

EXPLANATORY NOTES

A. TABLES

1. Selected Economic Indicators: Tables IA & IB

Figures of the above mentioned tables are based on the following :

- (i) Statutory returns/statements and statistical returns submitted by the Deposit Money Banks (DMBs) to the various departments of Bangladesh Bank (BB);
- (ii) Foreign exchange returns submitted by the authorised dealers to the BB;
- (iii) Weekly Statement of Affairs of the BB ; and
- (iv) Statements and information collected from various government offices and the public sector corporations.

Figures on export receipts and import payments are based on exchange control records supplemented by data in respect of disbursement under loans, grants etc. provided by the Economic Relations Division of the Ministry of Finance.

From June, 1995 total deposit liabilities under column 38 in table-IA is arrived by aggregating DMBs deposits (excluding inter-bank deposits and deposits of the Bangladesh Samabaya Bank Ltd. (BSBL)), wage earners foreign currency deposits, resident foreign currency deposits and other foreign currency deposit liabilities. Monetary data on advances and investments have been revised from June 2002 and onwards.

2. Monetary Survey(M₂): Table IIA

The figures of monetary survey (M₂) table are based on liabilities and assets of DMBs submitted by head offices of each Deposit Money Bank (DMB) to the Statistics Department and the Statement of Affairs of BB as on the last day of each month supplemented by government transaction with the International Monetary Fund (IMF). Further, it is noted here that monetary survey data for the period June 2002 onwards have been revised according to the recommendations of IMF Mission visited Bangladesh in November 2003.

3. Reserve Money : Components and Sources: Tables IIC & IID

The Figures of reserve money tables are based on Liabilities and Assets of the Monetary Authority Account collected from the Statement of Affairs of BB.

As noted above reserve money data from June 2002 onwards have been revised as per recommendations of an IMF technical mission.

4. Monetary Survey (M₃) : Table IIE

The figures of monetary survey (M₃) table are based on Liabilities and Assets of DMBs, Liabilities and Assets of Non- bank Depository Corporations (NBDCs), Liabilities and Assets of BB and outstanding amount of National Savings Schemes.

**5. Balance of Payments & Foreign Trade:
Tables III & IV**

Data sources of these tables are the records of foreign exchange returns submitted by the authorised dealers to BB supplemented by information from the Economic Relations Division of the Ministry of Finance. Records of foreign exchange returns cover the transactions financed by cash while the information obtained from the Ministry of Finance cover transactions financed through foreign aid.

6. Tables V-XIC

The figures of the above mentioned tables have been collected from the Bangladesh Bureau of Statistics, Directorate of Agricultural Marketing, Bangladesh Jute Mills Corporation, Bangladesh Jute Mills Association, Bangladesh Jute Association and various public sector corporations.

7. Consumer Price index and Inflation Rate in Bangladesh : Table- VIII

This table has been introduced considering a new base period 1995-96. Consequently, changes in Table- IB under column 1 and 2 have occurred due to change of base period.

8. Tables XII & XIII

The figures of the above mentioned tables have been collected from the “Monthly Review” published by Dhaka Stock Exchange Limited (DSE).

9. Table XIX

This table includes the monthly weighted average rate of interest on commercial lending & deposits of local offices of seven selected banks, namely Sonali, Janata, Agrani, Rupali, Pubali, Bangladesh Krishi Bank and Standard Chartered Bank .

The selection of these seven banks have been made on the basis of their volume of total advances & deposits.

10. Table XX

The figures of the above table have been collected from Bangladesh Bank, Specialised Banks, State Owned Commercial Banks, Foreign Banks and Private Banks incorporated in Bangladesh.

11. The statistical tables for which no separate source is indicated are compiled from data generated by different departments of BB.

B. TERMS

1. Currency Outside Banks

These represent BB notes/coins plus government notes/coins and subsidiary coins in circulation minus cash in tills of DMBs.

2. Cash Reserve Requirement (CRR)

This is presently equal to 5% of the Scheduled Banks' total deposit liabilities. Prior to October, 1987 it was also 5% and thereafter, it was 10% for the period October, 1987 to April 3, 1991, 9% for April 4-24, 1991, 8% for April 25, 1991 to November 29, 1991, 7% for November 30, 1991 to March 31, 1992, 6% for April 1, 1992 to May 27, 1992, 5% for May 28, 1992 to September 30, 1999, 4% for October 1, 1999 to February 28, 2005 and 4.5% for March 1, 2005 to September 30, 2005.

3. Excess Reserves

These are equal to balance of the scheduled banks' deposits held with the BB minus their Cash Reserve Requirement (CRR).

4. Total Credit to the Government by the Banking System

(a) Credit by the BB represents:

- i) Overdraft to the government.
- ii) Outstanding ways and means advances.
- iii) The BB's holdings of government securities

and treasury bills (including special ad-hoc and other special ad-hoc treasury bills).

iv) The BB's holdings of Bangladesh savings certificate.

v) Government debtor balance.

vi) Loans to autonomous and semi-autonomous bodies.

(b) Credit by DMBs denotes :-

i) Total outstanding advances and bills to the government by the DMBs.

ii) DMBs' holdings of government securities and treasury bills.

iii) DMBs' holdings of sanchayapatras and prize bond.

5. International Reserves

In line with the IMF definition, the International Reserves represent aggregate of BB's holdings of gold, foreign exchange & SDR and reserve position in the IMF.

6. Foreign Assets (Net)

Figures of foreign assets (net) have been derived in line with the IMF practice. Exports and foreign bills discounted and rediscounted are treated as part of foreign assets.

7. Current Account Balance

It is defined as the balances in trade, services, income and current transfer, accounts in the BOP. This definition is in accordance with the 5th edition of the BOP Manual issued by the IMF.

8. Revised Interest Rate Policy on Deposits and Lending

Under the programs for financial sector reforms, a new system of interest rate determination was established with deposit & lending rates that better reflects market forces. The main objective of the new interest rate policy is to introduce flexibility into the deposit rates permitting individual banks to establish their own rates fixed by themselves. Banks were however, free to adjust their own rates

with effect from February 19, 1997. Further, flexibility in the interest rate policy was introduced from July 12, 1999 permitting banks to differentiate interest rates to individual borrowers except for lending to exporters only. For other sectors, lending rates would be decided by the banks themselves.

Apart from the general deposit and lending rates, the Islamic banks in Bangladesh are operating their banking transactions according to the Islamic shariah systems of interest-free policy. Under this policy, investment-income of the bank is shared with the mudaraba depositors according to a ratio to ensure a reasonably fair rate of return on their deposits which is shown in Table XVI.