Stimulus Finance to Enterprises : Covid 19

COVID 19 has given a sudden setback to the businesses and to day-to-day activities for the development of business since onset of 2020 globally.

In Bangladesh, it has affected the businesses since mid of March’2020.
Stimulus Finance: Covid 19

- In Bangladesh, specially Cottage, Micro, Small and Medium sized Enterprise (CMSME) has lost their working capital due to corona.
- On the onset of new year they had a dream to do their businesses in a profitable way by following some festivals like 26th march, Pohela Boishak, Eid ul Fitr etc.
- Now they are hoping for doing business on the occasion of Eid ul Azhar but we do not know the future of Corona crisis.
CMSME Basic Criteria

• To understand the CMSME defined by Industry Policy:
  
• Cottage Industry: Fixed asset: Less than 10 lac taka (without land and building), Manpower: less than 15 person

• Micro Industry: Fixed asset: 10 lac to 75 lac taka (without land and building), Manpower: 16 to 30 person
• Small Industry : Fixed asset : 75 lac to 15 crore taka (without land and building), Manpower: 31 to 120 person

• Medium Industry : Fixed asset : 15 crore to 50 crore taka (without land and building), Manpower: 121 to 300 persons.
CMSME Package

• Anyway, our government has realized the necessity of financing to CMSME along with large Enterprise.

• Government has declared Corona Fund to large Enterprise and CMSME from the re-financing program of Bangladesh Bank.

• This fund will be disbursed to enterprises through schedule banks.
CMSME Package

• Government has declared 30 thousand crore taka as special fund for Large Enterprises from corona crisis assistance fund
• On the otherhand, government has also allocated 20 thousand crore taka for CMSME
• This Corona crisis assistance fund will be for providing Working Capital to the enterprises.
CMSME Package

• Government has given some guideline to the schedule banks by Bangladesh bank circulars.

• Schedule banks will prepare their own guideline/circular on the basis of Bangladesh Bank Circular which will be given to their branch offices along with BB circulars.

• Then, branch offices of Schedule banks will be active on implementing this fund.
CMSME Package

• Anyway, suppose schedule banks are ready, now we have to think of what are the criteria of accessing to this finance and how much ready our CMSME to access to this finance.

• 70% of allocated loan fund will be disbursed to Cottage, Micro and Small Enterprises

• 30% of allocated loan fund will be disbursed to Medium Enterprises
CMSME Package

- Priority will be given on Production and Service oriented businesses, less priority will be given on Trade businesses.
- 50% for production business, 30% for Service business and 20% for trade businesses.
- Government will provide 5% interest to Schedule bank for this package loan and 4% interest will be provided by Entrepreneurs to the schedule banks.
- This package loan tenure will be for 3 years but Entrepreneurs will get 5% interest benefit from government.
CMSME Package

- Only those CMSMEs will be able to apply for this finance that have been affected by Corona crisis.
- Defaulter loan receiver will not be able to apply for this loan, that is, bad CIB report receiver will not be able to apply this loan.
- Loan Applicant should have Income and Expenditure statement, and a balance sheet, that is, Assets and Liabilities statement etc to show his/her business current status to the bankers.
CMSME Package

• Necessary documents needed by Entrepreneurs:
  • Updated Trade license, TIN, VAT
  • NID
  • Other loan’s statement
  • Business profile (Factory’s description, staff description, salary’s statement, inventory/store’s statement, sales statement, office/factory’s deed or rent’s statement
  • Guarantor’s statement
  • Bank Account’s statement
CMSME Package

• Last year’s production, Sales or turnover will be shown to the banks, where it will be indicated how much volume you have been decreased due to corona crisis.

• 30% of previous loan amount or 50% of 3 years average operating cost of production and service Business will be provided as working capital loan due to corona crisis.

• 25% of annual sales turnover will be provided to trading business.
Agri loan

• Agri Loan under the Stimulus Package due to Corona crisis, government has declared 5000 crore taka for horticulture (seasonal flower and fruits), Fish culture, Poultry, dairy, and livestock related businesses.

• Interest rate will be at 4%

• This loan will be provided as working capital loan

• Loan tenure will be for 1 year.
• In each district, there formed a committee headed by Deputy Commissioner (DC) to promote, monitoring entrepreneurs for Stimulus Fund of COVID-19

• In this committee, District Chamber of commerce, BSCIC, NASIB, Local Associations, Women Chamber of Commerce, are included to cooperate entrepreneurs for accessing Stimulus Fund of COVID-19 declared by government.
• Thank You
• See you again
• Stay safe and well