

Appendix–2
Bangladesh Bank's Research in FY16

A Summary of Recent Research Activities in Bangladesh Bank and a Near/Medium Term Agenda

Some of the key outputs of the Research Department (RD), Monetary Policy Department (MPD) and Chief Economists Unit (CEU) are summarised here. Besides, some other on-going analytical/research work in other parts of BB are also touched briefly. All are grouped under the following categories (a) synthesis analysis of overall and topic-specific developments in the Bangladesh economy (b) empirical research on specific economic/financial sector issues and (c) development of new analytical tools and capacity building.

A. Synthesis Analysis/Reports Related to The Bangladesh Economy and Their Frequencies

- BB Annual Report: First draft prepared by Research Department with inputs from other departments and edited by Chief Economist, Senior Economic Adviser and Economic Adviser.
- Monetary Policy Statement (MPS): A bi-annual announcement of policy stance along with an update of half yearly economic developments - Jointly prepared by CEU and MPD.
- Bangladesh Bank Quarterly (BBQ): An analysis of the past quarters economic developments along with a near term outlook - prepared by CEU.
- Monthly Economic Indicators (MEI): A monthly update on key macroeconomic indicators prepared by MPD.
- Quarterly Financial Stability Assessment Report (QFSAR): An analysis of the past quarters financial changes, risk assessment and development prepared by FSD.
- Financial Stability Report (FSR): An annual basis review of the core indicators of financial stability in the Bangladesh Economy and assessment of the resilience of domestic financial system as well as significant development in the financial system based on the financial data of previous year prepared by FSD.
- Bangladesh: A Stable and Vibrant Economy. An illustrative time series approach- jointly produced by CEU, MPD, RD, Foreign Exchange Policy Department and Statistics Department (SD).
- Quarterly Review Report on Green Banking Activities of Banks & Financial Institutions and Green Refinance Activities of Bangladesh Bank prepared by Sustainable Finance Department.
- Background papers for National Budget document and 'Economic Review of Bangladesh' an annual publication of Ministry of Finance prepared by Research Department.

- Prepare a manuscript of the book titled "Activities of the Banks, Insurances and Financial Institutions" by Research Department and published by the MoF (yearly).
- Foreign Direct Investment (FDI) in Bangladesh: A half-yearly survey report prepared by SD.
- Developments of Islamic Banking in Bangladesh: A quarterly update on the Islamic banking performance in Bangladesh prepared by RD.
- Quarterly Report on Remittance Inflows: A quarterly report on the inflow of remittances in Bangladesh prepared by RD.
- Quarterly Review on RMG: A quarterly review on the development of RMG sector in Bangladesh prepared by RD.
- Quarterly Analysis on Government Revenue Receipts: A quarterly analysis on the revenue earnings by the government in Bangladesh prepared by RD.
- Monthly Report on Government Borrowing from Domestic Sources: A report prepared by RD.
- Monthly Report on Agricultural and Rural Financing: A report prepared by RD.
- Outstanding Principal Liabilities Against the Facilities Received from the IMF: A yearly report prepared by RD.

B. Empirical Analysis of Specific Economic/Financial Sector Issues in FY16 and On-going

(i) Monetary policy / inflation related

- Price and Income Elasticity of Imports in Bangladesh: An ARDL Bounds Test Approach (BB Working Paper, WP No. 1601, MPD).
- Determining the Growth-maximizing Threshold Level of Inflation in Bangladesh (BB Working Paper, WP No. 1602, RD).
- Effectiveness of Monetary Transmission Channels in Bangladesh: Evidence from a Floating Exchange Rate Regime (BB Working Paper, WP No. 1607, RD).
- Forecasting Inflation and Output in Bangladesh: Evidence from a VAR Model (BB Working Paper, WP No. 1610, RD and MPD).
- Forecasting Bangladesh's Inflation Using Seasonal ARIMA Models (for MPS, CEU).
- Constructing property price index (Special research work in progress, RD)
- The Effectiveness of Monetary Targeting Framework in Bangladesh (Work in progress, CEU).

- The Effect of Monetary Policy Rate Changes on Market Rates: The Bangladesh Experience (Work in progress, CEU).
- The Relative Importance of Core and Headline Inflation in Bangladesh: Which One to Take for Monetary Policy (Work in progress, CEU).
- Assessing the Linkage among Financial Stability, Economic Growth and Monetary Policy. (Work in progress, FSD).
- Macprudential Policies for Financial Stability: Does It Matter for Emerging Economy? (A paper presented at 'Annual banking Conference, 2015' organized by BIBM).

(ii) Financial sector related

- NGO/NPO Sector Assessment of Bangladesh: Regulatory Framework Review & Terrorist Financing Risk Assessment, Bangladesh Bank, 2015 (BB Special Research Work, SRW No.1505, BFIU).
- A Survey Report on an Enquiry into the Causes of High Increase in Loans to the Small and Medium Enterprises (SME) and Its Economic Impact-An edited English version (BB Special Research Work, SRW No.1601, RD).
- Impact Assessment of Agricultural Credit Program for the Sharecroppers in FY2015 Implemented by BRAC under Refinancing Scheme of Bangladesh Bank (BB Special Research Work, SRW No.1602, RD) .
- Does Agricultural Credit Play Any Role in Reducing Rural Poverty in Bangladesh? (BB Working Paper, WP No. 1604, RD).
- Nexus between Bank's Liquidity and Profitability in Bangladesh: An Empirical Overview (BB Working Paper, WP No. 1612, RD).
- Examining the Interaction between the Policy rate and Lending rate in Bangladesh (BB Working Paper, WP No. 1613, MPD).
- Is the Capital Market of Bangladesh Efficient? (BB Working Paper, WP No. 1614, CEU).
- Examining Potentials of Sukuk in Financing Infrastructure Projects in Bangladesh (Journal of Islamic Economics, Banking and Finance, Vol-12, No. 2, April-June, 2016).
- Islamic Banking in Bangladesh: Current Status, Challenges and Policy Options (Thoughts on Economics, Vol. 25 (1& 2), January-June 2015 (Published in 2016).
- Interest Rate Spread; Probable Causes and Remedies: A Bangladesh Perspective (An analytical report presented in the 371th board meeting by the Economic Adviser of the bank).

- Does Microcredit Support get Women Empowerment? Case of Non-Governmental Organizations (NGOs) in Bangladesh (Global Journal of Human-Social Science: An Arts & Humanities-Psychology, Vol. 15, Issue 10).
- Credit Risk Arising in The Banks from Loans Sanctioned against Inadequate Collateral (Special research work in progress, jointly by RD, BRPD, DOS and DBI).
- Mobile Banking and Economic Development in Bangladesh (Special research work in progress, jointly by BB and DU)
- Islamic microfinance in Bangladesh-Prospects and Potentialities (Special research work in progress, RD)
- National Lottery in Bangladesh and its potentialities (Special research work in progress, RD)
- Changes of Loan Classification, Rescheduling, Provisioning and Write off Policies and Its Impact Analysis: An overview (Work in progress, CEU).
- Factors Affecting the Nonperforming Loans in Commercial Banks of Bangladesh (Work in progress, CEU).
- How Mutual Funds Affect the Capital Market in Bangladesh? (Work in progress, CEU)
- How to Make the Secondary Market for Government Securities More Dynamic in Bangladesh? (Work in progress, CEU).
- The Role of SME Loans on Employment Generation: Bangladesh Perspective ((Work in progress, RD).
- The Nexus between Bank Credit and Economic Growth in Bangladesh (Work in progress, RD)
- Lending rate and Nonperforming Loan: Examining the Relationship in Bangladesh (Work in progress, CEU).
- Lending Rate Behavior in State owned Commercial banks and Private Commercial banks in Bangladesh (Work in progress, CEU).
- An Analysis of Systemic Risk in Bangladesh Banking Sector: Systemic Contingent Claim Approach (SCCA) (work in progress, FSD).
- Assessment of Inter-bank Transmission of Credit Risk (work in progress, FSD).
- Financial Inclusion Index at District Levels in Bangladesh: A Distance-based Approach (BB WP No. 1603, CEU).

- Financial Inclusion and Shadow Banking (Work in Progress, FID and BIBM).
- Relationship between Real Interest Rates and Savings in SAARC Countries (Work in progress, CEU).
- Savings and Income Inequality of Bangladesh (Work in progress, RD).
- Analyzing the Behavior of Interest Rate Spread in Bangladesh (Work in progress, RD).

(iii) External sector related

- The Impact of the Real Effective Exchange Rate on Real Export Earnings in Bangladesh (BB Working Paper, WP No. 1605, MPD and RD).
- Real or Nominal Shocks: What Drives the Exchange Rate Movements in Bangladesh? (BB Working Paper, WP No. 1606, RD and SME & SPD).
- Revisiting the Marshall-Lerner Condition in the Bangladesh Economy: A Cointegration Approach (BB Working Paper, WP No. 1608, MPD).
- Does the Import of Capital Goods Spur Manufacturing Output Growth in Bangladesh? (BB Working Paper, WP No. 1611, RD).
- Equilibrium Exchange Rate estimation for Taka- A Cointegration Analysis (BANK PARIKRAMA - a journal of banking and finance, Vol. XL, Nos. 1-4, March-December 2015).
- The Determinants of Demand for International Reserves in Bangladesh (Journal of the Institute of Bankers Bangladesh, Vol-61, No.2, July-December, 2014 (Published in 2016).
- Revisiting the Feildstein-Horioka Puzzle: The Case of Bangladesh (accepted for publishing in Thoughts on Economics- a journal of Islamic Economics Research Bureau: for 2016 Issue).
- A Survey Report on the Utilization of Worker's Remittances in Bangladesh (Special research work in progress, RD).
- Trade Misinvoicing and Related Issues in Bangladesh" (Special research work in progress, jointly by RD, Bol and NBR
- Effects of Exchange Rate Movements on Current Account Balance in Bangladesh (Work in progress, CEU).
- Does Foreign Borrowing Worsening Domestic Credit Demand? (Work in progress, CEU)
- Is Bangladesh Ready to Make its Capital Account Convertible? (Work in progress, CEU)

- Is Inflow of foreign Loans in Bangladesh Sensitive to Interest Rate Differentials? (Work in progress, RD).

(iv) Real sector related

- Public and Private Investment Nexus in Bangladesh: Crowding-in or out? (BB Working Paper, WP No. 1609, CEU).
- The Impact of Geographic Surroundings on Economic Growth: A Panel Data Approach (BB Working Paper, WP No. 1615, RD and MPD).
- An Empirical Inquiry into the validity of Wagner's Law in South Asia: A Panel Unit Root and Cointegration Analysis (BBTA Journal: Thoughts on Banking and Finance, Vol. 5, Issue 1, January-June 2016)
- Forecasting Output Growth of Bangladesh (for MPS, CEU).
- The Behavior of Saving and Investment in Bangladesh (Work in progress, CEU).
- Savings Behaviour in Bangladesh (Work in progress).

C. Development of New Analytical Tools and Capacity Building

- BBTA Journal on 'Thoughts on Banking and Finance' has been published since 2012. Till date, volume-4, issue-1 of the Journal has been published whose Executive Editor is a Research Department staff deputed to Bangladesh Bank Training Academy.
- In-house seminars disseminating work by external academics and in-house research included topics such as human development index, financing environmental conservation for ensuring sustainable development : the role of banking sector in Bangladesh perspective, monetary policy and critical issues for Bangladesh Bank, the role of insights and innovation in growth: the case study with the creation of Grameen Phone, etc.
- A two day long international workshop on 'Macroeconomic Stability, Private Sector Development, and Economic Growth' organized jointly by BB and UNDESA.
- A Public Lecture by DR. Kaushik Basu, Senior Vice-President and Chief Economist, The World Bank.
- Two training on econometric research with time series and panel data provided to research officials of Bangladesh Bank by the visiting US and Canadian academic scholars.