

Bangladesh	
Containment	<p>March 5 – Ministry of Health and Family Welfare issues COVID-19 Preparedness and Response Plan</p> <p>March 16 – School closure</p> <p><b>March 22 – First confirmed death</b></p> <p><b>March 26 – Lockdown</b> (initially until April 4 and further extended to May 30)</p> <p>March 31 – International travel ban on high-risk regions</p> <p>April 8 – Restrict operations in Rohingya refugee camps</p> <p>May 5 – Factories including export-oriented manufacturing units could reopen</p> <p>May 10 – Shopping mall can operate on a limited scale</p> <p><b>May 31 – Closures and movement restrictions are gradually lifted</b></p> <p>However, restrictions are subsequently extended to June 30</p> <p>July 1 – New orders <b>extending restrictions</b> on public activities and movement across the country until August 3</p> <p>August 17 – <b>Government extends the shutdown of schools</b> and other educational institutions by more than a month to October 3</p> <p>December 21 – Government announces the ‘no mask, no service’ policy and mandatory use of masks when outside</p> <p><b>2021</b></p> <p><b>January 26 – Vaccination begins</b> (by March 3, total number of people vaccinated was 3.5 million)</p>
Fiscal	<p><b>March 18 – Emergency health investment</b> of \$30 million, and suspension of import duties on medical supplies.</p> <p><b>End-March – MoF issues a revised budget for the current fiscal year</b> (through end June), including additional resources for the health ministry and for expanding transfer programs for the poor.</p> <p>Increases allocation for <b>subsidized rice and food distribution</b> at district level for low-income households, particularly those dependent on daily wages.</p> <ul style="list-style-type: none"> <li>- Ministry of Disaster Management and Relief has distributed more than 325,000 Metric tons of food and plans to provide food support to 5 million more families through ration cards during the current fiscal year.</li> </ul> <p><b>March 31 – MoF announces a refinance scheme for exporting industries</b> of \$0.6 billion to pay worker salaries (covers 4 million workers for a three-month period, but firms which lay off workers do not qualify for the loans).</p> <p><b>April – Prime Minister announces a series of relief measures</b>, aggregating about Tk. 1.03 trillion (3.7% of GDP), including:</p> <ul style="list-style-type: none"> <li>- <b>Subsidize interest payments</b> on scheduled banks’ loan disbursements of Tk. 500 billion (\$6 billion) <b>for working capital to businesses</b>. (This program will be further extended to FY 2021 and FY 2022.)</li> <li>- <b>An agricultural subsidy</b> of Tk. 107 billion (\$1.3 billion), including for seeds, fertilizer, innovation, mechanization and irrigation, to be included in the FY20/21 Budget.</li> <li>- <b>Plans to strengthen social assistance:</b> increase allowances for the elderly, widows and financially insolvent persons with disability, provide housing for the homeless, and develop cash transfer programs to reach the new poor.</li> </ul>

	<p>June 11 – Government presents the <b>national budget for the 2020-21 fiscal year</b> (starting July) of Tk. 5.68 trillion (about \$67 billion), up 8.6% over original FY 2019-20 budget. It gives priority to <b>health, agriculture, and employment creation</b>. Projected budget deficit at Tk. 1.9 trillion (about 6% of GDP), of which Tk. 800 billion will be financed from external sources.</p> <p><b>2021</b></p> <p>January – Government increases the COVID-19 Emergency Response and Pandemic Preparedness Project cost by about \$667 million for <b>vaccination</b>; it announces two additional stimulus packages – one for <b>micro and cottage entrepreneurs</b>, and another a cash assistance programme for the disadvantaged <b>elderly people, widows and female divorcees</b>.</p>
Monetary/ financial/foreign exchange	<p>Bangladesh Bank (the central bank) <b>has reduced the repo rate by 125 bps</b> (from 6% to 5.75% on March 24 and to 5.25% on April 12 and <b>to 4.75% on July 29</b>) and the cash reserve requirement (CRR) by 150 bps.</p> <p>BB expands provision of the repo facility and initiating outright <b>purchase of treasury bonds and bills from the secondary market</b> at the market rate from banks and NBFIs after these institutions meet the statutory liquidity ratio (SLR).</p> <p>BB raised the advance/investment-deposit ratio (ADR/IDR) by 2 percentage points, increasing ADR to 87% for the conventional banks, and IDR to 92% for the Shariah-based banks.</p> <p>Several <b>refinance schemes to support exporters, farmers</b> and to facilitate the implementation of the government stimulus packages:</p> <ul style="list-style-type: none"> <li>- Tk 50 billion Pre-shipment Credit Refinance Scheme to provide short-term working capital for raw materials, manufacturing, insurance and freight based on evidence of an export commitment</li> <li>- Tk 50 billion for refinancing scheme to support the working capital of small and medium farmers</li> <li>- Tk 30 billion scheme to assist the COVID-19 affected low-income professionals, farmers, and marginal/micro-businessmen.</li> </ul> <p>Measures to delay NPL classification, waive credit card fees and interests, suspend loan interest payments, extend tenures of trade instruments, and ensure access to financial services</p> <p><b>Eases foreign exchange rules</b> to help Bangladesh nationals abroad and to allow foreign companies in Bangladesh access loans from their parent companies. <b>Sales of US dollar</b> to offset extra pressure on the market caused by lower remittance inflows</p> <p>May 12, <b>long-term special repo</b> to help banks prop up their liquidity base.</p> <p>Effective June 1, CRR cut to 1% (daily) and 1.5% (biweekly) for NBFIs</p> <p>Effective July 1, CRR cut to 1.5% (daily) and 2% (biweekly) for offshore banking operation</p> <p>September 29, BB <b>further relaxes conditions for loan repayment</b>; classification of Loans will not be changed until end of 2020</p>

<p>SME measures (last update 22 January 2021)</p>	<p><b>Other fiscal support:</b></p> <ul style="list-style-type: none"> <li>On May 7, the government approved draft legislation to extend the filing and payment deadlines as relief measures in response to the COVID-19 pandemic.<sup>1</sup></li> </ul> <p><b>Loan support:</b><sup>2</sup></p> <ul style="list-style-type: none"> <li>A BDT 50 billion plan was launched to support export-oriented industries in coping with the COVID-19 by the government. Bangladesh Bank provided loans to commercial banks at a zero-interest rate, and the commercial banks lent them to export-oriented companies at a rate of 2 per cent for the companies to pay workers' wages. The loan period is two years, the grace period is six months, and payments are made through mobile financial services. It is expected that 4 million workers will benefit from it within three months.</li> <li>On 13 April, the Government introduced a second stimulus package dedicated to SMEs. BDT 200 billion have been provided as working capital loan facilities. These loans carry interest at rate of 9 per cent, of which 4 per cent to be borne by borrower and 5 per cent by Government as a subsidy.<sup>3</sup></li> <li>The government provided BDT 50 billion for a refinancing project to support the working capital of small and medium farmers.</li> <li>A BDT 30 billion project to assist the COVID-19 affected low-income professionals, farmers, and marginal/micro-businessmen has been launched by the Bank of Bangladesh on April 20.<sup>4</sup></li> <li>The Bangladesh Bank has taken measures to delay non-performing loan classification, waive credit card fees and interests, suspend loan interest payments, impose restrictions on bank dividend payments, extend tenures of trade instruments, and ensure access to financial services.</li> </ul> <p><b>Deferral of loan repayment:</b></p> <ul style="list-style-type: none"> <li>On March 19, the Bangladesh Bank has instructed banks not to treat borrowers as defaulters when borrowers fail to repay by 30 June 2020. The borrowers still have to pay interest during this period.<sup>5</sup></li> </ul> <p><b>Other financial support:</b></p> <ul style="list-style-type: none"> <li>In April 2020, the government decided to bear a portion (4 to 5 per cent of the 9 per cent interest burden) of the interest payments on working capital of hard-hit SMEs.<sup>6</sup></li> <li>The Export Development Fund was raised to USD 5 billion, with the interest rate now fixed at 2 per cent and the refinancing limit increased.</li> <li>The Bangladesh Bank has created several refinancing schemes amounting to a total of BDT 380 billion and a 360-day tenor special repo facility to support exporters, farmers, SMEs and to facilitate the implementation of the government stimulus packages.</li> <li>To further support farmers, the Bangladesh Bank announced an agriculture</li> </ul>
---	---

<sup>1</sup> <https://home.kpmg/xx/en/home/insights/2020/04/bangladesh-tax-developments-in-response-to-covid-19.html>

<sup>2</sup> <https://www.imf.org/~media/Files/Publications/CR/2020/English/1BGDEA2020001.ashx>

<sup>3</sup> <https://www.lightcastlebd.com/insights/2020/05/05/government-stimulus-packages-in-covid-19-will-it-be-effective-for-bangladesh>

<sup>4</sup> <https://home.kpmg/xx/en/home/insights/2020/04/bangladesh-government-and-institution-measures-in-response-to-covid.html>

<sup>5</sup> <https://www.thedailystar.net/frontpage/news/coronavirus-fallout-govt-help-affected-smes-1888699>

<sup>6</sup> Ibid.

	<p>subsidy program that will take effect for 15 months until mid-2021.</p> <p><b>Employment support:</b></p> <ul style="list-style-type: none"> <li>• The government launched on April 13 a BDT 200 billion fund for banks to provide working capital loan facilities to small (cottage industries) and medium enterprises.<sup>7</sup></li> <li>• The government provided BDT 50 billion for a refinancing project to support the working capital of small and medium farmers.</li> </ul>
--	--

Source: National sources, OxCGRT, WHO tracker, IMF policy tracker, IMF country report no. 20/187.

---

<sup>7</sup> <https://home.kpmg/xx/en/home/insights/2020/04/bangladesh-government-and-institution-measures-in-response-to-covid.html>