrowers who have already availed loan facility from other scheme under interest subsidy announced by the government/BB but remained unadjusted are not eligible for accessing loan facility under the scheme.
- Under the scheme, individual borrower is entitled to get maximum loan BDT 5 (five) lac and 2-5 member group-based borrower get maximum BDT 20 lac including each borrower availing maximum BDT 4 (four) lac.

- Bangladesh Bank shall charge 1 percent profit/interest on refinance to the financing bank.
- The rate of interest to be charged by the bank at the customer level shall be maximum 7 percent on diminishing-balance base. No security collateral is required to access loans under the scheme other than personal guarantee of two individuals. For loan above BDT 3 (three) lac, credit guarantee scheme facility is allowed to be given to the borrower.
- The term of the loan is maximum 3 (three) years plus 6 months grace period.

### **Refinance Scheme for Returnee Expats due to Covid 19 Pandemic and Other Reasons**

- Bangladesh Bank (BB) has created a refinance scheme titled ‘Ghore Fera’ to generate employment and to eliminate poverty for the expatriates who have returned home due to Covid 19 pandemic and other reasons.
- The size of the fund is BDT 5 billion.
- The tenure of the scheme is maximum 3 (three) years and the repayment timeline may increase if needed.
- Under the scheme, each eligible borrower will get a loan of BDT 2 lakh to 5 lakh with a repayment tenure 24 to 36 months.
- The state-owned banks and specialized banks will disburse the loan. Moreover, the private and foreign banks can participate in the scheme by applying to the Bangladesh Bank.
- Participating banks will get a refinancing facility from the central bank at a fixed interest rate of 0.5 percent, but no security deposits can be taken in case of loan disbursement.
- The rate of interest to be charged by the bank at the borrower level shall be maximum 6 percent.
- The priority sectors for this refinance fund are local businesses with small capital, small and medium vehicle purchase, light engineering, fisheries, farming of cow, goat and broiler, technology and other service centres, construction or house repair, veg gardening, agro-machineries purchase and crop marketing. other small businesses like rice processing, puffed rice, boat making, bee cultivation, sewing machine purchase, handicraft making, candle production and suitable works for differently-abled persons will also be considered for loans under the fund.
- Under the scheme, 10 Percent of the loans disbursed have to go to women borrowers and entrepreneurs.

### **Credit Guarantee Facility for 10/50/100-Tk-account holder**

- Bangladesh Bank formed a new credit guarantee titled ‘Financial Inclusion Credit Guarantee Scheme’ under the BB’s BDT 5 billion refinance scheme to people who have opened bank accounts with Tk 10, Tk 50, and Tk 100 deposits.
- The Banks and financial institutions which will disburse loans to such accountholders will be eligible to get the credit guarantee facility so minimise loan risks.
- The lenders would get guarantee coverage against 30 per cent of loan portfolio built for the implementation of the BDT 5 billion in refinance scheme.
- The guarantee coverage will be up to 80 per cent against lending to any individual.
- To get the coverage, banks will have to pay 1 per cent on the loans for the first year.

### **Refinance Facility for CSMEs under “Supporting Post COVID-19 Small Scale Employment Creation Project (SPCSSECP)”**

- The Government of the People’s Republic of Bangladesh has introduced a loan fund worth USD 150 million considering the adverse economic impact of COVID-19 on the returning migrant workers, unemployed youth and rural entrepreneurs.
- The scheme will place a special focus on women entrepreneurs as well.
- Asian Development Bank (ADB) provided the funds to form the refinance scheme, which will be implemented by Bangladesh Bank.
- The PFIs (banks and NBFIs) will getting refinance facility at 1.5 percent interest rate from BB and they can lend it to sub borrowers/ end borrowers at maximum 5.5 per cent interest rate.
- Under the scheme, each Borrowers in the field of cottage, micro and small enterprises will be allowed to take a maximum of BDT 50 lakh loan.
- The loan repayment tenure is a maximum of 5 (five) years.

### **Financing Facility to Support CSMEs sector Under “Line of Finance to Support SMEs Project under the IsDB SPRP for Covid-19, Restore Track (LFSSP)”**

- The government of Bangladesh formed a scheme worth USD 46.9 million to support COVID-19 affected CSMEs sector.
- Islamic Development Bank (IsDB) aided to form this project fund.

- This fund would be disbursed in Shariah compliant method to eligible banks and NBFIs.
- Under the scheme, financing would be given under five criteria such as manufacturing industry, service industry, trading, women CMSMEs.
- The tenure of the project is 2 (two) years.

## 1.5 External Sector and Foreign Exchange Measures

BB undertook a host of supportive policy measures and interventions to counteract the adverse impacts of COVID-19 on the external sector of Bangladesh. The following section summarizes measures and interventions in the foreign exchange market, foreign trade, and finance, remittances, external borrowing, etc.

### Export

- The realization of export proceeds was extended up to 180 days (210 days for textile goods) from the prescribed period of 120 days from the date of shipments.
- Repatriation of export bills was allowed at a discounted price up to 10 percent of FOB value, for bonafide grounds.
- The tenure of submission of bill of entry was extended up to 180 days from the prescribed period of 120 days from the date of payments.
- The tenure of realization of export proceeds was also enhanced up to 90 days, as the additional time from the statutory period of four months. The facilities for the extended period shall be applicable only for exports of readymade garments and textile goods.

The above facilities for export are applicable till 31 March 2021.

- Export was allowed under open account credit terms with a foreign payment guarantee, including early payment facilities on a non-recourse basis.
- Realization of export proceeds has been extended up to 210 days from prescribed period of 120 days from the date of shipments till December 31, 2021.
- Export has been allowed under open account credit terms with foreign payment guarantee, including early payment facilities on non-recourse basis at a cost of 6-month LIBOR + 3.5 percent per annum.

### Import

- The tenure of submission of bill of entry has been extended up to 180 days from prescribed period of 120 days from the date of payments.

- Usance period of input imports by industrial importers under supplier's/buyer's credit has been extended up to 360 days from admissible period of 180 days, with same facilities for input imports under back to back LCs, agricultural implements and chemical fertilizers.
- Advance payment, without repayment guarantee or approval from Bangladesh Bank, up to USD 500,000.00 or equivalent can be made for import of coronavirus related life saving drugs, medical kits/equipment and other essential medical items.
- Payment against inland LCs in foreign currency can be made through nostro accounts of ADs instead of Bangladesh Bank clearing accounts for the period.

Previously, above facilities for import were available till 31 March 2021. These facilities were extended till 31 December 2021.

- Usance period for import of life saving drugs under supplier's/buyer's credit has been extended up to 180 days from admissible period of 90 days till March 31, 2021.
- Quarterly repayments have been waived against imports on usance terms for the periods exceeding 180 days.
- Back to back/usance LCs have been permitted to open with realization clause.

### **Outward Remittances**

- ADs were allowed to release foreign exchange, on account of travel and/or health grounds, on behalf of nationals visiting abroad and facing problems in returning home due to travel restrictions. Medical expenses could also be released to students abroad requiring emergency treatment. These facilities were applicable till 30 June 2020.
- ADs have been allowed to release foreign exchange, on behalf of Bangladesh nationals requiring participating in online lessons conducted by foreign educational institutions owing to the COVID-19 pandemic, maximum for two semesters/sessions.
- ADs have also been allowed to effect payment of fees for webinar solution services to conduct virtual meetings, on behalf of the government and corporate sector entities. These facilities were applicable till 31 March 2021 and further extended till 31 December 2021.
- ADs have been allowed to effect outward remittances on account of study abroad programs under online teaching arrangements, with validity up to March 31, 2022.

### **Export Development Fund (EDF)**

- Interest rates on EDF loans to ADs will be charged by BB at 1.00 percent, while ADs will charge interest to manufacturer-exporters at 2.00 percent with effect from 1 April 2020.
- Again interest rate on EDF loans was reduced to 1.75 percent chargeable to eligible borrowers and ADs shall make interest payments to Bangladesh Bank at 0.75 percent for disbursements until 31 March 2021.
- The size of the export development fund (EDF) was enhanced to USD 7.0 billion with reduction of interest rate to 2.0 percent.
- The EDF limit was enhanced to USD 30 million from USD 25 million, effective for disbursements until 31 December 2020, for member mills of BGMEA and BTMA further extended till 31 December 2021.
- Repayment against EDF loans was extended to 180 days from 90 days initially was applicable till 31 March 2021 further continued till 31 December 2021.
- Refinancing from EDF up to 180 days for back to back LCs opened earlier for input imports initially was applicable till 31 March 2021 but the facility was further extended till 31 December 2021.

### **Short Term External Borrowing**

Access to interest-bearing short term working capital loans was extended from parent companies/shareholders by foreign-owned/controlled companies operating in Bangladesh to meet actual needs for payments of 3 months wage and salary to staff. This facility was applicable till 31 December 2020.

### **Loans from Local Sources**

Loans from local sources have been allowed against external guarantees, initially was applicable till 30 June 2021 further extended till 31 December 2021.

### **Cash Incentive against Foreign Remittances**

Submission of documents is now waived for cash incentive against foreign remittances up to USD 5000 or BDT 500 thousand which was USD 1500 or BDT 150 thousand earlier.

### **Simplification in Repatriation of Sales Proceeds**

- No permission is required from BB to repatriate sales proceeds of shares up to BDT 10 million equivalent foreign currencies without valuation reports from independent values.

- ADs may execute remittances of above BDT 10 million up to BDT 100 million equivalent foreign currencies on account of sales proceeds. Within 30 days of remittances, ADs shall submit post facto reports detailing the transactions to BB.

### **LC Margin on Child Food Import**

The rate of the margin of letter of credit (LC) for importing child food is set at a maximum of 5 percent to contain and stabilize the food crisis worldwide that emerged from COVID-19.

### **LC Margin and Commission on Import Financing for Essential Consumer Goods**

The rate of LC margin and commission on import financing for essential consumer goods is set at a minimum level and margin would be zero based on banker customer relationship.

## **1.6 Payment System and Digital Finance**

Access to affordable and reliable financial services, especially digital payments and credits, plays a crucial role in the ease of business operations, particularly in this unprecedented pandemic situation when maintaining physical distance and staying home has become a norm. Hence, to provide a transparent, safe, and secure system of digital payment system tools, BB has proactively taken the following initiatives:

### **Uninterrupted Digital Financial Services**

- Daily necessities and medicine selling small merchants will be able to use their bank accounts and/or MFS wallets for such business transactions.
- Person to person transaction limit through mobile wallets was enhanced from BDT 75 thousand to BDT 200 thousand for purchasing the emergency food /daily necessities and medicine.
- Cash Out charges will be free for up to BDT 1 thousand per day.
- No charges (MDR and IRF) will be applicable for the merchants selling of the emergency food/daily necessities and medicine.
- Near Field Communication (NFC) card transaction limit (for NFC payments) was enhanced from BDT 3thousand to BDT 5 thousand
- To open new avenues on payments ecosystem, BB introduced EMV compliant new QR standard named as ‘Bangla QR’. PSD also introduced new and easy ‘Personal Retail Account’ for onboarding micro and nano merchants with minimum documents.

- All Government VAT and Tax payments at the time of import are bought through the RTGS channel to ensure easy, online and transparent revenue collection.

### **Salary, Wages, and Soft Loans Provided through MFS**

- The MFS providers were instructed to open new MFS wallets for the workers who do not have a bank account or wallet effective from 20 April 2020.
- Almost 2.2 million wallets were opened after the instructions were issued, which brings the total number of accounts to nearly 3.8 million.
- The providers were instructed to keep the agent points open, active with sufficient cash to serve the worker's needs.
- The cash-out charge to cash-out the salaries were reduced to 0.8 percent from 1.85 percent.

### **Bangladesh Automated Clearing House (BACH)**

- To keep payments for essential services, medical services, social safety net payments, and government payments uninterrupted during the ongoing general holidays, interbank cheque transfer and Electronic Funds Transfer Network were kept open.

### **Critical Service Management and Business Continuity Plan**

- Instructions were issued to keep sufficient cash and e-money supply at cash points, especially Bank's cash counters, ATM, agent banking points, and MFS agent points.
- To provide the above-mentioned services, Financial Institutions were instructed to create a list of the key personnel for "Critical Service Management" and create a "Business Continuity Plan" to keep emergency service running during special circumstances.
- Instructions were also issued to ensure the security of ICT infrastructure, system, database, and also to stay alert against financial fraud related to COVID-19.

### **Support to the Government**

- BB provided necessary support to the Government for opening new account for the targeted customers, enhanced the ability of various payment platforms to smoothen the disbursement process of government payments.
- Observing the benefits of online G2P payments during 2020, the Government started to shift all G2P payments including safety net payments in digital channels.

By the end of 2021, BB provided support to bring nearly 90 percent of all G2P payments in digital format.

## **Consumer Protection**

The trend in online purchase and payment activities lasted even after the restrictions ended. However, it was observed that digital purchase practices exposed the consumers towards certain risks. In particular, consumers began to complain of not receiving goods even after advance payments. To mitigate such risks, BB introduced escrow arrangements for online purchase from market places against advance payments. The initiative began bringing discipline in the E-commerce market.

### **1.7 Anti-Money Laundering and Combating Financing of Terrorism**

In this pandemic situation, the model and typology of financial crimes have taken a new shape and the risks of cybercrime have increased significantly making financial institutions vulnerable to cyber-attacks. Considering the situation, Bangladesh Financial Intelligence Unit (BFIU), the central national agency to combat money laundering and terrorist financing, has taken different initiatives which include the following:

- All the scheduled banks were instructed to take necessary precautions to keep their domestic and international transactions free from all kinds of financial fraud or fraudulent activities.
- The banks were instructed to assess the money laundering and terrorist financing risks before introducing any new product or service based on technology or the development of conventional products or services or technology and take appropriate measures for mitigating the assessed risk.

### **1.8 Stimulus Packages at a Glance**

The government of Bangladesh has so far announced 28 economic stimulus packages in order to mitigate the adverse impacts of the outbreak of novel corona virus (COVID-19) on Bangladesh economy and to facilitate faster economic recovery from the economic meltdown. The size of the entire stimulus packages is BDT 2004.29 billion or \$ 23.58 billion which is 5.68 percent of FY21 GDP.

**Table 1: Summary of Stimulus Packages by the Government of Bangladesh and Bangladesh Bank**

SN	Stimulus Packages	Size of the Packages (In billion BDT)
1	Special fund for salary support to export-oriented manufacturing industry workers	50
2	Working capital loans to affected industries and service sector (1 <sup>ST</sup> Phase)	400
	Working capital loans to affected industries and service sector (2 <sup>nd</sup> Phase)	330
3	Working capital loans provided to SMEs, cottage industries (1 <sup>st</sup> Phase)	200
	Working capital loans provided to SMEs, cottage industries (2 <sup>nd</sup> Phase)	200
4	Expanding the Export Development Fund (EDF) to US\$ 7 billion from US\$ 3.5 billion and setting its interest rate to only 2 percent to enhance the facility to import raw materials under the back-to-back letter of credit	297.5
5	Pre-Shipment Credit Refinance Scheme	50
6	Special honorarium for doctors, nurses, medical workers	1.38
7	Providing appropriate compensation to doctors, nurses, and health workers engaged in serving corona patients as well as to employees of the field administration, law enforcement agencies, armed forces, and other government employees engaged in implementing instructions of the government in case of coronavirus infection or providing appropriate compensation to their families in case of death	7.50
8	Free distribution of 5 lakh metric tons of rice and 1 lakh metric tons of wheat to the poor who have suddenly become jobless due to the coronavirus outbreak.	25

<b>SN</b>	<b>Stimulus Packages</b>	<b>Size of the Packages (In billion BDT)</b>
9	Selling rice at 10 Taka per kg under the Open Market Sale (OMS) among low-income people badly affected by the coronavirus outbreak	7.70
10	Providing direct cash transfer to the tune of taka 2,500 each to 50 lakh beneficiary families across the country to protect the ultra-poor who have become jobless and lost their income due to coronavirus outbreak	13.26
11	Expansion of allowance programs for the poor	8.15
12	Subsidy for the construction of homes for homeless people	21.30
13	Support for farm mechanization	32.20
14	Subsidy for agriculture (on fertilizer)	95
15	Agriculture Refinance Scheme	50
	Agriculture Refinance Scheme (2 <sup>nd</sup> Phase)	30
16	Refinance scheme for lower-income earning professionals, farmers, and small traders	30
17	Low-interest loans to rural poor farmers, expatriate migrant workers, and trained youth and unemployed youth	32
18	Subsidy for commercial bank's suspended interest during for April-May 2020	20
19	Credit risk-sharing scheme for SME sector	20
20	Social security activities for underprivileged workers in export-oriented garments, leather products and footwear	15
21	Reviving rural economy and job creation activities in rural areas (Jayita Foundation: 50, NGO Foundation: 50, SDF: 300, SME Foundation: 300, Palli Daridro Bimochoh Foundation: 300, BSIC: 100, Small Farmer Development Foundation: 100, BRDB: 300 crores)	15

<b>SN</b>	<b>Stimulus Packages</b>	<b>Size of the Packages (In billion BDT)</b>
22	Disadvantaged elderly people, widows and female divorcees in 150 poverty-stricken upazilas	12
23	Cash distribution to targeted population in phase II (Tk. 2,500 for each to 35 lakh low-income families and 1 lakh affected boro farmers).	9.30
24	Providing cash financial assistance of Tk. 2500/- per person to daily labourers (1437, 389), transport workers (235,333), small traders (50,445), and shipping workers (1,603). (Total beneficiaries: 1724,470 people)	4.50
25	Special OMS activities (20,000 MT of rice and 14,000 MT of flour) at 613 centers across the country for 14 days, from 25 July to 6 August, to help low-income people in urban areas.	1.50
26	Provide special allocation in favor of the Deputy Commissioners to provide food assistance in response to the request of the public on telephone number 333.	1
27	Providing loan assistance (at 4 percent interest) through Palli Sanchay Bank, Karmasangsthan Bank, and PKSF for financing employment generating activities in rural areas.	15
28	Providing Working Capital Loan Assistance at 4 percent interest through banking system for payment of salaries / allowances to employees for hotels / motels / theme parks in the tourism sector.	10
<b>Total</b>		2004.29

*Sources: Ministry of Finance and Bangladesh Bank*

## Summary of Stimulus Packages of the Bangladesh Bank

Out of 28 stimulus packages, 10 packages are directly concern with Bangladesh Bank. Thus, the implementation status of BB's 10 stimulus packages up to March 2022 is briefly described in Table 2.

**Table 2: Implementation Status of Stimulus Packages of the Bangladesh Bank**

SN	Packages	Amount (In billion BDT)	Implementation (In billion BDT)	Implementation (%)	Remarks
1	Working capital loans for adversely affected large industry and service sector.	330	327.24	99.16	(1 <sup>st</sup> Phase)
		305	107.87	35.36	(2 <sup>nd</sup> Phase)
	Working capital loans for “A”, “B” and “C” type industries	70 25	1.22 1.69	1.74 6.76	(1 <sup>st</sup> Phase) (2 <sup>nd</sup> Phase)
2	Interest subsidy for commercial banks against suspended interest for April-May, 2020.	20	13.90	69.5	
3	Working capital for paying salaries, and allowances of the employees of hotels, motels, and theme parks.	10	0.007		
4	Providing low-interest working capital loans to micro, small and medium enterprises, including cottage industries	200	153.86	76.93	(1 <sup>st</sup> Phase)
		200	88.80	44.4	(2 <sup>nd</sup> Phase)

SN	Packages	Amount (In billion BDT)	Implementation (In billion BDT)	Implementation (%)	Remarks
5	Agricultural refinance scheme	50 30	42.95 16.06	85.90 53.53	(1 <sup>st</sup> Phase) (2 <sup>nd</sup> Phase)
6	Payment of salary and allowances to the workers-staffs of the active export-oriented industries.	50	49.35	98.7	
7	Pre-shipment credit refinancing scheme.	50	6.36	12.72	
8	Refinance scheme for low- income earning professionals/farm ers/small businessmen.	30	24.50	81.67	
9	Export Development Fund (EDF)	USD 7.0 billion	USD 6.88 billion	98.28	
10	Credit Guarantee Scheme (CGS) for CMSMEs.	20	0.81	4.05	

Source: Bangladesh Bank

## Chapter 2: Implementation Status of Stimulus Packages

The government of Bangladesh has so far announced 28 economic stimulus packages in order to mitigate the impacts of the outbreak of novel the coronavirus on the economy and also to facilitate faster economic recovery. The size of the entire stimulus packages stands at BDT 2004.29 billion which is 5.68 percent of GDP of FY21. Of the 28 stimulus packages, 10 packages are being implemented by Bangladesh Bank and 18 packages are being implemented by different government ministries/organizations. The implementation status of the 28 stimulus packages is briefly discussed below:

### 2.1 Implementation of Stimulus Packages by Bangladesh Bank<sup>1</sup>

1. The working capital loan facility of BDT 330 billion for large industries and services enterprises was announced on 4 May 2020, just at the beginning of the pandemic. Furthermore, the coverage has been expanded to all types of industries (A, B and C) in the export processing zones and the loan facility also extended to BDT 730 billion in July 2021. In addition, the interest rate of loans under this scheme is charged at 9.0 percent for the affected industries and service sector companies to continue their business operations, of which 4.5 percent is to be borne by the government as subsidy.

Name of the Package	Amount of Packages (In BDT billion)	Total Disbursement (In BDT billion)	No. of Beneficiary Institution	Remarks
Working capital loans for large industry and service sector	400	327.24	3,306	(1 <sup>st</sup> Phase)
	330	107.87	1,119	(2 <sup>nd</sup> Phase)

2. The interest collection against disbursed loans by all commercial banks for April -May 2020 was postponed. A portion of the total interest due in these two months was subsidized by the government, and the borrowers was paid the rest in 12 equal instalments.

<sup>1</sup> Data collection from concerned department of Bangladesh Bank.

Name of the Package	Amount of Packages (In BDT billion)	Total Disbursement (In BDT billion)	No. of beneficiary
Subsidy for commercial banks suspended interest during for April-May 2020	20	13.90	7,282,253

3. To facilitate the tourism sector, a working capital loan facility worth value of BDT 10 billion has been created for the payment of salaries/allowances of employees for hotels/motels/theme parks Under this package, commercial banks will provide loans to the respective business entities from their own funds at 8.0 percent interest rate of which 4.0 percent shall be borne by the government as subsidy..Moreover, banks are allowed to get 50 percent refinance facility of the disbursed loan/investment from BB.

Name of the Package	Amount of Packages (In BDT billion)	Implementation status
Working capital for tourism sector	10	Based on existing outstanding, BB has set disbursement limits of the concerned banks to avail facility under this scheme.

4. The working capital loan facility of BDT 200 billion was announced for CMSMEs sector on 13th April 2020. Later, in July 2021, another BDT 200 billion was added to raise the volume of the facility to BDT 400 billion. The loan is being given at an interest rate of 9.0 percent to the affected micro, small and medium enterprises, including the cottage industries, to continue their business operation. Of this 9.0 percent, 5.0 percent will be borne by the government as subsidy.

Name of the Package	Amount of Packages (In BDT billion)	Total Disbursement (In BDT billion)	No. of Beneficiary Institution	Remarks
Working capital loans for CMSME sectors	200	153.86	97,814	(1 <sup>st</sup> Phase)
	200	88.80	46,897	(2 <sup>nd</sup> Phase)

5. An agricultural refinance scheme of BDT 50 billion was launched in 13 April 2020 for providing working capital loans in Agriculture sector. The tenure of the scheme is up to 30 June, 2021 (BDT 50 billion) at the beginning then further extended to 30 June 2022 (BDT 30 billion). The loan facility under this scheme mainly targets the non-crop segment of agriculture, such as horticulture, seasonal fruits, fisheries, poultry, dairy, etc. The interest rate is set at 5.0 percent only, of which the commercial banks will receive 4.0 percent from the farmers, and Bangladesh Bank will provide the rest 1.0 percent.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>	<b>No. of Beneficiary Farmers/Firms</b>	<b>Remarks</b>
Agriculture	50	42.95	185,336	(1 <sup>st</sup> Phase)
Refinance Scheme	30	16.06	88,861	(2 <sup>nd</sup> Phase)

6. A stimulus fund amounting to BDT 50 billion has been formed to continue payment of workers mostly wages working in active export-oriented industries, affected by the ongoing coronavirus pandemic. Scheduled banks can avail the interest-free fund from Bangladesh Bank and can impose a one-time service charge of 2 percent while lending the same to industries that are active and exports at least 80 percent of their total production. The fund can only be utilized for paying wages of workers' for up to three months and tenure of the loan will be for 2 years including 6 month's grace period. The loan will be sanctioned against the industries and concerned banks will then disburse the wages directly to the concerned worker's bank accounts (including Mobile Financial Services-MFS accounts).

<b>Name of the Package</b>	<b>Total Disbursement</b>	<b>Beneficiary</b>		<b>Recovered from Banks (In BDT billion)</b>
		<b>No. of Institutions/ Firms</b>	<b>No. of Workers</b>	
Stimulus Package to salary and allowances for the workers-staffs of the active export-oriented industries	50	2,015	3,778,969	15.97

7. The government unveiled the stimulus package of the pre-shipment credit refinancing scheme of BDT 50 billion on 4 April 2020. The objective was to support exporters to improve their competitiveness in the global market amid the pandemic-hit economic slowdown. The main features of this 3 year revolving fund include a maximum loan tenor of 1 year and a maximum interest rate of 6 percent for the businesses. The rate of interest at the borrower level of refinance scheme for Pre-Shipment Credit has been reduced to 5percent from that of previous 6 percent and the rate of interest to be charged by the Bangladesh Bank against its refinance to scheduled banks has been reduced to 2 percent from that of previous 3 percent .

<b>Name of the Package</b>	<b>Total Disbursement (In BDT billion)</b>	<b>Total Recovery (In BDT billion)</b>	<b>Total Outstanding (In BDT billion)</b>	<b>No. of Beneficiary Institutes</b>	<b>No.of Direct Beneficiary (Directors, Officials and Workers)</b>
Pre-shipment credit refinance scheme	5.04	2.96	2.07	67	176,342

8. With a view to overcoming the possible negative impacts of the worldwide outbreak of the COVID-19 pandemic, BB has launched a revolving refinance scheme of BDT 30 billion on 20 April 2020 for low income professionals, farmers, and micro/small businesses. As per revised directives, this facility is being disbursed through Micro Finance Institutions (MFIs) as well as directly by scheduled banks to ensure the facility to reach grassroots levels. Now, the interest rate of loan at the end user level has been fixed at a maximum rate of 9.0 percent and 7.0 percent disbursing by MFIs and scheduled banks respectively. The scheduled banks will pay 0.5 percent interest to Bangladesh Bank against refinance facility and will provide the same to MFIs at 3.0 percent interest.

<b>Name of the Package</b>	<b>Total Disbursement (In BDT billion)</b>	<b>No. of Beneficiary</b>	<b>Total Recovery from Banks against Refinance (In BDT billion)</b>
Refinance Scheme for low income professionals, farmers, micro/small businesses	24.50	5,13,923	10.05

9. The existing Export Development Fund (EDF) further was expanded to US\$6.0 billion from US\$3.5 billion on 5 April 2020 to help fightback covid-19 pandemic. it's The interest rate was fixed at 2 percent at the beginning and further reduced to 1.75 percent in October 2020 to support exporters as they need to import raw materials under the back-to-back letter of credits.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>	<b>No. of Beneficiary</b>
Export Development Fund (EDF)	297.50	277.57	12,602

10. The government declared a Credit Guarantee Scheme worth BDT 20 billion to boost credit flow to SMEs sector. A maximum 80 percent of the guarantee coverage can be provided against working capital loans to SME clients. For the year 2020, twenty-five eligible banks and FIs have signed participation agreement with the CGS Unit of Bangladesh Bank under the stimulus package. A total of 274 guarantee applications from 16 (sixteen) districts have been received from the different PFI. The CGS Unit issued guarantee of a total of Tk. 29.04 crore against the 274 CMSEs, of which almost 15 percent of the beneficiaries are women-owned enterprises. Meanwhile, women-owned CMSEs will be prioritized in getting the credit guarantee facilities. Thus, the PFIs have to earmark at least 10 percent of their portfolio guarantee limit for collateral-free loans/investments for women-owned CMSEs. For 2021, 37 banks and FIs have completed their participation agreement with Portfolio Guarantee Limit (PGL) total BDT. 17.9835 billion. The Unit has already issued guarantee of a total of BDT. 31.345 crore against the 285 CMSEs of 12 Banks and NBFIs in 2021.

Name of the Package	Total Disbursement (In BDT billion)	No. of Beneficiary	
		CMSEs	Employment
Credit Guarantee Scheme for SMEs sector	0.81	559	6,341

## 2.2 Implementation of Stimulus Packages by other Government Organizations<sup>2</sup>

11. A stimulus package worth BDT 1.38 billion announced as a special honorarium equivalents to two months' basic salary was allocated to the doctors, nurses and health workers serving COVID-19 patients. The Finance Division issued the related circular on 9th July 2020. The Ministry of Health and Family Welfare are currently preparing the list of eligible doctors, nurses and medical workers.

Name of the Package	Amount of Packages (In BDT billion)	Total Disbursement (In BDT billion)	No. of Beneficiary
Special honorarium for doctors, nurses, medical workers	1.38	1.11	26,546

12. The government declared a package of BDT 7.50 billion in early April 2020 for the employees who risking their lives to manage the pandemic related circumstances. such as, doctors, nurses, medical workers, law enforcement agencies, and other government employees are eligible to get such benefits.

Name of the Package	Amount of Packages (In BDT billion)	Total Disbursement (In BDT billion)	No. of Beneficiary employees
compensation for the front liners in the fight against the COVID-19 pandemic	7.50	0.73	245

<sup>2</sup> Data collected from the book titled “ Bangladesh at 50 realization dreams through humane and patriotic leadership” Ministry of Finance and Ministry of Planning, Government of Bangladesh

13. The nationwide lockdown during April-may 2020 to contain viral infection amid the coronavirus pandemic resulted in a huge jobloss, and put low-income earning population in a vulnerable situation..To support such segment of population, the Honorable Prime Minister announced "None will Go Hungry" package to offer free foods (rice, relief items and baby foods were distributed along with GR-Cash ) distribution program across the country, prioritizing the urban poor families..

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Distributed rice (MT)</b>	<b>Amount of distributed Relief items (In BDT billion)</b>	<b>Amount of distributed baby food (In BDT billion)</b>	<b>No. of Beneficiary</b>
Free distribution of 5 lakh metric tons of rice and 1 lakh metric tons of wheat to the poor who have suddenly become jobless due to the coronavirus outbreak	25	211,017	0.95	0.27	16,803,410

14. The amount of agricultural subsidy has been increased to BDT 95 billion in the budget of FY20-FY21 to boost production during the COVID-19 pandemic. Major subsidy components are fertilizers, electricity bill rebate against irrigation, farm mechanization, etc.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Amount of subsidy Disbursement (In BDT billion)</b>	
		<b>FY2019-20</b>	<b>FY2020-21</b>
Subsidy for Agriculture	95	2.18	76.32

15. An amount of BDT 32.0 billion has been allocated as an incentive to promote farm mechanization. The program is undertaken to address the challenges of rising labour costs, occasional shortage of agricultural labour, and the low labour productivity in agriculture. Under this program, the government provides 50.0 percent of the price of farm machinery (e.g., combined harvesters, rippers, rice transplanters, etc.), while the rest 50.0 percent is paid by the farmers.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>	<b>No. of Beneficiary Farmers</b>
Providing support for farm mechanization	32.20	5.03	19,04,115

16. A new stimulus package of BDT 15 billion has been announced in January 2021. Under the program, the government will disburse funds through 8 government organizations, namely Joyeeta Foundation (BDT 0.5 billion), NGO Foundation (BDT 0.5 billion), Social Development Foundation (BDT 3.0 billion), SME Foundation (BDT 3.0 billion), Rural Poverty Reduction Foundation (BDT 3.0 billion), BSCIC (BDT 1.0 billion), Small Farmers Development Foundation (BDT 1.0 billion) and BPDB (BDT 3.0 billion).

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>
Finance programs for small, micro and medium enterprises and women entrepreneurs and to improve the living standards of marginal people	15	9.70

17. Providing rice, the basic staple, at a lower price was one of the key social protection strategies of the government during the COVID-19 pandemic. Rice was sold among the low-income people at BDT 10 per kg. It was provided to low-income families through two channels: (i) additional one-month rice against Food Friendly Program throughout the country, and (ii) special OMS sale of rice in the urban area. Although the regular OMS rice price was about BDT 30 per kg, it was reduced to BDT 10 per kg during the pandemic. As a result, marginalized people did not face any food shortages, and the chances of their falling below the poverty line decreased.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>	<b>Aount of sold rice (Metric tons)</b>	<b>No. of Beneficiary (In lakh)</b>
Selling rice at 10 Taka per kg under the Open Market Sale (OMS) among low-income people badly affected by the coronavirus outbreak.	7.70	7.70	1036093	70.56

18. Under the new incentive package announced by the Hon'ble Prime Minister, an additional 20,000 metric tons of rice and 14,000 metric tons of wheat (flour) were allocated in favour of the Ministry of Food for conducting special OMS activities to assist the low income affected people as a result of the restrictions imposed on the ongoing infection of coronavirus.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Implementation status</b>
Special OMS activities ( 20,000 MT of rice and 14,000 MT of flour)	1.50	Under the incentive package, special OMS activities were conducted at 813 centres across the country from 25th July 2021 to 7th August 2021.

19. The new packages allocated additional BDT 1.0 billion favouring deputy commissioners through the Ministry of Disaster Management and Relief to provide food assistance to the affected low-income people.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Implementation status</b>
Provide food assistance in response to the request of the public	1.0	Under this package, food assistance is provided to the affected low-income people who make request on 333 phone numbers

20. The government has expanded the coverage of the three social safety net programs. These are the Old Age Allowance, the Allowances for the Widow, Deserted and Destitute Women, and the Allowances for the Financially Insolvent Disabled. The coverage of old-age allowances and the widow and divorcee women allowances in 112-ultra-poor Upazillas has been increased to hundred percent. Again, the disability allowance program has been expanded to cover all the disabled persons in the country.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>No. of beneficiary (In lakh)</b>
Expansion of allowance programs for the poor people	8.15	9.5

21. Initiatives have been taken to build houses for all the homeless people on the occasion of the birth centenary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman. As a result, the poor will no longer remain homeless. The program was expanded further as part of the COVID-19 recovery program and Tk. 2,130 crore was allocated to protect the well-being of the poor. Each selected family will get an 800 sq. ft. home with 2 rooms, kitchen and toilet. The program is being implemented mainly by the Department of Disaster Management and the Ashrayan Project under the Prime Minister's Office.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>No. of completed houses</b>	<b>No. of beneficiary</b>
Subsidy for the construction of homes for homeless people	21.30	118,380	591900

22. To further expand the number of beneficiaries under the social safety net programs undertaken to combat the impact of COVID-19, a new stimulus package of BDT 12 billion has been announced in January 2021. Under the program, all the eligible persons from an additional 150 Upazillas will be brought under the coverage of oldage allowance and widow and divorcee allowance.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Implementation status</b>
Stimulus Package for disadvantage elderly people, widows, and female divorcees	12	The department of social services is in the process of disbursing the first 4 instalments of money after the selection of beneficiaries at the field level.

23. In response to the second wave of the coronavirus, cash distribution activities were undertaken in the second phase to provide economic security to the marginalized people. In addition BDT 25.00 billion was given to 97,505 farmers affected by damage to cropland in six districts affected due to heatwaves and hailstorm across the country (BDT 2,500 to each).

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>	<b>No. of beneficiary (In lakh)</b>
Cash distribution to targeted population in Phase II	9.30	8.30	33.20

24. Government provided direct cash transfers to the tune of BDT 2500 each to 5 million targeted poor people, including day labourers, farmers, workers, house workers, motor vehicle workers, and poor people from other professions. The disbursement was made directly to the beneficiaries' MFS or bank accounts after a strict screening process to ensure that no existing beneficiaries of any social security programs could avail of this fund.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>	<b>No. of beneficiary (In lakh)</b>
Cash distribution to targeted population	13.26	12.58	50

25. A new cash transfer program of BDT 15 billion was launched with assistance from European Union and Germany to extend support to destitute workers. This will initially cover two export-oriented sectors: i.e. RMG and textiles and the leather and footwear. It is being implemented jointly by the Department of Labour and four industry associations, namely BGMEA, BTMA, LFMEAB & BFLLEA. The beneficiaries will be the workers from these industries who have lost employment due to accident or sickness, childbirth (female workers), temporary or permanent factory closure, and part-time workers who are not eligible for full compensation in situations of lay-off or retrenchment. Each will receive BDT 3,000 per month for a maximum of three months through direct cash transfer to their bank or MFS accounts. Finance Division has already allocated BDT 500 million.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total allocation (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>	<b>No. of beneficiary workers</b>
Social security activities for underprivileged workers in export-oriented garments, leather products and footwear	15	0.50	0.0679	7549

26. A total of BDT 15 billion has been provided as special grant for FY2022 to Palli Sanchay Bank, Karmasangsthan Bank and Palli Karma Sahayak Foundation (PKSF) (BDT 5.0 billion to each institutes) for conducting loan activities to finance new job creation in rural areas. This additional allocation has been made to mobilize the rural economy, alleviate poverty, and create employment through these three institutions for conducting loan assistance (at 4 percent interest) activities. The Finance Division is implementing the incentive package in consultation with the concerned institutions.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total allocation (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>	<b>No. of beneficiary workers</b>
Social security activities for underprivileged workers in export-oriented garments, leather products and footwear	15	0.50	0.0679	7549

27. A loan facility of BDT 32 billion has been channeled to Karmasangsthan Bank, Prabashi Kallyan Bank, Palli Sanchay Bank, Ansar-VDP Bank and Palli Karmasahayak Foundation (PKSF) to provide loans at a low interest rate to expatriate workers, trained youth and unemployed youth for starting business and self-employment. Credit will be extended to small businesses mostly in rural areas, returned migrant workers, agriculture farms, women entrepreneurs, small traders etc.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>
Low-interest rate loans to rural poors, expatriate migrant workers, and trained youth and unemployed youth	32	22.50

28. In July 2021, five incentive proposals worth BDT 32 billion was approved by the Hon'ble Prime Minister to assist low-income people affected by the restrictions imposed to prevent infection of coronavirus. Under the first of these new incentive packages, BDT 5.0 billion was allocated under the Finance Division in the FY2021-22 to provide financial assistance of BDT 2500 per each affected day labourer, transport workers, small traders, construction workers and shipping workers.

<b>Name of the Package</b>	<b>Amount of Packages (In BDT billion)</b>	<b>Total Disbursement (In BDT billion)</b>	<b>No. of beneficiary labourers</b>
Providing cash assistance of Tk. 2500 per person to daily labourers	4.50	4.32	1,721,484

### Box 1: Exiting from COVID policies

Since the onset of COVID-19 pandemic in 2020, the government of Bangladesh has so far announced 28 economic stimulus packages in order to mitigate the adverse impacts of COVID-19 on Bangladesh economy and to facilitate faster economic recovery from the economic meltdown. The size of the entire stimulus packages is BDT 2004.29 billion or \$ 23.58 billion which is 5.68 percent of FY21 GDP.

As the economic performance has returned to normalcy, the government and Bangladesh Bank are taking some actions to exit gradually from the supports for COVID. As such BB started to pursue a soft exit as reflected in BB's recent stance on mopping up liquidity from the banking system by issuing bills in order to maintain price stability and optimum liquidity. Besides, key measures, for instance, as part of policy reversal are given below:

- ❖ The loan classification deferral facility for both banks and financial institutions has ended in December 2021.
- ❖ Loan reschedules and one time exit facility has ended in 2021.
- ❖ Deferral of installments facility for the long term financing facility (LTFF) borrowers ended in December 2020.
- ❖ Refinancing from EDF up to 180 days to settle import payments against back to back LCs established under supplier's/buyer's credit for input imports has been allowed, with validity up to December 31, 2021.
- ❖ Prevailing Extendable tenure of 90 days for repayment of EDF loans has been enhanced up to 180 days, with applicability till December 31, 2021.
- ❖ Access to interest-bearing short term working capital loans was extended from parent companies/shareholders by foreign-owned/controlled companies operating in Bangladesh to meet actual needs for payments of 3 months wage and salary to staff. This facility was applicable till 31 December 2020.
- ❖ Loans from local sources have been allowed against external guarantees, with applicability till December 31, 2021.

## Chapter 3: Other Supportive Policies

Besides the major policies discussed earlier, Bangladesh Bank allowed scheduled banks and financial institutions to sell excess government securities at market rate after meeting the required Statutory Liquidity Ratio (SLR), and to distribute cash assistance and emergency fund. Moreover, BB strengthened the purchase of government securities from the secondary market to tackle the impending liquidity management crisis brought on by the pandemic.

### 3.1 Domestic Debt Management

#### Maintaining the Government's Domestic Debt

- To maintain the momentum of the government's domestic debt, BB conducted regular auctions of Treasury Bills and Bonds as per the auction calendar, even during the adverse situation that arose from the pandemic.

#### Continuing the Operation of Sanchaypatra and NRB Bond

- BB issued two circulars (dated 22 April 2020 and 30 April 2020) to all the Sanchaypatra and NRB bonds selling commercial banks for continuing the operation of Sanchaypatra during the lockdown period.

#### Distributing Cash Assistance

- The government decided to provide cash assistance to 5 million families affected by the COVID-19 in the “Mujib Borsho”. BB instructed all the scheduled banks to open BDT 10.00 account against those beneficiaries who are incapable of using the mobile financial services.
- Instructions were issued to open MFS accounts after checking NID against the list of poor people provided by MOF.

#### Role of Government Accounts Section of BB

The government accounts section is responsible for disbursing cash incentives on export, foreign remittances, and the BDT 50 billion stimulus package declared by the Honorable Prime Minister for workers’ salary during the pandemic.

- Disbursement of exporters incentive of about BDT 10 billion in favor of commercial banks released by the Ministry of Finance and debit authority allowed by Controller General of Accounts.
- Disbursement of BDT 5.79 billion as 2 percent cash incentive on remittance through banking channel in favor of commercial banks.

- Disbursement of workers salary of BDT 48.74 billion through 47 commercial banks for the export-oriented industries on account of COVID-19 from BDT 50 billion stimulus package declared by Honorable Prime Minister.

#### **Other Major Steps to Support Government Measures**

- BB has given top priority to release COVID-19 related government emergency fund.
- BB has taken special care to release the fund for important government projects.
- BB has taken special care to expedite receipt of funds given by various donor agencies to government.
- Amid the COVID-19 pandemic worldwide, BB has been investing in foreign exchange reserves more cautiously.

### **3.2 Continuation of Banking Operation**

BB continued the delivery of banking services by formulating and implementing necessary policy measures.

#### **Limited Scale Banking Operation**

- To minimize the risk of the COVID-19, limited scale banking operation for the scheduled banks was formulated and implemented through circular letter issued by the Department of Offsite Supervision (DOS), Bangladesh Bank during March 26-May 30, 2020.
- To continue banking services interim second and third wave of COVID-19, Department of Offsite Supervision (DOS), Bangladesh Bank had issued circular letter for the scheduled banks.

#### **Meetings through Virtual Platform**

- BB issued several directives for the banks regarding Board meetings and supportive committee meetings through the virtual platform (video conference).
- Authorized Dealers (ADs) are allowed to effect remittances on account of actual payments against relevant invoices of webinar solution services and supporting documents regarding payment of applicable taxes/levies. In case of requirement for online payments against such services, ADs may issue virtual card or one time card in the name of the nominated official of the applicant entities. The validity of the authorization was initially set to 31 March, 2021, further extended to December 2021.

## **Ensuring Cash Reserve**

- To ensure adequate liquidity supply even in any extreme situation like country-wide lockdown, BB issued a directive for keeping an adequate amount of cash at bank branches and ATMs.

## **Regulatory Statement Submission**

- BB issued a directive allowing banks to submit all regulatory statements within 10 working days of resumption of normal banking activities after general holidays are over.
- Considering the ongoing lockdown, the cash transaction report (CTR) for the month of March and April 2020 was relaxed.

## **Special Allowance for Bank Officials**

- BB directed all banks to give incentives to the officials who performed duties amid elevated risk of their lives during the government announced general holidays.

## **Health Insurance and Grants for Bank Officials**

- BB issued directives to all banks on 15 April 2020 to provide special health insurance coverage maximum of BDT 1 million as well as actual medical expenses for the treatment of bank employees infected with the COVID-19 while attending office physically during the general holidays announced by the Government.
- The directive also includes a grant as compensation, in case of death due to infection of the COVID-19, equivalent of five times his/her insurance amount specified.

## **Lay-off of Employees**

- Upon receiving complaints of an increasing number of lay-offs of employees in different banks, BB took prompt actions to address the issue.
- Besides continuous communication with the banks, special inspections have been carried out on this issue.
- As a result, some of the employees have already been reinstated and the current employees have overcome the fear of losing their jobs.
- To bolster the working spirit of the bankers, BB has taken various initiatives which include the following:
  - a) Not to sack officials-staffs without any specific and proven allegations
  - b) Not to dismiss or force to resign officials-staffs only because of failure to achieve targets or inefficiency during the pandemic

- c) To move to reappoint officials-staffs, upon application, who were terminated or forced to resign from the office without any specific and proven charges from 01 April 2021 to 15 September 2021

### Age Limit in Direct Bank Recruitment

All the banks should set the age limit of the candidates up to 25 March 2020 for direct bank recruitment.

### Customer Interest

- The Customer Interest Protection Cell of BB gave clarifications and explanations of different circulars that were issued due to the COVID-19 pandemic to satisfy any queries or resolve complaints of the customers.
- Customers' satisfaction was earned through resolving different complexities and irregularities regarding payment of credit cards' bills and installments of different kinds of loans including personal loans.

## 3.3 Dividend Policy for Banks and Financial Institutions

### Dividend Policy for Scheduled Banks in response to COVID-19

- BB guided the scheduled banks regarding the distribution of dividends for the year ended on 31 December 2019. Banks are allowed to distribute dividend according to instruction mentioned in the table below:

**Table 3: Guidelines for Distribution of Dividend by Scheduled Banks, 2019**

SN	CRAR (Capital to Risk-weighted Asset Ratio) maintained by the banks	Dividend		Total dividend
		Cash Dividend	Minimum Stock Dividend	
1.	12.5 percent and above	15 percent	15 percent	30 percent
2.	Between 11.25 percent to 12.5 percent	7.5 percent	7.5 percent	15 percent
3.	Between 11.25 percent to 12.5 percent (with provision shortfall)	5 percent	5 percent	10 percent
4.	Between 10 percent to 11.25 percent (with provision)	--	5 percent	5 percent

SN	CRAR (Capital to Risk-weighted Asset Ratio) maintained by the banks	Dividend		Total dividend
		Cash Dividend	Minimum Stock Dividend	
5.	Below 10 percent (with provision)	N/A	N/A	N/A

Note: The distribution of cash dividend was suspended till 30 September 2020

- After maintaining required provisions and executing all other necessary expenses without deferral facility from the Bangladesh Bank in a calendar year under consideration, Banks were allowed to distribute dividend for 2020 according to instruction mentioned in the table below:

**Table 4: Guidelines for Distribution of Dividend by Scheduled Banks, 2020**

SN	CRAR (Capital to Risk-weighted Asset Ratio) maintained by the banks	Maximum Cash Dividend	Total dividend
1.	Minimum 15 percent and above capital including 2.5 percent capital conservation buffer	15 percent	30 percent
2.	Minimum 13.5 percent and above 15 percent capital including 2.5 percent capital conservation buffer	12.5 percent	25 percent
3.	Minimum 11.875 percent capital including capital conservation buffer	7.5 percent	15 percent
4.	Lower than 11.875 percent capital including capital conservation buffer	-	5 (Stock)
5.	Minimum 12.5 percent and above capital including capital conservation buffer	6 percent	12 percent
6.	Minimum 11.875 percent and above 12.5 percent capital including capital conservation buffer	5 percent	10 percent
7.	Minimum 10.625 percent and above 11.875 percent capital including capital conservation buffer	-	5 (Stock)

## Dividend Policy for Financial Institutions in response to COVID-19

- Financial institutions which are enjoying deferral facilities from the Bangladesh Bank to adjust deficit without maintaining required provisions/ conservable resource shall not declare any form of cash dividend prior to maintaining entire provisions/ resource conservation. They are, however, allowed to declare 5 percent stock dividend upon approval of the Bangladesh Bank.
- For those of which the rate of classified loans is above 10 percent shall not announce any form of dividend without prior approval of the Bangladesh Bank.
- For those of which the CAR% (Capital Adequacy Ratio) is below 10 percent and the rate of classified loans is above 10 percent shall be barred from the declaration of any form of dividend.
- The rate of cash dividend of the financial institutions shall have to be limited to 15 percent considering the overall situation<sup>3</sup>.

### 3.4 Internal Credit Risk Rating System for Banks

Scheduled banks have been allowed to consider any of the audited financial statements of 2020 and 2019 to prepare the Credit Risk Rating of the investors to contain the adverse impacts of COVID-19 within tolerable levels. Therefore, the Internal Credit Risk Rating Scores have been substituted as the following:

- **Internal Credit Risk Rating Scores:** The ICRR consists of 4-notched rating system covering the Quantitative and Qualitative parameters. The ratings and scores are mentioned below:

Rating	Scores Aggregate
Excellent	≥75%
Good	≥65% to <75%
Marginal	≥50% to <65%
Unacceptable	<50%

- **Management Action Triggers:** In deriving ICRR, whatever score a borrower gets in the qualitative part, if the score in the quantitative part is less than 40 percent, the borrower's ICRR shall be "Unacceptable".

### 3.5 CSR Activities by Bangladesh Bank

- Bangladesh Bank donated an amount equivalent to one day's basic salary of all BB employees to the prime minister's relief fund on 19 April 2020.

---

<sup>3</sup> [Through DFIM Circular Letter No.-04, dated march 22, 2021, financial institutions are allowed to declare total 30 percent dividend including 15 percent in cash considering the overall situation].

### 3.6 CSR Guidelines for Banks

- All scheduled banks operating in Bangladesh were instructed to revise their CSR expenditures by allocating 60 percent in health, 30 percent in education, and 10 percent in the climate risk fund sector in order to mitigate the present coronavirus pandemic.
- Amid this pandemic, all banks were specially requested to make a significant contribution in CSR activities by providing kits, PPEs, hand gloves, masks, hand-sanitizers / anti-bacterial hand wash/alkali based soaps, necessary medicines, and other medical equipment according to the demand of and consultation with authorities of hospitals/health complexes as approved by the government by appointing their representatives.
- Under CSR operations, all banks were instructed to supply emergency medical equipment for the treatment of the COVID-19 positive patients and to provide necessary health safety materials for all professionals related to health services.
- All Scheduled banks shall have to allocate 1 (one) percent of the net profit- in addition to the fund already allocated to the budget of the Corporate Social Responsibility (CSR), 2021- earned against the audited accounts of 2020 (in case the Statement of Accounts not finalized, unaudited accounts) to carry out special CSR programmes.
- Banks have been allowed to adjust the additional allocated fund with the fund allocation in CSR sector in the next 3 (three) years between 2022 and 2024.
- Special CSR fund shall have to be spent for providing daily essential commodities, executing medical expenses with medical equipments and assisting in earning livelihood among the slum dwellers, displaced people and families of the corona-transmission-driven temporarily jobless people in the City Corporation area and the poor and destitute, temporarily jobless and marginal people-either unable to or affected by coronavirus transmission-for earning regular livelihood in the District level.
- Of the Special CSR fund, 50 (fifty) percent amount shall have to be spent in the City Corporation area and the rest in the District/Upazilla/Union level.
- Banks have been allowed to operate the fund through District Commissioners or through top level NGOs/MFIs or both.

## Chapter 4: Health Awareness and Preventive Measures

To cope with the changing environments of the COVID-19 pandemic, Bangladesh Bank emphasized the health issues of the bank community, stakeholders, and visitors and thus circulated comprehensive guidelines for BB official and commercial banks. Directives were given to formulating 'Critical Service Management' & 'Business Continuity Plan' in all types of financial institutions along with ICT security and proper health protocol. BB instructed the commercial banks to ensure hygiene and social distancing practices during operational hours.

### 4.1 Initiatives for Health Awareness

#### For Bangladesh Bank Employees

- BB issued a circular on 19 March 2020 to grant 14-day mandatory quarantine leave for the employees coming back from abroad to stop the spread of the virus among the employees.
- On 22 March 2020, BB issued a guideline for officials and visitors for checking symptoms while entering BB premises to prevent the spread of the virus.
- BB issued a circular regarding the General Holidays declared by the Government of Bangladesh on 24 March 2020 which later extended and lasted over three months.
- Administrative circular in line with the government circular dated 29 April 2020 was issued for compensation to the COVID-19 contracted employees and families of employees who have died of the COVID-19.
- BB issued a preparatory guideline on 18 May 2020 for getting back to the office and maintaining proper health regulations as regular offices resume.
- BB issued an order following a government order to resume all regular office activities on 28 May 2020. The order also outlined to grant leaves to employees who are vulnerable and critically ill.
- On 28 May 2020, BB formed COVID-19 Contingency Planning Strategic Committee to produce, implement, and oversee the steps to combat the spread of the COVID-19 as all office activities are going to normal.

- On 4 June 2020, BB issued an order regarding rostering duty. It outlined how the daily activities of different departments will be managed to keep the required manpower at the lowest to stop/reduce the spread of the virus.
- On 9 June 2020, BB issued an order to formulate a database of employees who contracted the COVID-19.
- On 14 June 2020, the BB disseminated the COVID-19 directives for the employees prepared by the Medical Centre, Bangladesh Bank.
- On 6 July 2020, BB prepared a comprehensive guideline to address the COVID-19 illness and required leave issues thereon.
- If any employee reports that any member of his/her family is the COVID-19 positive, the employee is advised to consult the doctor in BB's medical center and special leave has been granted as per the doctor's recommendation.
- Pregnant female workers have been allowed to take non-debitable leaves by sending their pregnancy reports by E-mail.
- Non-debitable leaves have been given to the office staffs who are infected by the COVID-19 and afterward they can join the office work by submitting RTPCR negative result report.
- Non-debitable leaves have been given to office staffs who are the patients of diabetes, taking regular dialysis, experienced bypass heart surgery, and patients of liver cirrhosis, cancer, paralysis, and chronic asthma.
- 'No mask, No Entry' policy is being maintained strictly.
- Instructions have been given to all officials and staffs including brach offices to wear masks regularly and also to place banner written 'No Mask, No Entry', 'Wear Mask, Get Services', etc.

## **Box 2: Unofficial COVID-19 Response Team of Bangladesh Bank**

An Unofficial COVID-19 Response Team, a (Facebook group) volunteer group of Bangladesh Bank officials, was formed for the Covid-19 test, telemedicine services, hospital admission, Plasma managing, oxygen cylinder, food, medicine, medical equipment, or any other needs.

The following assistances are providing through the Unofficial COVID-19 Response Team:

- ❖ A list of doctors of BB's medical center and outside of BB was made who will voluntarily help the officers and employees of BB to provide medical services or advice through phone or video conferencing.
- ❖ Various sub-committees were formed such as the COVID-19 test serial related committee, plasma database-related committee, oxygen supply related committee, hospital-related committee, telemedicine related committee, branch wise committee, etc.
- ❖ Ambulance assistance has been provided for the officers and employees of BB.
- ❖ Emergency medicine supply has been ensured to the officers and employees of BB including their families.
- ❖ The Team has assisted in other types of medical co-operation in addition to the COVID-19 infection.
- ❖ Telemedicine services, various advices have been provided to (about three hundred and fifty) more than five hundred people.
- ❖ The team has continuously been helping to get more than 1800 online/offline COVID-19 test serial for officers and employees of BB including their family members at BSMMU/ICDDRMB/Mugda Hospital and other private hospitals.
- ❖ The team has co-operated on hospital admission.
- ❖ A plasma list of 1000 entries has been created and arranged for plasma donors for many patients.
- ❖ The team has arranged oxygen cylinders for more than 50 people of the officers and staff of BB.
- ❖ The team has tried to provide mental support through regular contact with the affected officials.
- ❖ In case of facing problems in collecting food, the team volunteers have provided food.
- ❖ Steps have been taken for creating awareness of the COVID-19 via social media.

## **Guidelines for Banks and NBFIs**

- Banks were instructed to comply with the technical guidelines for preventing the risk of transmission of the COVID-19 issued by the Directorate General of Health Services to enhance awareness and taking safety measures on 17 May 2020.
- Each scheduled bank was instructed to form a “Central Quick Response Team” constituting the high officials of the respective bank in the Head Office so that the Central Quick Response Team may take quick and effective decisions on behalf of the bank to cope up with the changing environments of coronavirus pandemic.
- Official activities were performed through the ration/ roster method on weekly basis.
- The list of the corona-sensitive officials is being kept up to date regularly.
- Affected officials are allowed 14-day non-debitable quarantine leave.
- All kinds of physical meetings and seminars are discouraged except emergency needs.
- All the scheduled banks are instructed to take the necessary steps to sterilize the places and elements that require physical touch and use hand-sanitizers, hand-gloves, masks, and protective dress to avoid transmission of the virus.
- Leaflet/poster on “Preventive measures against coronavirus” is displayed at the visible places of the bank to raise awareness among people to fight against the virus.
- Evening banking, as well as weekend banking on Friday and Saturday, was suspended.

## **4.2 Distribution of Emergency Health Equipment**

### **Bangladesh Bank Employees**

- Hand sanitizer has been distributed for all employees (including outsourcing manpower) from June 2020 and will be continued up to March 2021.
- The face mask has been distributed to all employees (including outsourcing manpower).
- Disinfectant spray and antiseptic hand wash have been distributed since October 2020 and will be continued up to March 2021.
- Disinfectant spray machines have been provided to Security Management Unit and used to disinfect the office compound and dormitory.
- Necessary health equipment including, PPE, hand gloves and the headcover has been provided to employees working at vulnerable places.
- Sufficient handwash and soap have been provided to basins and toilets, open places near in and out gates.

- Disinfectant materials (Lysol, Dettol, etc.) have been added as cleaning material to increase cleanliness.

### 4.3 Measures for the COVID-19 Suspected and Affected Staffs

#### Bangladesh Bank Employees

- BB is maintaining a database for COVID-19 infected employees.
- An ambulance, with a dedicated driver, has been attached to stand by service for immediate responses of the employees at once call.
- Employees who are experiencing the symptoms of the COVID-19 are advised to depart the office, consult with a doctor, go for a test, and resume duties only after obtaining a medical clearance/fitness certificate.
- As per directions of BB Leave Rules, 2003 & Bangladesh Bank Establishment Manual, a special arrangement has been adopted to facilitate the COVID-19 positive officials and employees to join the office after recovery.
- All the employees have been instructed that if any employee feels any symptom of the COVID-19, he/she must inform the same to the departmental head and need not come to the office. But he/she must attend a COVID test from any government/Bangladesh Bank nominated hospitals. If the report is positive, the said person must maintain complete isolation for at least 14 days and follow the doctor's prescription properly. After completing the isolation period, another test must be done to justify whether the health condition is free from the COVID-19 or not. If the report is negative, the said person can join the workplace as usual.
- The affected employees, vulnerable employees, and the employees residing in high-risk areas were not allowed to join regular official duties, and accordingly, leaves were granted to them.
- BB has signed an MOU with Anwar Khan Modern Hospital for the COVID-19 related treatment of BB employees and their dependents free of cost.

### 4.4 Awareness Programs

Since the onset of the pandemic, BB has taken steps to ensure that BB employees, banks, NBFIs, and the people at large are well aware of the risks of contagion of the deadly coronavirus, following sanitization and social distancing norms prescribed by the government. This section provides a snapshot of BB programs and guidelines to prevent the transmission of COVID-19.

## **Social Distancing Program for Bangladesh Bank Staffs**

- BB has been maintaining the smooth functioning of the office following the government prescribed social distancing instruction.
- As per government instruction, a roster of duty was designed and implemented to run the regular office activities of the bank.
- After the office resumed on 31 May 2020, roster duty was introduced in the departments from 5 June 2020 in a way so that not more than 50 percent of officials may physically attend the office. This arrangement continued till 9 August 2020.
- Considering the nature and merit of the departmental duties, the General Manager of the department instructed the employees to perform official duties.
- Social distancing at least 1 (one) meter was ensured while a roster duty schedule was in effect.
- Employees are directed to use online platforms to execute their duties when it is possible to do.
- Social distancing was ensured in training programs by reducing the number of participants.
- In order to ensure social distancing, video conferencing facilities are widely used because it allows participants of different locations to hold face-to-face meetings without moving to a single location.
- Employees were instructed to maintain social distance and a maximum of 4 persons were allowed in a lift.
- Unnecessary gatherings and meetings were prohibited and meeting attendees were kept to maintain social distance.
- Stickers were planted on the floor to mark the necessary distance among people in a line. Besides, special stickers bearing messages to maintain social distance were attached to the wall and stuck on the floor.
- All kinds of event management, press conferences, or media-related face to face meetings were withheld for the time being. All media communications were done using e-mail or sending letters. Similar jobs are currently performed through e-mail and over the phone.

## **Guidelines for Social Distancing Program for Banks and NBFIs**

- BB directed the scheduled banks to keep their services open on a limited scale so that people can meet their transaction requirements.
- BB instructed the commercial banks to ensure hygiene and social distancing practices during operational hours.

- Social distancing was ensured through rostering of departmental duties in accordance with the relevant circulars of BB.
- All inspection activities were suspended from 25 March 2020 to 6 September 2020.
- Bankers' selection committee secretariat is conducting exams by ensuring social distancing, using face masks, and other safety measures to prevent the spread of coronavirus. Candidates are advised to follow all the instructions provided by the health ministry from time to time, such as social distancing and the use of a face mask.
- To restrict the movement and physical interaction with the visitors and stakeholders an instruction was given to all scheduled banks/FI(s) to send letters and documents through e-mail. Important meetings are done via video conference.
- BB has taken steps to receive official letters/documents through emails in order to reduce the risk of COVID-19 infection.
- A dispatch desk has been installed outside of the department premises to deliver and receive important documents to and from the stakeholders.
- All banks and FIs have been motivated to maintain liaison with the BB through email/ phone. In case of emergency, they (all banks and FIs) have been asked to maintain social distancing and use the masks/ other safety equipment at the time of visiting the department.

### **Awareness Program for Bangladesh Bank Staffs**

- BB employees have been advised regarding increasing health awareness, because it can protect us from coronavirus as well as other infectious fatal diseases.
- BB organized an awareness meeting on 18 March 2020, presided by the Governor of Bangladesh Bank, Mr. Fazle Kabir.
- On 18 March 2020, the Honorable Governor of Bangladesh Bank held a meeting with all the General Managers of Head Office and provided a leaflet. As per the instruction of the meeting, a copy of the leaflet had been distributed to all the employees of BB to create awareness about the COVID-19.
- In the early days, senior officials briefed their subordinate colleagues about safety measures and precautions such as washing hands intermittently, not touching mouth and eyes, wearing masks, keeping a minimum distance of 3 feet, refraining from handshakes, not to spit in a public place, leave application of sick employee over the mobile phone, increasing the intake of healthy foods and vitamins avoiding ice cream or cold food. Banners describing health measures were displayed at the entry points.

- Banners and posters have been displayed at the visible places of the Bank premises to build the health awareness of the employees and other people.
- On the eve of the COVID-19 pandemic in March 2020, BB printed and publicized two leaflets (16000 each) titled “do’s and don’ts on individual perspective to prevent COVID-19” and “Symptoms and preventive measures of the COVID-19” and then, distributed them in all the offices of Bangladesh Bank.
- Advised to avoid unnecessary movement/travel, sports events, cruises, festivals, social functions , and meetings.
- To avoid using wrist watch, belt, hand ring, bracelet as much as possible has been advised. If used, these things must be washed with alcohol or hand sanitizer regularly.
- To avoid using lift up to 4<sup>th</sup> floor and never touch the handle of the staircase has been advised.
- The number of lift users is being controlled.
- BB published the COVID-19 awareness-related booklet, leaflet, etc. on BB intranet and website.

### **Guidelines of Awareness for Banks and NBFIs**

- BB instructed that the cash officers must disinfect their hands with sanitizer/soap after handling cash to minimize the COVID transmission to the other sections of branches.
- Cash officers must wear hand gloves and masks while handling cash over the cash counter.
- Bank branches have been advised to keep a provision of cleaning facilities with sanitizer/soap for the clients/visitors. Bank managements were specially instructed to ensure an adequate supply of sanitizer/soap, mask, and hand gloves at the branch level.
- Scheduled banks have also been advised to exchange torn and mutilated notes at their counter as usual and promote online banking, cheque, money transfer, and other banking instruments to avoid physical cash handling.

## Box 3: Coronavirus Symptoms and Preventive Measures



# করোনা ভাইরাস - লক্ষণ ও প্রতিরোধ ব্যবস্থা



### লক্ষণ

- জ্বর অনুভূত হওয়া
- সর্দি, কাশি, গলা ব্যথা ও মাথা ব্যথা
- শ্বাসকষ্ট অনুভূত হওয়া
- মারাত্মক পর্যায়ে অজ্ঞান হয়ে যাওয়া

### প্রতিরোধে করণীয়

- সাবান, হ্যান্ডগেলস ও হ্যান্ড স্যানিটাইজার দিয়ে সঠিকভাবে হাত ধোয়া
- হাত ধুয়ে মুখ, চোখ ও নাক স্পর্শ করা
- হাঁচি কাশির সময় টিস্যু দিয়ে মুখ ঢেকে রাখা এবং ব্যবহৃত টিস্যু ঢাকনামুক্ত ডাস্টবিনে ফেলা
- ডাস্টবিনের ময়ালসামুহ পুড়িয়ে ফেলা
- হাঁচি, কাশি আসলে-নাক ও মুখ কনুইয়ের ভাঁজের মধ্যে ঢেঁচা
- হাঁচি ও কাশিত্বুক্ত পরিবেশ পোশাক দ্রুত ধুয়ে ফেলা
- আলিঙ্গন ও হ্যান্ডশেক পরিহার করা
- ঠাণ্ডা বা হুট আক্রান্ত ব্যক্তির সংস্পর্শ না আসা
- যাত্রতর গুলু না ফেলা
- জনসমাগম স্থলে ভিউটির ক্ষেত্রে সাধারণ মাস্ক পরিধান করা
- জ্বর, গা-ব্যথা, সর্দি-হাঁচি-কাশি ও শ্বাসকষ্ট হলে দ্রুত ডাক্তারের পরামর্শ নেয়া
- দরজার হাতল, লিফটের বটিন, ফোন, ইলেকট্রিক সুইচ ইত্যাদি স্পর্শ করার পর হাত ধোয়া
- বার বার পানি ও ফলের রস পান করা
- আইসক্রিম ও বেশি ঠাণ্ডা কিছু না খাওয়া
- মাস্ক, ডিম খুব ভালোভাবে রান্না করা
- বন্য জন্তু কিংবা গৃহপালিত পশুকে খালি হাতে স্পর্শ না করা
- হাঁচি-কাশি, রোগীর শুল্কফা, টহলেট ব্যবহার, পতপাখি স্পর্শ করার পর, ঢাকা ধরার পর, খাবার প্রস্তুতের আগে ও পরে এবং খাবারের পূর্বে ও পরে পরিষ্কার করে হাত ধোয়া
- মুখে মাস্ক ব্যবহার করা
- আক্রান্ত হলে আতঙ্কিত না হয়ে দ্রুত ডাক্তারের পরামর্শ গ্রহণ করা

### কিভাবে ছড়ায়

- আক্রান্ত ব্যক্তির হাঁচি ও কাশি (Air droplet) এর মাধ্যমে
- আক্রান্ত ব্যক্তির খুঁচ, কফ ও লাশার মাধ্যমে
- আক্রান্ত ব্যক্তির সাথে আলিঙ্গন ও হ্যান্ডশেকের মাধ্যমে
- আক্রান্ত ব্যক্তিকে স্পর্শ করলে বা করোনা ভাইরাস আছে এমন কোন কিছু (বেমশ:চেয়ার, টেবিল, বই, কম্পিউটার, মোবাইল, নরজা ইত্যাদি) স্পর্শ করে হাত না ধুয়ে মুখে, চোখে ও নাকে হাত দিলে
- পর্যায়নির্ভাশন ব্যবস্থার মাধ্যমে

#### হাঁচি-কাশি শিষ্টিচার মেনে চলুন




হাঁচি বা কাশি সেবার সময় হাতের কনুইয়ের ভাঁজে বা টিস্যু দিয়ে মুখ ও নাক ঢাকুন

#### অপরিষ্কার হাত দিয়ে চোখ, নাক, মুখ স্পর্শ করা থেকে বিরত থাকুন





#### অ্যালকোহলমুক্ত হ্যান্ড স্যানিটাইজার হাতের তাপুতে নিয়ে (২০ সেকেন্ড) অঙ্গো করে হাত পরিষ্কার করুন



#### সাবান ও পানি দিয়ে ঘন ঘন হাত পরিষ্কার করুন (৪০-৬০ সেকেন্ড) উত্তর হাত কব্জি পরিষ্কার হাতের উত্তর পাশ হাতের নখসমূহ



পরিষ্কৃত বা অপরিষ্কৃত ব্যক্তির সাথে হাত মেলাশো বা আলিঙ্গন করা থেকে বিরত থাকুন

ব্যবহৃত টিস্যু ঢাকনামুক্ত ডাস্টবিনে ফেলুন







আক্রান্ত ব্যক্তি থেকে নিরাপদ দূরত্বে থাকুন

হাঁচি, কাশি বা জ্বরে আক্রান্ত ব্যক্তি থেকে কমপক্ষে ১ মিটার বা ৩ ফুট দূরত্ব বজায় রাখুন



লক্ষণ দেখা দিলে ব্যক্তিকে বিক্রম দিয়ে প্রচুর পানি ও ফলের রস পান করতে হবে এবং মিকটব্ হাসপাতালে চিকিৎসকের পরামর্শ নিতে হবে।

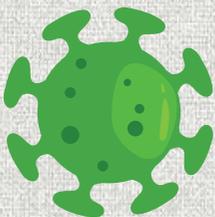
জরুরি প্রয়োজনে আইইডিসিআর হটলাইনে ফোন করুন:

০১৯৩৭-০০০০১১, ০১৯৩৭-১১০০১১, ০১৯২৭-৭১১৭৮৪, ০১৯২৭-৭১১৭৮৫

স্বাস্থ্য বাতায়ন: ৩৩৩, ১৬২৬৩

বাংলাদেশ ব্যাংক কর্তৃপক্ষ





---

Published by: Saeda Khanam, Director (Ex. Cad. Publications)  
Department of Communications and Publications, Bangladesh Bank  
Head Office, Motijheel, Dhaka-1000, Bangladesh, e-mail : [sayeda.khanam@bb.org.bd](mailto:sayedakhanam@bb.org.bd)  
Website: [www.bb.org.bd](http://www.bb.org.bd)

Printed by : Rupa Printing & Packaging  
28/A-5, Toyenbee Circular Road, Motijheel, Dhaka-1000

DCP-09-2022-500

