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| **Client name:** Cosmopolitan Industries Pvt. Ltd. (CIPL) | | |
| **Accounting period:** 01 June 2020 to 30 June 2021 | | |
| **Prepared by:** Tanvir Ahamed |  | **Date:** 07 June 2021 |
| **Reviewed by:** Humaun Ahamed |  | **Date:** 09 June 2021 |
| **Final Reviewed by:** Faruk Uddin Ahammed, FCA, CISA |  | **Date:** 09 June 2021 |
| **Subject:** Bangladesh Bank Stimulus loanprocess |  |  |

**Objective:** The objective of this memo is to document **Bangladesh Bank Stimulus loan process** of the Cosmopoliton Industries Pvt Ltd. (CIPL).

Based on the discussion with client-

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| **Salaries/wages for the month of** | **Loan amount Received (in )** | **Interest rate** | **Service charge** |
| April | 8,825,691 | Nil | 2% |
| May | 1,69,74,407 | Nil | 2% |
| June | 1,71,96,676 | 9% (2% will be provided by CIPL and 7% subsidy of Govt.) | Nil |
| July | 83,89,809 | 9% (4.5% will be borne by company and 4.5% will be given back by Bangladesh Bank) | Nil |

Total loan outstanding-Installment Paid as on date= Current outstanding balance of loan amount

**Based on our study on Bangladesh Bank circulars and discussion with the client, we have found the following relevant information:**

In the COVID-19 pandemic, to keep the operations of export-oriented business active, the Govt. of Bangladesh declared stimulus loan at low interest rate. The following key points are found from circulars of Bangladesh bank throughout the year-

1. An industry which is involved in exporting at least 80% of its production would be considered as active export oriented industrial institution.
2. From this loan, only salaries and wages of labor and workers are to be paid. This loan would not be used for any other cause.
3. To get the stimulus loan, CIPL supposed to have export related business transactions and payment of salaries and wages for at least 3 months (from December 2019 to February 2020)
4. From the stimulus loan, at most 3 months of salaries and wages must be paid.
5. Salaries/wages and benefits for everyone would be determined as follows:

Expected salary or wages for 3 months = Avg. salary or wages of last 3 months (from December 2019 to February 2020)

1. Incentives must be paid through Mobile Financial System (MFS) or through any bank account of the worker, mainly DBBL account or Rocket account (MFS of DBBL)
2. Cash payments are forbidden from stimulus loan.
3. No interest is to be charged for this loan to CIPL, but bank can charge 2% onetime service charge.
4. If the loan repayment installment is not made in due time, 2% additional interest for penalty can be charged by bank.
5. Service charge 2% is applied in principle loan amount. And after the repayment of every principle the service charge is to be charged again on the remaining principle balance.
6. No service charge is to be charged during the grace period.
7. According to the govt. edict, the mobile financial service (MFS) charge is to be included in the bank charge of 2% and there was strict regulation not to increase the charge because of the introduction of the MFS. With the help of MFS, the govt. provided incentives to the workers directly through the mobile banking system that includes brands like Bkash or Rocket.

* CIPL is allowed to get grace period of total 12 months (July 2020 to December 2020 and March 2021 to August 2021). The two-principle payment that was paid during the month of Jan-Feb’21 was reinstated and the grace period was extended for 6 months up to Aug’21 after which the original period of 18 months was allocated for the principle payment to paid which is up to the February of 2023.

**What could go wrong? :**

The fund may be utilized for other than paying workers' wages for up to three months.

**Controls:**

Control owner checks the appropriateness of the employee list and ensures that fund is utilized only for paying workers' wages for up to the period defined in the clause.