



## MONETARY MEASURE IN RESPONSE TO COVID-19

### TERM BASED SOFT WORKING CAPITAL FACILITY FOR INDUSTRIES

*April 21, 2020.*

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#### Definition:

Working capital is a short-term financing for manufacturing industries identified by the Ministry of Economic Affairs (Department of Industries and Department of Cottage & Small Industries) to import raw materials at concessional interest rate to cater to local markets and for export oriented business.

#### Features:

##### ✓ *Tenure and Gestation period:*

The gestation period for this facility shall be until June 30, 2020, extendable by three months depending on the evolving situation. Repayment of loan after June 30, 2020 shall be as per the normal terms and conditions (including the interest rate) of respective institution.

##### ✓ *Interest rate:*

MLR of 7.02% or institution specific MLR whichever is higher.

##### ✓ *Amount:*

The loan shall be sanctioned by the FIs based on the companies' credibility and their business relations with the borrower and based on the working capital requirements validated by the Ministry of Economic Affairs (Department of Industries and Department of Cottage & Small Industries).

✓ *Security/Collateral:*

LTV of 100% of collateral value.

✓ *Other requirements:*

- The application to be assessed based on the amount validated by the Department of Industry/DCSI, MoEA.
- Sanction to be based on the provision of invoice and import authorization.
- Payment to be made directly to the supplier through the banking channel.
- The facility shall be provided only to clients with loan accounts that were not NPL as of 29<sup>th</sup> February, 2020.
- For convertible currency, it will be subject to compliance to the requirement of Foreign Exchange Rules and Regulations
- FIs will carry out due diligence as per their internal policies and procedures.

**Effective Date**

This facility will be effective from 21<sup>st</sup> April, 2020.

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