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ROYAL MONETARY AUTHORITY OF BHUTAN

RMA/DFRS/34/2019-2020/ 6511

April 27, 2020

Chief Executive Officer(s)  
All Financial Institutions  
Thimphu, Bhutan

**Subject: Monetary Measures in response to COVID19**

Dear Sir(s),

This is with reference to the monetary measures issued by RMA in response to COVID-19 particularly relating to Term Based Soft Working Capital for wholesale distributors, tourism related business and industries. As part of liquidity management for the banks and to ease the burden on Financial Institutions against the backdrop of COVID 19 pandemic, the RMA has further reduced the CRR from 9 percent to 7 percent as per notification no. RMA/DB/068/CRR/2019-20/6500 dated 27th April, 2020.

To this end, to ensure optimal utilization of the CRR release by all the FIs for the intended purposes, the banks are required to make the balance funds readily available at a reasonable rate to the non-bank financial institutions and to those institutions (including banks) that have exhausted the CRR released amount. Further, to effectively utilize the CRR release for the intended purposes, the banks are required to comply on the following:

- The institutions with unutilized/underutilized CRR released balance shall make the funds available to other institutions experiencing shortage of funds through inter-financial institutions lending mechanisms.
- For the **Term Based Soft Working Capital for Wholesale Distributors and Tourism related business**, the inter-financial institutions lending rate shall not be higher than 3%, the weighted average Government Treasury bill discount rate for the last 4 months during 2020. This rate shall replace the 4% interest rate specified under Clause C(ii) of the Term Based Soft Working Capital for Tourism related business issued on 14th April 2020.
- For the **Term Based Soft Working Capital for the Industries**, the inter-financial institutions lending rate shall not be higher than 5%, considering the existing minimum marginal cost on mobilizing deposits.

Looking forward to your continued cooperation.

Yours sincerely,

(Dasho Penjore)  
GOVERNOR

Cc: Compliance Officer(s), for information.