Press Release

BUILD/09/2021/586 Date: September 22,2021

Attn: News Editor/ Chief Reporter/ Assignment Editor /Business Page-in-Charge:

**Redesigned 2nd Round Stimulus Package addressing demand and new employment creation**

Bank-client relationship is not the only criteria for the stimulus package, rather the loan can be given based on books of accounts as per the circular, observed Abu Farah Md. Nasser, Deputy Governor, Bangladesh Bank. He was speaking at the 9th Financial Sector Development Working Committee (FSDWC) Meeting organized virtually by Business Initiative Leading Development (BUILD) on September 22, 2021. Abu Farah Md. Nasser, Deputy Governor, Bangladesh Bank (BB), and N K A Mobin, Acting President of Dhaka Chamber of Commerce and Industry (DCCI) co-chaired the meeting.

The Deputy Governor of Bangladesh Bank also observed that currently banks like Brac Bank are improving the modalities of SME banking. CGS has been implemented for the collateral-free loan. In each division of the country, collateral-free loan lending has been prioritized. 10% collateral-free loan has been directed to provide to the women entrepreneurs. 8% of the total loan has to be gone to the women entrepreneurs at 5% interest. 1% incentive has been announced for both women entrepreneurs and banks for recognizing good borrowers. Abu Farah Md. Nasser informed the meeting that the Ministry of Industries has already been requested to bring alternatives for trade licenses for the cottage, micro, and small enterprises so that the trade license issue in lending can be resolved. He informed that Bangladesh Bank has introduced a new scheme of BDT 500 crore collateral-free loan through agent banking, MFS, and bank sub-branch to provide finance to the rural and ultra-poor individuals and businesses. The scheme would follow the model of Leno financing to process loan applications in the shortest possible time and funding at the grassroots level. He further added that the central bank has implemented policies in such a way that will ensure liquidity support of banks and reduce the burden of cost of fund for the private sector especially CMSMEs. He also mentioned the initiative of Central Bank and World Bank in setting up an independent entity for payment gateway for CMSMEs. He emphasized the proactive initiatives of Bangladesh Bank and country’s scheduled banks that up to June 2020 BDT 2,43,000crore disbursement has been made to the SMEs by Banks.

Earlier BUILD CEO Ferdaus Ara Begum welcomed the participants and highlighted the implementation status of the last 8th FSDWC Meeting and praised Bangladesh Bank (BB) for taking initiatives for supporting implementation of 15 out of the 20 recommendations proposed by BUILD in the earlier meeting, such as: fortnightly monitoring, increase in stimulus package volume, separate arrangements for cottage and micro traders, separate allocation for women, extension of the loan repayment period, collateral-free loan, credit guarantee scheme and expansion of agent banking, and considering alternatives for trade license for E-commerce. She raised the need for a comprehensive database for CMSMEs supported by the SME Foundation, A2I, and Bangladesh Bank and thanked Bangladesh Bank for increasing the limit of MFIs for disbursing loans for the low income group.

N K A Mobin FCA,FCS, Acting  President, Dhaka Chamber of Commerce and Industry (DCCI) said that addressing the CMSME definition would help address the challenges of CMSME financing. All the organisations related to CMSME development such as SME Foundation, BSCIC, PKSB, PKSF, etc. can be brought under a single umbrella. He referred to the DCCI survey conducted in 2021 on its members which revealed that 45% of the applicants were not allowed by the banks to get stimulus package loans and half of the approved loans have not been disbursed on time.

Md. Kamran Hasnain, Research Associate, BUILD delivered a presentation on Redesigning COVID Stimulus Linking to Employment, Consumption & Investment for Next Round Support. He shared insights fromm the preliminary findings of the BUILD-UNIDO survey conducted in March-July, 2021. According to the survey findings, only 6% of vulnerable SMEs have received stimulus package while 36% of Asian firms received them. All SMEs & large firms faced loss of sales, while resilient Asian large firms witnessed positive sales growth. It indicates a lack of consumer demand in Bangladesh during March to July 2021. The survey also found that layoff is higher in SMEs than large industries in both country and regional contexts. The presentation also referred to another study of BUILD where country comparison of policies specifically targeting employment, demand investment related support have been shown.

Mr Imtiaz Uddin of Premier Bank endorsed the proposal of BUILD for extending moratorium so that banks do not have to face liquidity crisis. Dr. Nadia Binte Amin, Director of FBCCI added that the women entrepreneurs (WEs) should be considered with utmost care while disbursing FSPs.

Ali Sabet, Team Leader, PRISM said that Bangladesh Bank may consider the individual entity for managing credit guarantee scheme. He suggested utilization of the huge network of BSCIC for reaching up to the level of cottage industries. He also suggested for definition of Cottage and micro in a way that allows separate treatment for these compared to that of small and medium.

Dr. M. Jahangir Alam Chowdhury, Executive Director, Center for Microfinance and Development, University of Dhaka said that a comparison of different stimulus packages among similar countries in terms of GDP can be conducted to have a better stimulus package comparison scenario.

The working committee meeting was participated by the representatives of the central bank, a number of scheduled banks, academicians, business chambers and associations, entrepreneurs from the private sector, and so on.

Sincerely yours,

F:\Kanis Fatama\CEO sIGNATURE.jpg

**Ferdaus Ara Begum**∣ CEO ∣ BUILD ∣ Mob: 01714102994, ∣Email: [ceo@buildbd.org](mailto:ceo@buildbd.org) ∣ [www.buildbd.org](http://www.buildbd.org)