Impact of Covid-19 Pandemic on Housing Finance Market: In Perspective of BHBFC

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Acknowledgements

The Hon'ble Prime Minister Sheikh Hasina had declared, "***Housing for All"*** for adequate housing is a basic human need and a fundamental right. The housing sector is an essential component of any country's economy, and Bangladesh is no exception. The housing sector in Bangladesh has a significant impact on economic growth, as it creates employment opportunities, generates income, and contributes to GDP. It contributes to infrastructure development by creating basic amenities like roads, water supply, sewage, and drainage systems and offers significant investment opportunities for both domestic and foreign investors. It attracts investments in construction, real estate, and related sectors. It contributes to social welfare by providing affordable and safe housing for low-income families and the marginalized sections of society and reduces poverty by providing employment opportunities and affordable housing for low-income families.

In the last three years, the world has seen something in-expected like Covid-19 pandemic. The global Covid-19 pandemic has had a severe impact on the economy of Bangladesh. Due to the pandemic, the overall economic activity in the country had been slowed down, resulting in a reduction in revenue. With the economic slowdown, businesses and individuals have struggled to repay their loans, leading to increased NPLs for banks and financial institutions. It forced banks and NBFIs to implement safety measures, such as increased sanitation and social distancing, resulting in an increase in operating costs. As a specialized financial institution, Bangladesh House Building Finance Corporation (BHBFC) provides loans for the construction and purchase of house at the lowest rates the and easiest conditions. Like other financial institutions, BHBFC has faced several stumbles due to the lockdown and economic recession caused by Covid-19 pandemic situation. So, an assessment was necessary to learn about the impact of covid-19 pandemic on housing finance.

This study titled "Impact of Covid-19 Pandemic on Housing Finance Market: In Perspective of BHBFC" is a significant milestone as proper study on the effect of covid-19 pandemic on housing finance market or even housing market is rare. This study should be a reference for future studies on covid-19 pandemic. Although, Covid-19 pandemic has been mitigated for now, but it will be lesson for future endeavors.

The objective of the study is very clear to understand. In this competitive market of home loan, it is necessary to know the customer's repayment behavior and their trend of defaulting along with the reasons of defaulting. Almost every financial entity is now providing home loans as developing formal housing in Bangladesh. So, the effect of Covid-19 pandemic and the recession

caused by it is very important to assess. This study is very much timely to estimate the necessary measures for coming from the negative impacts of the pandemic.

From this study the stakeholders of housing finance sector can get a picture of the borrower's demographic profiles, characteristics of the properties where the loan was being sanctioned, their repayment patterns, the intention of defaulting or the reasons for defaulting and their perception on Covid-19 forbearance. The policymakers and regulatory authorities can infer the impact of Covid-19 pandemic on the housing finance sector of Bangladesh. The findings of this paper have significant implications for policymakers, financial institutions, and borrowers in Bangladesh and beyond.

This study examined the effects of the pandemic on the BHBFC and its borrowers. The authors began by providing an overview of the BHBFC and its loan portfolio, as well as the measures taken by the Bangladesh government to mitigate the impact of the pandemic on the economy. The authors then analyze data on BHBFC borrowers and loan disbursements during the pandemic period. They examined the impact of lockdowns, economic disruptions, and other pandemic-related factors on borrowers' ability to repay their loans. This paper also explores the steps taken by the BHBFC to address the challenges posed by the pandemic, including loan restructuring and the introduction of new loan products to ensure affordibility. The pandemic has highlighted the need for greater resilience and flexibility in the housing finance sector, and the lessons learned from the BHBFC's experience can inform future efforts to mitigate the impact of crises on the housing market.

This paper is a valuable contribution to the literature on the impact of the COVID-19 pandemic on the housing finance sector, particularly in Bangladesh. Its insights will be of interest to researchers, policymakers, and practitioners in the field, and will contribute to ongoing efforts to build a more resilient and inclusive housing finance system. I personally thank the officials from field level offices related to this study for their cooperation; **Muhammad Zahirul Islam** (Deputy General Manager and Focal point of Annual Performance Agreement implementation team) and **Nayeem Shahriar** (Principal Officer and Author of this study) of Planning and Human Resource Development (PHRD) Department of BHBFC for conducting such a study regarding this contemporary global agenda. I hope this study will be effective for future reference and developing housing finance industry and furthermore.

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-Signed
Arun Kumar Chowdhury
Deputy Managing Director, BHBFC
(Team Leader of APA implementation team)

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March, 2023

Table of Contents

The Covid-19 pandemic originated in Wuhan, China at the end of December,2019, had a significant impact on the economy of Bangladesh. The country's GDP growth rate had decreased, and many sectors of the economy had been negatively affected. The housing finance market in Bangladesh had been significantly impacted by the Covid-19 pandemic. The government's efforts to contain the spread of the virus had resulted in a slowdown in economic activity, leading to a decrease in demand for housing loans. As a result, banks and financial institutions had tightened their lending criteria, making it more challenging for individuals and businesses to access financing while almost every banks and NBFIs were investing in this sector. But amid Covid-19 pandemic, housing finance portfolio was 1058.94 billion BDT in financial year of 2021-22, which has 8.64% growth than previous FY.

The pandemic had also resulted in a decrease in the construction of new homes, further impacting the housing finance market. With many construction workers unable to work due to lockdowns and other restrictions, the supply of new homes had decreased. This has led to an increase in property prices, making it even more challenging for individuals to construct or purchase homes. As housing finance sector is a growing and sustainable investment sector in Bangladesh along with its contribution to country's GDP, an exploratory study was required for assessing the impact of Covid-19 pandemic on this vital sector. Bangladesh House Building Finance Corporation (BHBFC) is a specialized financial institution providing finance for construction or purchasing a house missioned to solve housing problem of low, lower-middle and middle income groups. A study was conducted in perspective of BHBFC to assess the impact of Covid-19 pandemic on housing finance market. A questionnaire was deployed to geographically selected 29 branch offices operated under zonal offices where whole country is divided into 10 zones for loan operation. Collected primary data shows a positive impact on loan recovery. Though there was a stagflation at wave of the pandemic, but during the financial year of 2020-21 the total loan recovery had been increased to a satisfactory extent compared to the previous financial year.

This study was conducted into three segments where first segment explained the pattern of business performances in major three indicators through the pandemic. Second segment was an analysis of demographic profile of the respondents who were assessed with 436 samples selected by simple random sampling (SRS) method. From this study it was being found that, most of the borrowers were not infected by novel coronavirus till October, 2020. Income analysis concluded

that, there is high conversion to lower-middle group to middle-income group comparing the current monthly income of the respondents and monthly income at the time of loan sanctioning. An important finding from this study was the inclusion in middle-income group had increased which refers to borrower's income generation after taking a housing loan from BHBFC. The third segment was insight from branch officials. In there, they claimed a major portion of the defaulter borrowers are intentionally defaulter. The reasons behind irregular repayment of monthly installments were identified by the branch officials which will be valuable for developing loan recovery policy.

This study was conducted with samples collected from only BHBFC, where BHBFC covers only 3.71% of the total housing finance market. But it was difficult for us to collect data from other financial entities which were possible for regulators. Nevertheless, the findings from this study can be helpful for future studies, regulatory institutions, policymakers and stakeholders.

Chapter-1

Background of the Study

1.1 Introduction

Housing refers to a place where people live, which can be in the form of apartments, single-family homes, townhouses, or other types of residential properties. It is a basic human need and an essential aspect of human life. The housing sector refers to the industry involved in the development, construction, management, and financing of residential properties. This includes everything from the acquisition of land to the design and construction of buildings, as well as the provision of related services such as property management and maintenance. The housing finance market, on the other hand, refers to the market for financial products and services related to housing, including mortgages, home equity loans, and other types of loans and investment products. This market plays a crucial role in facilitating homeownership and property development by providing the necessary funding for these activities. Overall, the housing sector and housing finance market are integral parts of the economy, as they contribute to economic growth, job creation, and the overall well-being of individuals and communities.

The Coronavirus pandemic outbreak had significant impacts on every sector of the global economy and has affected Bangladesh, a country with a growing economy in a momentous way. The housing sector plays a very important role in the economy. To meet the basic needs of general citizens, financing for the arrangement of a residential house makes an important contribution, which has been affected significantly. Bangladesh House Building Finance Corporation (BHBFC), the only specialized home loan provider in the public sector operated under the supervision of the Ministry of Finance is a pioneer institution. As the leading home-loan provider has the vision to ensure shelter for the low and lower-middle-income groups in Bangladesh. In a bid to achieve its objective, BHBFC has remarkably expanded its loan activities in rural areas in recent years. In the circumference that emerged due to the Covid-19 pandemic, BHBFC also has been affected. This study will therefore help in understanding the impact of the Covid-19 pandemic, lockdown and economic recession caused by it. The research will address the overall impact on the financial and physical alterations, existing customers and the demand for home loan diffraction due to the pandemic situation and the potentials and the challenges in the new-normal situation.

The Housing sector contributes around 8.10 % of Bangladesh's gross domestic product, as it is connected with many other sectors and employs several million people [1]. It is a composition of several industries, like almost 2,000 developers, construction-related industries, housing finance provider companies, land property-related entities and a huge contractual and day labour market. The pandemic put a bridle on these vast activities. The 450 product-based sub-sectors of housing

and construction industries and numerous entrepreneurs who have invested in this sector were in a distress in the pandemic.

As the only state-owned specialized housing loan provider, BHBFC attempts to provide home loans to the lower and lower-middle-income groups, as it offers a convenient interest rate. It has even brought the upazila sadar and the growth centre areas under its home loan coverage whereas other state-owned home loan providers such as banks rarely go up to the district levels. Private home loan providers focus on pre-dominating in Dhaka and Chattogram metropolitan areas. Following suit of private home loan providers, developers also concentrate more on the big cities and have the approach to avoid the lower income groups.

Home loan is recently considered a gratifyingly profitable sector to invest. Many banks and financial institutions are stretching their investment here. The housing finance system of Bangladesh has dense and lingering repercussions as the cash flows have dried up. Vulnerability in the housing finance market is getting higher due to payment defaults. Unemployment and reduced income are creating pressure on borrowers to turn up as defaulters. The tenants are failing to pay the rent properly and many household units are getting vacant, hurting the landlords who may have home loan instalments to clear.

1.2 Housing Finance market in Bangladesh

1.2.1 Overall Housing scenario

Housing is one of the basic human needs, which provides security and a sense of belonging. People need a place to protect themselves from the elements, secure their belongings, and create a space to share with family. Those who live in unplanned and sub-standard housing may suffer from overcrowding, poor protection from adverse natural conditions and inadequate access to basic utilities. Such conditions often lead to health problem issues, particularly for children. For these reasons, housing is recognized in the Universal Declaration of Human Rights as a part of the right to an adequate standard of living, along with food, clothing, medical care, and social services.

1.2.1(a) Overview of the housing market all over the world and their present situation:

The housing market is an essential aspect of any country's economy. It refers to the buying and selling of residential properties, including apartments, single-family homes, and townhouses. The global housing market has seen significant fluctuations in recent years, impacted by various factors such as economic growth, interest rates, and population growth.

United States: The housing market in the United States has been robust in recent years, with low-interest rates and a shortage of inventory driving up prices. In many cities, it is increasingly difficult for first-time homebuyers to enter the market due to the high prices. However, the pandemic has had a significant impact on the market, leading to a shift in buyer preferences from urban areas to suburban areas. The prices of single-family homes have continued to rise, while multi-family properties have struggled due to eviction moratoriums and remote work.

Europe: The European housing market is diverse, with significant differences in prices and availability across countries. In general, prices have continued to rise, driven by low-interest rates and high demand. The pandemic has also had an impact, leading to a shift in preferences towards more spacious properties and rural areas. However, the market is not without challenges, with many countries experiencing a shortage of affordable housing.

Asia: The housing market in Asia has seen significant growth in recent years, driven by rising incomes and a growing middle class. In many cities, property prices have skyrocketed, leading to concerns about affordability and access to housing. Governments in some countries have introduced measures to address these issues, such as Singapore's public housing program and China's restrictions on property purchases.

Australia: The Australian housing market has been on an upward trend for many years, driven by a combination of factors such as low-interest rates, population growth, and foreign investment. However, recent government policies such as tighter lending standards and restrictions on foreign buyers have led to a cooling off of the market. The pandemic has also had an impact, with a shift in preferences towards more spacious properties and rural areas.

Africa: The African housing market is diverse, with significant differences in prices and availability across countries. In many countries, the market is still in its early stages of development, with limited access to mortgage financing and a shortage of affordable housing. However, there are also many opportunities for growth, with rising incomes and a growing middle class driving demand for housing.

In conclusion, the housing market is a vital aspect of any country's economy, and its state can be impacted by various factors such as economic growth, interest rates, and population growth. While the market has seen significant growth in many parts of the world, it also faces challenges such as affordability and access to housing. Governments and policymakers must continue to develop measures to address these issues and ensure that housing remains accessible and affordable for all.

1.2.1(b) Overview of the housing market in Bangladesh

Bangladesh is one of the most densely populated countries in the world. Bangladesh is struggling to provide affordable housing at a pace fast enough to meet the demand of its growing population, particularly in urban areas. Bangladesh will need to construct approximately 8.5 million houses in the next five years to overcome the existing shortage in urban areas and meet the future demand of housing [2].

So, the Government is constitutionally committed to undertake plan and programs for housing development and housing finance throughout the country, without preference to any particular area or segment of the population. The allocation and share in GDP for housing sector [1] based on fiscal year of 2015-16 is shown below:

Allocation of Housing Sector in GDP

Year	Value (in CroreTk)
2015-16	192509
2016-17	214151
2017-18	235990
2018-19	260715
2019-20	288001
2020-21	313029
2021-22	335147

Growth Rate of Housing Sector in GDP

Year	Growth Rate
2016-17	3.33%
2017-18	3.48%
2018-19	3.61%
2019-20	3.68%
2020-21	3.42%
2021-22	3.66%

Share of Housing Sector in GDP

Year	Share
2015-16	9.69%
2016-17	9.39%
2017-18	9.06%
2018-19	8.69%
2019-20	8.69%
2020-21	8.39%
2021-22	8.10%

(Data for FY 2021-22 is provisional)

Figure-01: Allocation and share of overall housing sector in recent GDP of Bangladesh.

Like any other country in the world, the housing sector plays vital roles both in the context of the economy of Bangladesh and serving the fundamental human right of shelter. Apart from providing physical shelter, housing may have significant impact on the lives of the dwellers in terms of skills enhancement, income generation, increased security, health, self-confidence and human dignity.

According to the Constitution, the provision of the basic necessities of life, including shelter, is a fundamental responsibility of the state to attain. In Article 15 (Part 2) of the Constitution of

Bangladesh states that, "The provision of the basic necessities of life, including food, clothing, shelter, education and medical care to all the citizens by the state". Projection from last population census says that the total housing demand will be 1.14 million units in 2030 [2].

The number of urban-dwelling people is almost 35% of the total population now, which is increasing gradually. But the growth of housing sector in the last three years is only 6.0-7.0%. Almost everyone dreams for his/her own house and puts his/her lifetime endeavor for owning a proper shelter. To meet this basic demand there are some state-owned and private institutions, which are involved in home construction, home loan and allotment of plots and flats [1].

In the construction of houses, the real-estate developer companies are directly involved. There were only 10 developer companies in 1980s; their number has now increased to about 2000, and of them 1006 companies are registered member of the Real Estate and Housing Association of Bangladesh (REHAB). However, only 10-15 companies hold 90% share of the real-estate market and their operation is confined only in Dhaka and Chattogram city areas [3].

1.2.1(c) *Policy-makers and Authorities of Housing Sector*

The regulators and stakeholders corresponded to formal housing are shown in table-01:

Table-01: Policy-makers and Authorities of Housing Sector in Bangladesh

Policy and Regulatory Bottlenecks	Stakeholders
Important policy compliances are in the housing market: ✓ Dhaka Structure Plan 2016-2035 ✓ National Housing Policy 2016 ✓ Dhaka Mahanagar Building (Construction, Development Protection & Removal) Rule 2008 ✓ Private House Land Development Rule 2004 ✓ Real Estate Act 2010 ✓ National Housing Authority Act 2000 ✓ 8th Five-Year Plan ✓ Bangladesh Bank (Prudential Regulations for Consumer Finance)	Key stakeholders identified so far are: • Ministry of Housing, • National Housing Authority. • RAJUK, • Financial Institute: House Building Finance Corporation. Banks, NBFIs. • Real Estate Developers. • Construction Material Suppliers/Producers

1.2.2 Housing finance providers in Bangladesh

Housing finance plays a vital role in the development of an economy by supporting strong housing markets. Strong housing and real estate finance markets bring many social and economic benefits like increased investment, savings, employment and more social and labour mobility. In addition, housing represents 15% to 40% of the monthly expenditure of households worldwide. Traditionally, people tend to build a house on their own investment or from informal borrowing. The formal borrowing in housing is not more than 5% compared to the whole investment in housing. In a broader sense, the available sources of collecting the necessary money to own a home from the available source financing are as follows:

(a) Non-institutional:

The major share of finance in housing constructions, reparations or purchasing is non-institutional and almost 95% of financing activities related to housing are sourced as below:

- ✓ Own savings
- ✓ Debt from Friends or acquaintances
- ✓ Debt/Aid from Relatives
- ✓ Other sources

(b) Institutional:

Institutional or formal housing finance, which covers only around 5% of total financing in housing mainly provided to the customer to construct a house, purchase an apartment, reconstruct or develop existing house by the authorized lender institutions as follows:

- ✓ State-Owned Commercial Banks (SCBs)
- ✓ Privatized Commercial Banks (PCBs)
- ✓ Non-Bank Financial Institutions (NBFIs)
  - State-owned Specialized Housing loan provider
    (Bangladesh House Building Finance Corporation)
  - Privatized Specialized Housing loan provider
    (Delta-Brac Housing Ltd. and National Housing Finance Ltd)
  - Privatized NBFIs (IDLC, IPDC, Lanka Bangla Finance etc.)
- ✓ Micro-finance Institutions (Grameen Bank, BRAC, ASA, Proshika etc.)

The market shares of the home loan service providers [4] are as shown in Table-02:

Table-02: Category wise market share of home loan providers in last 05 years.

SL.	Category		Sub-Category	FY Wise Outstanding Loan (in billion BDT)				
				2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
1	Specialised Housing Finance Providers	1	BHBFC	31	32.6	34.7	37	39.3
		2	DBHF	37.1	43.9	43.2	43.4	41.37
		3	NHFIL	8	12.1	12.9	13.2	13.6
2	Banks	1	PCBs	473.8	489.1	489.6	532.6	589
		2	SoCBs	176.7	211.2	242.1	238.1	259.3
		3	Other banks (Foreign & Specialised)	25.2	35.4	40.6	44	45.3
3	Other Financial Institutions		Other Financial Institutions	50	68.5	68	65.6	70.14
4	Micro-credit lenders	1	Grameen Bank	0.7	1.1	1	0.8	1.2
Total				802.5	893.9	932.1	974.7	1059.21
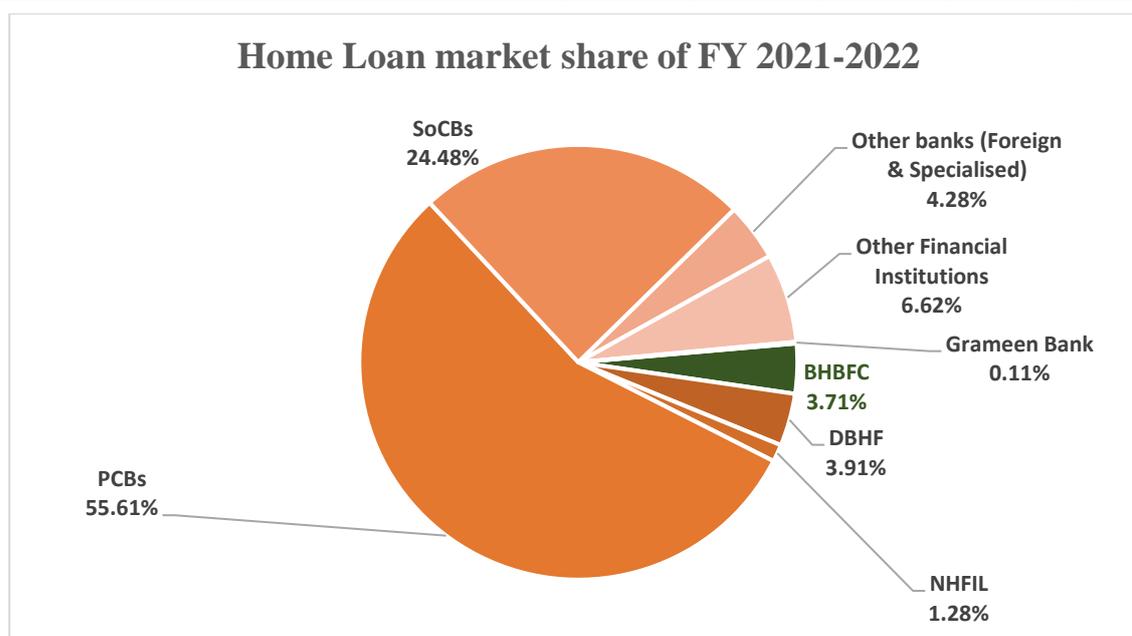
Figure-02: Market share (%) of home loan providers in FY 2021-22

1.2.3 BHBFC as a specialized home loan provider

House Building Finance Corporation (HBFC) was established in 1952 to provide loan assistance in housing sector. After independence, the HBFC was reconstituted as Bangladesh House Building Finance Corporation (BHBFC) by the President's Order no 7 of 1973. BHBFC is the only state-owned specialized financial institution of its kind. The total paid-up capital of the corporation is paid by the Government of Bangladesh. The primary source of the BHBFC'S fund

is the paid-up capital contributed by the Government. Other than this, BHBFC has raised its fund by selling Govt. guaranteed debentures with the assistance of the Ministry of Finance to Bangladesh Bank and to other Commercial Banks.

It provides financial assistance for construction, repairing or remodeling of residential houses to all divisional cities, district towns and upazila headquarters (including growth centers) of the entire country. As the only state owned specialized financial institution in the housing sector, BHBFC has been playing a vital role for providing financial assistance for housing to the middle and lower-middle-income group of people of the country. The vision and mission of this institution is as follows:

Vision: *To improve the living standard of the low, lower-middle and middle-income groups of people by resolving the housing problems.*

Mission: *To provide loan assistance in order to solve the housing problems of the low, lower-middle andmiddle-income group of people in an eco-friendly way.*

Bangladesh House Building Finance Corporation is now providing loan services mainly for housing construction and apartment purchase through 11 types of loan schemes with convincing interest rates and facilities which are described in table-03 below:

Table-03: Different loan product's descriptions of BHBFC

SL.	Name of the Product	Short Description of the Product	Ceiling (in Tk)	Rate of Interest	Highest Repayment Period
1	**Nagarbondhu**	For Dhaka and Chattogram Metropolitan Areas	2.00 Crore	9%	20
2	**Pallima**	All over Bangladesh outside of For Dhaka and Chattogram Metropolitan Areas	1.20 Crore	8%	20
3	**Probashbondhu**	For Non-Resident Bangladeshis	2.00 Crore	8% and 9%	25
4	**Flat Purchase**	For Purchasing an apartment	1.20 Crore	9%	20
5	**Flat Registration**	For payment of registration fee purchasing apartment	15 lakh	9%	5
6	**Abason Unnayan**	For completing contruction of partially constructed house	2.00 Crore	8% and 9%	20
7	**Abason Meramot**	For Repair and reformation of a constructed building	25 lakh	8% and 9%	10
8	**Government Employee Loan**	For constructing house and purchasing apartment of Government employees	75 lakh	4%	.
9	**Krishok Abason Loan**	For Farmers from all over the country	30 lakh	7%	25
10	**Housing Equipment Loan**	For establishing lift, substaion and generator in multi-stroied building	35 lakh	8% and 9%	20
11	**Manjil**	Islami Sariah based investment in constructing house	2.00 Crore	8% and 9%	20

Amid the Global and national economic downturn, Bangladesh House Building Finance Corporation has improved their authorized capital and achieves profit with a gradually increasing

rate where the most financial institutions in financial sector are stumbling upon the classified loan default. The business performance of BHBFC in major indicators over last 05 years [5] is shown in table-04 below:

Table-04: Business performance of BHBFC in last 05 years.

SL.	Indicator	Financial Year				
		2017-18	2018-19	2019-20	2020-21	2021-22
1	Loan Sanctioned (in Crore Tk)	401.61	553.06	455.31	619.26	714.84
2	Loan Disbursed (in Crore Tk)	366.45	434.66	421.95	514.03	588.95
3	Total Loan Recovery (in Crore Tk)	506.51	528.14	484.85	565.08	651.7
4	Recovery from Classified loan cases (in Crore Tk)	44.13	55.48	29.43	30.86	36.35*
5	Classified Loan rate	7.64%	6.77%	7.45%	5.94%	4.65%*
6	Outstanding Loan Balance (in Crore Tk)	3.96.69	3260.90	3472.93	3702.51	3931.53
7	Net Profit before tax (in Crore Tk)	156.29	169.30	169.54	200.62	249.03*

∗Provisional

Bangladesh house Building finance corporation has expanded its loan coverage area all over Bangladesh through 90 field offices. The field offices are segregated in 3 operational layers as:

- **Zonal Offices:** 10 zonal offices located in divisional sadar areas and operated under central operation and consists of Regional and Branch Offices.

- **Regional Offices:** 14 Regional offices consist of equal or less than five branch offices of adjacent districts.

- **Branch Offices:** 66 branch offices are currently operating under Regional and Zonal Offices. Branch offices are located in almost every district sadar all over the country.

1.3 Covid-19 pandemic situation in Bangladesh

1.3.1 Origin and spread of the pandemic: COVID-19 is causing human suffering all over the world, unlike any disease for many years. COVID-19 spreads economic misery most certainly all over the world. The virus can be as economically contagious as it is medically so. The newly evolving SARS virus doesn't come into the world for the first time; it belongs to the Covid-19 family. Though these viruses are common in animals, some affect humans. The virus was named as a 2019 novel coronavirus by the World Health Organization (WHO), and the present reference name for the virus is severe acute respiratory coronavirus syndrome 2 (SARS-CoV-2). This virus has affected the lower respiratory tract in pneumonia patients. Although the novel coronavirus was first traced in Wuhan, China, in December 2019 the number of affected people is gradually

enhanced within a month and spread to Italy, the USA, France, Iran and Thailand, South Korea, Japan and many more which is knocking the world for experiencing such outbreak [6].

On 8 March 2020 the Institute of Epidemiology, Disease Control and Research (IEDCR) first announced a coronavirus infected patient in Bangladesh. There are lots of actions taken by the government of the affected countries to stop the spread of this virus, such as regional or national quarantine and lockdown throughout the country and the world, travel restriction, workplace hazard alertness, cancellation and postponement of events, curfews, border enclosure and strict screening at airports, train stations and other mode of communications etc. Such types of preventive measures, such as locking borders, have impeded the normal flow of raw materials, goods and services, resources, and people, resulting in shutdowns of businesses and production at least temporarily. This pandemic has led to acute socioeconomic disruption in the global economy, such as extensive fear of supply shortages resulting in panic buying. All major economies, such as the G7 nations, which share 65% of world production, 60% of world demand and supply (GDP), and 41% of world exports, have been seriously affected by this pandemic and will be followed by other nations [7].

The COVID-19 pandemic has had a significant impact on economies around the world, and Bangladesh is no exception. The country has been affected in various ways, including disruptions to global supply chains, a decline in exports, a drop in domestic consumption, and a rise in unemployment. In this article, we will explore the impact of COVID-19 on the economy of Bangladesh and how the government and private sector have responded to the crisis.

Table-05: Monthly data of no. of infection by clinical test and death from Covid-19 globally and in Bangladesh.

SL.	Month	Number of Infection (Tested)		Number of Deaths	
		In a Month	Cumulative	In a Month	Cumulative
1	Jan-20	0	0	0	0
2	Feb-20	0	0	0	0
3	Mar-20	51	0	5	0
4	Apr-20	7616	51	163	5
5	May-20	39486	7667	482	168
6	Jun-20	98330	47153	1197	650
7	Jul-20	92178	145483	1264	1847
8	Aug-20	75335	237661	1170	3111
9	Sep-20	94688	312996	1642	4281
10	Oct-20	57248	407684	721	5923

SL.	Month	Number of Infection (Tested)		Number of Deaths	
		In a Month	Cumulative	In a Month	Cumulative
11	Nov-20	48578	464932	915	6644
12	Dec-20	21629	513510	568	7559
13	Jan-21	11077	535139	281	8127
14	Feb-21	65079	546216	638	8408
15	Mar-21	147837	611295	2404	9046
16	Apr-21	41408	759132	1169	11450
17	May-21	112718	800540	1884	12619
18	Jun-21	336226	913258	6182	14503
19	Jul-21	251134	1249484	5510	20685
20	Aug-21	55293	1500618	1315	26195
21	Sep-21	13628	1555911	358	27510
22	Oct-21	6745	1569539	113	27868
23	Nov-21	9255	1576284	91	27981
24	Dec-21	199793	1585539	291	28072

Number of Infected Patient

| Jan/20-Mar/20 | Apr/20-Jun/20 | Jul/20-Sep/20 | Oct/20-Dec/20 | Jan/21-Mar/21 | Apr/21-Jun/21 | Jul/21-Sep/21 | Oct/21-Dec/21 |
| 51 | 145432 | 262201 | 127455 | 223993 | 490352 | 320055 | 215793 |

Number of Deaths

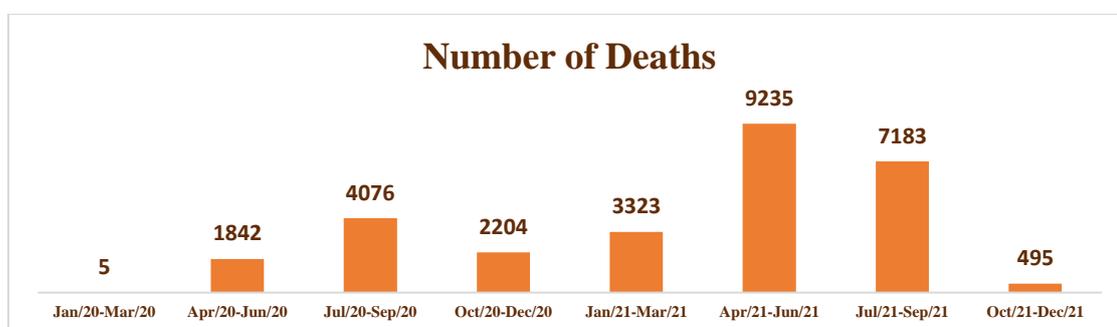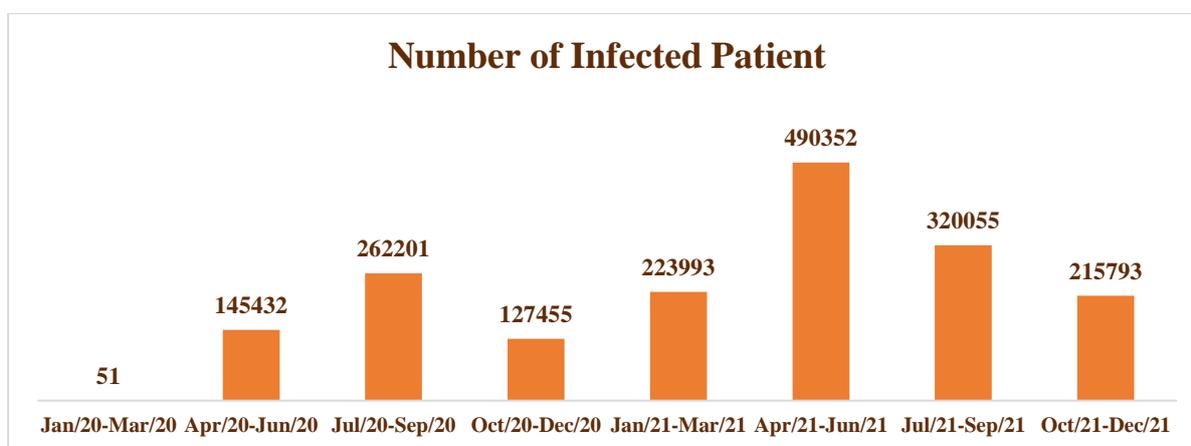| Jan/20-Mar/20 | Apr/20-Jun/20 | Jul/20-Sep/20 | Oct/20-Dec/20 | Jan/21-Mar/21 | Apr/21-Jun/21 | Jul/21-Sep/21 | Oct/21-Dec/21 |
| 5 | 1842 | 4076 | 2204 | 3323 | 9235 | 7183 | 495 |

Figure-3: Number of infections and deaths in January,2020 to December,2021

Bangladesh is a lower-middle-income country with a population of over 160 million people. The country's economy has been growing at a steady pace in recent years, with an average growth rate

of 6.8% between 2016 and 2019. The country's main industries include textiles and garments, agriculture, and manufacturing. However, the COVID-19 pandemic has had a significant impact on the country's economy. The pandemic first hit Bangladesh in March 2020, and the government responded by imposing a strict lockdown to curb the spread of the virus. The lockdown had a significant impact on the country's economic activity, with many businesses closing and people losing their jobs [10].

1.3.2 Impact of pandemic on the economy of Bangladesh:

Bangladesh is heavily reliant on exports, particularly in the textile and garment industry, which accounts for 84% of the country's export earnings. However, the pandemic has had a significant impact on the global demand for textiles and garments, as many countries have imposed lockdowns and closed their borders, leading to a decline in export orders. According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), export orders worth around $3 billion were cancelled or suspended between March and May 2020. This led to a significant decline in the country's export earnings, which fell by 17.1% in the 2019-20 fiscal year compared to the previous year.

The pandemic has also had an impact on domestic consumption in Bangladesh. The strict lockdown measures implemented by the government led to a decline in economic activity, with many businesses closing and people losing their jobs. This has led to a drop in consumer spending, particularly in the services sector. According to a report by the Bangladesh Bureau of Statistics, the country's gross domestic product (GDP) contracted by 1.1% in the 2019-20 fiscal year, the first time it has contracted in 48 years. The report also found that the services sector, which accounts for over 50% of the country's GDP, contracted by 1.7% in the same period [13].

The pandemic has also led to a rise in unemployment in Bangladesh. According to a survey conducted by the Bangladesh Bureau of Statistics, the country's unemployment rate increased from 4.2% in 2019 to 4.9% in 2020. However, the actual unemployment rate is likely to be higher, as many workers in the informal sector are not included in the survey. The impact of the pandemic on the job market has been particularly severe for workers in the garment industry, which employs over 4 million people in Bangladesh. Many factories have been forced to close due to a decline in export orders, leading to job losses and wage cuts for workers.

The Bangladesh government has implemented various measures to support the economy during the pandemic. In April 2020, the government announced a stimulus package worth $8.5 billion, equivalent to around 2.52% of the country's GDP. The package included measures such as tax cuts for businesses, cash transfers to low-income households, and subsidies for small and medium-

sized enterprises. The government had also announced various measures to support the garment industry, including a $588 million bailout package for garment factory owners to pay wages and a $250 million fund to help factories modernize and become more sustainable [4].

1.3.3 Impact of pandemic on housing sector of Bangladesh

The COVID-19 pandemic has had a significant impact on the real estate sector in Bangladesh. Some of the key effects are as follows:

Decline in Demand: The demand for real estate in Bangladesh has decreased due to the pandemic. People are uncertain about their financial situation and are not willing to invest in property at this time.

Reduced Construction Activities: Construction activities have slowed down due to the pandemic. Many construction workers have returned to their villages, and supply chains have been disrupted, which has caused delays in project completion.

Price Reduction: The prices of real estate have declined due to reduced demand. This trend is particularly noticeable in the commercial real estate sector, where prices have fallen due to reduced demand for office space.

Increase in Virtual Tours: Real estate agents and developers have increasingly turned to virtual tours and online marketing to showcase properties. This has become a popular way for buyers to explore properties without having to visit them physically.

Adoption of Technology: The pandemic has prompted real estate companies in Bangladesh to adopt new technologies to conduct business, such as online property listings and electronic document signing.

In summary, the housing sector in Bangladesh has been impacted by the COVID-19 pandemic, leading to reduced demand, slowed construction activities, reduced prices, increased virtual tours, and adoption of technology. However, the long-term impact of the pandemic on the sector remains uncertain and will depend on how the situation evolves over time [11].

Chapter-2

Objectives and Rationales

2.1 Objectives of the Study

The research paper seeks to achieve its general objective of assessing the impact of coronavirus pandemic on housing finance particularly on BHBFC by focusing on the following specific objectives:

1) To determine the impact of coronavirus pandemic on the BHBFC as a specialized home loan provider.

2) To identify the impact on Payment behavior of the existing customer of BHBFC.

3) To identify the alteration in irregular loan payment and the specified causation.

4) To state the reasons behind the existing customer's default and inconvenience according to their financial conditions.

2.2 Rationales of the Study

The Covid-19 pandemic has had a significant impact on various sectors of the economy in Bangladesh, and the housing finance sector is no exception. The pandemic has affected the housing finance sector in many ways, including a decline in demand for housing, a rise in non-performing loans, and a reduction in funding from financial institutions. As a result, it is essential to conduct research to identify the impacts of Covid-19 on the housing finance sector in Bangladesh.

2.2.1 *To understand the overall impact of the pandemic on the housing finance sector:* The Covid-19 pandemic has had a significant impact on the overall economy of Bangladesh, and the housing finance sector has not been immune to these effects. Conducting research on the impacts of Covid-19 on the housing finance sector can help to understand the overall impact of the pandemic on this sector. This can provide valuable insights into how the sector has been affected by the pandemic and what measures can be taken to mitigate the impact.

2.2.2 *To identify the impact of the pandemic on the demand for housing finance:* The pandemic has had a significant impact on the demand for housing finance in Bangladesh. With the economic uncertainty caused by the pandemic, many people have postponed their plans to buy a home or take out a mortgage. By conducting research, it is possible to identify the specific ways in which the pandemic has affected the demand for housing finance in Bangladesh. This can help financial institutions to adapt to the changing market conditions and develop strategies to respond to the changing demand.

2.2.3 *To identify the impact of the pandemic on non-performing loans in the housing finance sector*: The pandemic has led to a rise in non-performing loans in the housing finance sector in

Bangladesh. With many people losing their jobs or experiencing a decline in income, it has become more difficult for them to repay their loans. By conducting research, it is possible to identify the specific ways in which the pandemic has affected non-performing loans in the housing finance sector. This can help financial institutions to develop strategies to manage their loan portfolios and minimize the impact of non-performing loans.

2.2.4 To identify the impact of the pandemic on funding for the housing finance sector: The pandemic has also led to a reduction in funding for the housing finance sector in Bangladesh. With the economic uncertainty caused by the pandemic, many financial institutions have become more cautious about lending money. By conducting research, it is possible to identify the specific ways in which the pandemic has affected funding for the housing finance sector. This can help financial institutions to develop strategies to manage their funding sources and ensure that they have access to the capital they need to support their lending activities.

2.2.5 To identify the measures that can be taken to mitigate the impact of the pandemic on the housing finance sector: By conducting research on the impacts of Covid-19 on the housing finance sector in Bangladesh, it is possible to identify the specific measures that can be taken to mitigate the impact of the pandemic. This can include measures such as providing financial support to households that are struggling to repay their loans, offering more flexible repayment terms to borrowers, and developing new products to meet the changing needs of the market. By identifying these measures, it is possible to ensure that the housing finance sector in Bangladesh can continue to support the needs of borrowers, even in the face of economic uncertainty caused by the pandemic.

In conclusion, conducting research on the impacts of Covid-19 on the housing finance sector in Bangladesh is essential to understand the specific ways in which the pandemic has affected this sector. This can provide valuable insights into how the sector can adapt to changing market conditions, manage its loan portfolios, and ensure that it has access to the funding it needs to support its lending activities. By identifying the specific impacts of the pandemic on the housing finance sector.

2.3 Limitations of the Study

Although this study is crucial for assessing the impact of covid-19 pandemic on the housing finance sector in Bangladesh, there are some limitations of this study such as:

- This study was conducted on less than 500 samples where the number of home loan borrowers from all the financial institutions in Bangladesh are assumes to be more than 1,30,000. A proper collaborative study on the impact of coronavirus pandemic on overall housing finance market needs to be conducted by regulatory authority like Bangladesh Bank (BB) or FID, Ministry of Finance. As a competitor in the housing finance market, it will be difficult for BHBFC to collect data from other home loan providers. So, this study is concentrated on only existing borrowers of BHBFC. This study could visualize scenario of BHBFC as a representation of whole housing finance market.

- The questionnaires for collecting data from selected branch offices of BHBFC were answered by borrowers. There is a possibility that the information collected from borrowers could be biased and intentional for receiving forbearance. Assessments from corresponding branch office employees were collected to verify the information collected from borrowers. Also, the corresponding officials from branch offices were not properly skilled or trained to conduct a survey. So, some of the collected data might contain inaccuracy.

- The primary data for this study was collected mostly from the period of January, 2020 to October, 2020, which was the time of Government mandated lockdown and the beginning of a transformation of the epidemic into pandemic. To assess the impacts of covid-19 on housing finance market and its stakeholder, this time was being chosen because of the shutdown of all economic activities due to pandemic situation. The infection rate was higher afterwards, but the economic activities weren't obstructed by complete shutdown or lockdown. So, the study was time bound and limited to a definite period.

Chapter-3

Literature Review

A study of the World Bank Group had explained that Based on the experience of the 2008 sub-prime crisis and the global financial crisis contagion, the following impacts are likely to hit global housing and residential mortgage markets [7].

Household Impact:

- Wave of household borrower defaults resulting from unemployment or reduced income;
- Defaults by renters, impacting landlords who may have property loans to repay;

Financial Sector Impact:

- Increased Loss Given Default levels for lenders putting pressure on capital requirements;
- Further pressure on capital levels due to revaluation and loan classification requirements;
- Secondary mortgage markets become less liquid and more expensive as a result of the overall increase in risk aversion;
- Liquidity pressure with reduced and higher cost access to capital market for long term funding;

Housing Sector Impact:

- Illiquid housing market with little to no activity – making it difficult to value property – depressing real estate markets impact developers and contractors;
- Housing developers facing liquidity crisis as cash-flows dry up due to reduced demand and financing for end borrowers, as well as reduced access to construction finance;
- Wider sectoral impact in sectors linked to construction/housing such as raw materials, timber, primary infrastructure for housing, household goods.

The global coronavirus pandemic will be perilous for the rural, agrarian population in developing countries such as Bangladesh. In order to evaluate the income-crippling effects of the pandemic and consequent lockdown, a rapid, nationwide survey finds that 80.4% of respondents experienced a decrease in income from February, 2020 to March, 2020 and 93% of respondents expect their income to decrease further in April, 2020. Among respondents, 25% of respondents expect to have no income in April, 2020 and 55% have no savings to fall back on [8].

An early study from Bangladesh described that, after being affected by the Covid-19, Bangladesh also faced challenges related to this pandemic like other countries globally and impacts were spreading to all sectors of the economy. That study gave an overview of the pandemic's impact on the economy as a whole and summarize recommendations for mitigating the pandemic's devastating effect and employed descriptive and exploratory techniques based on secondary data collected from journals, newspapers, published articles, websites, and the internet. The discussion result revealed that, more or less, all the sectors of the economy are affected by the Covid-19 pandemic, not only public health. It found that Manufacturing industries face losses, and workers

are also affected by the various uncertainties about their earnings and job security. The Covid-19 pandemic has had an impact on the mental health of students as well as the general public. The study recommended that the government's intervention, in conjunction with the engagement of relevant sectoral stakeholders, has the potential to recoup losses and design a new strategy or solution to address the problem [9].

A study claimed that, the construction sites had not even been equipped with proper hand washing facilities. As a result, the people (engineers, contractors, workers, employers) were affected severely. It was found that most of the construction industries (Mega projects, consultancy firms and developer firms) have been affected during the pandemic situation. This study explored that the offices were shut down during the lock down period end of March, 2020 to May, 2020. The impacts were mostly upon the consultancy firms, in average 98 days, followed by developer companies were shut down for 62 days [10].

Another study stated that, Covid-19 pandemic had necessitated the adoption of a number of policies that aim to reduce the spread of the disease by promoting housing stability. Housing insecurity, which included both the risk of eviction and utility disconnections or shut-offs, reduces a person's ability to abide by social distancing orders and comply with hygiene recommendations. Their analysis quantified the impact of these various economic policies on Covid-19 infection and death rates using panel regression techniques to control for a variety of potential confounders. Housing precarity policies that prevent eviction and utility disconnections have been effective mechanisms for decreasing both COVID-19 infections and deaths [11].

An early analysis of the covid-19 module of the Australian Rental Housing Conditions Dataset (ARHCD) suggested that the rental sector will be where many of the upcoming challenges for Australia overlap.The covid-19 module captures a 'snapshot' of circumstances for Australian renters. The initial findings, presented there, suggest a policy-important cohort of tenants in Australia are lined up on the brink of a financial precipice. Many renters were buffered from the full economic effects of the pandemic by their savings, their superannuation, and rent deferment, as well as temporary government supports in the form of eviction moratoriums. The impacts of covid-19 across the rental sector were, in many respects, still emerging, and this presents a real challenge for policymakers in developing targeted and effective assistance. While policy responses may, in the short term, focus on protective mechanisms, such as eviction moratoriums, the systemic nature of the challenges was being faced by renters suggests that long-term recovery will grow [12].

An important study of Bangladesh bank, the central bank of Bangladesh explained an assessment of the risks and vulnerabilities posed by the pandemic to the financial system of Bangladesh, and the initiatives taken by the Government as well as Bangladesh Bank to mitigate the adverse impacts in this regard. Moreover, the study report revealed policy responses, structural changes and issues relating to developments and regulations of the financial sector in the wake of this pandemic, which might have implications for the stability of the financial system of Bangladesh. It outlined the major transmission channels of shock waves of Covid-19 to the four main sectors of the Bangladesh economy namely real sector, fiscal sector, external sector, and monetary and financial sector. An aggregate transmission framework including these four sectors had depicted how the impact of Covid-19 can propagate through these sectors to eventually hit the macro-financial stability. According to them, due to Covid-19, the real sector of Bangladesh economy has been disrupted during the second half of FY20 by both demand and supply side shocks in varying degrees across different sectors and sub-sectors. As a result, the real GDP growth rate slowed down to 5.24% (provisional) in FY20, declined by 2.91% points from the preceding fiscal year. Among all the three sectors of real economy, the industry sector was impacted most followed by service sector and agriculture sector [13].

Chapter-4

Methodology

4.1 Sampling Frame and Sampling method

4.1.1 Sample frame

As the study is exploratory research, primary data was collected from the field-level branch offices, where the data are both quantitative and qualitative. The sampling frame was the all areas of Bangladesh as the branch offices of BHBFC are operating loan procedure in every districts. A questionnaire was developed for collecting primary data from 23 branches offices. The selection of the study areas is being allotted geographically (shown in table-06). Then the corresponding officers were asked to select the potential customers to fill the questionnaire by Simple Random sampling (SRS) method. The number of total questionnaires to be collected differs according to the portfolio of the branches. So, total number of sample is 436. The study area covers Dhaka, Chattogram and Sylhet metropolitan area, Divisional Sadar, District Sadar, Upazilla Sadar and rural areas of Bangladesh.

Table-06: Allocation of sample to Branch offices of BHBFC

Name of Zonal Office		SL.	Name of the Branch Office	No. of Allocated Sample	
				Total in Branch	Total in Zone
1	Dhaka South	1	Dhaka South main branch	34	57
		2	Khilgao branch	20	
		3	Narayanganj branch	3	
2	Dhaka North	4	Dhaka North main branch	34	67
		5	Mirpur branch	21	
		6	Dhanmondi branch	12	
3	Chattogram	7	Chattogram main branch	25	48
		8	Noakhali branch	13	
		9	Rangamati branch	10	
4	Khulna	10	Khulna main branch	25	39
		11	Kushtia branch	14	
5	Rajshahi	12	Rajshahi main branch	26	38
		13	Pabna branch	12	
6	Sylhet	14	Sylhet main branch	28	36
		15	Sunamganj branch	8	
7	Barishal	16	Barishal main branch	27	31
		17	Patuakhali branch	4	
8	Mymensing	18	Mymensing main branch	25	56
		19	Jamalpur branch	14	
		20	Netrokona branch	17	
9	Rangpur	21	Rangpur main branch	25	39
		22	Dinajpur branch	14	
10	Faridpur	23	Faridpur main branch	25	25
Total				**436**	**436**

Figure-4: Geo-spatial location of the sample area (corresponding branch offices of BHBFC).

4.1.2 Sampling Procedure and Sample Size Determination

A Simple Random Sampling (SRS) method was used to select the sample respondents. At first 23 branch offices were purposively selected according to geographical distribution including two coastal areas and a hilly region. Then the respondents were divided into regular and irregular payee categories. The study had sample of around 436 existing customers from field offices all over the country which will be selected randomly out of a population of around 25,000 which were the amount of existing loan-taker of different schemes.

The study collected both primary and secondary data, and the quantitative data generated will be analyzed using descriptive statistics which will include percentage distribution, mean and frequency counts. The qualitative data from the study undergone transcription and was reported in themes and sub-themes. The relationship between the independent and dependent variables was explained through regression analysis using the suitable data software.

Appropriate sample size was determined from the total no. of borrowers using the following formula:

$$n = \frac{N}{1 - eN^2}$$

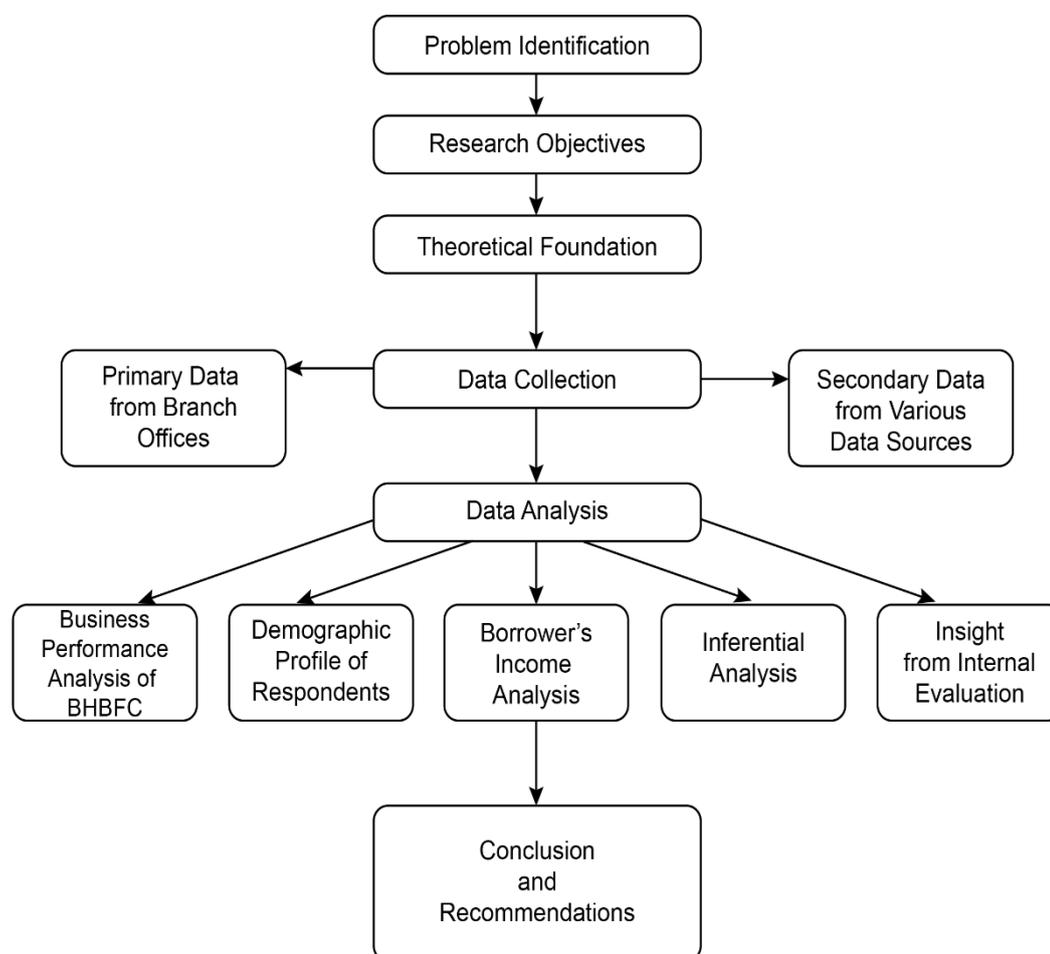Where, n = sample size, N = Size of population (borrowers), e = desired significance level.

Figure-5: Research methodology flow chart.

4.2 Method of Data Collection

The data for this study were collected from Primary and secondary Sources. The data were collected through a questionnaire survey that includes borrower's characteristics such as: age of the borrower, gender of the borrower, level of education of the borrower, current profession of the borrower, current monthly income of the borrower, monthly income of borrower at the time of loan sanction, location of the house, total no. of installment due on 01 January 2020, total no. of installment due on 01 June, 2020, total no. of installment due on 01 October 2020, no. of total units in house of the

borrower, no. of total units rented and total received rent amount on 01 january,2020, no. of total units rented and total received rent amount on 01 June,2020, no. of total units rented and total received rent amount on 01 October,2020, borrower's and his/her family member's status of being infected with Covid-19 virus till date, borrower's immigration status during the apex time of Covid-19 pandemic and corresponded lockdown, reasons behind irregular payment/defaulting, reasons behind the present irregularity of borrower whereas he was regular before, assessment on the intentional defaulter according to recovery staff/data collector to justify the validity of borrower's information etc.

Also, the secondary data were obtained from corresponding branch officials, Loan department and Recovery department of head office for further assessment and overall analysis.

4.3 Data Analysis Method

The study used a descriptive analysis method of primary and secondary data obtained directly from field survey and previously stored data sources in related departments of BHBFC through a questionnaire (Annexure-3).

Multiple linear regression analysis is essentially similar to the simple linear model, with the exception that multiple independent variables were used in the model [14]. The mathematical representation of multiple linear regression is:

$$Y = a + bX_1 + cX_2 + dX_3 + \epsilon$$

Where:

Y – Dependent variable

X₁, X₂, X₃ – Independent (explanatory) variables

a – Intercept

b, c, d – Slopes

ε – Residual (error)

The "**R**" column represents the value of *R*, the *multiple correlation coefficient*. *R* can be considered to be one measure of the quality of the prediction of the dependent variable. The "**R Square**" column represents the R^2 value (also called the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the independent variables.

In order to estimate the standard deviation of the residual (Y- Y fit), i.e. the estimated standard deviation of a given set of variable values in a population sample, we have to estimate σ

$$\sigma = Sres = \sqrt{\sum \frac{(residual)^2}{n-p-1}}$$

The number of degrees of freedom is df = n (p + 1), since (p + 1) parameters are estimated.

The ANOVA table gives the total variability in Y which can be partitioned into two parts due to regression and a part due to residual variation:

$$\sum(Y-\bar{Y})^2 = \sum(Y_{fit}-\bar{Y})^2 = \sum(Y-Y_{fit})^2$$

| total sum of quares | = | sum of squares due to regression | + | residuals sum of squares |
| SStotal | = | SSreg | + | SSres |

With degrees of freedom (n₁) = p + (np₁)

4.4 Research Tools:

Microsoft Excel software and Statistical Package for Social Sciences (SPSS) software is used for data processing and analysis for this study.

Chapter-5

Findings and Analysis

5.1 BHBFC's Zone-wise quarterly business performance and trend during Covid-19 pandemic

Bangladesh House Building Finance Corporation is performing its loan operation through 10 zonal offices as the monitors of sub-endorsed branch offices. These 10 zonal offices are located in major city corporations and divisional sadar area, where two zonal offices- Dhaka North and Dhaka South are located in respectively Dhaka North and Dhaka South city corporations. The business performance in major three indicators of business performance like amount of sanctioned loans, amount of disbursed loans and recovered amount from total loan cases. The loan classification of BHBFC is described in Annexure-01. The overall summarized scenario of half-yearly business performance during the Covid-19 pandemic for two years (January/2020 to December/2021) to analyze the business trend of BHBFC is given below:
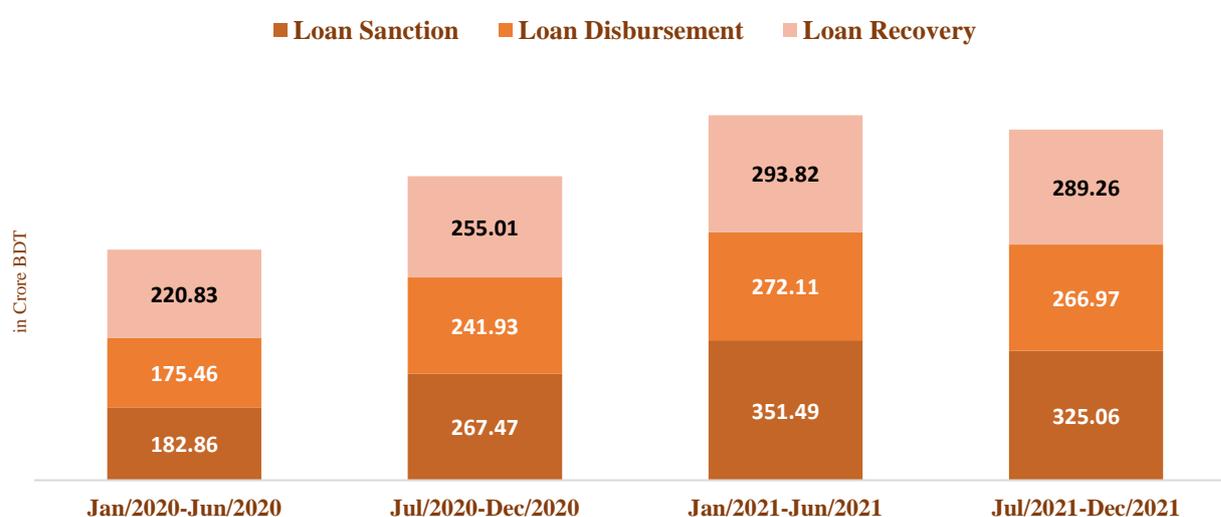

Figure-6: Half-yearly business performance of BHBFC in major indicators.

BHBFC had increased its business activities in first three half-years. For January, 2020 to June,2020, July,2020 to December, 2020 and Januray,2021 to July, 2021:

- Growth in loan sanction was consecutively 46% and 31% with a decline of 8% in fourth half-year.

- Growth in loan disbursement was consecutively 38% and 12% with a decline of 2% in fourth half-year.

- Similarly, growth in loan recovery was consecutively 15% for 2nd and 3rd half year whereas 2% decline in 4th half-year.
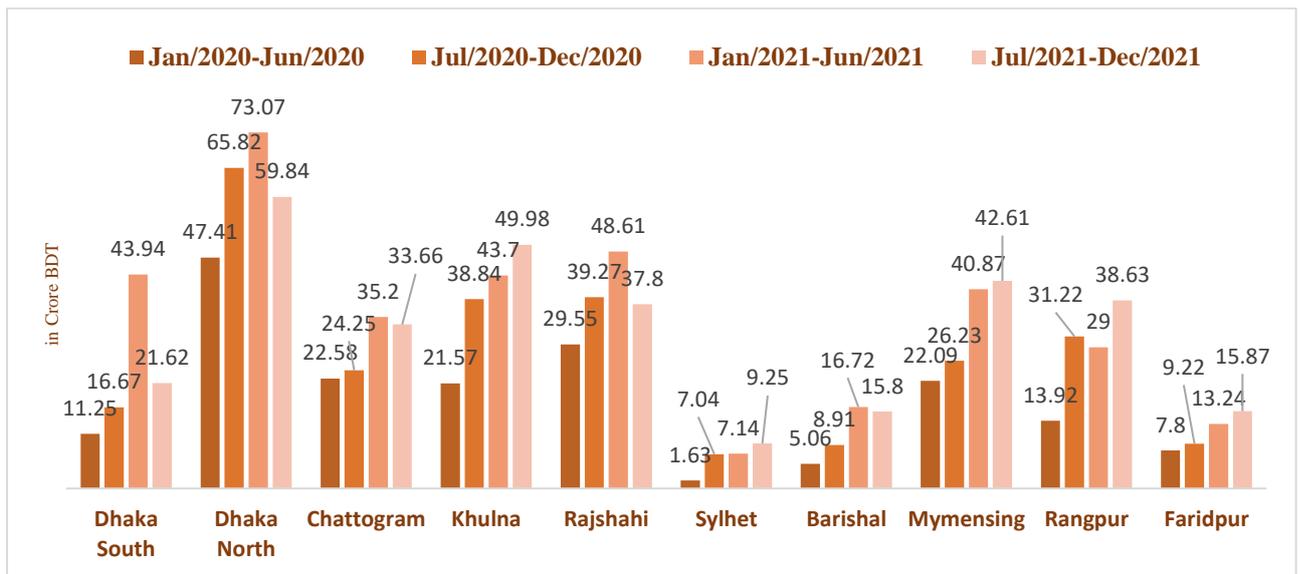
Figure-7: Amount of sanctioned loan in 10 zones of BHBFC (Half-yearly)

From Figure-7 above, the amount of sanctioned loan had been increased in the period of January, 2021 to June, 2021 in every zone of BHBFC. This refers to a positive transition from Covid-19 pandemic situation.

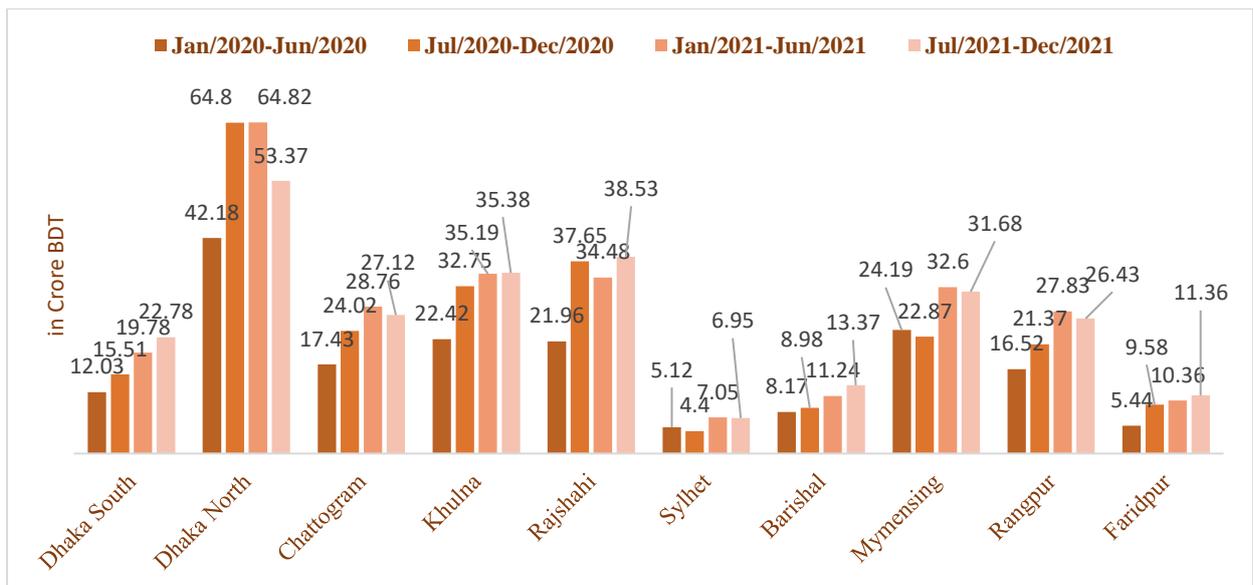Figure-8: Amount of disbursed loan in 10 zones of BHBFC (Half-yearly)

From Figure-8 above, the amount of disbursed loan had been increased in the period of July,2020 to December,2020 and January, 2021 to June, 2021 in most of the zones of BHBFC. This refers to a positive transition from Covid-19 pandemic situation and due to the increasing loan flow, borrowers could move forward to their economic development.
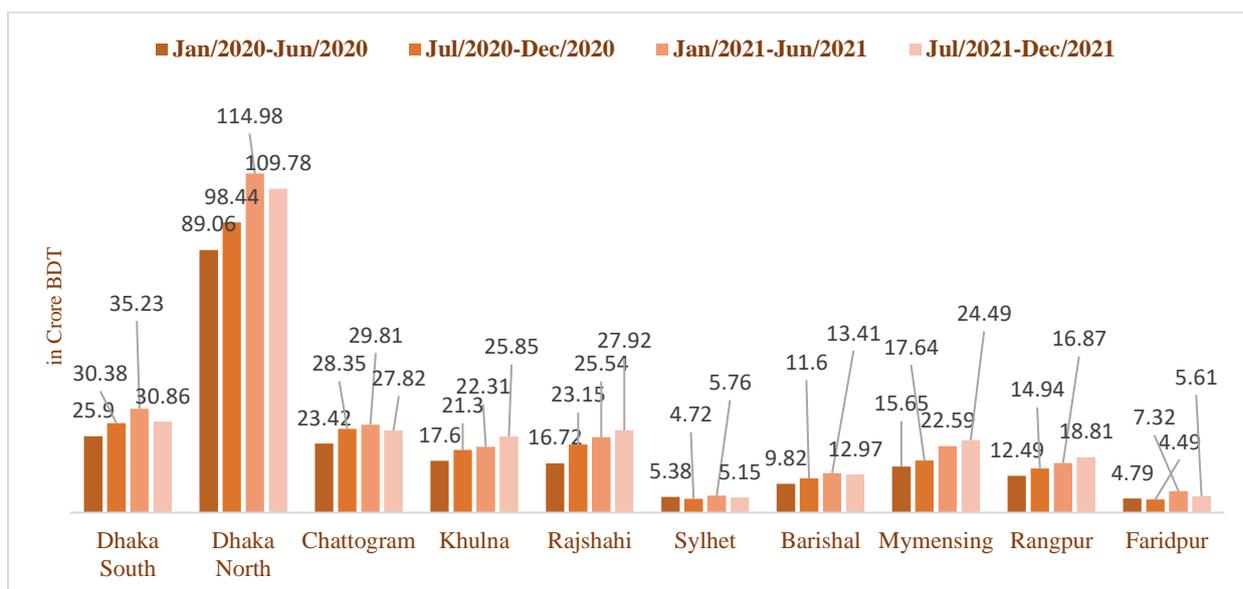
Figure-9: Amount of recovered loan in 10 zones of BHBFC (Half-yearly)

From Figure-9 above, the amount of loan recovery had been increased in the period of January, 2021 to June, 2021 in every zone of BHBFC. The trend of recovery in each zone shows that most of the borrowers had paid their installments regularly amid the economic recession caused by the pandemic.

5.2 Demographic profile of the respondents

There are 436 respondents in this study. The demographic profile of the respondents is very important to know about the respondents on whom the study had been conducted. The descriptive statistics section where the specific demographical data for analyzing the respondent's profile is discussed in the following section:

5.2.1 Location of the property

In this study, we obtained primary data from every zone of BHBFC, whereas the zones are segmented geographically for covering every districts and their corresponding upazillas all over Bangladesh. There are borrowers in every districts of Bangladesh who took a loan from BHBFC. The samples for this study which represents the existing borrowers of BHBFC and location of their properties are from Dhaka and Chattogram Metropolitan Area, Divisional Sadar, Zilla Sadar, Upazilla Sadar and Rural Areas of Bangladesh. The location wise frequency of these properties are shown in table-8 below:

Table-8: Location of the Property under this study

Category	Frequency	Percentage
Dhaka and Chattogram Metropolitan Area	149	34.17%
Divisional Sadar	71	16.28%
Zilla Sadar	144	33.03%
Upazilla Sadar	53	12.16%
Rural Area	19	4.36%
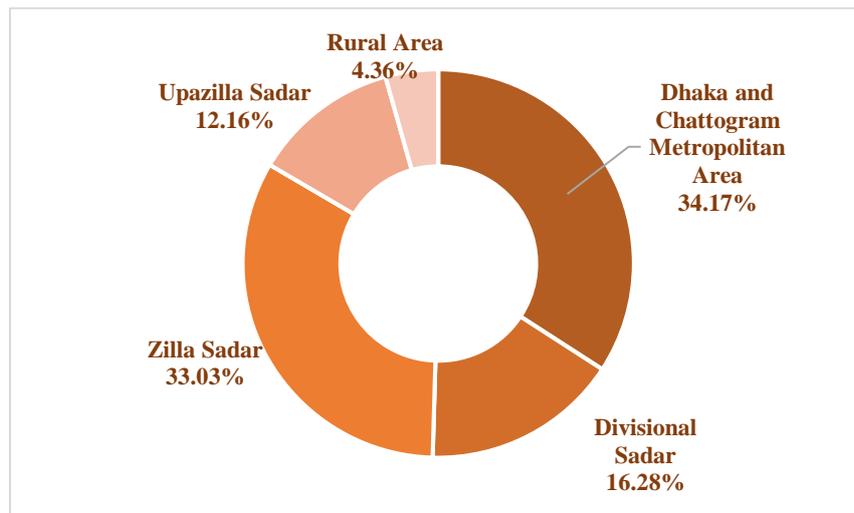
Figure-10: Coverage of location of the Property.

From the above table-8 and figure-10 we can obtain that, most of the borrowers (34.17%) have their property in Dhaka and Chattogram Metropolitan Areas followed by Zilla Sadar (33.03%) which has almost the approximate share. 16.28% properties are located in divisional sadar, 12.16% properties are located in upazilla sadar and only 4.36% properties are located in rural areas of Bangladesh.

Figure-11: Comparison between property location in Dhaka and Chattogram Metropolitan Areas and other areas of Bangladesh.

From the figure-11 above, we can see 34.17% of the respondent's properties are located in Dhaka and Chattogram Metropolitan Areas and 65.83% are from other areas of the country except Dhaka and Chattogram Metropolitan Areas.

5.2.2 Loan product

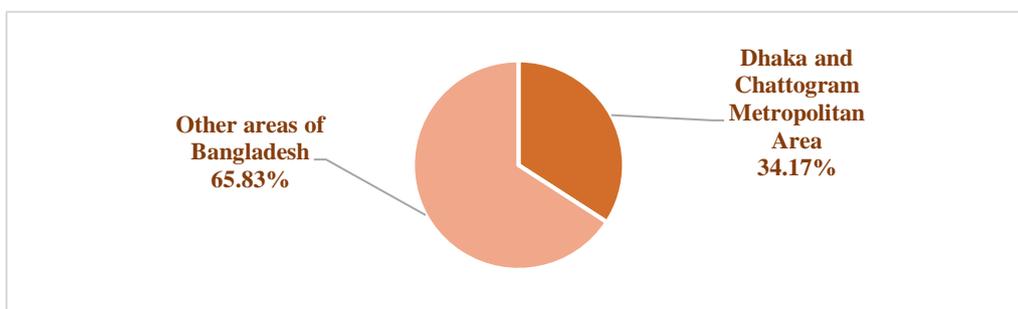This study was conducted in Bangladesh house Building Finance Corporation, which is a specialized financial entity owned by the Government of Bangladesh providing home loan facilities all over the country. Though unlike other financial institution, it is providing only home loan. But there are sub-products according to the locations and purposes of the borrowers like house construction, apartment purchase and registration, renovation or development of the existing house etc. In the time of the study, there were only one sub-product, which is now known as Old General/Multi Loan. The segmentation of the loan products is recently introduced. So, most of the respondents were from the category of Old General/Multi Loan. The frequency of the respondents according to their loan product schemes are shown in table-08 below:

Table-9: Loan Product type

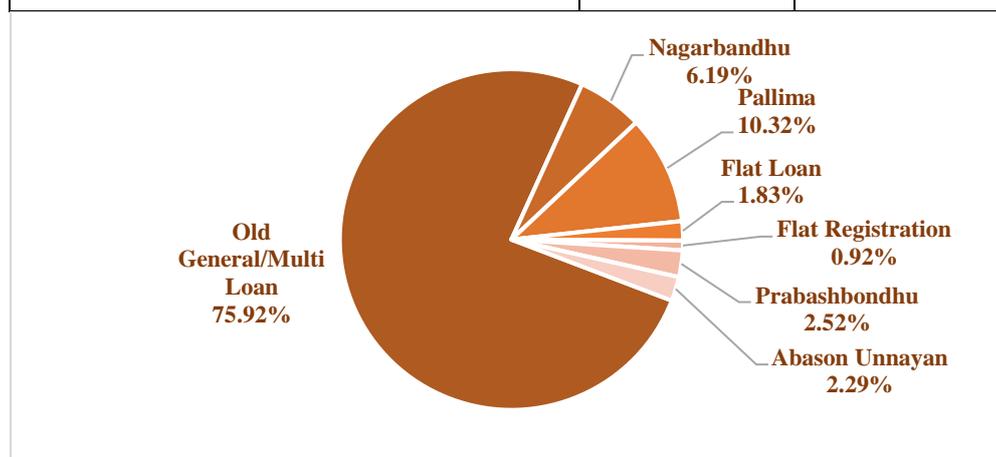| Category	Frequency	Percentage
Old General/Multi Loan	331	75.92%
Nagarbandhu	27	6.19%
Pallima	45	10.32%
Flat Loan	8	1.83%
Flat Registration	4	0.92%
Prabashbondhu	11	2.52%

Figure-12: Share of respondent's corresponding loan scheme

From the above table-9 and figure-12, we can obtain that, most of the respondents (75.92%) took Old General/Multi Loan. 6.19% took Nagarbandhu and 10.32% respondents took Pallima loan scheme which were being sanctioned in respectively Dhaka and Chattogram Metropolitan Areas

and other areas of the country except Dhaka and Chattogram Metropolitan Areas. 2.75% had took flat and flat registration loan, 2.52% had took Prabashbandhu loan exclusive for non-resident Bangladeshis and 2.29% took abason unnayan loan for developing their existing buildings.

5.2.3 Gender of the Respondents

Form the figure-13 below, we can conclude that 23.62% respondents are female and 76.38% are male.
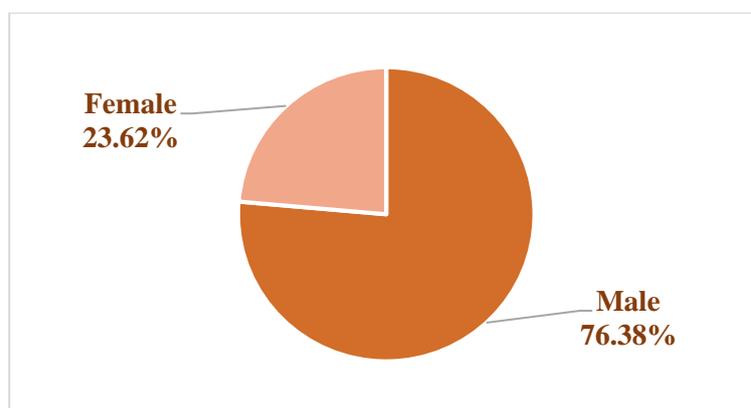
Figure-13: Gender of the respondents.

5.2.4 Current Age of the Respondents

The age of the respondents is an important factor as financing for building house is a long-term financing project. Thus the age of the borrowers is an important factor in financing for the construction or purchase of a house. The frequency of borrower's age is shown in table-09 below:

Table-10: Age of the Respondents

Category	Frequency	Percentage
18-30	6	1.38%
31-40	32	7.34%
41-50	118	27.06%
51-60	125	28.67%
60-65	99	22.71%
Above 65	56	12.84%
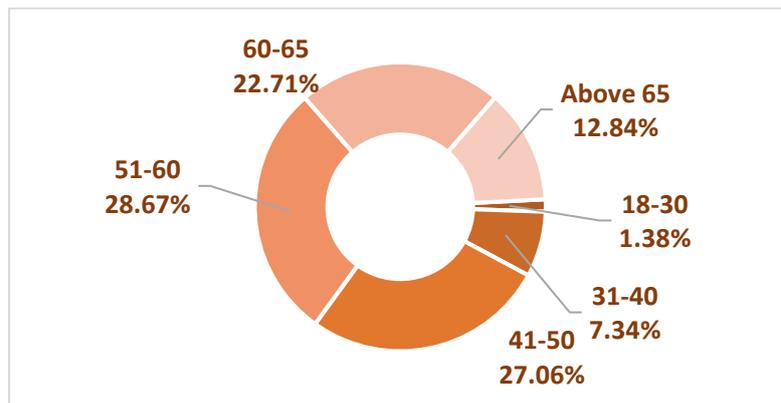
Figure-14: Age of the borrowers of BHBFC

The above figure shows that, most (28.67%) of the respondents were aged between 51 years to 60 years. 27.06% were between 41 to 50 years and 22.71% were between 60 to 65 years of age. A total 51.38% (half of total sample) respondents were in age between 51 to 65 years, which is the terminal age of a person to become retired and having financial stability. 12.65% respondents were above 65 years of age.

5.2.5 Profession of the Respondents

The loan repayment behavior of the borrowers depends on many variables, where profession is an influential variable [15]. The profession of the respondents is shown in table-10 below:

Table-11: Profession of the Respondents

Category	Frequency	Percentage
Government Service	45	10.32%
Private Job	52	11.93%
Business	150	34.40%
Working Abroad	20	4.59%
Educator	26	5.96%
Professional	37	8.49%
Housewife	64	14.68%
Currently Unemployed	32	7.34%
Farmer	10	2.29%
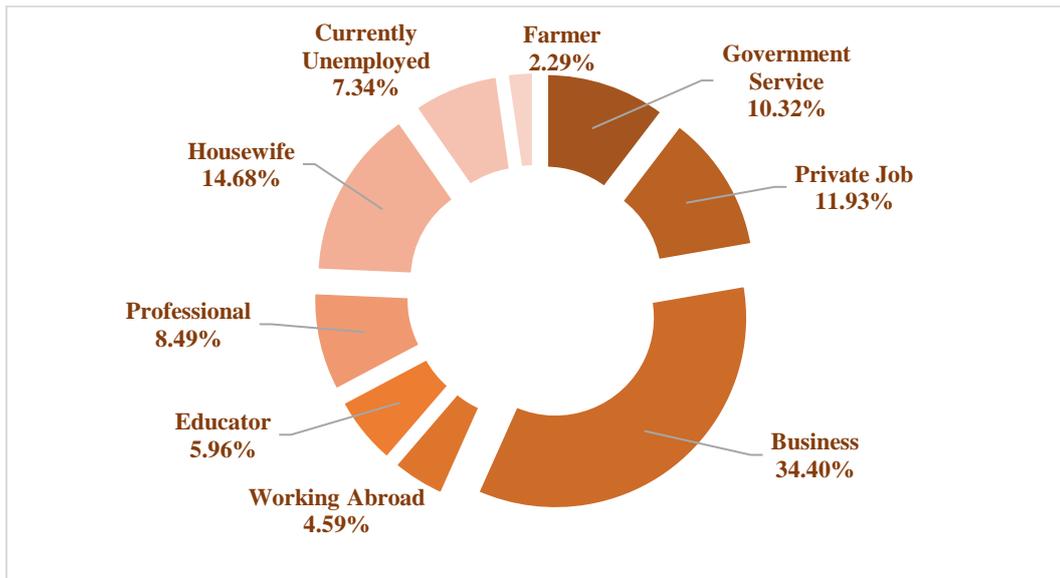
Figure-15: Profession of the borrowers.

From the table-11 and figure-15 above, it can be seen that, most (34.40%) of the respondents were businessmen. 22.25% were service holders such as Government service (10.32%) and Private job (11.93%). 14.68% of borrowers were housewives, which is an indication of women empowerment as owning and renting a house provide financial stability to woman borrowers. 2.29% respondents were farmers who were from rural areas and financing for their house advances the rural development.

In this study, 7.34% are claimed to be currently unemployed which cannot be identified whereas their unemployment was due to Covid-19 pandemic or not. 4.59% were working in other countries and contributing with remittance.

Table-13: Foreign countries where Respondents from this study are working in.

SL.	Name of the Country	No. of Respondents Live in that country
1.	United States of America	3
2.	United Kingdom	4
3.	Saudi Arabia	7
4.	Kuwait	1
5.	Japan	1
6.	Bahrain	2
7.	Malaysia	2

5.2.6 Educational Qualification of the Respondents

In this study, educational qualification of the respondents were categorized into five segments. Illiterate, Primary school pass and those who hadn't passed Secondary School Certificate (S.S.C) were categorized to below S.S.C. Table-11 below shows the frequency distribution of educational qualification of the 436 respondents:

Table-14: Educational Qualification of the Respondents

Category	Frequency	Percentage
Below S.S.C	31	7.11%
S.S.C or equivalent	48	11.01%
H.S.C or equivalent	49	11.24%
Gradualtion or equivalent	193	44.27%
Post Gradualtion or equivalent and above	115	26.38%
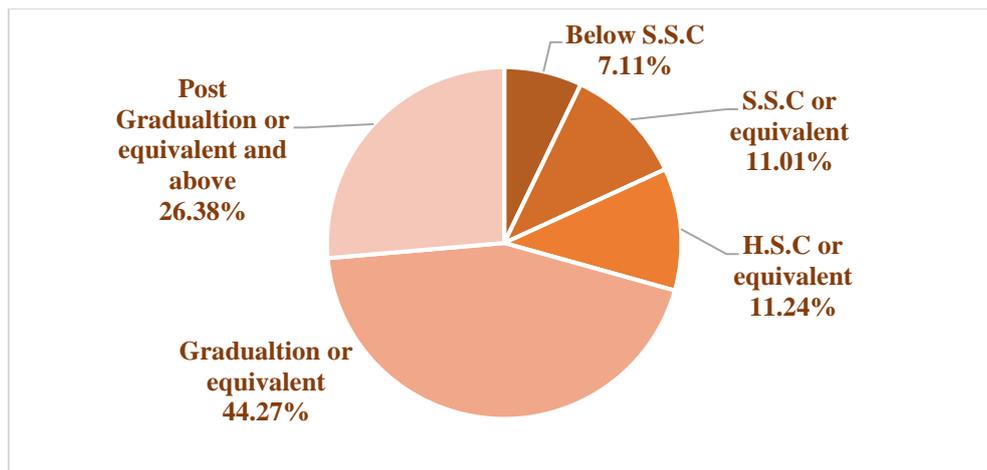
Figure-16: Educational Qualification of the borrowers

Above table-11 and figure-0 show that, most (44.27%) of the respondents were graduated or having equivalent degree. 26.38% were post-graduated or higher degree holders. 29.36% respondents were below graduation level for educational qualifications.

5.2.7 Respondents being infected with Covid-19

Figure below shows that, 86.70% of respondents were not infected by Covid-19 in a formal medical test. Only 13.30% of respondents were clinically infected with novel coronavirus till the data for this study was collected.
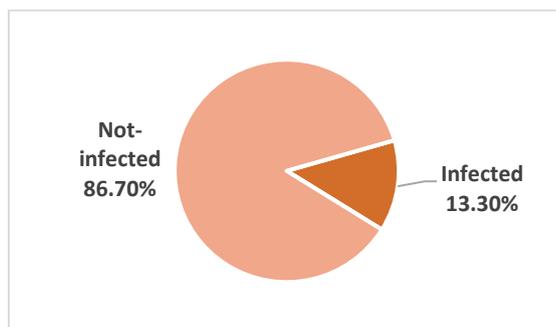
Figure-17: Respondents being infected with Covid-19

5.2.8 Family members of the Respondents being infected with Covid-19

The following Figure-0 shows that, 80.05% of family members of the respondents were not infected by Covid-19. 19.95% of family members of the respondents were clinically infected with novel coronavirus till the data for this study was collected.
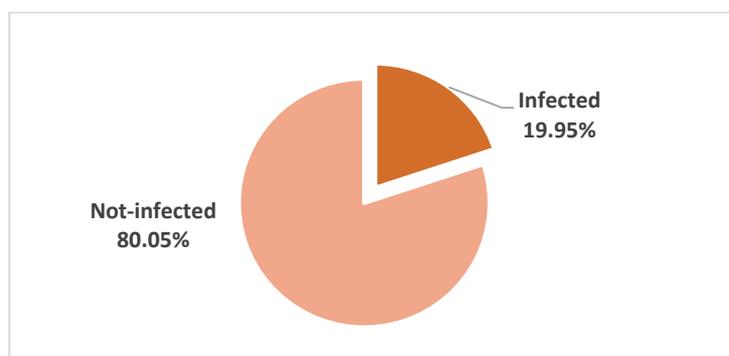
Figure-18: Family members of the Respondents being infected with Covid-19

The national clinical infection rate was less than 1% of total population till December, 2021 [9].

5.2.10 If respondents stayed abroad during Covid-19 pandemic

The figure below shows that, 1.83% of the respondents were staying in foreign countries during the Covid-19 pandemic situation.
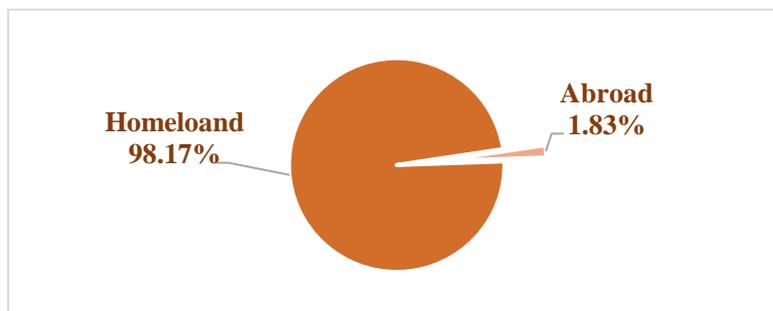
Figure-19: Borrowers stayed abroad during the Covid-19 pandemic

5.2.11 Income Analysis of the Respondents

The income of the borrowers is the most important financial variable for providing loans [4] [5]. In this study, data of borrower's income were collected in two parts. One is current monthly gross income and the gross income at the time of sanctioning the loan which was recorded in borrower's loan file.

The income of the borrowers was categorized in 11 segments. As BHBFC has the mission to provide loan facilities to low, lower-middle and middle-income group, the last segment was for Tk 1,00,000 and above. The income analysis was discussed below:

5.2.11(a) Current Monthly income of the Respondents:

Current monthly total income of the respondents is shown in table-13 below:

Table-15: Current monthly income of the Respondents

Category	Frequency	Percentage
Below 10,000	17	3.90%
10,000-20,000	72	16.51%
20,001-30,000	102	23.39%
30,001-40,000	96	22.02%
40,001-50,000	72	16.51%
50,001-60,000	15	3.44%
60,001-70,000	31	7.11%
70,001-80,000	7	1.61%
80,001-90,000	11	2.52%
90,001-1,00,000	9	2.06%
Above 1,00,000	4	0.92%
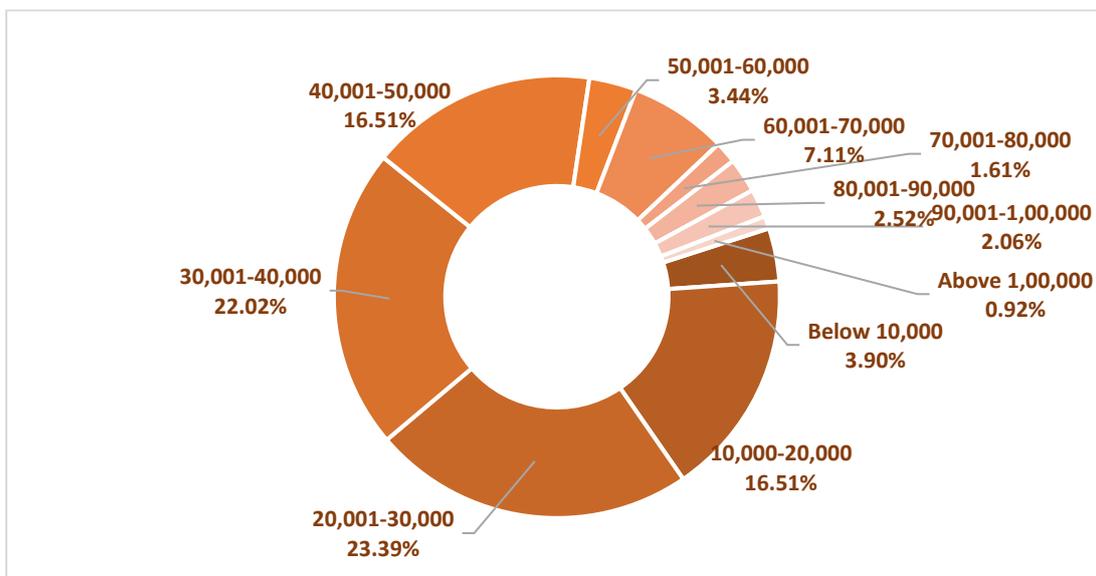
Figure-20: Percentage of segment-wise current monthly income of the borrowers.
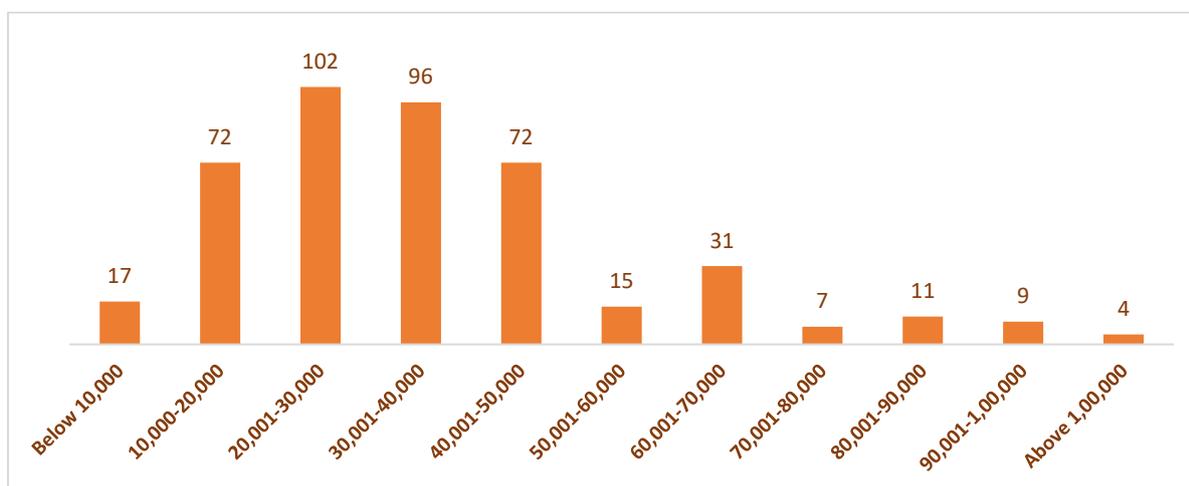
Figure-21: Comparison of the frequency of income segments.

Above the table-15, figure-20 and figure-21 shows that,

- Most (25.69%) respondents had income in a range of 20001 to 30000 Tk.
- 23.17% respondents earned between 30001 to 40000 Tk., 19.27% of respondents earned between 10000 to 20000 Tk and 17.43% respondents earned between 40001 to 50000 Tk. per month.
- Only 0.92% of respondent's income were above 100000 Tk. per month.
- 72.03% or almost three-fourth of the respondents had monthly income below 40000 Tk., which are BHBFC's target population.
- 89.46% of respondents had monthly income below 50,000 Tk.
- 5.50% of respondents had monthly income of more than 80,000 Tk.

5.2.11(b) Monthly Income of Respondents at the time of Loan Sanction

Monthly income of respondents at the time of loan sanction is shown in table-14 below:

Table-16: Monthly income at the time of sanction of the Respondents

Category	Frequency	Percentage
Below 10,000	49	11.24%
10,000-20,000	132	30.28%
20,001-30,000	89	20.41%
30,001-40,000	74	16.97%
40,001-50,000	38	8.72%
50,001-60,000	22	5.05%
60,001-70,000	9	2.06%
70,001-80,000	7	1.61%
80,001-90,000	7	1.61%
90,001-1,00,000	6	1.38%
Above 1,00,000	3	0.69%
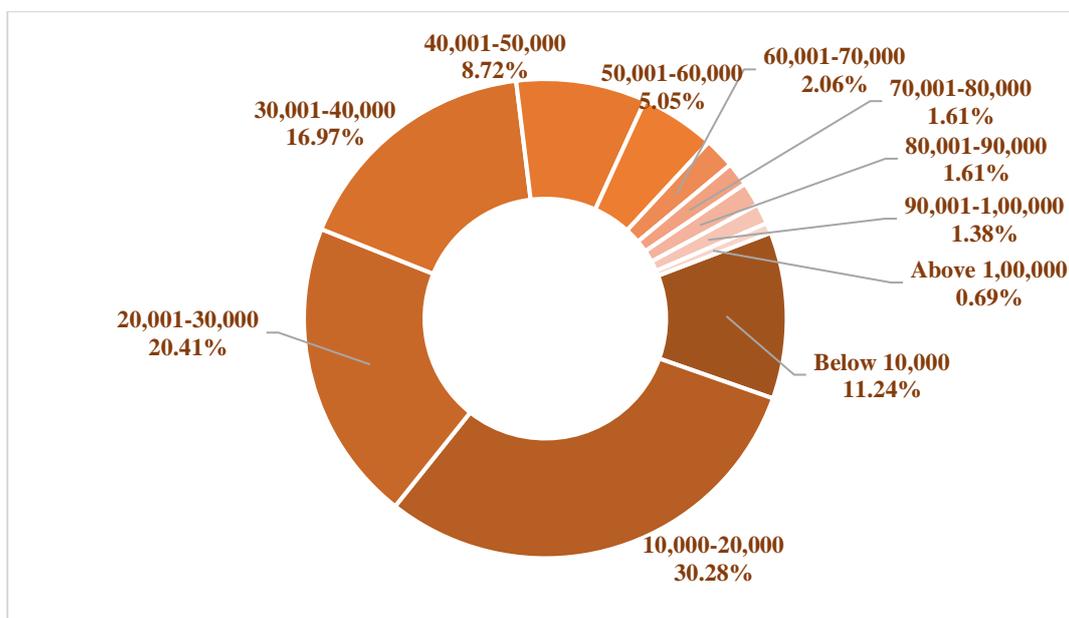
Figure-22: Percentage of segment-wise current monthly income of the borrowers.
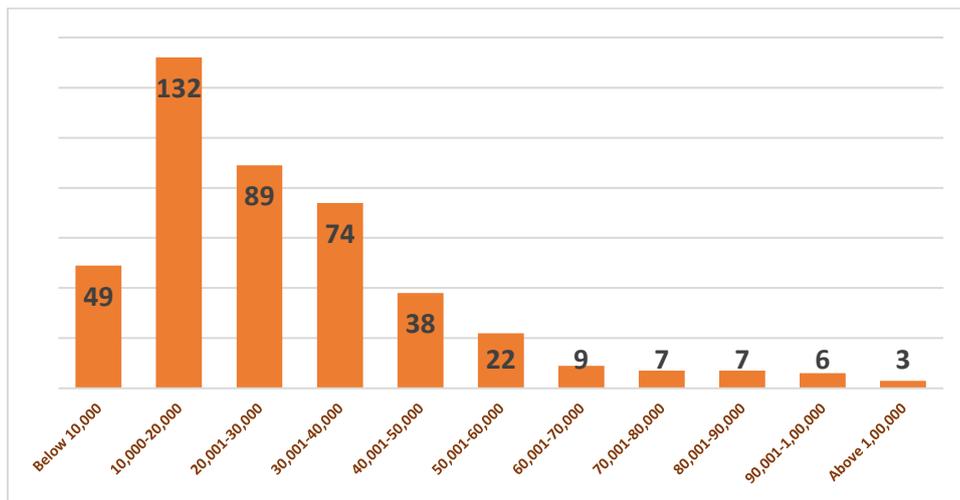
Figure-23: Comparison of the frequency of income segments.

Above the table-14, figure-0 and figure-0 shows that,

- Most (33.94%) respondents had income in a range of 10000 to 20000 Tk.

- 22.25% respondents earned between 20001 to 30000 Tk., 16.51% of respondents earned between 30001 to 40000 Tk. and 11.24% respondents earned below 10,000 Tk. per month.

- Only 0.69% of respondent's income were above 100000 Tk. per month.

- 83.94% or almost three-fourth of the respondents had monthly income below 40000 Tk. at the time of sanctioning the loan.

- 92.66% of respondents had monthly income below 50,000 Tk.

- 3.68% of respondents had monthly income of more than 80,000 Tk.
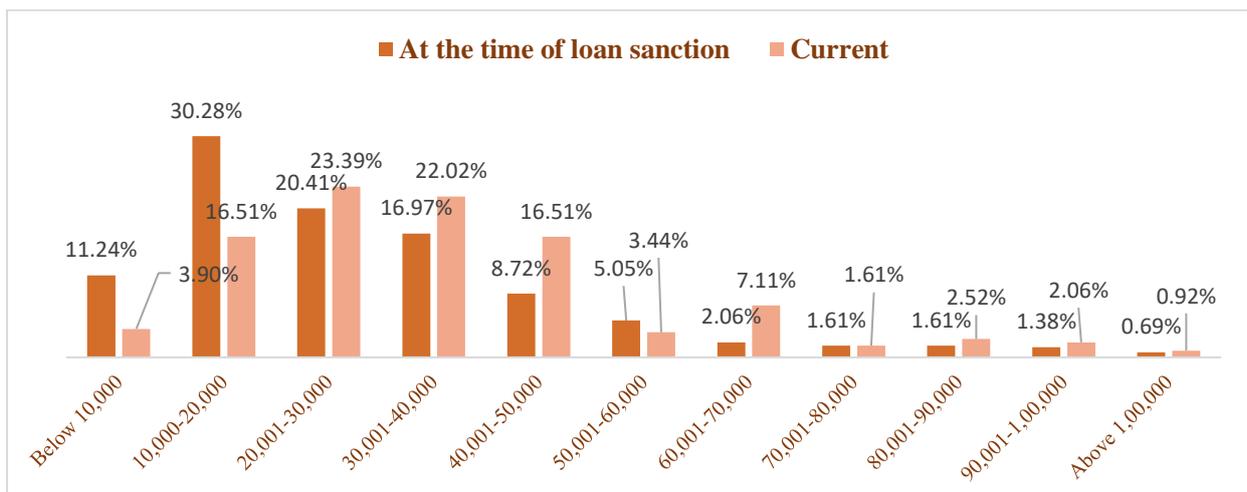
Figure-24: Increase of % in income segments comparing current monthly income and at the time of loan sanction
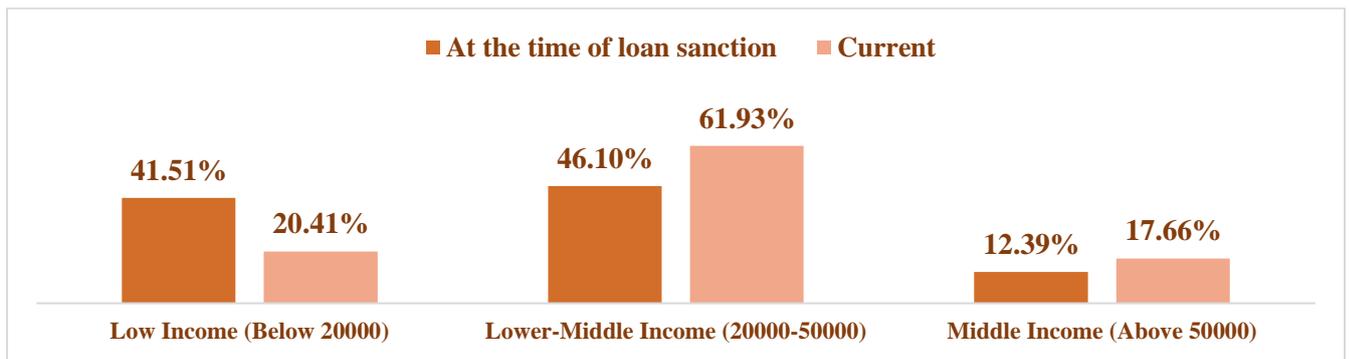
Figure-25: Comparison in three major income segments.

From the figures above, we may conclude that,

- There is a declination in low income segment (Monthly income of below 20,000 Tk.)
- For lower- Lower-Middle income segment (Monthly income of 20,000 Tk. to 50,000 Tk.) and Middle income segment (Monthly income above 50,000 Tk.), percentage of inclusion in these groups had been increased gradually.

5.3 Inferential analysis:

5.3.1 Hypothesis: We had developed a hypothesis to determine whether Covid-19 pandemic had impact on the repayment behavior of the borrowers of BHBFC during the Covid-19 pandemic period.

H$_0$: There is an impact of Covid-19 pandemic on loan repayment of the borrowers of BHBFC

H$_1$: There is no impact of Covid-19 pandemic on loan repayment of the borrowers of BHBFC

To test the hypothesis, we have developed the following multiple linear regression model:

$$Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 X_5 + e$$

Here,

Y : Repayment affected by Covid-19 pandemic (Difference in **number of due installments** at December/2020 from January/2020)

X$_1$: Current monthly income

X$_2$: Number of total unit at house of the borrower

X$_3$: Difference in **number of vacant unit** at December/2020 from January/2020

X$_4$: Difference in **amount of rent collected** at December/2020 from January/2020

X$_5$: Borrowers infected with Covid-19 (Dummy variable)

b$_0$: intercept

e: Regression residual or error term.

5.3.2 The outcome of regression is given below:

The outcome of the regression model to test the null hypothesis is resulted as below:

$Y = 6.07406 + 0.63346\ X_1 + 0.0000\ X_2 + 0.49072\ X_3 + 0.73225\ X_4 + 0.00972\ X_5 + 0.97816$

Repayment affected by Covid-19 pandemic = (6.07406) + (0.63346) × Current monthly income + (0.0000) × Number of total unit at house of the borrower + (0.49072) × Number of vacant unit + (0.73225) × Amount of rent collected + (0.00972) × Borrowers infected with Covid-19 + 0.97816

The above multiple regression model shows that,

- Repayment affected by Covid-19 pandemic (Difference in **number of due installments at December/2020 from January/2020**) are positively correlated with Current monthly income with a coefficient of 0.63346. The variable of current monthly income is statistically significant because its p-value (0.0022) is not greater than the usual significance level of 0.05.

- Number of total unit at house of the borrower is not correlated with Repayment affected by Covid-19 pandemic with a coefficient of 0.0000, which indicates number of total unit at house of the borrower has no effect on repayment during Covid-19. Variable of number of total unit at house of the borrower is not statistically significant because its p-value (0.1518) is greater than the usual significance level of 0.05.

- Number of vacant unit at house of the borrower has positive correlation with repayment affected by Covid-19 pandemic with a coefficient of 0.49072. Variable of number of total unit at house of the borrower is not statistically significant because its p-value (0.0941) is greater than the usual significance level of 0.05.

- Amount of rent collected from a house has strong positive correlation with repayment affected by Covid-19 pandemic with a coefficient of 0.73225. This indicates amount of collected rent has major impact on loan repayment during Covid-19 pandemic. Variable of number of total unit at house of the borrower is statistically significant because its p-value (0.0388) is not greater than the usual significance level of 0.05.

- Borrowers infected with Covid-19 has positive correlation with repayment affected by Covid-19 pandemic but the correlation having coefficient of 0.00972 is very weak and tends to be neglected in terms of loan repayment. Variable of number of total unit at house of the borrower is not statistically significant because its p-value (0.5293) is greater than the usual significance level of 0.05.

Table-17 : Regression Statistics	
Multiple R	0.88131291
R Square	0.77571254
Adjusted R Square	0.03770467
Standard Error	0.47206241
Observations	436

The result from table-17, Multiple R-value is 0.881 which indicates the multiple correlations between Repayment affected by Covid-19 pandemic (response variable) and five predictor variables.

The coefficient of determination or R squared value 0.776 indicates that 77.6% of the variation in the Repayment affected by Covid-19 pandemic can be explained by Current monthly income, Number of total unit at house of the borrower, Number of vacant unit, Amount of rent collected and Borrowers infected with Covid-19. In other words, 77.6% of the values fit the regression model.

Table-18: ANOVA					
	df	SS	MS	F	Significance F
Regression	5	335.9498	67.18996	0.673202	0.643971
Residual	430	42916.84	99.8066		
Total	435	43252.79			

From table-18, it can be observed that the F ratio is 0.0.673 and the p-value is 0.643971 which is greater than the level of significance (0.05). So, the null hypothesis H_0 is not rejected and the Covid-19 pandemic has an impact on loan repayment of the borrowers of BHBFC.

5.4 Evaluation from BHBFC's employees corresponded to branch operation:

Besides taking responses from the borrowers, we collected the evaluation on every respondent from the officer of the corresponding branch office. It was due to deduct the intention of the borrowers if they were falsely providing information on their loan repayment variables. So, the insight of the evaluation was conducted in two parts as below:

5.4.1 Loan classification of Borrower's repayment pattern during this study: In this study, number of due instalments were collected for 436 borrowers in three-time period: January/2020, June/2020 and October/2020. Following the criteria of loan classification (Annexure-1) frequency of these criterion has been segmented in table-15 below:

Table-19: Trend of Overall repayment according to criteria of loan classification in the year of 2020

No. of Due Intallments										
Till	**Regular**	**%**	**Unclassified**	**%**	**Sub-Standard**	**%**	**Doubtful**	**%**	**Bad**	**%**
January/2020	51	11.70%	277	63.53%	69	15.83%	24	5.50%	15	3.44%
Growth (Jun-Jan)	-19	-37.25%	-26	-9.39%	36	52.17%	9	37.50%	0	0.00%
June/2020	32	7.34%	251	57.57%	105	24.08%	33	7.57%	15	3.44%
Growth (Oct-Jun)	6	18.75%	-31	-12.35%	14	13.33%	10	30.30%	1	6.67%
October/2020	38	8.72%	220	50.46%	119	27.29%	43	9.86%	16	3.67%
Growth (Oct-Jan)	-13	-25.49%	-57	-20.58%	50	72.46%	19	79.17%	1	6.67%

From the above table, most (50.46%-63.53%) of the borrowers fall into the unclassified loan category, which is below 24 installments deafaulted. Less than 4% of loans are bad (more than 60 installments due).
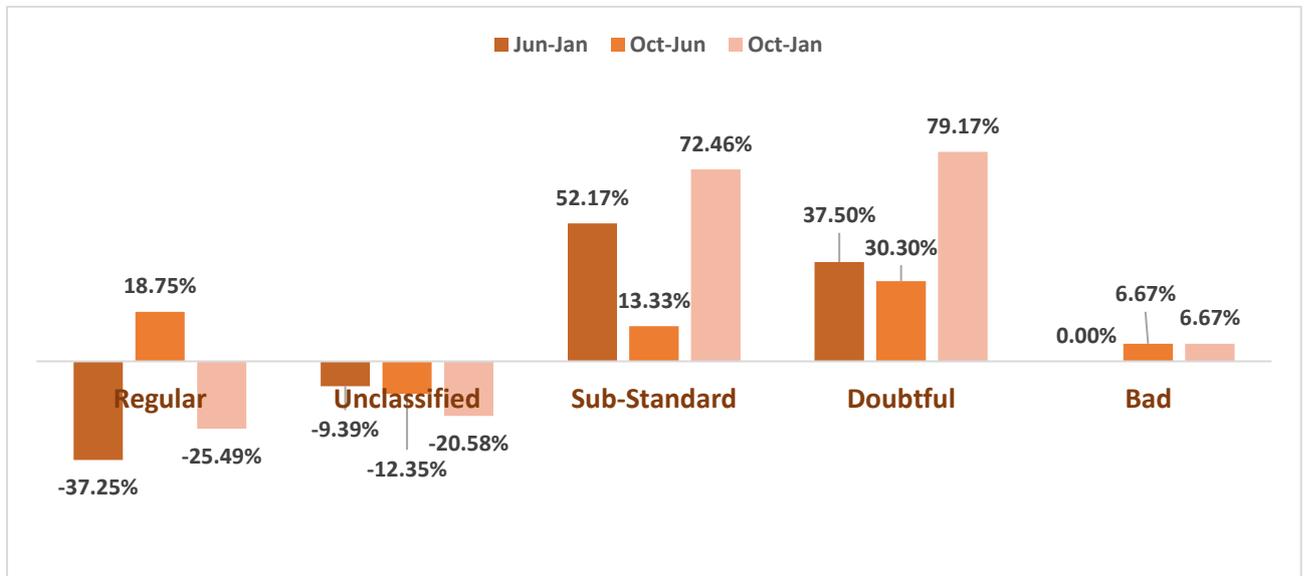
Figure-26: Growth of defaulting in four classification criteria in 3 consecutive quarters.

Figure-26 shows that, there had been significant decline in regular repayment from January to October (25.49%), which means number borrowers with of regular payment has decreased over this period. For unclassified loan cases, also a decline (20.58%) had been seen. For sub-standard

and doubtful loan cases there were vast increase respectively 72.46% and 79.17%. This indicates borrowers of regular and unclassified loan cases were being transformed to more installment defaulter in the period from January to October. Also, percentage of bad loans had increased (6.67%).

5.4.2 Reasons behind defaulting in this study period: We have collected the insights of branch office correspondents, who provide their opinions about the reasons which are summarized below:
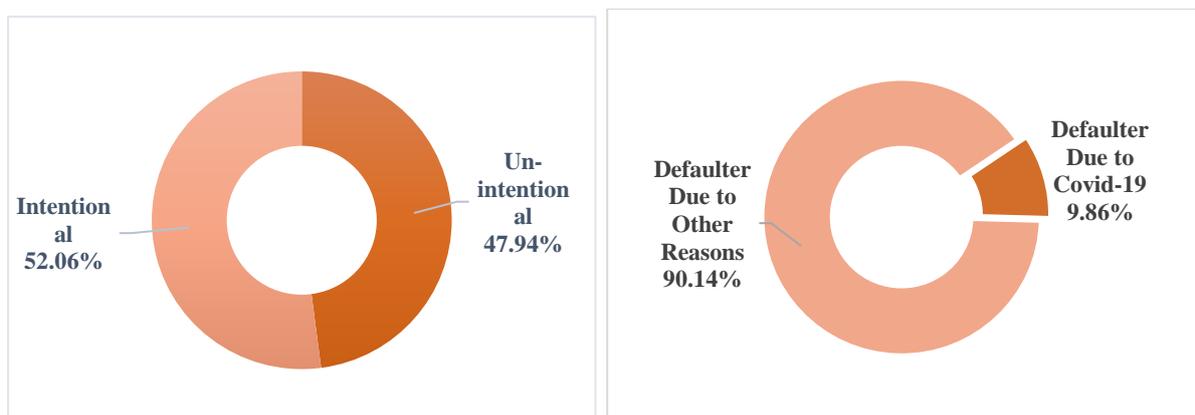
Figure-27: Percentage of intentional defaulter (a) and due to Covid-19 (b)

Figure-0 shows that, 52.06% respondents were intentional defaulter according to the feedback of branch office correspondents. 9.86% of defaulter respondents defaulted due to Covid-19 pandemic in the period of January/2020 to October/2020.
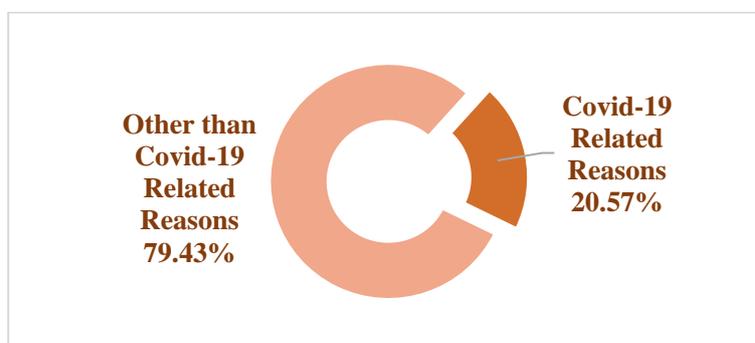
Figure-28: Reasons for defaulting from unintentional defaulters

Respondents who were unintentional defaulter, among them 20.57% were defaulter due to Covid-19 pandemic related reasons. The specified reasons and their frequencies are shown in Annexure-2, which were identified by branch office correspondents.

Chapter-6

Conclusion

6.1 Conclusion

6.1.1 Impact on BHBFC's overall business activities:

This highly contagious disease of coronavirus had created a global epidemic situation with far-reaching direct and indirect effects around the world. As a result of this pandemic, along with the global economy, Bangladesh is also affected. Lockdowns are announced periodically to keep the situation under control. During the lockdown and shutdown, banks are kept open for certain periods even in the blocked areas of the country. Office activities are conducted by maintaining safe distance as per World Health Organization (WHO) guidelines. Bangladesh House Building Finance Corporation has taken several steps in fighting the situation of Covid-19 pandemic.

In the financial year of 2020-21, the highest amount of loans was being sanctioned compared to the previous years, as well as significant amount of loans was disbursed. It may also be noted that during the financial year of 2020-21 which was during the Covid-19 pandemic period, the total loan recovery had been increased to a satisfactory extent compared to the previous financial year, which is very positive as an achievement of any financial institution during the pandemic. In the recently concluded financial year, the classified loan rate decreased by 1.51% due to significant recovery from classified loan cases.

In the financial year of 2020-21, an amount of Tk 619.26 crore had been sanctioned, which was Tk 164 crore more than the previous financial year of 2019-20. It should also be noted that the total amount of loan recovery during the financial year of 2020-21 was Tk 565.08 crore, which was Tk 79 crore more than the previous financial year. After concluding financial year of 2020-21, the ratio of classified loans declined from 7.45% to 5.94% due to significant collection of classified loans.

Due to Covid-19, plans had been taken to increase credit flow to support housing related sectors. For that purpose, a target of Tk. 700 crore loan sanction had been fixed in the financial year 2021-22. The achievement in post-pandemic period (financial year of 2021-22) had grown into Tk. 714.84 crore of loan sanction and Tk. 651.70 crore of recovery with a classified loan rate of 4.65%. This is a precedent of ascension for BHBFC from the economic stumbling due to Covid-19 pandemic situation.

6.1.2 Impact on field offices and borrowers:

From the analysis and interpretation of the study, we have inferred some conclusions as follows:

- The result of the study shows that, most of the existing borrowers were male, aged between 41 years to 60 years and had a mode age of 56 years. Major portion of the respondents were businessmen in profession and had graduation as educational qualification.

- Analyzing the current monthly income of the respondents and monthly income at the time of loan sanctioning, we found high conversion to lower-middle group from lower-income group. Also, inclusion in middle income group had increased. This is a clear indication of borrower's income generation after taking a housing loan from BHBFC.

- From the inferential analysis, multiple regression concludes that Covid-19 pandemic had an impact on loan repayment of the borrowers of BHBFC. There was also high correlation between monthly income of the borrowers and repayment during Covid-19 pandemic. In case of considering amount of rent collected of the sanctioned property/house, we found stronger correlation with repayment during Covid-19 pandemic.

- The insight of this study was the most potential part. In there, it was found that rate of classified loan in different segments had slightly increased between January, 2020 and October,2020. But the evaluators from corresponding branch offices claims that half of the defaulter respondents were intentional defaulters. In last three financial years, BHBFC has recovered consecutively 15% and 16.5% more than previous financial years. So, in the period of Covid-19 pandemic, the repayment scenario wasn't going down, rather going uphill. Though some of the borrowers were occasionally intentional defaulters and the classified rate had increased in the period of lockdown and economic shutdown, BHBFC had recovered immediately by taken necessary measures.

- The reasons identified by branch office correspondents were: Covid-19 pandemic related reasons are existing borrower's house units being vacant or non-rented due to Covid-19, borrower or earning member of borrower's family being unemployed due to Covid-19, monthly income reduced due to Covid-19, death of borrower due to Covid-19, irregular rent received from tenants due to Covid-19 etc. Other than Covid-19 related reasons were: units vacant /non-rented due to other reasons, inheritance complications, earning member unemployed due to other reasons, increasing need of family expenditure, increasing need of medical expenses, incomplete constructions due to fund limitation, income reduced due to other reasons, death of borrower due to other reasons, irregular rent received from tenants due to other reasons, burden of other loans (from NGOs, relatives etc. sources).

- From our observation beside this study, the housing sector has more than 450 product-based sub-sectors and the impact on this sector and its corresponding sub-sectors were apparent. After the

announcement of the general holiday by the Government, all the construction work got postponed. Millions of construction workers were affected in the economic standstill. But like the other sort of construction projects, housing construction hasn't been affected that much as expected. This fact seems surprising but after one year of this pandemic, many people have given up the habit of taking food from outside, many people have given up the tendency to purchase consumer goods, unnecessary clothes, tours, travels, etc.; even postponed the decision to buy luxury goods such as cars due to the economic recession. But very little portion of people postponed their residential construction projects in the pandemic due to fund crisis which can be assessed from the gradual growth in loan disbursement [16].

- Another observation found in this study is that the concerned borrowers paid regularly in the pandemic period while the beginning of economic downturn was at large. Though there were vacancy of units and reduction in rent amount for a unit, the recovery or repayment didn't go downhill during the pandemic period and lockdown. **The study found that the Covid-19 pandemic had impacted positively on loan repayment in case of BHBFC**. This concludes that, the housing finance sector is a sustainable sector of the Bangladesh's economy and investment in housing sector is more secure than other sectors.

6.2 Recommendations

Some recommendations after assessing the impact of Covid-19 pandemic on housing finance in the perspective of BHBFC are as follows:

- The government of Bangladesh should pay more attention to the housing sector and housing finance sector as it one of the most sustainable and secure sector for investment. The authority can ease up the policies, regulation and specially land management system to support the stakeholders of housing finance sector. A sustainable housing finance sector will strengthen the economy as well as equipped to extinguish the unexpected situation like Covid-19 pandemic.

- The lesson from Covid-19 pandemic situation should be implemented into selection of borrowers, loan disbursement processing and recovery policy. As the study has found a large portion of the defaulter borrowers were intentional, the recovery policy of BHBFC and for appropriate situation of other housing finance entities should be revised/updated in order to transform the irregular borrowers into regular payee.

- Digitalization and automation of operational activities were boosted to cope with distance communication during Covid-19 pandemic period. All necessary activities and communication in

other districts/remote offices/branches can be ensured through video conferencing and remote communications and thus digitalization can be implemented in housing finance sector.

- Sustainable housing model can be developed with ensuring of infrastructural sustainability, economic sustainability and sustainable consumption in a building which will be helpful for a sudden and uncertain situation like Covid-19 pandemic.

- Health safety regulations issued by the Government during Covid-19 pandemic should be continued properly to prevent further health hazards.

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Annexures

Annexure-1:

Loan classification of BHBFC according to repayment.

Loan Classification
of
Bangladesh House Building Finance Corporation

```
                    ┌─────────────────────┐
                    │  Existing Loan Cases │
                    │    With Monthly       │
                    │    Installments       │
                    └──────────┬──────────┘
              ┌────────────────┴────────────────┐
              ▼                                  ▼
        ┌───────────┐                      ┌───────────┐
        │ Irregular │                      │  Regular  │
        └─────┬─────┘                      └───────────┘
      ┌───────┴──────────────────┬──────────────────┐
      ▼                          ▼          ▼        ▼
┌──────────────┐         ┌──────────────┐ ┌─────────┐ ┌────────┐
│ Unclassified │         │ Sub-standard │ │Doubtful │ │  Bad   │
└──────────────┘         └──────────────┘ └─────────┘ └────────┘
 (Due below 24            (Due from 24 to 36 (Due from 36 to 60 (Due above 60
  Installments)            Installments)      Installments)      Installments)
```
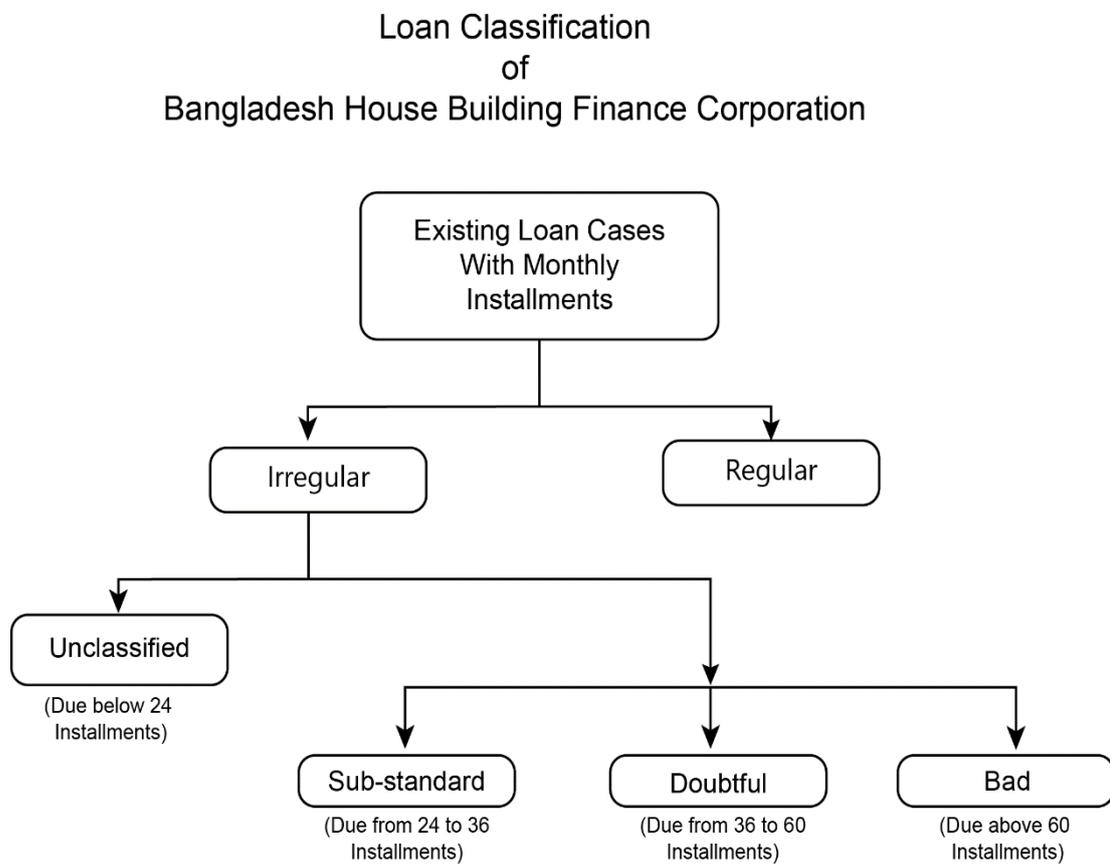
Annexure-2:

Reasons behind defaulting according to the opinions of branch office correspondents.

Reasons	Frequency	%
Covid-19 Related Reasons:	**43**	**9.86%**
Units Vacant /Non-Rented due to Covid-19	11	2.52%
Earning member Unemployed due to Covid-19	7	1.61%
Income Reduced due to Covid 19	10	2.29%
Death of Borrower due to Covid-19	1	0.23%
Irregular rent received from Tenants due to Covid-19	14	3.21%
Other than Covid-19 Related Reasons:	**166**	**38.07%**
Units Vacant /Non-Rented due to other reasons	26	5.96%
Inheritance Complications	58	13.30%
Earning member Unemployed due to other reasons	7	1.61%
Increasing need of Family Expenditure	21	4.82%
Increasing need of Medical Expenses	6	1.38%
Incomplete Constructions due to fund limitation	3	0.69%
Income Reduced due to other reasons	18	4.13%
Death of Borrower due to other reasons	7	1.61%
Irregular rent received from Tenants due to other reasons	17	3.90%
Burden of other loans (From NGOs, Relatives etc sources)	3	0.69%

Annexure-3:

Questionnaire

❖ **Branch office-related Information:**
- Name of the branch office: ………………………………
- No. of Sample allocated: ………………
- No. of total existing loan cases………………..
- No. of total regular loan cases:………………
- Total Amount of Regular Loan Cases (in Crore):……………..
- No. of total irregular loan cases:………………….
- Total Amount of Irregular Loan Cases (in Crore):………………………

❖ **Borrower-related information:**
Part-a

- Name of the borrower:………………………………………………..
- Loan case no.:………………………………………………
- Contact no. (optional):…………………………………………
- Gender:
  - ○ Male
  - ○ Female
- Age:…………………………..years
- Profession:………………………………………………….
- Educational Qualification:………………………………….

Part-b

- Location of the property (in details):………………………………………………….
- Loan Product Category:………………………………………….
- Monthly Income of Borrower at the time of Loan Sanction:…………………………Tk.
- Current monthly income of borrower:……………………………Tk.
- Total Current Family Income of the Borrower:………………………Tk.

Part-c

- Total no. of Installment Due on 01 January 2020:……………………..
- Total no. of Installment Due on 01 June, 2020:…………………
- Total no. of Installment Due on 01 October 2020:……………………….

- No. of Total Units in House of the Borrower:…………………………

- No. of Total Units rented and total received rent amount on 01 January 2020:

  …………………………. , ……………………..Tk.

- （No. of Total Units rented and total received rent amount on 01 June, 2020:

  …………………………. , ……………………..Tk.

- No. of total units rented and total received rent amount on 01 October, 2020:

  …………………………. , ……………………..Tk.

Part-d

- Has the Borrower been infected with Covid-19 Virus?

  - Yes

  - No

- Is the Borrower working abroad?

  - Yes

  - No

- If the answer to the previous question is yes, Which Country Does He Work in?

  ………………………………………………

- Where have the borrower been staying during corona pandemic?

  - Homeland

  - Abroad

- Reasons Behind Irregular Payment:

  ………

  ……

  (To be filled by branch officials)

- Comments from Recovery Staff/Data Collector (To Justify the Validity of Borrower's Information) :

  ……

  ……

  ……

Signature, Name and Designation   *Signature, Name and Designation*

of Data Collector official   *of Head of the Branch*

Abbreviations

BHBFC	**:**	Bangladesh House Building Finance Corporation
GoB	**:**	Government of Bangladesh
NBFI	**:**	Non-Bank Financial Institutions
WHO	**:**	World Health Organization
BB	**:**	Bangladesh Bank
MoF	**:**	Ministry of Finance
FID	**:**	Financial Institutions Division
FY	**:**	Financial Year
CL	**:**	Classified
UCL	**:**	Unclassified
SRS	**:**	Simple Random Sampling
CSR	**:**	Corporate Social Responsibility
WBG	**:**	World bank Group

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