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ROYAL MONETARY AUTHORITY OF BHUTAN

RMA/DFRS/34/2019-2020/6184

March 26th, 2020

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

Subject: Term-based Working Capital for Wholesale Distributors to ensure uninterrupted supply of essential commodities

Dear Sir(s),

I would like to extend my appreciation to all the CEOs of the Financial Institutions for providing your full cooperation and support to the RMA in light of the recent COVID-19 outbreak in the country.

I am pleased to inform you that the RMA Board of Directors during its Extraordinary Board Meeting (158th Board Meeting) held on 26th March, 2020, duly approved the Term Based Working Capital Facility as part of its monetary measures to enable wholesale distributors to import essential commodities to ensure uninterrupted supply to retailers in Bhutan.

Given the rapidly evolving nature of the situation we will continue to monitor and jointly devise additional measures where required in a timely manner.

Please find attached herewith the RMA Board endorsed monetary measure for your kind information and implementation.

I look forward to your continued cooperation.

Yours Sincerely,


(Dasho Penjore)
GOVERNOR

Cc: Office of the Prime Minister, for kind information.
Office of the Gyalpoi Zimpon, for kind information.
Director General, Department of Trade, Ministry of Economic Affairs,
Compliance Officer(s), All FIs, for necessary action.

ROYAL MONETARY AUTHORITY OF BHUTAN



TERM BASED SOFT WORKING CAPITAL FACILITY (TSWCF) to Wholesale Distributors

Pursuant to section 203(e) of the Financial Services Act of Bhutan 2011, the RMA Board during its Extraordinary Board Meeting (158th Board Meeting) approved the term based working capital facility (TSWCF) for wholesale distributors with the following terms and conditions:

i. Definition:

Working capital is a short-term financing for wholesale distributors as authorized by the MoEA to enable them to import essential commodities to ensure uninterrupted supply to retailers all across Bhutan.

ii. Modality:

This facility will be extended to those businesses engaged in import and supply of essential commodities under the authority and supervision of Department of Trade, MoEA at a concessional interest rate to meet its short-term financing need. Businesses must be performing loan accounts as of February 2020.

iii. Features:

✓ *Tenure and Repayment:*

The tenure of the working capital shall be provided for three months extendable by another three months. Repayment of loan shall be as per the existing terms and conditions.

✓ *Interest rate:*

Interest rates for this facility shall be 5% per annum for all eligible borrowers.

✓ *Amount:*

The loan shall be sanctioned by the FIs based on the credibility and their business relations with the borrower after carrying out the proper assessment and due diligence of the proposal.

✓ *Security/Collateral:*

Stocks with an LTV of 100%

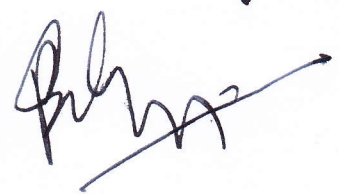
✓ *Other requirements:*

The working capital shall be sanctioned based on the following validations carried out by the FIs as part of credit appraisal process:

- Amount of goods imported (invoice);
- Import authorization/tax receipts.

Effective Date:

This facility will be effective from 26th March 2020.

A handwritten signature in black ink, appearing to be 'P. K. Singh', with a long horizontal stroke extending to the right.