

**Points necessary for scrutinizing an SLA broadly are as follows:**

- Agency name and code number;
- Grace period;
- Repayment terms and conditions for the principal as well as interest;
- Interest rate and
- Repayment or Amortization schedule etc.

**Monitoring:**

Loan account or Debt Service Liability account maintenance is a monitoring job being performed by the DSL branch of the Treasury and Debt Management wing of the Finance Division. With growing size of database, manual monitoring has become difficult. It has risk of huge error. The only way out is computerization of DSL records. Debt Service Liability monitoring means keeping tracks of records of loans. This would include particulars of disbursement, interest and principal repayments etc. It may be mentioned here that the individual loans are given in different currencies, so aggregating loans/debts would require exchange rate particulars. DSL branch has always been considering the applicable exchange rate of a particular date of disbursement or repayment.

The main reason of monitoring is to forecast on Debt Service Liability of a particular SOE on a particular date. The projections are based on existing credits taken by the SOEs and as per repayment schedules in the Loan Agreements (LAs) or Subsidiary Loan Agreements (SLAs). Monitoring is also required for tracking loan transactions. This includes disbursement, interest and principal repayments to be made by the borrowers. An amount of local currency equivalent of foreign currency is calculated for payment. The exercise is repeated for every loan and the records are updated regularly. Previously, the DSL information was maintained in ledgers and files, which required large staff. There was also scope for inadvertent clerical errors. The use of spread-sheet i.e. Excel has facilitated the DSL accounts maintenance very smooth. It has however provided only partial relief because the task requires extensive record keeping.

(Md. Ekhlashur Rahman)  
Deputy Secretary  
Treasury Management