



# Bangladesh Bank **Quarterly**

April-June, 2021  
Volume XVIII, No. 4



## **Bangladesh Bank Quarterly**

Editor : **Dr. Md. Habibur Rahman**  
Executive Director

Co-Editor: **Dr. Md. Ezazul Islam**  
General Manager  
Chief Economist's Unit

### **Team Members**

**Dr. Md. Salim Al Mamun**  
Deputy General Manager

**Md. Habibour Rahman**  
Deputy General Manager

**Mohammad Mizanur Rahman**  
Deputy General Manager

**Md. Rashel Hasan**  
Joint Director

**Raju Ahmed**  
Deputy Director

**Nasrin Akther Lubna**  
Deputy Director

**Abdullah Al Maruf**  
Assistant Director

**Md. Al-Amin Parvez**  
Assistant Director

**Md. Abdus Sobhan**  
Assistant Director

**Mohammed Mahinur Alam**  
Deputy General Manager

**Syeda Ishrat Jahan**  
Deputy General Manager

**Khan Md. Saidjada**  
Joint Director

**Murad Ullah Bhuiyan**  
Joint Director

**Md. Yousuf**  
Deputy Director

**Pronob Kumar Barman**  
Deputy Director

**Povon Chandra Sutradar**  
Assistant Director

**Md. Abir Hossain**  
Assistant Director

**Md. Humayun Kabir**  
Assistant Director

### **Desktop publishing, web-hosting and distribution**

Systems Manager, Information Systems Development and Support Department  
General Manager, Department of Communication and Publications

---

Bangladesh Bank welcomes suggestions and comments for improvement of the contents and form of the publication. Comments and suggestions may be sent to:

[ezazul.islam@bb.org.bd](mailto:ezazul.islam@bb.org.bd); [gm.ceu@bb.org.bd](mailto:gm.ceu@bb.org.bd)

Website: [bb.org.bd](http://bb.org.bd)

# Bangladesh Bank Quarterly

**April-June, 2021**  
**Volume XVIII, No. 4**





## Content

### Economic and Financial Developments

<b>Executive Summary</b>	<b>vii</b>
I. Real Economy	1
II. Price	4
III. Money and Credit Market	8
IV. Fiscal Sector	11
V. External Sector	12
VI. Banking Sector	16
VII. Capital Market	20
<b>Policy Note PN2106: The Recent Bank's Deposit Growth: What Are the Potential Sources?</b>	<b>25</b>
<b>Policy Note PN2107: Measurement of Momentum and Base Effect of CPI Inflation in Bangladesh</b>	<b>31</b>

### Charts

I.1 Growth of Real GDP and Per Capita GNI	1
I.2 Production of Major Crops	1
I.3 Growth Decomposition of Quantum Index of Industrial Production	2
I.4 Heat Map for Large and Medium Scale Manufacturing Output Growth	3
I.5 Total Cargo Handled by Chattogram port	3
I.6 Growth of Credit to Trade and Commerce, and Consumer Finance	3
II.1 Point-to-Point CPI Inflation	4
II.2 12-Month Average CPI Inflation	4
II.3 Point-to-Point Inflation Heat Map	5
II.4 Point-to-Point CPI Food Inflation	6
II.5 Point-to-Point CPI Non-Food Inflation	6
II.6 Wage Rate Index	7
II.7 Inflation in Peer Countries	7
II.8 Global Commodity Price Indices	7
II.9 World Commodity Price	7
III.1 Broad Money (M2) Growth	8
III.2 Growth of M2, NDA and NFA	9
III.3 Growth of Credit to Public and Private Sectors	9
III.4 Liquidity as percent of TDTL	10
III.5 Movements in Policy and Money Market Rates	10
III.6 Interest Rate Spread	10
III.7 Interest Rate of Government Securities	10
IV.1 Trends in Total Revenue	11
IV.2 Trends in NBR Tax Revenue	11
IV.3 Trends in Government Expenditure	12
IV.4 Sources of Financing of Budget Deficit	12
V.1 Trends in Current Account and Overall Balance	13
V.2 Trends in Export and Import Growth	13
V.3 Decomposition of Export Growth	14

V.4	Decomposition of Import Growth	14
V.5	International Reserve	15
V.6	Effective Exchange Rate Indices	15
V.7	Cross-Country Nominal Exchange Rate Indices	15
VI.1	Ratio of Gross NPLs to Total Loans	16
VI.2	Ratio of Gross NPLs and Net NPLs to Total Loans	16
VI.3	Capital to Risk Weighted Asset Ratio (CRAR)	17
VI.4	Advance Deposit Ratio	19
VI.5	Excess of SLR as % of TDTL	19
VII.1	Trends in DSEX Index and Turnover	20
VII.2	Synchronization of DSE with Global Market	20
VII.3	Returns on Capital Market among some selected countries in FY 21	20
VII.4	Selected Countries: Stock Market Capitalization, June 2021	20
VII.5	Heat Map for Sectoral Price-Earnings Ratio of DSE	21
VII.6	Turnover of Major Sectors in FY 21	21

## Tables

I.1	Macroeconomic Framework: Key Economic Indicators	39
I.2	Real GDP Growth by Sectors	40
I.3	Nominal GDP by Sectors	41
I.4	Crop-wise Agricultural Production	42
I.5	Quantum Index of Medium and Large- scale Manufacturing Industries, Mining and Electricity	42
I.6	Quantum Index of Medium and Large- scale Manufacturing Industries by Major Industries	43
I.7	Cargo Handled by Chittagong Port	44
I.8	Trends in Private Sector Credit	44
I.9	Bank Advances (Private Sector) by Economic Purposes	45
I.10	Trends in Agricultural Credit	46
I.11	Microcredit Operations of Grameen Bank and Large NGOs	46
I.12	Microcredit Operations of MFI	46
I.13	Industrial Term Lending by Banks and NBFIs	47
II.1	Trends in Inflation	48
II.2	International Commodity Prices	49
II.3	Inflation in South Asia	49
III.1	Movements in Reserve Money	50
III.2	Movements in Broad Money	51
III.3	Interest Rates Development	52
III.4	Outstanding Stocks of Bangladesh Bank Bills, Treasury Bills, Bonds and NSD Certificates	53
IV.1	Government Fiscal Operations	54
V.1	Balance of Payments	55
V.2	Trends in the Commodity Composition of Exports	56
V.3	Major Destination-wise RMG Related Exports	57
V.4	Export Performance for July-June 2020-21	58
V.5	Trends in the Commodity Composition of Imports	59
V.6	Sector wise comparative statement of the Opening and Settlement of Import LCs	60

V.7	Country-wise Workers' Remittances	61
V.8	Exchange Rate Movements	62
V.9	Trends in Foreign Aid	63
VI.1	Gross NPL Ratios by Type of Banks	63
VI.2	Net NPL Ratios by Type of Banks	63
VI.3	Capital to Risk Weighted Asset Ratios by Types of Banks	64
VI.4	Profitability Ratios by Type of Banks	64
VII.1	Indicators of Capital Market Developments	64
VII.2	Group-wise Market Capitalization of Dhaka Stock Exchange	65
<b>Annexure</b>		
	Major Policy Announcements: April-June, 2021	69





# **Economic and Financial Developments**



## Executive Summary

*With timely implementation of stimulus package and continued fiscal and extraordinary monetary policy supports, Bangladesh economy started rebounding from the COVID-19 fallout. Real GDP grew by 5.47 percent in FY21 compared to 3.51 percent growth in FY20. The recovery of the growth momentum was largely evident in the industry sector (6.12 percent) and service sector (5.61 percent), while the agriculture sector maintained a robust growth of 3.45 percent in FY21. Hefty remittance inflow and low cost finance propelled the consumption expenditure which helped revitalize the growth momentum, outweighing the supply side disruptions following the nationwide lockdown and restrictions in the last quarter of FY21 to limit the spread of delta variant of COVID-19.*

*Headline CPI inflation (point-to-point) increased to 5.64 percent in Q4FY21 from 5.47 percent in Q3FY21, driven mainly by non-food inflation. A rise in transport cost for securing social distancing in public transports and higher costs of clothing and footwear, and household furniture, operations and repairing contributed to drive up the non-food inflation to 5.94 percent in Q4FY21 from 5.39 percent in Q3FY21, while food inflation declined marginally to 5.45 percent from 5.51 percent with some volatility during this period. However, twelve-month average CPI inflation declined from 5.65 percent in FY20 to 5.56 percent in FY21, remaining close to the yearly target of 5.40 percent.*

*Current account deficit (CAD) narrowed to USD 3.81 billion in FY21 from USD 4.72 billion in FY20, mainly because of a strong growth (39.9 percent, y/y) in remittance inflows. The surplus in overall balance of payments (BOP) widened three-fold to USD 9.27 billion in FY21 from USD 3.17 billion in FY20, contributed mostly by a healthy surplus in financial account on the back of a large inflow of medium and long-term foreign borrowings. A net purchase of USD 7.7 billion in the foreign exchange market by the Bangladesh Bank (BB) kept the nominal exchange rate of BDT against USD stable throughout the FY21, while BB's official reserve of foreign exchange piled up to USD 46.39 billion – equivalent to 6.5 months of prospective import at the end of FY21.*

*The broad money (M2) grew by 13.62 percent (y/y) at the end of Q4FY21, remaining close to the FY21 target, contributed by both net foreign assets (NFA) and net domestic assets (NDA). However, private credit growth remained subdued in the face of weak investment demand amidst the COVID-19 situation. A rise in deposit growth in tandem with low credit growth inflated the liquidity further in the banking system, and both the deposit and lending rates maintained a broadly downward trend during FY21.*

*The banking sector performed well in FY21 amid the COVID-19 pandemic compared to FY20 supported by prudential banking resilience policies by Bangladesh Bank. Asset quality, capital adequacy, and profitability were much better than expected in FY21.*

*With the support of prevailing low interest rates and ample liquidity in the banking system, capital market was vibrant in FY21 and witnessed a strong bullish trend in Q4FY21, as indicated by a noteworthy rise in share price indices, turnover, and market capitalization.*

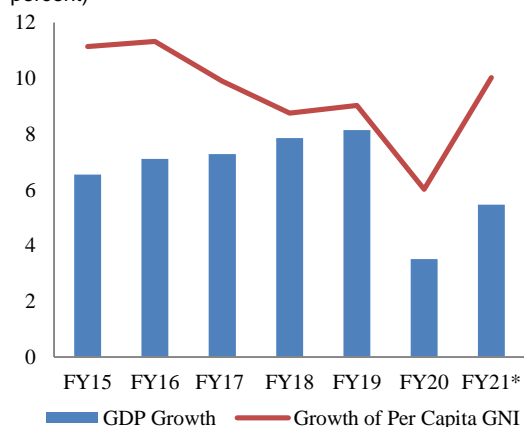
*Looking ahead, the speed of a broad-based economic recovery is likely to gain momentum in near future on the back of a declining COVID-19 infection rate, extended vaccination program, growth supportive fiscal and monetary policies and optimistic outlook of exports. On the global front, slower than expected growth, rising inflation, shortage of inputs and labor, and rising shipping costs appear to be the downside risks to recovery. In addition, some inflationary pressures may build up in the coming quarters because of unexpected supply chain disruptions on top of the continuation of global price hikes. As reaffirmed in the recent MPS, BB will remain vigilant and take necessary actions to contain any undue inflationary pressure and maintain macro-financial stability.*



## I. Real Economy

1.1 Maintaining the upward trend in economic growth became more challenging due to various preventive measures to battle against the COVID-19 pandemic. The economy witnessed a slump in real GDP growth to 3.51 percent in FY20, the first year of COVID-19. The final estimated real GDP growth rate is 1.73 percentage points lower than the provisional estimate, according to Bangladesh Bureau of Statistics (BBS). In order to regain the growth momentum, the government of Bangladesh and the Bangladesh Bank (BB) continued pursuing a range of supportive fiscal, monetary, and macro-prudential policy measures during the period of the COVID-19 pandemic. With these policy supports, Bangladesh economy turned into a recovery path, as reflected in real GDP growth at 5.47 percent along with per capita GNI growth at 10.03 percent for FY21 (Chart I.1). While the agriculture sector was largely unaffected in contributing to GDP, the rebound of real GDP growth in FY21 was, in fact, mainly due to a turnaround in the industry and services sectors.

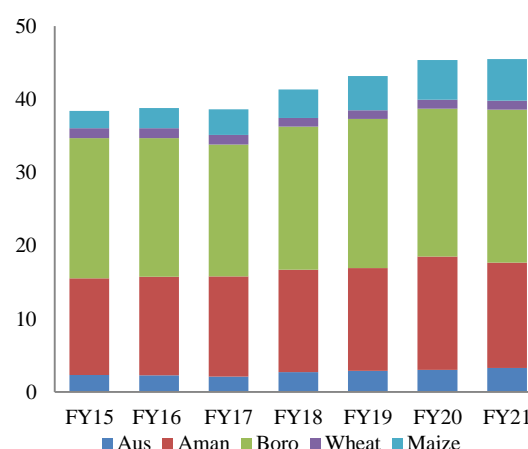
**Chart I.1: Growth of Real GDP and Per Capita GNI (In percent)**



\* Provisional.

Source: Bangladesh Bureau of Statistics (BBS).

**Chart I.2: Production of Major Crops (In million MT)**

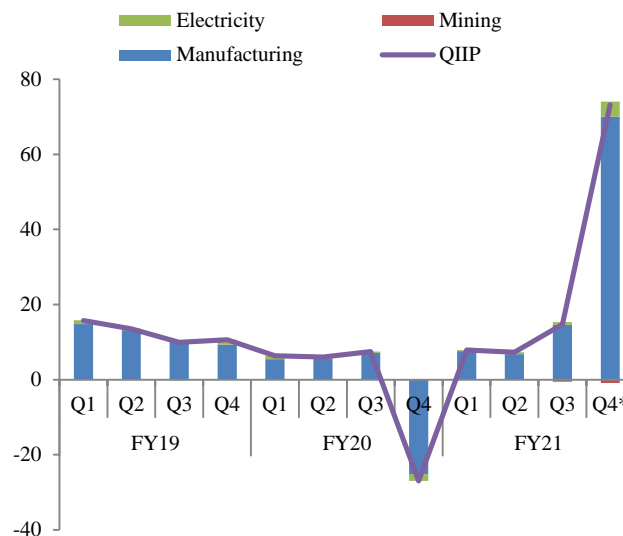


Source: Department of Agricultural Extension (DAE).

1.2 Although the growth of agriculture sector declined somewhat to 3.45 percent in FY21, it is still robust growth, consisting with the average growth rate for the last ten years, showing its resilience to shock. *Boro* rice which has been cultivated in higher than targeted acreage in FY21 grew by 3.5 percent with a 20.9 million metric ton (MMT) of production, though experiencing a substantial crop loss caused by a heat-wave that swept through several districts including some parts of the *haor* region in April 2021. *Aus* rice performed better with a production of 3.3 MMT which is 9.1 percent higher than last year's production. However, production of *aman* rice, the second-biggest crop of the country after *boro*, declined by 6.9 percent to 14.4 MMT because of recurrent floods and excessive rainfall in several districts of North Bengal areas. Developing multiple stress-tolerant and stress-resistant rice varieties along with using modern technology in farming would help to maintain substantial rice production, even facing natural calamities. Among non-rice crops, the production of maize, jute, vegetables, and onion grew by 4.8 percent, 13.3 percent, 6.7 percent, and 31.3 percent, respectively, aided by favorable market prices, low cost finance, subsidies, mechanization of agriculture, and rising cropping intensity (Chart I.2). Other agricultural activities, such as animal farming, forest and related service, and fishing also observed healthy growth of 3.8 percent, 6.12 percent, and 5.74 percent, respectively.

1.3 Provisional estimates point to a rebounding of the industry sector by registering 6.12 percent growth in FY21 compared to 3.25 percent in FY20, reflecting largely the adaptation and adjustment of labour, capital and resources in the industrial activities in the COVID-19 era. Large and medium-scale and small-scale manufacturing production, which suffered most during the pandemic, witnessed low growth of 1.39 percent and 3.96 percent, respectively in FY20. However, large and medium-scale manufacturing industry grew by 6.56 percent and small-scale manufacturing industry grew by 1.73 percent in FY21, reflecting the strength of recovery. The construction sector maintained the growth momentum with 8.68 percent growth hinging upon the growth in iron and steel and cement production. With the available data of quantum index of industrial production in April 2021, overall, the large and the medium scale industrial production observed a hefty growth of 73.20 percent (y-o-y) mainly because of base effect as the production declined by 23.47 percent in April 2020. The resumption of economic activities throughout the world after series of pandemic induced preventive measures boosted the large and medium scale manufacturing output growth (78.37 percent) in April 2021. Buoyancy in growth was observed in many major industry groups such as: wearing apparel (568.19 percent), textile (28.50 percent), food products (31.36 percent), leather and leather products (181.11 percent), pharmaceuticals (11.44 percent), non-metallic mineral product (51.17 percent), and electrical equipment (524.23 percent) (Chart I.4). High growth in the construction-allied industries of iron and steel production (230.22 percent) and cement production (81.71 percent) asserted rebounding economic activities supported by construction projects in public and private sectors. Upholding the trend would mostly depend on the management efficiency of the challenges emerged by the unpredictable behavior of the pandemic and ensuring mass vaccination in the shortest possible time.

**Chart I.3: Growth Decomposition of Quantum Index of Industrial Production** (In percent)

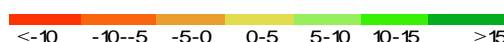


\*Based on data available for April 2021.

Source: BB Staff's calculation based on BBS data.

**Chart I.4: Heat Map for Large and Medium Scale Manufacturing Output Growth (In percent)**

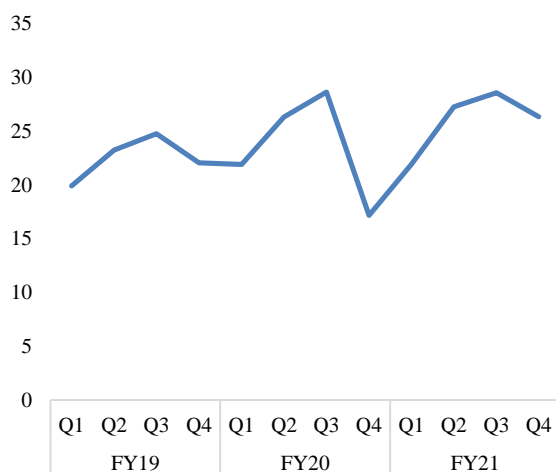
	Weight	FY19	FY20				FY21			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4*
General Index of Manufacturing	100	10.2	6.0	6.9	7.7	-16	8.3	7.3	15.8	78.4
Food products	10.8	10	17	11	17	5	-4	6	12	31
Beverage	0.3	54	6	45	18	-50	11	13	71	288
Tobacco product	2.9	0	5	2	1	10	-11	-7	-4	0
Textile	14.1	7	16	22	17	2	17	6	23	29
Wearing apparel	34.8	7	-1	-9	-8	-50	3	-4	3	568
Leather and related product	4.4	6	2	-5	2	-1	63	35	97	181
Wood and product of wood and cork	0.3	6	7	8	5	5	5	41	42	18
Paper and paper products	0.3	1	1	8	5	10	14	-7	-9	4
Printing and recorded media	1.8	11	11	15	14	14	11	16	15	15
Coke and refined petroleum product	1.3	-1	6	-41	-51	-60	-6	83	104	223
Chemical and chemical product	3.7	29	-27	-4	-4	-3	43	8	15	8
Pharmaceuticals products	8.2	26	12	52	36	32	14	14	17	11
Rubber and plastic products	1.6	6	6	6	2	-14	-8	-8	-7	-10
Non-metallic mineral product	7.1	12	11	19	27	-6	5	9	15	51
Basic metal	3.2	-1	1	4	4	-38	-15	2	-5	96
Fabricated metal product	2.3	9	2	6	6	-13	47	51	55	40
Computer and electronic products	0.2	44	93	70	10	-65	-11	-19	-1	2580
Electrical equipments	0.7	34	-1	-26	-8	-21	121	249	369	524
Machinery and equipments	0.2	19	25	20	24	7	3	2	0	6
Motor vehicles and trailers	0.1	-38	-36	-67	-51	-57	-61	-64	-13	-10
Transport equipment	0.7	1	11	22	4	-15	13	4	17	14
Furniture	0.9	0	1	-3	-1	-16	-16	-5	28	24



\*Based on data available for April 2021.

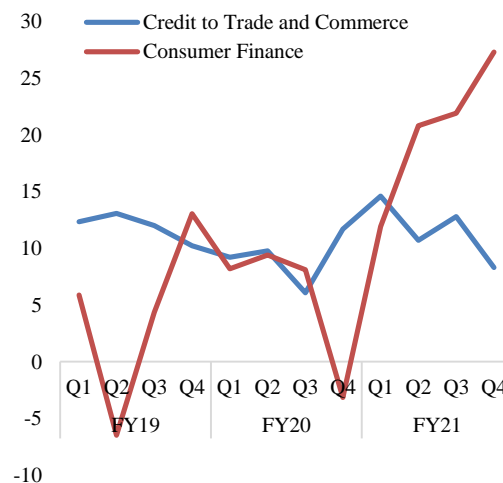
Source: BB staff's calculation based on BBS data.

**Chart I.5: Total Cargo Handled by Chattogram Port (In MMT)**



Source: Chattogram Port Authority.

**Chart I.6: Growth of Credit to Trade and Commerce and Consumer Finance (In percent)**



Source: Bangladesh Bank.

1.4 The service sector also rebounded, growing by 5.61 percent in FY21 compared to 4.16 percent growth in FY20. The growth performance of the manufacturing sector has knock-on-effect impacts on the performance of service sector since the both are highly connected. The major impetus came from strong growth of different sub-sectors such as wholesale and retail trade (6.54 percent), transport, storage, and communication (6.07 percent), hotel and restaurants (6.85 percent), financial intermediations (4.31 percent). Robust performance of industry sector, rise in imports, better supply chain management by the

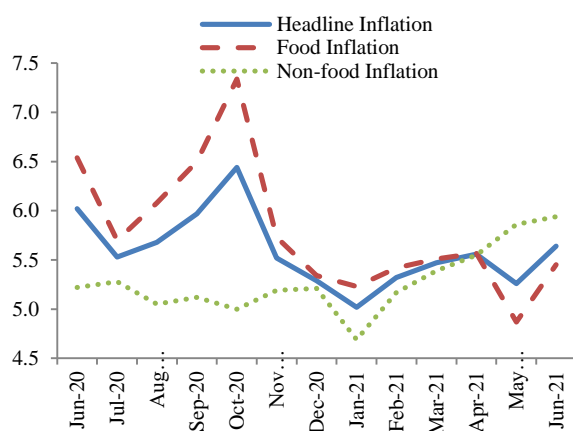
government, and sustainable agriculture production mostly benefitted the service sector in FY21. On quarterly basis, service sector held up reasonably well in Q4FY21 which was reflected in various proxy indicators such as cargo handling through Chattogram port and credit growth to trade financing and other activities. Total cargo handled through Chittagong port observed 53.32 percent growth (y-o-y). Among other indicators, bank credit to trade and commerce increased by 8.3 percent and consumer finance increased by 27.3 percent in Q4FY21. However, credit to transport sector declined further in Q4FY21 (Table I.9).

1.5 Though the impact of the pandemic is still much pronounced and the uncertainty is hovering around the economy, the outlook for Bangladesh's economy seems promising which is asserted by the performance of key macroeconomic sectors in FY21 after slowed down significantly in FY20. Nonetheless, much of the pace of recovery will depend on addressing the right issues on the right time with appropriate policy measure along with the accomplishment of mass vaccination within the fastest possible time. Extraordinary coordination among the regulatory authorities of the government would need to be continued for successful implementation of various economic programmes in response to fight against COVID-19. It is expected that the continuation of the supportive monetary and fiscal policy measures could help mitigate the pandemic induced economic losses and uplift the economy to its normal course in FY22.

## II. Price

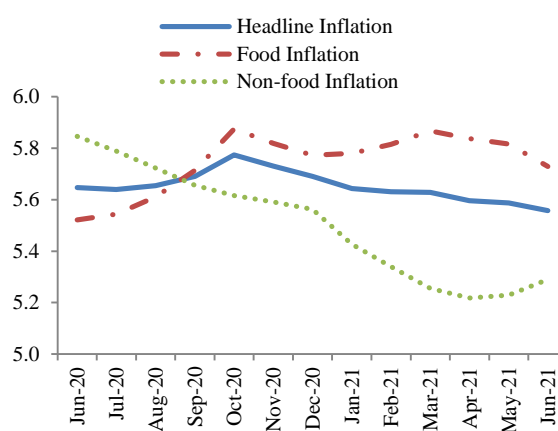
2.1 After a decelerated trend began in Q1FY21, headline CPI inflation (point-to-point) started to rise since February 2021 and continued its uptrend in the remaining months of H2FY21, except May 2021. It reached 5.64 in Q4FY21 from 5.47 percent in Q3FY21 (Chart II.1). The recent uptrend in headline inflation was mostly stemmed from both food and non-food inflation. However, the 12-month average CPI inflation declined to 5.56 percent in FY21 from 5.65 percent in FY20, despite the unprecedented expansionary and accommodative monetary and fiscal policy stances to support the COVID-19 affected economy (Chart II.2).

**Chart II.1: Point-to-Point CPI inflation**  
(In percent)



Source: Bangladesh Bureau of statistics.

**Chart II.2: 12-Month Average CPI Inflation**  
(12-month average; in percent)



Source: Bangladesh Bureau of statistics.

2.2 Food inflation (point-to-point) remained broadly stable in the second half of FY21, ranging between 4.5-5.5 percent. The food inflation decelerated to 5.45 percent at the end of Q4FY21 from 5.51 percent at



the end of Q3FY21. However, in case of month-wise development, the food inflation at the end of the quarter (June 2021) was higher as compared to 4.87 percent in May 2021, but slightly lower from 5.57 percent in April 2021. Prices of rice, vegetables, edible oils and fats were in a rising trend during Q4FY21 contributed mostly to the food inflation. Rice price was in a rise hovered around 20.00 percent for a longer period during second and third quarters of FY21, decreased but still high at 15.18 percent in June 2021, reflecting partly higher transportation cost amid COVID-19 pandemic and weak market monitoring. However, government continued its open market sales (OMS) services, selling rice in a reasonable price and, reduced duty on rice import in order to curb the domestic rice prices. Prices of vegetables spiked again substantially during the months of Q4FY21 recorded at 24.8 percent, 25.3 percent and 12.5 percent in April, May and June 2021, respectively, after a low or even negative increases of prices during the months of Q3FY21. Moreover, a rise in edible oils and fats prices continued in Q4FY21 and reached 17.5 percent in June 2021 from 16.8 percent in March 2021, resulted mostly from rising prices in the international markets. On the other hand, decline in the prices of spices, milk and milk products, fruits, eggs and meat, fish (fresh) and dry fish, and pulses helped muffle the food inflation (Chart II.3).

**Chart II.3: Point-to-point Inflation Heat Map** (In percent)

	WEIGHTS	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
<b>Headline</b>	<b>100.00</b>	<b>6.02</b>	<b>5.53</b>	<b>5.68</b>	<b>5.97</b>	<b>6.44</b>	<b>5.52</b>	<b>5.29</b>	<b>5.02</b>	<b>5.32</b>	<b>5.46</b>	<b>5.56</b>	<b>5.15</b>	<b>5.64</b>
<b>Food, Beverage and Tobacco</b>	<b>56.18</b>	6.54	5.70	6.08	6.50	7.34	5.73	5.34	5.23	5.42	5.51	5.57	4.87	5.45
<b>1. Food</b>	<b>52.17</b>	6.59	5.82	6.42	7.15	9.05	6.56	6.12	5.69	5.41	5.86	5.97	5.36	5.89
(a) Cereals	<b>21.62</b>	12.10	12.20	11.98	16.19	21.05	20.19	17.99	22.31	22.39	18.49	11.85	12.10	14.69
(i) Rice	<b>20.31</b>	12.87	12.97	12.70	17.18	22.65	21.72	19.39	23.73	23.77	19.61	12.45	12.78	15.18
(ii) Other Cereals	<b>1.30</b>	0.37	0.72	0.70	0.74	-3.41	-3.43	-4.24	-0.35	0.06	-0.28	1.29	1.06	6.44
(b) Pulses:	<b>1.51</b>	28.5	29.7	24.9	22.1	11.7	15.3	3.4	1.2	1.2	-4.1	-13.9	-10.9	-2.8
(c) Fish (fresh) & dry fish	<b>6.98</b>	-8.9	-9.8	-10.3	-10.6	-19.9	-5.3	-8.3	-6.7	-7.2	-7.8	-3.8	-7.3	-6.5
(d) Eggs and Meat	<b>4.94</b>	4.6	6.1	5.4	4.2	3.9	5.5	4.2	4.3	5.6	5.3	4.5	0.7	2.9
(e) Vegetable	<b>4.78</b>	4.7	1.4	15.4	18.8	39.3	26.2	15.2	-2.8	-10.1	2.4	24.8	25.3	12.5
(f) Fruits	<b>1.85</b>	5.7	9.5	-3.5	-4.9	-3.6	-1.9	-0.7	-0.8	4.6	-0.5	0.6	-2.3	-10.7
(g) Spices	<b>4.29</b>	17.8	11.7	12.4	4.7	3.5	-23.1	-9.7	-14.3	-15.4	-8.9	-8.2	-2.3	0.8
(h) Edible oils & fats	<b>1.93</b>	5.3	4.4	4.1	3.9	4.2	5.8	6.7	17.9	18.4	16.8	11.1	11.6	17.5
(i) Milk and milk products	<b>2.05</b>	2.3	-0.7	-1.7	-1.8	-1.3	-1.5	-0.4	1.5	2.8	1.5	7.8	3.4	2.9
(j) Miscellaneous food items	<b>2.24</b>	9.8	9.2	7.7	6.5	3.3	-4.0	-4.1	-1.4	0.2	0.0	-1.5	-1.6	-1.6
<b>2. Beverage</b>	<b>1.34</b>	2.0	-0.1	-0.2	-0.2	-0.2	0.0	0.0	3.3	9.7	6.9	16.1	17.5	32.1
<b>3. Tobacco &amp; Products</b>	<b>2.67</b>	6.9	5.6	3.9	1.4	-8.0	-1.8	-1.7	0.9	4.7	1.8	-0.2	-0.1	-3.3
<b>Non-food</b>	<b>43.82</b>	5.2	5.3	5.1	5.1	5.0	5.2	5.2	4.7	5.2	5.4	5.6	5.3	5.9
I. Clothing and Footwear	<b>6.84</b>	1.7	1.7	1.5	1.3	1.3	1.3	1.2	3.5	3.8	4.2	4.4	4.6	4.8
II. Rent, Fuel & Lighting	<b>14.88</b>	7.2	6.1	5.9	6.0	5.6	5.7	5.8	2.2	1.9	1.6	1.5	1.3	-0.2
III. Household Furniture, operations and repairing	<b>4.73</b>	4.2	4.8	5.5	4.5	4.5	4.9	4.3	4.2	5.2	6.0	6.7	7.0	7.7
IV. Medical Care & Health Expenses	<b>3.47</b>	10.2	10.3	8.4	8.7	8.6	8.6	8.7	7.0	7.7	7.6	7.6	5.1	4.9
V. Transport and Communication	<b>5.80</b>	4.2	5.6	5.3	6.2	6.3	6.7	7.0	8.1	9.2	9.7	10.2	9.6	17.4
VI. Recreation & Educational Expenses	<b>4.28</b>	1.2	1.2	1.1	1.3	1.1	1.1	1.2	1.8	2.3	2.6	2.6	2.6	2.9
VII. Miscellaneous Goods & Services	<b>3.82</b>	7.9	9.5	8.8	9.3	9.4	9.7	10.1	11.3	12.9	13.6	13.8	13.8	13.0



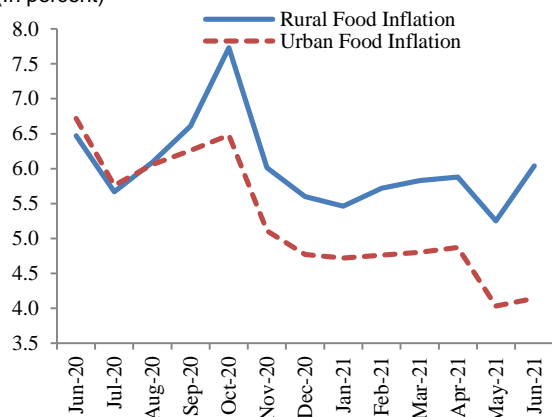
Source: BB staff's calculation based on BBS data.

2.3 Like food inflation, non-food inflation (point-to-point) also maintained its upward trajectory since February 2021 and reached 5.94 percent in June 2021. The rise in non-food inflation was mostly attributed to clothing and footwear prices, household furniture, operations and repairing, transport and communication. Costs of clothing and footwear, and household furniture, operations and repairing increased by 4.59 percent and 7.17 percent, on average, respectively, in the months of Q4FY21, reflecting the upturn in demand. Transport and communication expenses remained high (12.39 percent increase on average) as government continued to take restrictive measures in this sector to minimize the spread of coronavirus infections. However, medical care and health expenses eased down to 4.89 percent in the last month of this quarter after remaining above 7.0 percent for over a year. Surprisingly, rent, fuel and lighting costs have staged down to -0.20 percent in June 2021 from 7.20 percent in the same month of the previous year implied the declining

demand for the non-food items due to partly income loss caused by pandemic related disruptions and partly base effect (Chart II.3).

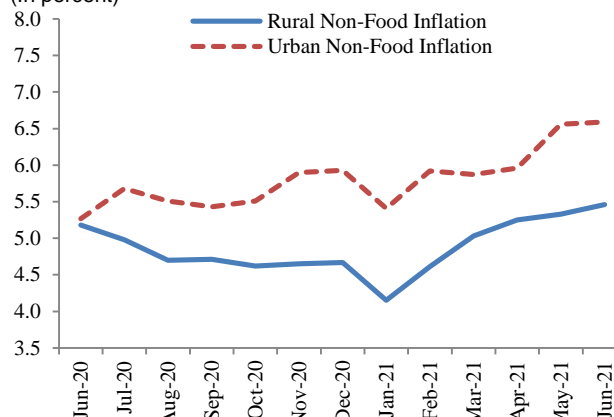
2.4 The divergence between rural and urban food inflation which had a widening trend since February 2021 further expanded in June 2021. Food inflation in rural areas had an uptrend while that of urban areas had a descending movement in Q4FY21 which eventually increased the gap between these two areas. Rural food inflation increased to 6.04 percent in June 2021 from 5.83 percent in March 2021 while there was a decline in urban food inflation from 4.80 percent to 4.14 percent for the same period of time (Chart II.4). This divergence in food inflation in this quarter came mainly from higher increase in prices of vegetables, eggs and meat and edible oils and fats in the rural areas compared to that of the urban areas. Moreover, non-food inflation exhibited an increasing trend in both the areas, although the change of increase was higher in the rural areas. Rural and urban non-food inflation rose to 5.46 percent and 6.59 percent in June 2021 from 5.03 percent and 5.87 percent in March 2021, respectively (Chart II.5).

**Chart II.4: Point-to-point CPI Food Inflation**  
(In percent)



Source: Bangladesh Bureau of statistics.

**Chart II.5: Point-to-point CPI Non-food Inflation**  
(In percent)

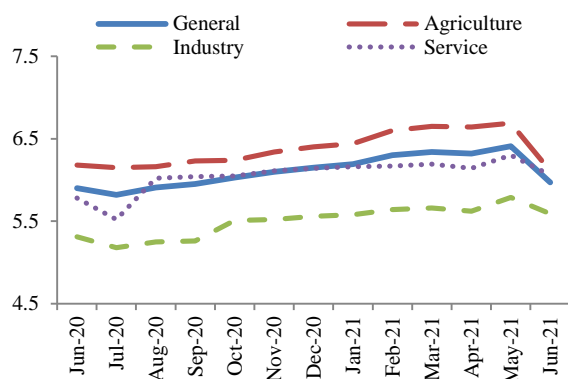


Source: Bangladesh Bureau of statistics.

2.5 Nominal wage rate indices which had been creeping up slowly from the pandemic's impacts since July 2020 witnessed a decline in the last month of the quarter Q4FY21, reflecting going down incomes of a large number of low-income peoples. The growth of the general wage rate fell to 5.97 percent in June 2021 from 6.34 percent in March 2021. The agriculture sector registered a wage growth of 6.11 percent in June 2021 which was 0.54 percentage point lower than that of March 2021. Moreover, wage rates for the industry and service sectors experienced lower than March 2021 growth rates, recording at 5.59 percent and 6.06 percent, respectively, in June 2021 (Chart II.6).

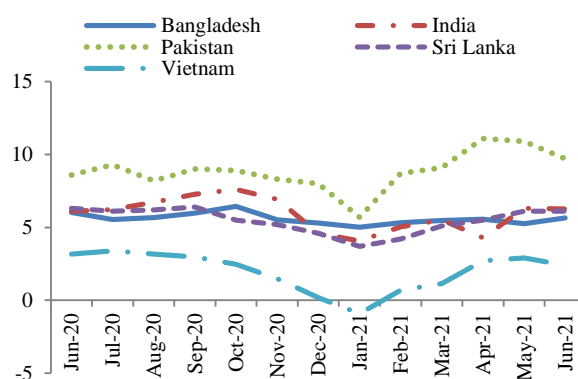
2.6 Inflation in major peer countries followed an upward trend during April-June 2021. Among all the selected peer countries Pakistan experienced the highest inflation rate at around 9.7 percent while Vietnam witnessed low inflation at 2.4 percent in June 2021 (Chart II.7).

**Chart II.6: Wage Rate Index**  
(Percentage Change, Point-to-point)



Source: Bangladesh Bureau of statistics.

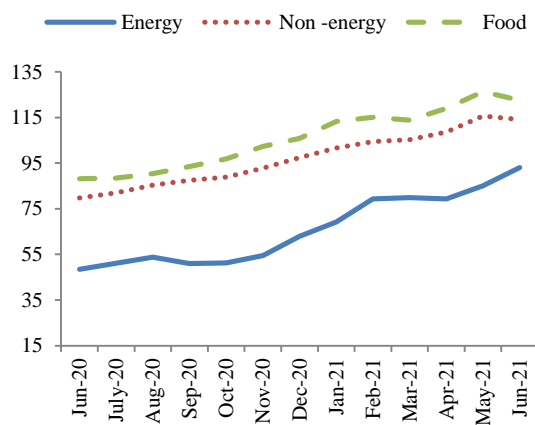
**Chart II.7: Inflation in Peer Countries** (In percent)



Sources: Central Banks and Statistics Department of respective countries.

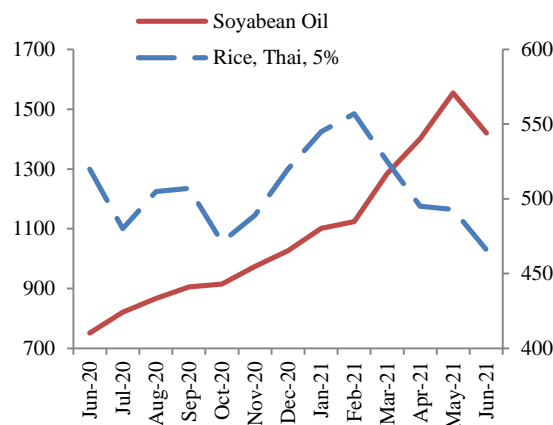
2.7 Global commodity prices continued their recoveries in Q4FY21 (Chart II.8). Energy prices rebounded from its historic low in April 2020, backed by crude oil price rise resulted from sharp supply cut by OPEC+ and modest rise in oil consumption, while economic activities recovering slowly. Crude oil price overweighed its pre-pandemic level price and reached \$70.96 a barrel in June 2021. On the other hand, non-energy and food prices had reached their recent highs in May 2021 before marginally decreased in June 2021. Among food prices, rice price moderated in this quarter while soybean oil price reached the highest (1554 USD/mt) in May 2021 and then slightly fell (1420 USD/mt) in June 2021 (Chart II.9). The soybean oil price had lifted primarily by slow production growth in Southeast Asia and robust global demand emerging from the biodiesel sector.

**Chart II.8: Global Commodity Price Indices** (2010=100)



Source: World Bank.

**Chart II.9: World Commodity Price (USD/M.T.)**



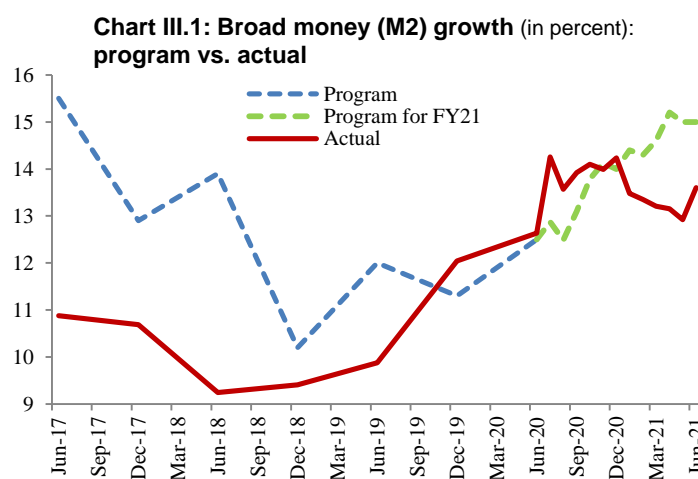
Source: World Bank.

2.8 Overall, the CPI-based average inflation declined from 5.65 percent in FY20 to 5.56 percent in FY21, which was slightly higher than the target of 5.40 percent for FY21. The inflation outlook is projected to contain within 5.3 percent in FY22 as declared by the government. The latest monetary policy statement for

FY22<sup>1</sup> issued by the Bangladesh Bank also echoed with the government target as larger than targeted *boro* production in the last quarter of FY21 along with government's extraordinary drive for pilling up food stock both from domestic and international sources may ease the food inflation in coming periods. Moreover, edible oil prices are expected to stay gripped as the government has reduced the import duty on the retail soybean. However, the upside risks for the inflation include, among others, a further deterioration in the COVID-19 situation, continuation of global price hikes, and any unexpected crop loss due to natural calamities. Moreover, the economy may face some inflationary pressure in the coming periods in the presence of huge liquidity as the expansionary and accommodative monetary and fiscal policies continued to pull the economy out of the pandemic-induced impacts, while prioritizing on safeguarding lives and livelihood as well as reinvigorating domestic demand. The BB continued its strong vigilance on the monetary developments in order to contain the inflation at a tolerable level.

### III. Money and Credit Market

3.1 The Bangladesh Bank (BB) pursued an expansionary monetary policy by setting 15 percent growth target of broad money (M2) for FY21, while ensuring adequate credit flow for recovering the pandemic-affected economy to a stable path. The M2 growth at the end of Q4FY21 reached close to the FY21 target, contributed by both net foreign assets (NFA) and net domestic assets (NDA). Nonetheless, private sector credit growth remained subdued in the face of weak investment demand amidst the COVID-19 situation. This low credit



Source: Bangladesh Bank.

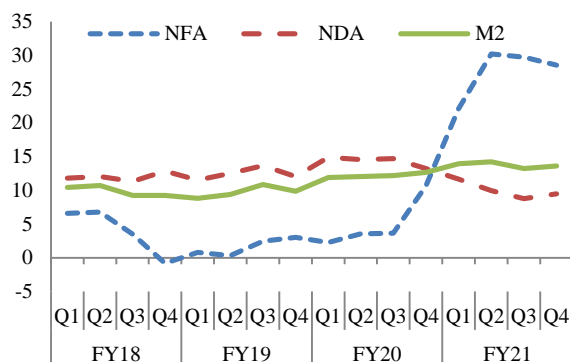
growth in addition to the prevailing upward trend of deposit growth, in fact, inflated the liquidity further in the banking system at the end of June 2021, though both the deposit and lending rates maintained broadly a downward trend during FY21.

3.2 Broad money (M2) grew by 13.60 percent at the end of Q4FY21 against the target of 15.00 percent for FY21 (Chart III.1). The NFA posted a strong growth of 28.53 percent at the end of Q4FY21 against the yearly target of 20.10 percent with the support of hefty remittance inflows and the rebound of exports (Chart III.2). On the other hand, the growth in net domestic asset (NDA) which has slightly improved in Q4FY21 at 9.47 percent still remained subdued against the yearly target of 13.6 percent, reflecting slowdown of credit growth to public sector in addition to lower growth of credit to private sector amidst the COVID-19 pandemic (Chart III.2). The growth of credit to public sector moderated to 18.95 percent at the end of June 2021 on the back of 19.10 percent growth in tax-revenue collection and 67.13 percent growth

<sup>1</sup> Bangladesh Bank (2021). *Monetary policy statement: Fiscal year 2021-2022*. BB: Dhaka, pp. 11. [mps\\_fy2021-22.pdf \(bb.org.bd\)](https://www.bb.org.bd/mps_fy2021-22.pdf)

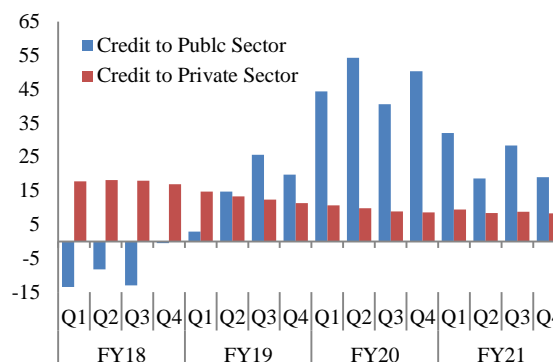
in sale of national saving certificates. The growth of credit to private sector remained as low as 8.35 percent at the end of June 2021, against the yearly target of 14.8 percent growth, in the face of sluggish private investment demand during the COVID-19 pandemic period (Chart III.3).

**Chart III.2: Growth of M2, NDA, and NFA**  
(In percent)



Source: Bangladesh Bank.

**Chart III.3: Growth of Credit to Public and Private Sector**  
(In percent)



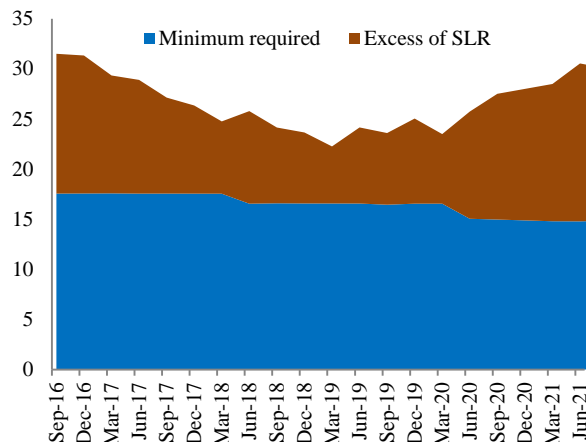
Source: Bangladesh Bank.

3.3 Credit to private sector continued moderating during FY21, despite expansionary monetary policy stance along with various policy supports towards private sector development under the prevailing lower real lending rate environment. However, the data on the distribution of private sector credit growth by economic purpose-wise show mixed trend in Q4FY21. Credit to industry, construction, consumer finance grew by 8.4 percent, 2.4 percent, and 27.3 percent in Q4FY21 compared to that of last quarter, respectively, reflecting rebounded demand to these sub-sectors. On the other hand, credit to trade and commerce sub-sector grew by 8.3 percent in Q4FY21, lower than growth rates of previous quarters of FY21. The trade and commerce sub-sector is one of the most credit deserving sub-sectors<sup>2</sup> of the economy, indicating the need for injecting more credit to recover its growth momentum back on track. In addition, credit to agriculture maintained a healthy growth rate of 11.0 percent in Q4FY21, though lower than that of last quarter.

3.4 Given the low cash reserve ratio (currently at 4.0 percent), a rise in deposit growth in tandem with weak domestic credit demand resulted in a continued increase in liquidity in the banking system. The ratio of total liquid assets to total demand and time liabilities (TDTL) increased to 30.55 percent at the end of Q4FY21 from 28.50 percent at the end of Q3FY21 (Chart III.4). Similarly, liquid asset excess of SLR to TDTL rose to 15.76 percent from 13.70 percent at the same period. The impact of rise in the excess liquidity resulted in continued downward movement of interest rates in retail money markets. The weighted-average interest rate on lending declined to 7.33 percent in June 2021 from 7.45 percent in March 2021 and the weighted-average interest rate on deposit declined to 4.13 percent from 4.40 percent during the same period (Chart III.6). Despite the liquidity glut in the banking system, weighted-average interest rate in the inter-bank call money markets increased to 2.25 percent in June 2021 from 1.83 percent in March 2021 mainly because of liquidity shortfall of banks which have transitory mismatch (Chart III.5).

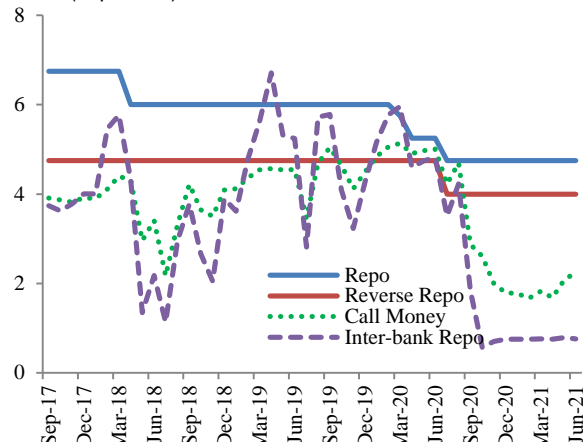
<sup>2</sup> A recent survey conducted by Financial Stability Department, Bangladesh Bank found this result (source: Bangladesh Bank (2021), Economic and financial stability implications of COVID-19 - Bangladesh Bank and Government's policy responses, p. 75. [https://www.bb.org.bd/pub/special/covid19\\_28032021.pdf](https://www.bb.org.bd/pub/special/covid19_28032021.pdf))

**Chart III.4: Liquidity as percent of TDTL**



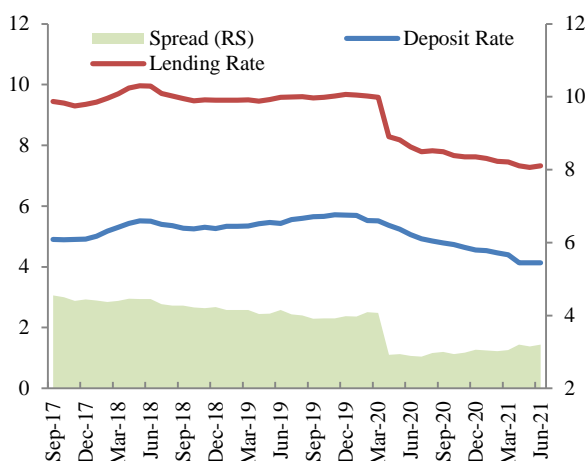
Source: Bangladesh Bank.

**Chart III.5: Movements in Policy and Money Market Rates (In percent)**



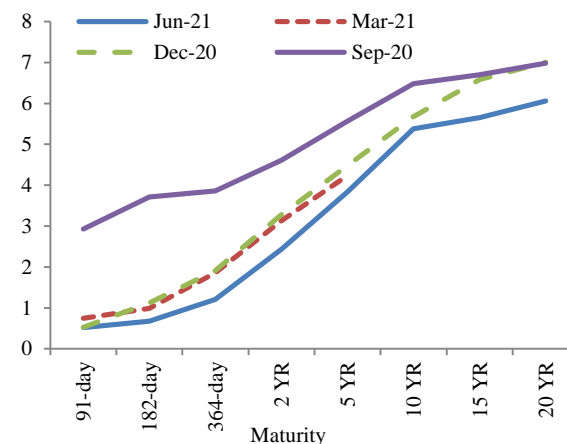
Source: Bangladesh Bank.

**Chart III.6: Interest Rate Spread (In percent)**



Source: Bangladesh Bank

**Chart III.7: Interest Rate of Government Securities (In percent)**



Source: Bangladesh Bank

3.5 Yields on government securities of various maturities maintained their falling trend at the end of Q4FY21 mainly on account of the presence of high excess liquidity in the banking system. The yields on 91-day, 182-day, and 364-day treasury bills declined 0.52, 0.68, and 1.21 percent in June 2021 from 0.75, 0.99, and 1.86 percent in March 2021 (Chart III.7). Similarly, yields on 2-year and 5-year treasury bonds declined to 2.44 percent and 3.84 percent from 3.13 percent and 4.24 percent at the same time. Although auction of 10, 15, and 20-year treasury bonds did not took place in Q3FY21, their yields maintained a falling trend in Q4FY21.

3.6 Despite a higher than expected growth of NFA, M2 growth remained below the target at the end of FY21 mainly because of weak growth in credit to private sector in the face of renewed wave of COVID-19 and containment measures to tame the infection rate. Meanwhile, the Bangladesh Bank has already announced its monetary policy for FY22 by keeping M2 growth target unchanged at 15.0 percent, with a

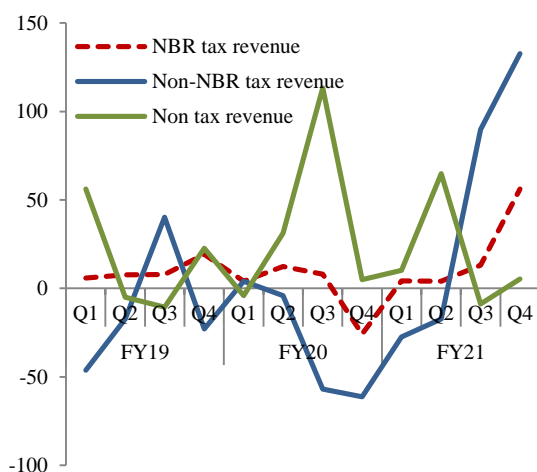
consideration that private sector credit growth will pick up faster to its normal course. Looking ahead, government's ongoing extended vaccination program as well as continued expansionary and accommodative monetary policy in addition to ongoing fiscal supports would help restore private investment demand. Moreover, optimistic outlook of exports on the back of increasing normalization of economic activities in the advanced economies would likely to have a positive impact on domestic credit demand in coming months. A downside risk might originate from recent rising trend of imports and negative growth of remittance inflows. However, the NFA growth was, in fact, projected lower than the actual high growth of end June 2021, which is consistent with the attainment of M2 growth for FY22.

#### IV. Fiscal Sector

4.1 Amid the COVID-19 pandemic, fiscal activities improved in Q4FY21 compared to that in Q4FY20 as indicated by substantial growth in government revenue collection and expenditure. The revenue growth (50.4 percent) emanated from NBR tax collection supported by sharp growth in VAT, customs duties and income tax collection in Q4FY21. During Q4FY21, overall expenditure posted a 30.4 percent increase, helped by a sharp 53.2 percent growth in current expenditure and 18.5 percent growth in Annual Development Programme (ADP) expenditure compared to that of same quarter of the previous year. During the quarter, fiscal deficit increased by 11 percent to BDT 689.5 billion, of which about 74 percent was met from domestic sources while the rest was financed by foreign sources.

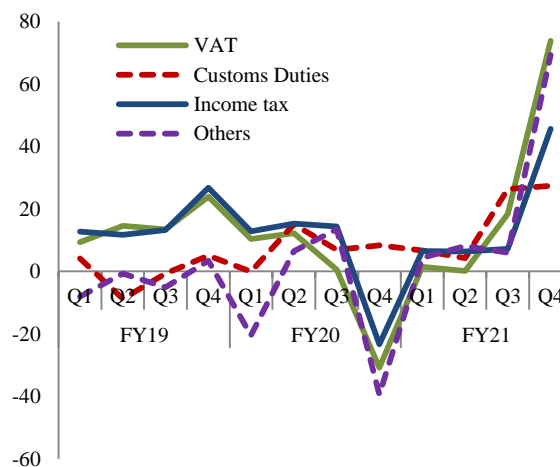
4.2 In Q4FY21, total revenue collection went up by 50.4 percent to BDT 907.8 billion during Q4FY21 compared to that in Q4FY20, led by increased NBR tax collection. During the quarter, NBR tax revenue collection increased by 56.1 percent to BDT 816.3 billion from Q4FY20. The growth of NBR tax revenue originated from a 73.8 percent increase in value added tax, a 27.5 percent increase in customs duties and a 45.6 percent increase in income tax collection (Chart IV.2). Total revenue collection in FY21 amounted to BDT 2969.4 billion (9.9 percent of GDP) with a yearly growth of 17.2 percent from 2.3 percent decreased in FY20 and accounted for 84.5 percent of annual revised budget target of FY21.

**Chart IV.1: Trends in Total Revenue**  
(year on year growth, in percent)



Sources: Ministry of Finance, National Board of Revenue.

**Chart IV.2: Trends in NBR Tax Revenue**  
(year on year growth, in percent)

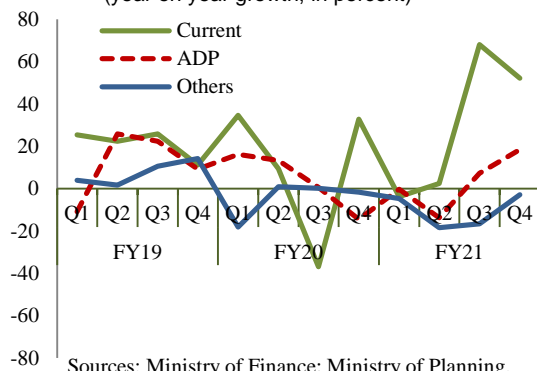


Source: National Board of Revenue.

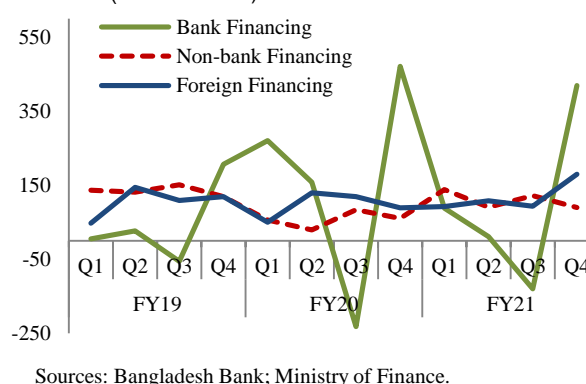


4.3 The overall fiscal expenditure went up by 30.4 percent to BDT 1597.3 billion in Q4FY21, led by the higher ADP expenditure and current expenditure. During this quarter, current expenditure and Annual Development Programme (ADP) expenditure increased by 53.2 percent and 18.5 percent respectively (Chart IV.3). During FY21, total expenditure grew by 11.8 percent (y/y) to BDT 4274.1 billion (14.2 percent of GDP) from 4.3 percent growth in FY20 which accounted for 79.3 percent of annual revised budget target of FY21.

**Chart IV.3: Trends in Government Expenditure**  
(year on year growth, in percent)



**Chart IV.4: Sources of Financing of Budget Deficit**  
(In Billion Taka)



4.4 Despite a strong revenue collection, the overall fiscal deficit increased because of higher government expenditure in Q4FY21 due to implementation of stimulus packages. The fiscal deficit increased by 11 percent from BDT 621.4 billion in Q4FY20 to BDT 689.5 billion in Q4FY21. Preliminary estimates show that the total budget deficit amounted to BDT 1304.7 billion (4.3 percent of GDP) in FY21 compared to BDT 1287.7 billion (4.7 percent of GDP) in FY20 accounting for about 69.6 percent of the revised budget target for FY21.

4.5 In Q4FY21, domestic financing reached BDT 509.5 billion (1.7 percent of GDP), comprised of BDT 419.8 billion from the banking sector and BDT 89.7 billion from non-banking sources. On the other hand, foreign financing amounted to BDT 180 billion covering 26.1 percent of deficit financing (0.6 percent of GDP) in Q4FY21. Overall, in FY21, about 63 percent deficit financing was met from domestic sources (BDT 830.7 billion) and the rest (BDT 474 billion) came from foreign sources.

## V. External Sector

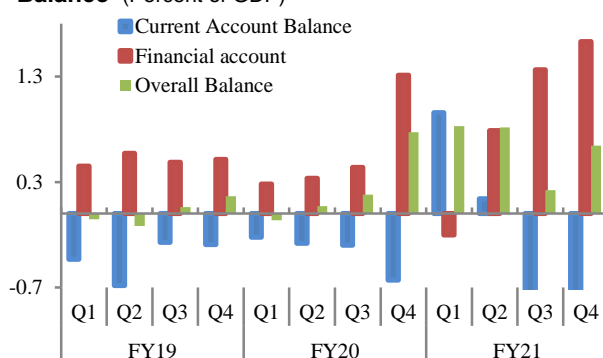
5.1 Current account deficit (CAD) marginally narrowed to USD 3.89 billion in Q4FY21 compared to USD 4.02 billion in Q3FY21 while, in the first two consecutive quarters in FY21 current account balance was in a surplus position with some declining trend. Despite a strong and steady growth in remittance inflows (39.9 percent, y/y) at the end of Q4FY21, the CAD mainly emerged from widening trade balance deficit (USD 8.32 billion) compared to that of Q4FY21 because of higher and faster import growth compared to export growth. Additionally a 400 percent wider service account deficit mainly stemming from high freight costs along with 23.9 percent higher primary income account deficit in Q4FY21 compared to the previous year accelerated the current account deficit. Hence, current account deficit to GDP ratio narrowed to 1.07 percent in FY21 from 1.46 percent in FY20.



5.2 The financial inflows turned to positive since Q2FY21 and coupled with hefty remittance inflows of USD 6.2 billion in Q4FY21, the overall balance of payment (BOP) maintained a higher surplus of 2.28 billion in Q4FY21 after a drop to USD 0.84 billion surplus in Q3FY21. Most of these financial inflows came in the form of net foreign direct investments (USD 0.46 billion), medium and long-term foreign borrowings (USD 2.5 billion).

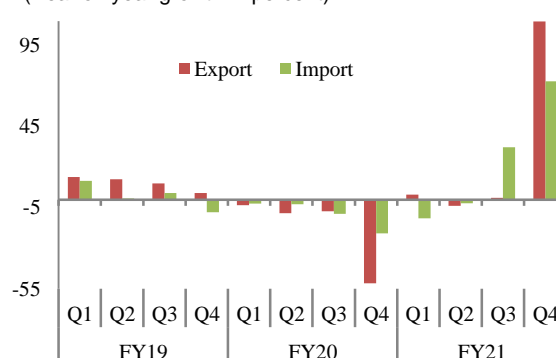
5.3 Amid the COVID-19 pandemic, the overall balance of payment (BOP) recorded a surplus of USD 9.3 billion in FY21 compared to USD 3.17 billion in FY20. Strong remittance inflows, a gradual pick up in export earnings and a notably large increase in financial inflows helped to build overall BOP as well as foreign exchange reserve. The foreign exchange reserves of USD 46.4 billion recorded at the end of June 2021 which may cover about 6.5 months of prospective imports. Bangladesh Bank's continuous intervention in foreign exchange market throughout FY21 restrained large appreciation pressures on the nominal exchange rate of BDT against USD at the end of June 2021.

**Chart V.1: Trends in Current Account and Overall Balance** (Percent of GDP)



Source: Bangladesh Bank.

**Chart V.2: Trends in Export and Import Growth** (Year on year growth in percent)



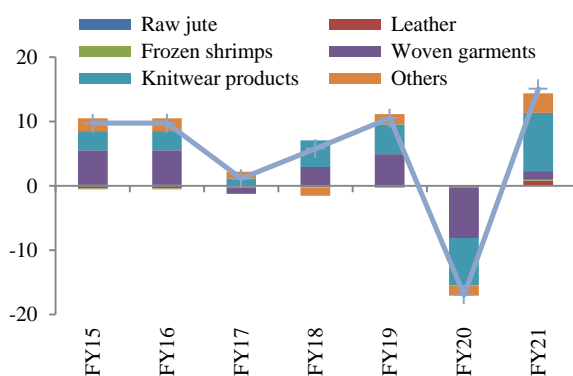
Source: Bangladesh Bank.

5.4 Export was still on the rising path in Q4FY21 but at a slow pace as compared to Q3FY21, however, it was 110 percent higher than the amount in Q4FY20 partly owing to base effect and partly global economic recovery. This hefty export growth in Q4FY21 caused by lower export base in the same period of the previous year resulting from the continued lockdown within Bangladesh till May 2020 and shutdown of world-wide economic activities triggered by the COVID-19 pandemic. Of the export items, exports of knitwear products and woven garments grew 120.5 percent and 93.6 percent respectively because of higher external demand stemming from rebound of global activities and the country's low export base in Q4FY20. In addition, the overall export growth registered a positive growth of 15.4 percent in FY21 from the year-on-year contraction of 17.1 percent in FY20. The decomposition of exports for FY21 by categories showed that capturing 96.1 percent share in total export, the export of manufactured commodities grew by 15.1 percent supported by a robust increase in the export of knitwear (21.9 percent) and woven garments (3.2 percent) along with 21 percent growth in footwear exports.

5.5 Import demand remained strong in Q4FY21 supported by the ongoing global economic activities amid Covid-19 pandemic together with the implementation of various development projects of Governments. Hence, in Q4FY21, import payments slightly increased to USD 17.9 billion from USD 17.5 billion in Q3FY21, which was 73 percent higher than that of Q4FY20. The record highest import growth

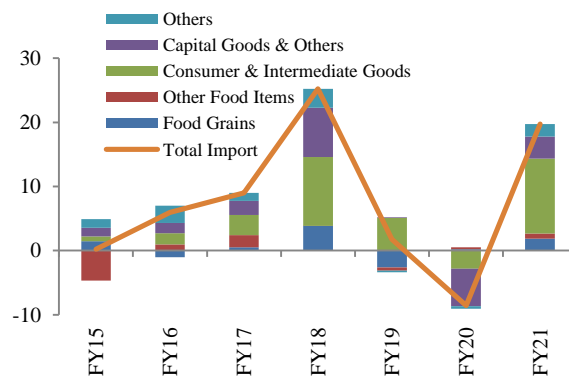
mainly originated from a substantial growth in imports of consumer and intermediate goods (61.7 percent) and capital machinery (125 percent) compared to the import growth in the previous year. Among intermediate goods, along with higher import of raw materials indicating by 74.5 percent higher growth of raw cotton, 126.8% of yarn and 62.6% of textile and article thereof, import of petroleum, oils and lubricants (POL) as well as Iron, steel & other base metals increased by 45.2 percent and 44.2 percent respectively in Q4FY21 compared to those in Q4FY20 reflecting resumption of production. Moreover, robust growth in the import of food grains (140.7 percent) particularly from the rice import of USD 0.32 billion in Q4FY21 from USD 0.005 billion in Q4FY20 also contributed to the robust import growth. Besides, in FY21, the overall import growth went up to 19.7 percent from an import contraction of 8.6 percent in FY20. Strong import growth in FY21 resulted from substantial growth in consumer & intermediate goods (20 percent) in the form of 37.7 percent growth in petroleum, oils and lubricants (POL) and 21.4 percent growth in plastic and rubber articles as well as strong growth in food grains specially rice import (60.32 percent).

**Chart V.3: Decomposition of Export Growth**  
(In percent)



Source: BB staff's calculation based on EPB data.

**Chart V.4: Decomposition of Import Growth**  
(In percent)



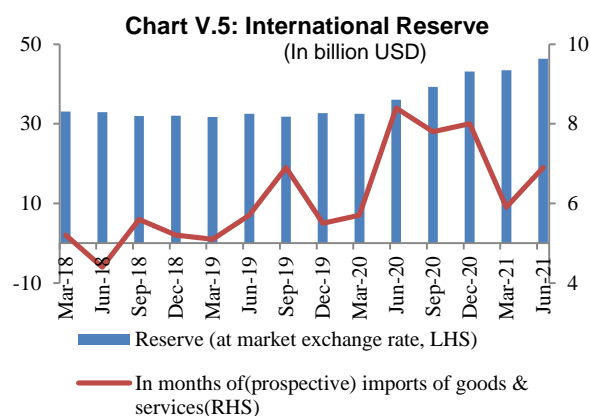
Source: BB staff's calculation based on EPB data.

5.6 The robust growth of remittance inflows in the last three quarters continued in Q4FY21 with different policy supports of Government and reduced *hundi* transactions caused by suspension of international flights triggered by rapid increase in COVID-19 infection and death rates. Bangladesh received substantial remittance inflows through formal channels in FY21. In Q4FY21, remittance inflows registered a growth of 39.9 percent in contrast to the contraction of 2.7 percent in Q4FY20. The contraction in remittance in Q4FY20 may be mainly attributed to the unprecedented spread of COVID-19 in Bangladesh since 8 March 2020. Conversely, in Q4FY21, the country witnessed substantial growth in remittance inflows, notably from higher remittances inflows from Saudi Arabia (growth of 19.2 percent) and Qatar (growth of 107.1 percent). Saudi Arabia alone constitutes more than one-fourth of the total remittance inflows and Qatar constitutes around 7 percent of the total remittance in Bangladesh. The growth of remittance inflows from the USA also rose from 38.1 percent in Q3FY21 to 40.7 percent in Q4FY21 (share of remittances from the USA is almost 16 percent). Remittances from the UK and the Asia Pacific Region continued its upward trend driven by resumption of economic activities in these countries. Over the year, remittance inflows significantly improved and reached 35.6 percent growth in FY21 compared to 12.0 percent in FY20. However, robust growth of remittance inflows from gulf regions especially from Qatar is expected to

continue owing to Qatar's heavy investments in building required infrastructure for facilitating the FIFA world cup 2022, while inflows from other countries may be adversely affected by job cuts of migrant Bangladeshi workers.

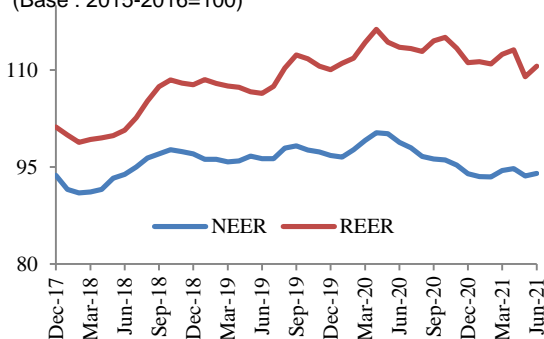
5.7 Substantial financial inflows were recorded at the end of Q4FY21 which was mainly attributable to a significant increase in other long-term loans (grew by 33.9 percent to USD 5.8 billion), other short-term loans and FDI inflows (net) (by more than 88.8 percent to USD 0.82 billion) compared to Q4FY20. After registering negative net inflows in Q1FY21, financial inflows gained momentum since Q2FY21 and maintained it in Q4FY21 supported by financial assistances from different international organizations in terms of project aids (65 percent as compare to Q4FY20) to overcome the COVID-19 challenges. Moreover, financial account inflows went up by 67.5 percent in FY21 from 32.2 percent in FY20 which helped to increase the significant amount of surplus in the balance of payments in FY21.

5.8 Strong financial inflows along with larger remittance inflows and higher export earnings exerted appreciating pressure on the exchange rate of BDT against USD. Bangladesh Bank (BB) intervened in the foreign exchange market by a net purchase of USD 1.5 billion in Q4FY21 to offset the downward pressure on the exchange rate. The intervention of BB has lessened appreciating pressures on exchange rate to some extent. However, the nominal exchange rate of Bangladeshi taka (BDT) per US dollar slightly appreciated from 84.90 in Q4FY20 to 84.81 in Q4FY21. Like Bangladesh, the nominal exchange rate of India and the Philippines also appreciated at the end of June 2021 with the exception of Indonesia (Chart V.7). The official reserves of BB reached the highest ever of USD 46.39 billion at the end of FY21 maintaining an import coverage of around 6.5 months. The recent movements in the Bangladesh Taka against the USD and the shifts in major currencies in trading partner countries led the nominal effective exchange rate (NEER), and real effective exchange rate (REER) to depreciate by 5.1 percent and 2.6 percent respectively at the end of June 2021 compared to that at the end of June 2020 indicating a fall in export competitiveness.



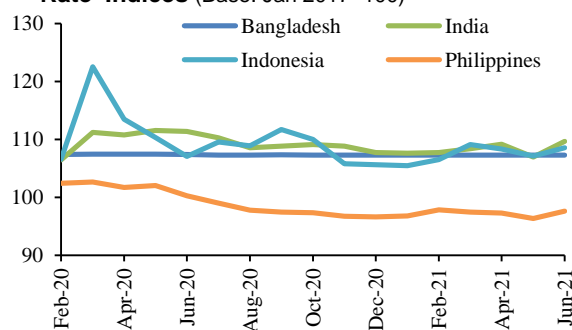
Source: Bangladesh Bank.

**Chart V.6: Effective Exchange Rate Indices**  
(Base : 2015-2016=100)



Source: Bangladesh Bank.

**Chart V.7: Cross-Country Nominal Exchange Rate Indices**  
(Base: Jan 2017=100)

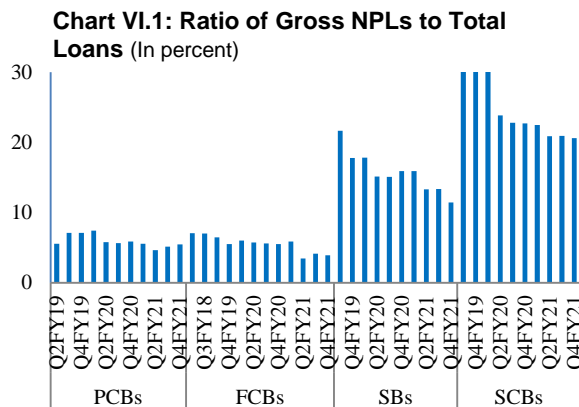


Source: International Financial Statistics, IMF.

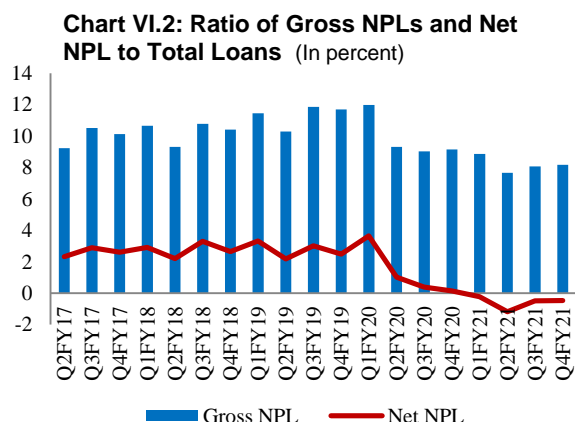
5.9 Looking ahead, the lifting of strict countrywide lockdown measures to prevent the rapid transmission of Delta variant of COVID-19 since mid-April 2021, and gradual reopening of economic activities in Bangladesh and most of the country's export destinations are likely to help robust growth in remittance inflows and export earnings. However, the resumption of economic activities may also result in strong import demand in the near term. Though foreign exchange reserve is sufficient to cover the potential import payments underpinned by the steady growth of remittance inflows, potential risks to remittance inflows lurk in people's tendency to the *hundi* system. Despite the recent decline in COVID-19 transmission rate, and massive government procurement of vaccines from all major suppliers, the downside risk to external sector arises from threat of the third wave because of mutations of the virus.

## VI. Banking Sector

6.1 The banking sector performed well in FY21 amid the COVID-19 pandemic compared to FY20 supported by prudential banking resilient policies by Bangladesh Bank. Asset quality, capital adequacy, and profitability were much better than expected in FY21. However, in comparison of the quarter to quarter the activities in the banking sector witnessed some mixed trends reflected by a rise in non-performing loans (NPLs), a decline in capital adequacy, an improvement in profitability, a nosedive in provision maintaining, and an advancement in liquidity condition in Q4FY21. The overall NPLs of the banking sector edged up modestly at the end of Q4FY21 from the previous quarter, mostly stemmed from private commercial banks (PCBs).



Source: Bangladesh Bank.



Source: Bangladesh Bank.

6.2 Although gross NPL ratio in the banking sector moderated to 8.18 percent at the end of Q4FY21 from that of 9.16 percent at the end of Q4FY20, it increased marginally from that of 8.07 percent at the end of Q3FY21 partly due to lifting the loan moratorium facility and slackness of economic activities owing to nationwide strict-lockdown started at mid-April 2021 [without Offshore Banking Unit (OBU), the gross NPL ratio recorded 8.61 percent at the end of Q4FY21 from that of 8.48 percent at the end of Q3FY21]. The gross NPLs ratio of PCBs went down to 5.44 percent at the end of Q4FY21 from 5.63 percent in Q4FY20, although increased from that of 5.13 percent at the end of Q3FY21. On the other hand, the gross NPLs ratio of SCBs and FCBs moderated to 20.62 percent and 3.91 percent at the end of Q4FY21 from 20.91 percent and 4.13 percent respectively at the end of Q3FY21 (Table VI.2 and Chart VI.1- Chart VI.2).

The system-wide net NPLs ratio of the banking industry remained almost unchanged at -0.47 percent in Q4FY21 (Table VI.2 and Chart VI.2). However, provisioning maintained against classified loans deteriorated as reflected by widening provision shortfall at the end of Q4FY21 (Table VI.1).

6.3 The overall capitalization of the banking industry moderated marginally at the end of Q4FY21 compared to that of Q3FY21, however remained adequate. The capital to risk-weighted assets ratio (CRAR) of the overall banking sector went down from 11.67 percent at the end of Q3FY21 to 11.57 percent at the end of Q4FY21, partly due to SBs and PCBs. However, the CRAR of the SCBs rose slightly to 6.82 percent at the end of Q4FY21 from that of 6.49 percent at the end of Q3FY21. Moreover, the CRAR of FCBs increased to 28.46 percent at the end of Q4FY21 from that of 28.04 percent at the end of Q3FY21, led by a notable rise in the TIER-1 capital. On the other hand, the CRAR of the PCBs moderated to 13.26 percent during the quarter under review from 13.44 percent at the end of Q3FY21 (Table VI.3 and Chart VI.3).

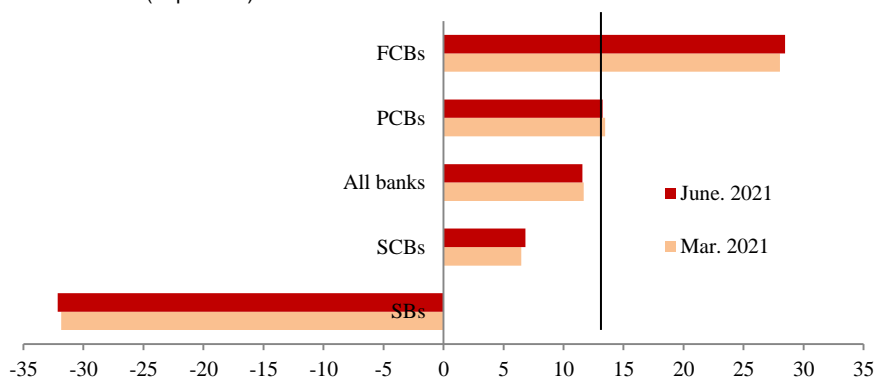
**Table 6.1: Comparative Position of Classified Loan and Provision Maintained**

(In billion BDT)

Quarter	Items	SCBs	SBs	PCBs	FCBs	All Banks
Q4FY20	Total classified loan	429.4	45.2	465.9	20.6	961.2
	Required provision	276.9	23.9	337.5	15.7	654.0
	Provision maintained	216.9	25.3	347.8	19.0	609.0
	Excess(+)/shortfall(-)	-59.9	1.4	10.2	3.3	-45.0
Q1FY21	Total classified loan	428.3	45.2	450.4	20.5	944.4
	Required provision	265.2	23.9	332.4	14.9	636.4
	Provision maintained	210.0	25.3	356.1	18.6	610.0
	Excess(+)/shortfall(-)	-55.2	1.4	23.7	3.7	-26.4
Q2FY21	Total classified loan	422.7	40.6	403.6	20.4	887.3
	Required provision	290.8	25.3	315.2	16.6	648.0
	Provision maintained	241.6	23.7	361.2	20.3	646.8
	Excess(+)/shortfall(-)	-49.2	-1.7	46.0	3.7	-1.2
Q3FY21	Total classified loan	434.5	40.9	450.9	24.6	950.9
	Required provision	298.9	25.4	338.3	18.1	680.6
	Provision maintained	193.3	23.7	388.1	23.0	628.1
	Excess(+)/shortfall(-)	-105.6	-1.6	49.8	4.9	-52.6
Q4FY21	Total classified loan	438.4	36.9	491.9	24.9	992.1
	Required provision	302.9	23.3	364.7	18.6	709.5
	Provision maintained	195.6	23.1	411.1	23.9	653.7
	Excess(+)/shortfall(-)	-107.3	-0.2	46.4	5.3	-55.8

Source: Bangladesh Bank.

**Chart VI.3: Capital to Risk Weighted Assets Ratio (CRAR)**  
(In percent)



Source: Bangladesh Bank.

6.4 Despite slower growth of credit disbursement by the banks, the profitability of the banks improved during the H2FY21 than that of H2FY20, as reflected by an uptick in both Return on Assets (RoA) and Return on Equity (RoE). The development in RoA and RoE was partly due to a fall in interest expenditure (11.6 %) originated from the prevailing lower interest rate on deposits, and a rise in the non-interest income (26.0 %) during the last two quarters of FY21. Consequently, the RoA and the RoE of the banking sector went up to 0.50 percent and 8.26 percent in H2FY21 from that of 0.42 percent and 6.68 percent respectively in H2FY20. The RoA and RoE for SCBs showed a steady rise from 0.04 percent and 0.81 percent in H2FY20 to 0.13 percent and 2.94 percent in H2FY21 respectively. Profitability of the PCBs' also witnessed a modest rise, RoA and RoE increased to 0.68 percent and 10.12 percent in H2FY21 from that of 0.58 percent and 8.48 percent at the end of H2FY20 respectively. However, FCBs encountered a fall in both RoA and RoE from 2.19 percent and 13.80 percent in H2FY20 to 1.48 percent and 9.26 percent in H2FY21 respectively (Table VI.4).

6.5 Although the growth of bank's deposit exhibited an upward trend since Q4FY20, dropped marginally to 13.8 percent at the end of Q4FY21 from that of 14.0 percent at the end of Q3FY21. Moreover, the growth of bank's advances also narrowed slightly from 8.6 percent in Q3FY21 to 8.5 percent in Q4FY21, partly because of nationwide strict-lockdown started at end of April 2021 to contain the second wave of the COVID-19 pandemic. The gap between deposit growth and advance growth reduced to 5.3 percentage points in Q4 FY21 from 5.4 percentage points in Q3FY21. The overall advance-deposit ratio (ADR) moderated to 71.6 percent at the end of Q4FY21 from 76.22 percent at the end of Q4FY20 and remained broadly stable (Table 6.2, Chart VI.4).

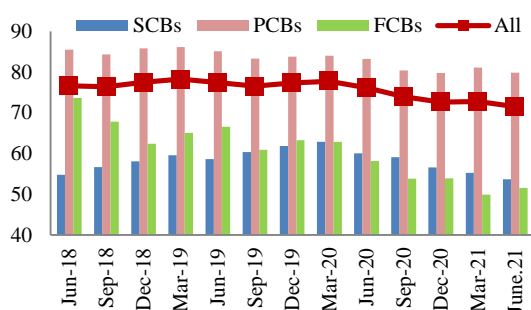
6.6 The stock of surplus liquidity in the banking sector went up to BDT 2315 billion at the end of Q4FY21 from that of BDT 1985 billion at the end of Q3FY21 and BDT 1395 billion at the end of Q4FY20, reaching its recent highs. The excess reserve (excess of CRR) of the banking sector showed an uptrend during the COVID-19 pandemic period. The share of excess reserve to total excess liquidity increased from 10.8 percent at the end of Q3FY20 (just at the beginning of the pandemic) to 26.9 percent at the end of Q4FY21. The excess liquidity- the excess of CRR and SLR as a percent of total demand and time liabilities (TDTL)- grew to 15.7 percent at the end of Q4FY21 which is 2.0 percentage points up from the previous quarter (Table 6.3, Chart VI.5). The recent higher growth in excess liquidity was mostly driven by weak demand for loans, high remittance inflows and, expansionary and accommodative monetary policy stance taken by Bangladesh Bank to recover economic growth from the COVID-19 pandemic.

**Table 6.2: Deposit and Advance Position of Scheduled Banks**

Bank groups	(In percent)					
	Year-on- year growth of deposit, % (excluding interbank)*		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Jun. 21	Mar. 21	Jun. 21	Mar. 21	Jun. 21	Mar. 21
SCBs	20.9	22.3	10.5	8.7	53.7	55.3
PCBs	11.7	11.1	8.4	9.1	79.9	81.1
FCBs	4.8	13.4	-4.2	-6.8	51.6	50.0
SBs	16.9	11.5	13.3	14.9	73.9	76.0
All	13.8	14.0	8.5	8.6	71.6	72.8

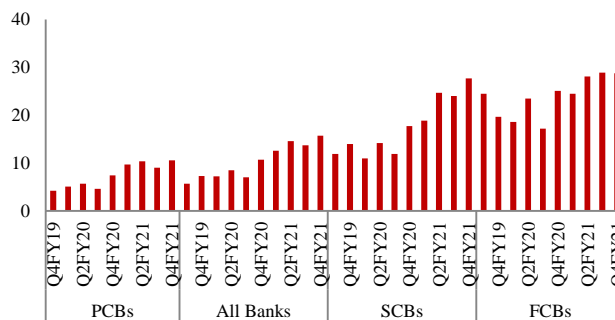
Source: Bangladesh Bank. \*Adjusted deposits growth for ADR.

**Chart VI.4: Advance Deposit Ratio**  
(In percent)



Source: Bangladesh Bank.

**Chart VI.5: Excess of SLR as % of TDTL**



Source: Bangladesh Bank, staff's calculation.

**Table 6.3: Liquidity Position of the Scheduled Banks**

(In billion BDT)

Bank groups	CRR			SLR		
	Required Reserves	Balance with BB in local currency	Excess(+)/shortfall (-) in reserve	Required Liquidity	SLR eligible liquid assets of banks**	Excess(+)/shortfall (-) of SLR
1	2	3	4	5	6	7
As of end- June, 2021						
SCBs	151.2	336.8	185.6	487.2	1534.0	1046.8
SBs*	14.2	14.9	0.7	0.0	0.0	0.0
PCBs (other than Islamic)	246.7	361.1	114.5	808.3	1496.4	688.1
Private Banks (Islamic)	139.1	397.0	257.8	191.9	539.1	347.1
FCBs	29.4	95.5	66.1	105.7	338.4	232.7
All	580.6	1205.3	624.7	1593.2	3907.8	2314.6
As of end- March, 2021						
SCBs	13.9	14.1	0.2	0.0	0.0	0.0
SBs*	382.6	633.1	250.5	994.6	1867.5	872.9
PCBs (other than Islamic)	246.2	272.4	26.2	806.4	1383.7	577.3
Private Banks (Islamic)	136.4	360.7	224.3	188.2	483.8	295.6
FCBs	28.7	78.8	50.2	103.0	335.5	232.5
All	571.4	1010.9	439.5	1568.9	3553.5	1984.7

Source: Bangladesh Bank.

\* SLR does not apply to specialized banks as exempted by the Government.

\*\*includes cash in tills, balance with BB in foreign currency, balance with Sonali Bank as an agent of BB, unencumbered approved securities and excess reserve (column 4)

Note: According to the circular No-MPD-02, 2013 with effect from February 01, 2014 SLR has been calculated separately (excluded CRR) as 13% for conventional banks and 5.5% for Islamic banks of the total demand and time liabilities.

According to circular No. MPD-03, April 09, 2020, CRR revised to 4.0 percent from 5.0 percent effective from April 15, 2020

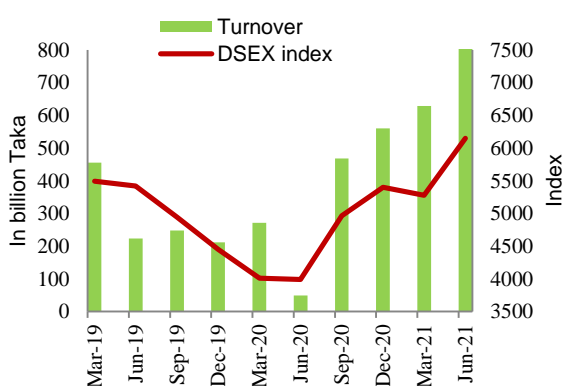
6.7 Despite good performance in FY21 amidst the COVID-19 pandemic, the banking sector may face challenges in increasing private sector credit growth, containing the rising NPLs and minimizing credit risk in near future due to the second wave of the Covid-19 pandemic, and its severity in the coming quarters. However, the Government and Bangladesh Bank have been continuing its initiatives to restore financial stability in the banking sector i.e., offering stimulus packages, easing repayment facilities for outstanding/overdue loans, etc. Nevertheless, prudent monitoring and effective supervision are needed for ensuring macro-financial stability.



## VII. Capital Market

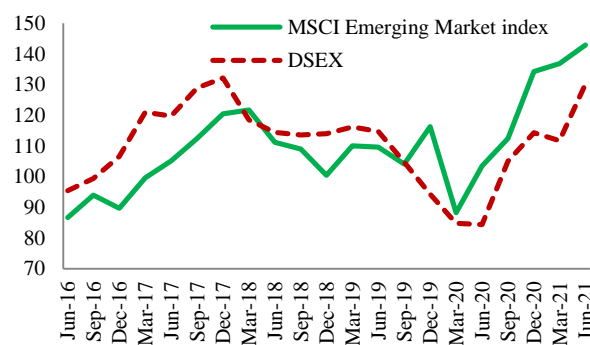
7.1 The robust performance in the capital market was observed throughout the year and it continued further in Q4FY21 as evidenced by strong growth in price indices, buoyant turnover, expansion in market capitalization, and issued capital. The easy monetary condition, the expectation of normalcy in the business activities as COVID-19 situation improved with the beginning of vaccination and several positive initiatives taken by Bangladesh Securities and Exchange Commission (BSEC) helped the vibrant activities in the capital market during FY21. The global capital markets in both developed and emerging market economies amplified in FY21 because of unprecedented easy monetary and prudential financial policies adopted by the major central banks in response to the COVID-19 pandemic outbreak. In tandem with global market trend, the synchronized movements between the global equity market and DSEX were continued in Q4FY21.

**Chart VII.1: Trends in DSEX Index and Turnover**



Source: DSE Monthly Review, Various Issues.

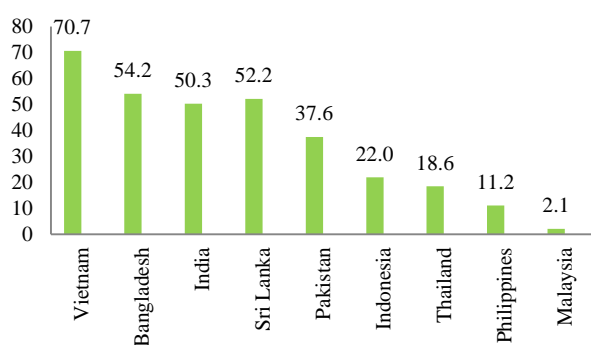
**Chart VII.2: Synchronization of DSE with Global Market (Base: Jan 2015=100)**



Sources: Dhaka Stock Exchange and www.msci.com.

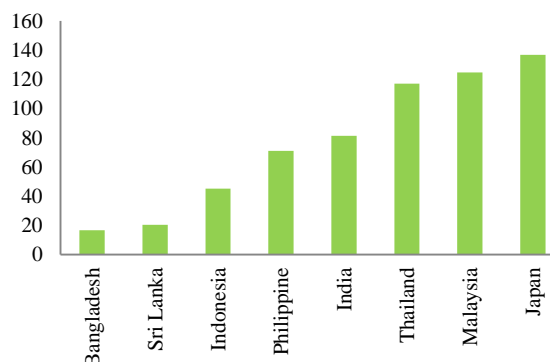
7.2 The key indicators of the capital market, the DSE broad index (DSEX) and DSE-30 index reached their recent highs (6150.4 and 2208.4) in Q4FY21. In Q4FY21, the DSEX index grew up 16.5 percent and 54.2 percent from Q3FY21 and Q4FY20 respectively. The DSE-30 index gained by 10.7 percent and 64.7 percent from Q3FY21 and Q4FY20 respectively (Chart VII.1 and Table VII.1). In comparison of market return with some selected Asian Countries, the DSE market return in FY21 reached the second highest level in FY21 (Chart VII.3).

**Chart VII.3: Returns on Capital Market among some selected countries in FY 21**



Sources: Dhaka Stock exchange and www.investing.com

**Chart VII.4: Selected Countries; Stock Market Capitalization, June 2021 (In percent of GDP)**



Source : DSE Monthly Review, June 2021



7.3 The market capitalization of DSE grew by 13.8 percent (BDT 4588.4 billion) and 78.10 percent (27.5 percent contributed by new listing companies) in Q4FY21 from Q3FY21 and Q4FY20 respectively (Table VII.1). The DSE market capitalization rose to 16.7 percent of GDP in June 2021 from 11.2 percent in June 2020. This growth is partially attributed to the listing of 15 new companies with DSE in FY21. The market capitalization of new listing companies was BDT 704.4 billion (15.8 percent of total market capitalization). To enhance the market capitalization in future listing a good number of fundamental companies specially, profitable state owned and multinational companies are required.

**Chart VII.5: Heat Map for Sectoral Price-Earnings Ratio of DSE**

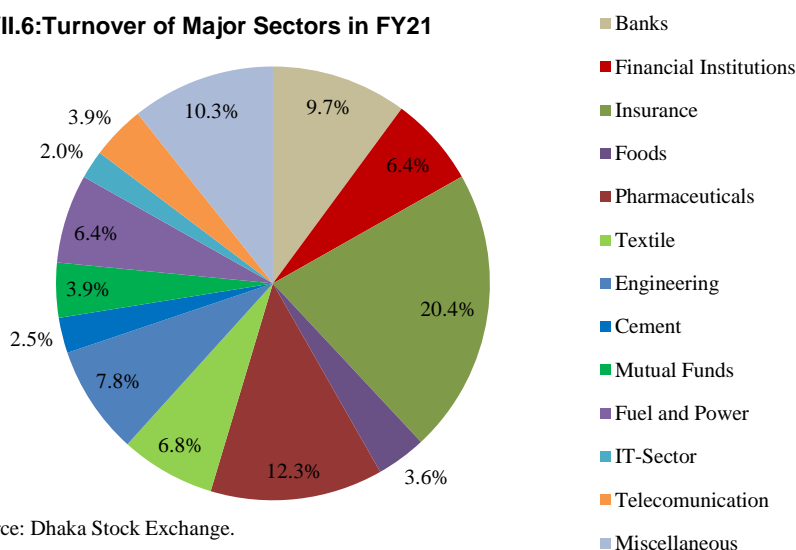
Sector	Share of Total M.cap June-21	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Bank	14.8	9.3	8.3	8.2	7.8	6.6	6.7	7.9	8.1	7.9	9.2
Financial Institutions	4.6	15.4	14.7	13.2	17.3	14.8	15.9	22.6	24.7	20.1	23.4
Engineering	13.6	14.4	14.6	12.8	11.3	10.2	10.1	14.5	35.3	36.2	42.5
Food & Allied	8.4	32.9	25.1	21.2	17.5	16.4	17.4	21.2	23.5	25.5	27.1
Fuel & Power	10.2	15.4	14.7	13.0	10.6	9.5	9.5	11.6	11.9	12.8	13.6
Textile	3.2	16.8	16.8	12.8	12.8	12.2	11.7	14.3	17.9	16.8	23.9
Pharmaceuticals	13.9	19.4	19.1	18.5	15.3	14.6	15.2	17.8	19.6	19.7	21.1
Service & Realestate	0.5	15.6	15.4	13.2	13.0	12.6	12.6	15.6	21.4	19.4	23.8
Cement	2.6	35.5	28.6	24.9	21.0	22.5	20.8	23.0	29.8	27.4	27.0
IT	0.7	23.1	24.4	22.5	22.6	19.2	19.2	23.6	25.1	21.6	28.4
Tannery	0.5	19.0	20.3	17.2	14.0	12.7	12.7	20.2	24.9	23.2	28.5
Insurance	4.9	13.9	14.4	15.4	15.2	12.1	12.2	21.5	26.0	19.2	31.6
Telecommunication	15.9	21.0	14.6	14.1	11.2	9.4	9.6	13.3	18.3	19.7	18.4
Miscellaneous	4.2	30.7	27.1	25.1	19.9	18.9	18.9	20.6	34.4	41.5	46.0

Sources: DSE Monthly Review, Various Issues



7.4 The overall price-earnings (PE) ratio of the DSE edged up in Q4FY21 from the level of Q3FY21. The average price earnings ratios surged to 18.50 in Q4FY21 from 16.89 in Q3FY21. Sector-wise PE data show that banking sector's PE score was the lowest position while that of the engineering sector the highest position in Q4FY21 (Chart VII.5).

**Chart VII.6: Turnover of Major Sectors in FY21**



7.5 The liquidity condition and issued capital were improved in Q4FY21. In Q4FY21, total turnover in DSE increased significantly by 41.4 percent from Q3FY21. Market liquidity as measured by the Turnover Velocity Ratio (TVR)<sup>3</sup> increased to 77.5 percent in Q4FY21 from 62.4 percent in Q3FY21. The growth in turnover suggests that the investors' confidence restored in the capital market. Sector wise turnover data showed that the insurance sector scored the highest (20.4 percent) turnover in FY21 (Chart VII.6). The value of issued equity and debt expanded by 13.0 percent in Q4FY21 from Q4FY20 and six new companies (to the existing 382 listed companies) were listed in the capital market during Q4FY21. Thus the number of listed securities rose to 388 at the end of Q4FY21.

**Table 7.1: Selected Countries: Price Earnings Ratio, Dividend Yield and Market Capitalization to GDP ratio of June 2021**

	Price Earnings Ratio	Dividend Yield	M. Cap to GDP
Bangladesh	18.52	5.30	16.7
India	31.97	0.98	81.4
Sri Lanka	10.46	-	20.4
Thailand	30.20	2.28	117.0
Hong Kong	19.02	-	2013.34
China	17.39	-	50.15

Source: DSE monthly Review, June 2021.

7.6 Cross-country data on price earnings (PE) ratios as of June 2021 show that Bangladesh has a moderate PE ratio among the South and East Asian countries but the highest dividend yield among these countries (Table 7.1).

7.7 Bangladesh Securities and Exchange Commission (BSEC) took a number of initiatives to continue the investors' confidence in the capital market of Bangladesh. These initiatives include: (a) revised margin loan limit as of 1:0.80 if the DSEX index stayed below 8000 from below 7000 and 1:0.50 if index exceeds the 8000, (b) imposed the regular circuit breaker on any newly listed company from the first trading day, replacing the maximum 50 percent price movement in the first two trading sessions, (c) to bring vibrancy in the mutual fund sector allow foreign companies be a sponsor of any Mutual funds. In addition, Bangladesh Bank also undertook several policy measures under the stimulus packages of the COVID-19 pandemic which helped ample liquidity in the market is likely to support investor's confidence and stabilize capital market in near future.

<sup>3</sup>TVR= (Turnover during the Quarter/Quarter-end Market capitalization)\*4.

## **Policy Notes**



## The Recent Bank's Deposit Growth: What Are the Potential Sources?<sup>4</sup>

### Abstract

*The main purpose of this note is to identify the potential sources which might contribute to the recent upsurge in bank's deposit growth in Bangladesh focusing on the COVID-19 pandemic. The note finds that higher remittance inflow, streamlined of purchasing national saving certificate (NSC), introduced of purchasing and interest payment of high-value NSC through bank account, increasing e-money balance, expanding agent banking, and channelized all government cash transfer, stipend, and relief through MFIs contributed upsurge of banks deposit.*

### I. Introduction

Bank deposits play an important role in the financial intermediation process in the financial system of Bangladesh. Banks transform deposit liabilities to assets by making loans and advances. In Bangladesh, like many other developing economies, bank deposits remain the predominant source of funding for banks, accounting for about 74.5 percent of bank liabilities in 2019<sup>5</sup>. The growth of bank deposit might associate with a range of supply and demand factors. The demand for deposits comes from banks and depositors supply them. These activities were disrupted during the COVID-19 pandemic period, the very first COVID-19 positive case was detected at the beginning of March 2020. It is observed that overall deposit grew by 13.1 percent (on average) in the last twelve months between July 2020 to June 2021, whereas private sector credit grew by 8.6 percent (on average) for the same period of time. Total deposit stood at BDT 14.20 trillion in FY21 which was 45.0 percent of GDP (FY21) up from 3.37 trillion in FY10 (42.2 percent of GDP).

Month-wise data shows bank deposit growth was following an upward trend during the COVID-19 pandemic period although there were few drops especially at the beginning of the pandemic (chart 1). Point to point estimates show that bank deposit growth was 11.3 percent at end-March 2020 went as low as 10.9 percent at end-June 2020, then gradually were picking up to reach 14.0 percent at end-June 2021 (although witnessed some fluctuation throughout the period). Generally, income level, consumption behavior, and interest rates influence deposit accumulation in the banking sector. However, higher deposit growth along with unexpected behavior of deposit mobilization during the COVID-19 pandemic demands an exploration what are the factors that contribute to deposit upsurge. Against this backdrop, this note will attempt to identify the factors which might contribute to the recent surge in bank deposit growth in Bangladesh.

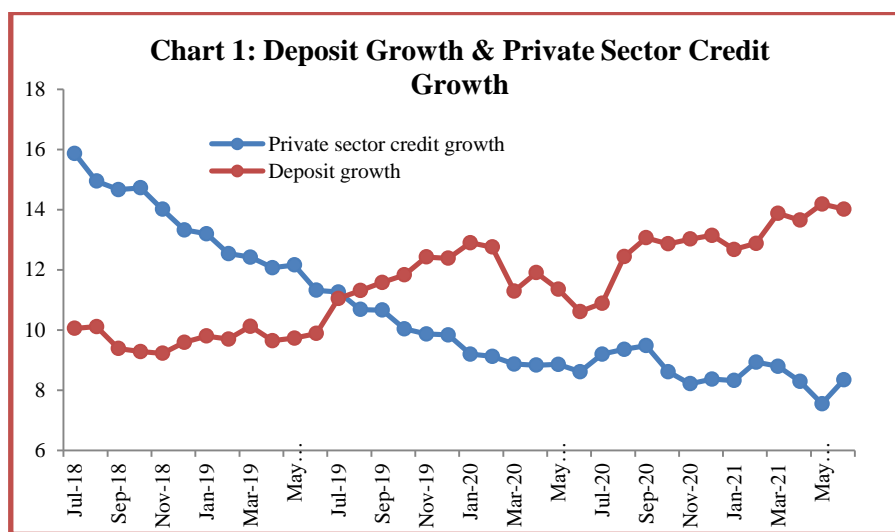
---

<sup>4</sup> The authors are Md. Ezazul Islam, General Manager, Md. Rashel Hassan, Joint Director, and Md. Abdus Sobhan, Assistant Director, Chief Economist's Unit, Bangladesh Bank. The views expressed in the note are authors own and do not reflect that those of Bangladesh Bank. The authors would like to thank all MPC members for their valuable comments and suggestion for developing the note. Comments can be sent to: ezazul.islam@bb.org.bd

<sup>5</sup> Bangladesh Bank (2020), Annual Report 2019-2020.

## II. Decomposition of Deposits and its Trends

The COVID-19 pandemic has caused unprecedented damage to the global economy as well as Bangladesh. Bangladesh's economy which is heavily dependent on RMG export along with foreign remittance severely affected due to the global economic meltdown. As a result, gross domestic product (GDP) slowed down to 3.51 in FY20. To fight back the pandemic, the government and Bangladesh Bank have taken expansionary fiscal and extraordinary easy monetary policy along with BDT 1.35 trillion stimulus packages for economic recovery. Consequently, economic activities rebounded well and GDP increased to 5.47 percent in FY21 from 3.51 percent in FY20. Moreover, the government / BB imposed a lending interest rate maximum of 9 percent except for credit cards in April 2020 to facilitate speeding up business activities. On the other hand, banks have slashed deposit interest rates. The deposit interest rate (weighted average) declined to 4.99 percent in March 2021 from 5.75 percent in December 2019. The interest rate on fixed deposits which constitute about 45 percent of total deposit, decreased to 5.99 percent in March 2021 from 8.10 percent in December 2019. Despite decreasing interest rates, banks deposit rose significantly by various factors other than the interest rate. The trend in various categories of banks deposits growth is given in Table 1.



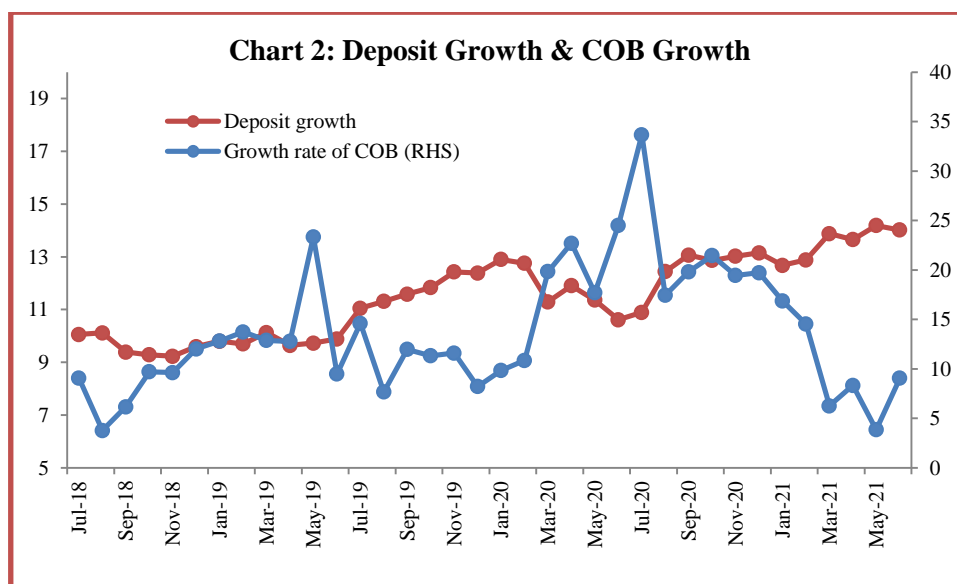
**Table 1: Trend in various categories banks deposit growth, in percent**

Type of Deposit	2016	2017	2018	2019	2020	2021*
Current and cash account	15.46	16.23	7.60	13.90	18.68	18.32
Savings Deposit	22.01	10.89	7.95	12.42	20.60	21.55
Convertible Taka account of Foreigners	-3.93	95.58	-59.58	-12.57	25.44	19.66
Foreign Currency account	34.14	56.91	21.97	-35.36	0.28	2.75
Wage Earners Deposits	44.67	-30.96	92.09	9.44	24.84	17.47
Resident foreign currency deposit	38.13	9.53	26.66	42.75	6.59	15.02
Special Deposit account	27.13	14.91	14.20	3.52	26.25	35.92
Fixed deposits	5.41	7.08	9.83	15.11	7.41	7.66
Recurring deposits	15.57	8.08	9.30	13.80	9.93	10.24
Other deposits	25.05	7.43	6.99	0.10	19.79	11.83
Total Deposits	13.28	9.69	9.63	12.29	13.56	14.36

Source: Scheduled Banks Statistics, Bangladesh Bank.

\* As of March end.

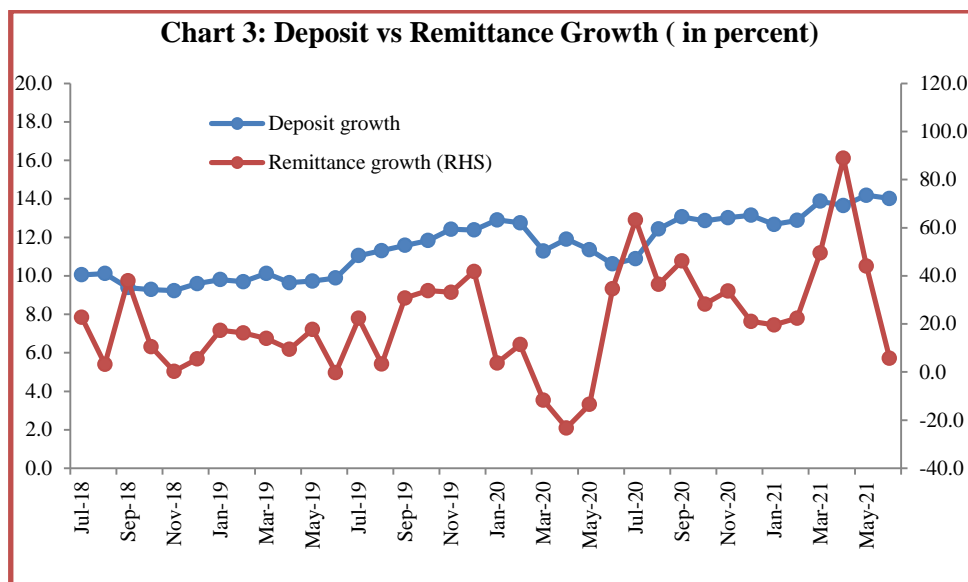
Fixed and saving deposits constitute about 66 percent of total deposits. During the COVID-19 pandemic, the growth of fixed deposits decelerating 7.41 percent in 2020 from 15.11 percent growth in 2019. On the other hand, saving deposit growth increased sharply to 20.60 percent in 2020 from 12.42 percent in 2019. Some depositors may convert their fixed deposits due to the loss of their jobs/business in the pandemic time. Besides, some people who hold more currencies at the beginning of the pandemic, changed their tendency to hold additional currencies from July 2020, which might contribute to accelerating bank deposit growth as reflected by a sharp decline in currency outside bank data (COB). The currency outside the bank (COB) is an important determinant of currency demand and is inversely related to deposit growth (C/D ratio). The COB growth was highest at 33.0 % in July 2020 due to pandemic uncertainty and came down to below 10.0 percent at the end of June 2021. In addition to that share of COB to M2 (broad money supply) is about 13 percent and the rest (87 percent) constitute by demand deposit (DD) and time deposit (TD).



### III. Others Potential Determinants of Deposits

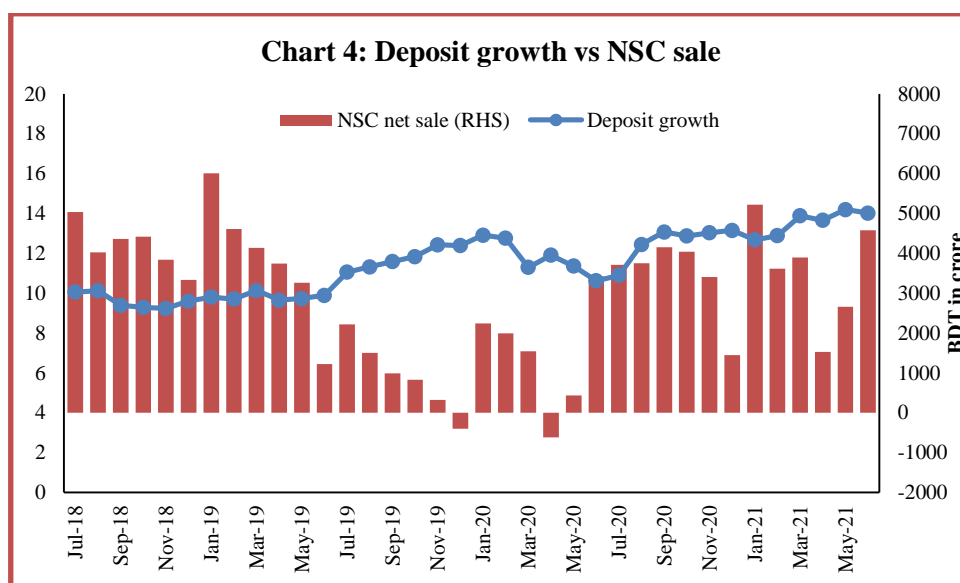
#### a. Higher Remittances Inflow

Unexpectedly remittance inflow has started to increase since the beginning of the COVID-19 pandemic in March 2020. Higher remittance inflow contributed to surging deposit growth. In FY21, remittance inflow surged to USD 24.8 billion (BDT 2101.15 billion) up 36% from the level of USD 18.20 billion in FY20. A preliminary estimate indicates that the contribution of remittance to deposit is about 15% in FY21. Although remittance inflows contributed significantly to increase bank's deposit, can be considered as a temporary phenomenon as it is highly volatile in nature. Month-wise remittance inflow growth data is evidencing its volatility, the highest growth recorded in April 2021 (89.2%), afterward it started to decelerate to 44.3% in May 2021, and finally reached 6.0% in June 2021.



#### b. National Savings Certificate (NSC)

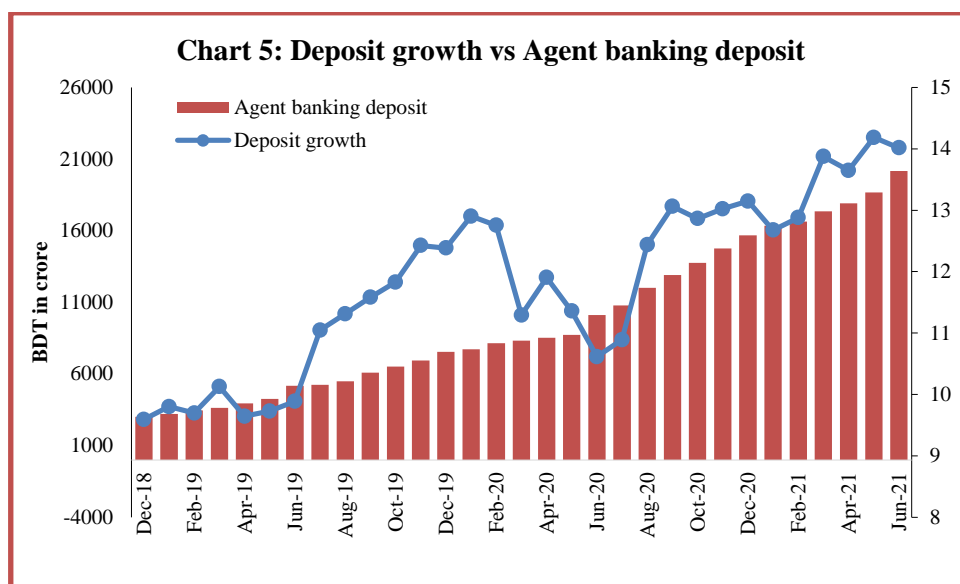
Recently government has streamlined of buying NSC and also adopted ICT infrastructure for issuing certificates and to delivery interest payments. For instance, if an individual want to purchase any NSC, payment has to be made through banking channel (if the value of NSC is above BDT 1 lac). As a result, saving account saw an increase more recently, partly contributed to higher deposit growth as well. Moreover, mandatory submission of NID and TIN while purchasing NSC along with using common server to impose individual buying limit also facilitate bank's deposit growth. The outstanding NSC stood at BDT 4573.56 billion in June 2021 compared to BDT 3417.25 billion in June 2020.





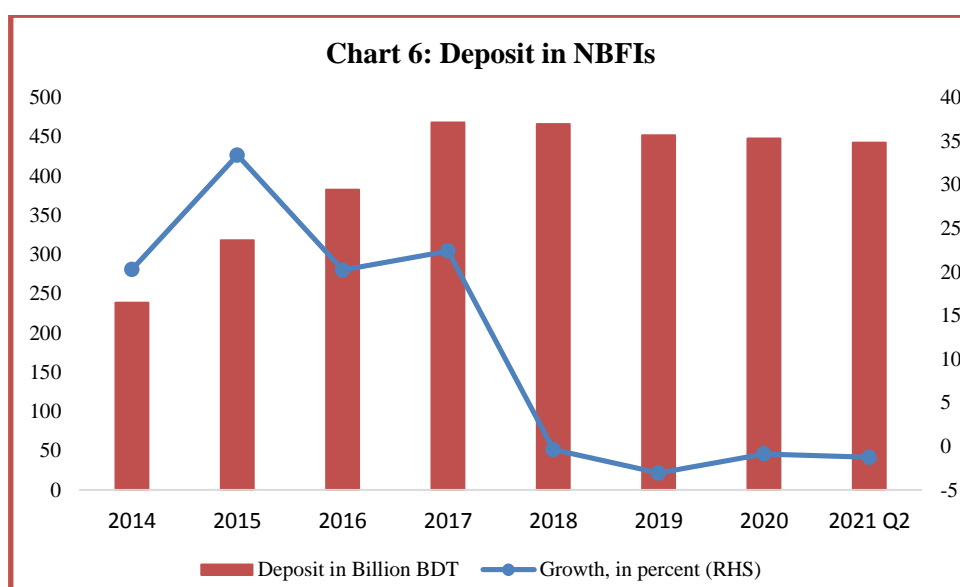
### c. Agent banking

Agent banking is another factor that is contributing to total deposit growth. Recent data show that it grows by about 100.0 percent to BDT 201.79 billion in June 2021 from that of BDT 101.17 billion in June 2020. The total number of agents is 12995 and the total subscribers are 12 million (As of June 2021).



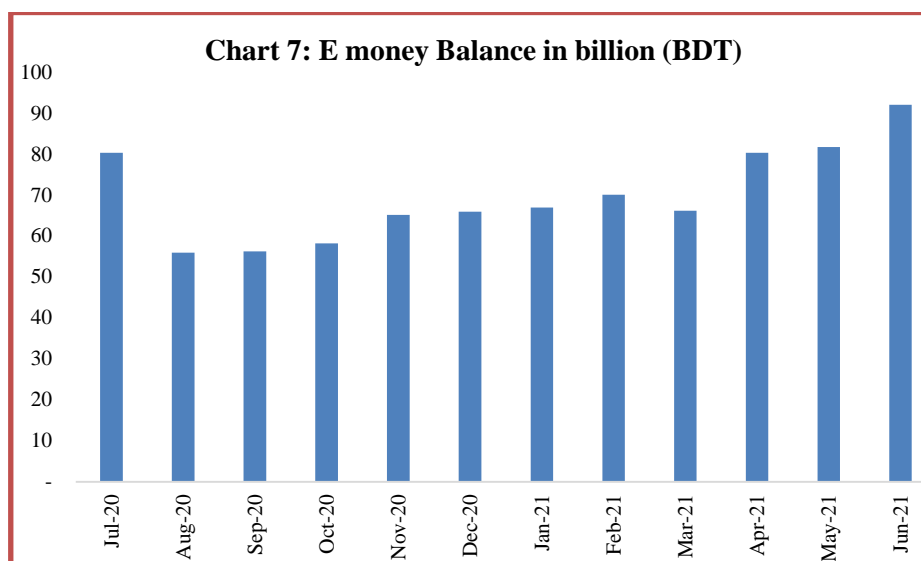
### d. Deposit Mobilization by NBFIs

Deposit mobilization by NBFIs has decelerated since 2017 owing to the bad perception of depositors for many reasons. Outstanding NBFIs deposit shows a declining trend to BDT 445.35 billion in Q22021 from BDT 468 billion in 2017.



#### e. E-money balance

During the COVID-19 pandemic, the use of mobile financial services has substantially increased. To minimize the contagious risk of COVID-19, contactless payment was very popular using mobile financial services. Almost 39.6 million active account holders are using mobile financial services to avail of inward remittance, cash in the transaction, cash-out transaction, p2p transaction, salary disbursement, utility bill and merchant payment, and government payment. Through these activities, there is some e-money balance accumulated every month which contributes partly increasing deposit of banks. Recent data show that the e-money balance was, on average, BDT 70 billion in FY21. But it increased to BDR 92 billion in June 2021 from BDT 55.81 billion in August 2020.



#### f. Decreasing Illegal Activities and Disclosure

During the COVID-19 pandemic, a social movement was restricted which decreased illegal activities. Besides, many businesses/entrepreneurs took the opportunity of whitening non-disclosure income. For example, a total of 11,859 people whitened their black money worth BDT 206 billion under a blanket opportunity in the just-concluded fiscal year FY21 (The Financial Express (7/7/2021)).

### IV. Conclusion

The main objectives of the note were to identify the potential sources which contributed to the recent upsurge deposit growth in banks during the COVID-19 pandemic period. Both the economic factors (income level, consumption behaviors, and interest rate movement) and other factors (remittance inflow, streamlining NSC unchanging and interest payment through banks, increasing e-money balance due to increasing trend of MFIs, and expanding agent banking in rural areas) contributed deposit upsurge in recent time. The note also opined that the recent deposit growth appears a transitory phenomenon. Private sector credit growth is likely to pick up in near future depending on the severity of the delta variant (COVID-19) situation and economic recovery. It is expected that the movement of deposit and private sector credit growth will be normal in near future. The limitation of the note is that it is a preliminary investigation. A detailed investigation is left for future research.

## Measurement of Momentum and Base Effect of CPI Inflation in Bangladesh<sup>6</sup>

### Abstract

*This policy note attempts to figure out the base effect of consumer price index (CPI) inflation in Bangladesh, considering current situation of COVID-19 and its impacts. The note calculates the base effect for four CPI series (i.e. headline, food, non-food and core) and identifies significant level of base effects for various months of the sample period between 2020M01 and 2021M06. The policy note also forecasts the base effect for the next twelve months with a view to providing an insight about the development of CPI headline inflation for FY22. The note concludes that inflation development needs to be assessed in a timely manner that whether the headline inflation originates from underlying inflationary pressure or from the impact of base effects which would help formulate prudent policies for effective inflation management.*

### 1. Introduction

Inflation measurement has two key dimensions which include economic and statistical factors. Economic factors arisen from price movement of different commodities of CPI basket can be ascribed as momentum. On the other hand, the statistical factors are stemmed from the price swing twelve-months earlier which can be attributed as base effect. The base effect in inflation can be positive or negative with different magnitudes. If the change between the price indices of the two consecutive months of the base period is negative, then current inflation will suppress, offsetting the price momentum. The opposite will happen when the price change is positive, uplifting the present measured inflation. Therefore, it is very important to measure the momentum and base effect of inflation which would help forecast robust inflation, providing guidance for price stability.

Base effect has a considerable impact on the development of measuring CPI inflation (CBI, 2007). The base effect also contributes to shape the headline CPI inflation (ECB, 2007). In general, the volatility in inflation can mostly be explained by the developments in the components of consumer price index. However, the changes in CPI inflation in a particular month sometimes refer to not only the recent development in price but also to price fluctuations of the corresponding period in the previous year (ECB, 2007). Hence, this base effect refers to the contribution of price movements in the base period i.e.,  $P_{t-13} - P_{t-12}$  to measure the annual inflation rate. However, sometimes identifying the base effect is a difficult task in practice because only the irregular price changes in the previous year should be considered for determining the base effect (NBR, 2011). RBI (2014) also finds that an extreme or unusual change in CPI inflation might be misleading without considering the base effect.

Therefore, it is critical to understand the base effect in CPI inflation with a view to identifying appropriate policy stance for the inflation. This note tries to look into the effect of base effect on four series

---

<sup>6</sup> This note has been prepared by Nasrin Akther Lubna, Deputy Director, Dr. Md. Salim Al Mamun, Deputy General Manager, Md. Yousuf, Deputy Director, and Dr. Md. Ezazul Islam, General Manager of Chief Economist's Unit of the Bangladesh Bank. Views expressed in this policy note are authors' own and do not necessarily reflect that those of the Bangladesh Bank. Comments can be sent to: nasrin.lubna@bb.org.bd

of CPI inflation, i.e., headline, food, non-food and core, of Bangladesh for the duration of 2020M01 to 2021M06, covering the pandemic period. Furthermore, it also attempts to forecast the inflation rate along with the base effect for the next twelve months during 2021M07 to 2022M06.

## 2. Figuring Base Effect and Momentum

The methodology proposed by ECB (2005) has widely been accepted and used by many central banks for calculating the base effect. This note also calculates the base effect referring to the methodology of the ECB (2005). Inflation is measured in the form of percentage change in the CPI index of a given month ( $I_t$ ) over the index value 12 months earlier ( $I_{t-12}$ ). Thus, the inflation rate in a given month will be calculated as follows:

$$\pi_t = [(I_t - I_{t-12}) / I_{t-12}] * 100 \dots\dots\dots(1)$$

Where  $I$  denotes the CPI index.

The change in inflation from one period to another involves two effects which can be approximated as follows:

$$\pi_t - \pi_{t-1} = [(I_t - I_{t-1}) / I_{t-1}] * 100 + [I_{t-13} - I_{t-12}] / I_{t-13} * 100 \dots\dots\dots(2)$$

Left hand side of equation 2 exhibits the change between current and previous months' inflation. First part of the right hand side of equation 2 refers to the price momentum. The second part shows the change of price index in 12 months earlier which is the base effect. By rearranging the terms of equation 2, the current month's inflation rate can be derived from the summation of previous month's inflation rate, momentum and base effect, which can be approximated as follows:

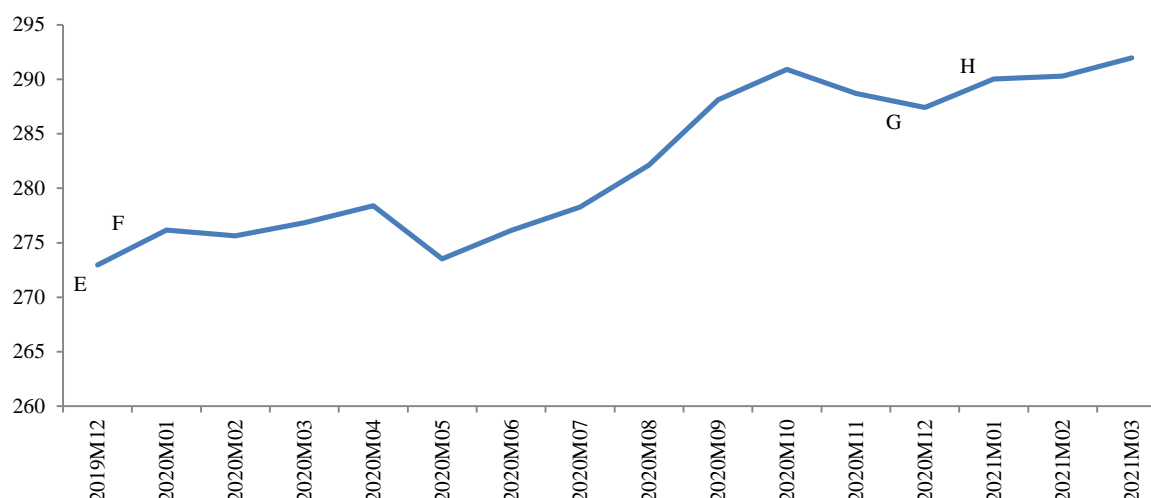
$$\pi_t = \pi_{t-1} + [(I_t - I_{t-1}) / I_{t-1}] * 100 + [I_{t-13} - I_{t-12}] / I_{t-13} * 100 \dots\dots\dots(3)$$

This derivation (equation 3) expresses clearly the base effect on current inflation rate. If the base effect is positive, it will be added to the current month's inflation, intensifying the current inflation rate. The opposite will happen when the base effect is negative. Therefore, the base effect appears to be a determinant factor for current inflation.

Chart 1 illustrates the contribution of the month-on-month CPI change in the base period, i.e. the base effect, to the current inflation rate. CPI headline inflation rates (year-on-year) were 5.29 percent (from E to G) in December 2020 and 5.02 percent (from F to H) in January 2021, indicating a decline in the year-on-year inflation rate by -0.27 percentage points between the two periods. On the other hand, the month-on-month change in current CPI or the price momentum (from G to H) has increased by 0.91 percent. The decline in the year-on-year inflation (of 0.27 percentage points) can be explained by the month-on-month rate of change (from F to E) in CPI one year earlier which is the base effect. Here, the contribution of base effect is -1.16 percent which has offset the price momentum of 0.91 percent. Therefore, even the month-on-month inflation (+0.91) increased by 0.91 percent, current inflation rate, in fact, decreased by 0.27 percentage points to 5.02 percent in January 2021 because of adjustment of the negative base effect (-1.16 percent) in base period in January 2020. Therefore, the current inflation for January 2021 can be estimated by equation 3 which becomes as follows:

$$\pi_t = 5.29 + 0.91 + (-)1.16 = 5.04 \text{ (estimated)} \cong 5.02 \text{ (actual)}$$

**Chart 1 : Headline CPI (Base: 2005-06)**



Source: Bangladesh Bureau of Statistics (BBS).

### **3. Impact of Base Effect on CPI Inflation in Bangladesh**

The Bangladesh economy witnessed significant fluctuation in the CPI inflation during the COVID-19 pandemic period. This note considers the sample period ranging from 2020M01 to 2021M06 in order to understand the base effect during the COVID-19 pandemic period. Four segments of chart 2 outline the base effect for the four CPI series i.e., headline food, non-food and core. In May 2020, unfavourable (positive) base effect outweighed the fall in price momentum (Chart 2A). However, the fall in price momentum in headline inflation came from negative price momentum in food inflation. Stockpiling of rice following the nation-wide lockdown at the end of March 2020 contributed to the lower demand and negative food price momentum in May 2020. Moreover, fall in the price of fish, vegetables and spices added to the negative price momentum. Although the price momentum is strong, the favourable (negative) base effect kept the headline inflation lower during July-September 2020. The strong price momentum resulted from the rise in the price of rice, fish and vegetables but moderated by the fall in the price of eggs and meat, and spices.

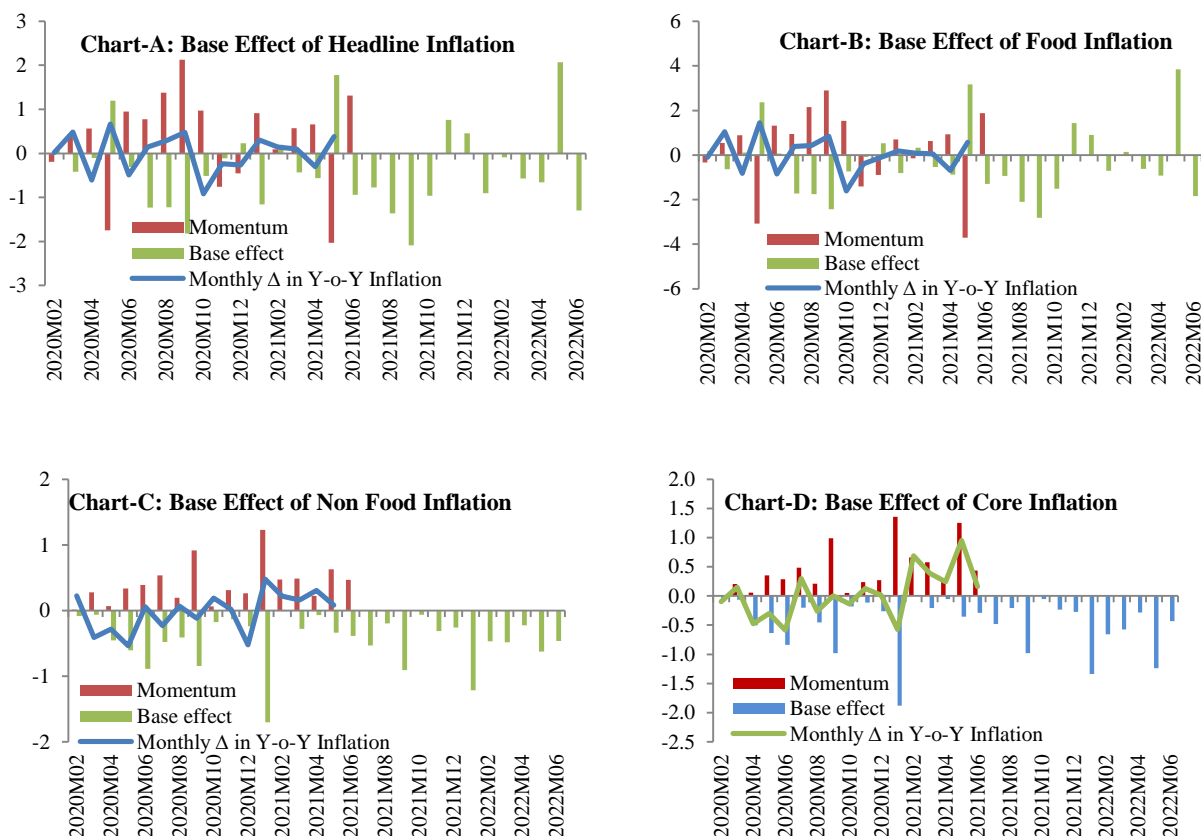
Favourable base effect was diminished during the last three months of 2020 resulted in a spike in headline inflation in October 2020 (Chart 2A). Food price momentum especially prices of rice, fish and vegetables largely contributed to this hike. However, the favourable base effect significantly lowered the headline inflation in January 2021 despite a substantial price momentum.

Price momentum dropped considerably in May 2021 due to fall in the price of eggs and meat and spices, although an unfavourable base effect uplifted the headline inflation (Chart 2A and 2B). On the other hand, inflation in June 2021 increased because of strong price momentum from both food and non-food items (Chart 2B, 2C). Similar pattern of price momentum and base effect interaction was observed in food inflation which indicated the strong influence of food inflation on headline CPI inflation. The observed price momentum for CPI headline as well as for food inflation was highly volatile during the COVID-19 period. Commencement of two nationwide lockdowns at end March 2020 and April 2021 caused the food

inflation momentum to fall in the next month, seemingly indicated that people stockpiled the food items which consequently cut down the demand for food items in the next month.

Charts 2C and 2D indicate that the base effect for non-food inflation remained favorable for the sample period which was very much similar to the core inflation. In addition, strong price momentum in September 2020 and January 2021 mainly stemmed from Medical Care and Health, and Transport and Communication expenses was offset by substantial base effect of non-food inflation.

**Chart 2: CPI Inflation – Momentum and Base Effects**



Source: Authors' calculation by BBS data.

Note: This policy note uses core inflation data (Chart 2D) compiled by Research Department, Bangladesh Bank, on the basis of BBS data.

#### 4. Inflation Outlook for FY22 Focusing on Base Effect

Twelve months ahead base effect can be calculated by the aforesaid method which can be used for giving an insight of the inflation by how much it would be manifested to increase or decrease. From the base effect calculated for the twelve months ahead, it is evident that favourable base effects will dampen the headline inflation in FY22 because of the negative price changes in the base period of food inflation except for the months of November and December 2021 and May 2022. Both for food and nonfood inflation, the base effect is significantly negative for the month of September 2021 which suggests that CPI headline inflation would be much lower than the actual price increase. The evolution of the headline inflation during November-December 2021 will likely to be influenced by unfavourable or positive base effect. Thereafter, base effect will become negative or favourable during the first half of 2022 excluding May 2022 (Chart 2A).

## 5. Conclusion

This policy note attempts to shed light on a very crucial aspect of CPI inflation which is the base effect. The analysis finds that the base effect revealed the true change in the price level. Here, the note finds significant base effect for various months of the sample period from 2020M01 to 2021M06. During July-September 2020 and January 2021, the price momentum was much higher, although the substantial negative base effect offset the momentum. However, significant positive base effect was evident in May 2020 and May 2021, notwithstanding the considerable amount of fall in price momentum. Surprisingly, strong relationship between headline and food CPI as well as between non-food and core CPI was found through the base effect calculations. The note figures out the base effect for the next twelve months which gives an insight to inflation outlook.

Since one of the monetary policy objectives of the Bangladesh Bank is to keep inflation within the targeted level, assessing inflationary pattern is critical to formulate prudent policy stance. The quantification of base effect helps explain the unusual fluctuations in the inflation rate. As a monetary authority, the BB needs to be cautious whether these unusual changes (high inflation or deflation) are for price momentum or for base effect.

## References

- CBI (2007), 'Base effect in the CPI', Monetary Bulletin, Central Bank of Iceland, Box VIII-1, January, 2007.
- ECB (2005), 'Base Effects and their Impact on HICP Inflation in early 2005', European Central Bank, Monthly Bulletin, January 2005.
- ECB (2007), 'The role of base effects in driving recent and prospective developments in HICP inflation', European Central Bank, Monthly Bulletin, January 2007.
- NBR (2011), 'The impact of base effect on the annual inflation rate', Inflation Developments, National Bank of Romania, January, 2011.
- RBI (2014), 'Base effects and inflation forecasting', Monetary Policy Report, Reserve Bank of India, September 2014.





# Tables



**Table I.1: Macroeconomic Framework: Key Economic Indicators**

(Growth in percent, unless otherwise indicated)

Indicators	FY15	FY16	FY17	FY18	FY19	FY20 <sup>R</sup>	FY21 <sup>P</sup>
Real GDP	6.55	7.11	7.28	7.86	8.15	3.51	5.47
GDP deflator	5.80	6.80	5.30	5.60	4.46	4.09	4.22
CPI Inflation (average)	6.41	5.50	5.94	5.78	5.47	5.65	5.56
CPI Inflation (point to point)	6.25	5.90	5.44	5.54	5.71	6.02	5.64
In percent of GDP							
Gross Domestic Savings	22.09	24.98	25.33	22.83	25.02	23.77	24.17
Gross domestic investment	28.89	29.65	30.51	31.23	31.57	30.47	29.92
Total revenue	10.90	10.50	10.46	10.80	10.13	9.27	9.86
Tax	9.00	9.00	8.77	9.20	8.80	7.97	8.63
Nontax	1.50	1.20	1.36	1.30	1.00	1.16	1.07
Total expenditure	13.80	13.90	13.38	14.70	14.60	13.97	14.19
Current expenditure	8.00	7.50	6.49	6.80	6.98	7.10	7.73
Annual Development Program	4.70	5.00	5.47	6.62	6.57	5.91	5.71
Other expenditure (residual)	1.10	1.40	1.42	1.29	1.05	0.97	0.78
Overall balance (including grants)	-2.90	-3.40	-2.92	-3.90	-4.48	-4.70	-4.33
Financing (net) (a+b)	2.90	3.40	2.92	3.90	4.48	4.70	4.33
a. Domestic financing	1.80	2.20	1.85	2.07	2.82	3.28	2.76
Banking System	-0.50	0.20	-0.89	-0.05	0.67	2.44	1.29
Non-bank	2.30	2.00	2.74	2.12	2.15	0.84	1.46
b. Foreign Financing	1.10	1.20	1.10	1.80	1.70	1.42	1.57
Current account balance	1.79	1.92	-0.53	-3.49	-1.69	-1.46	-1.07
Overall balance	2.24	2.27	1.27	-0.31	0.06	0.98	2.61
Broad Money (M2)	51.96	52.88	51.43	49.32	47.97	50.15	51.83
Broad Money (M3)	60.04	62.14	62.43	61.04	60.34	62.20	62.82
Deposit (DD+TD)	46.13	45.80	44.43	43.03	41.87	43.11	43.99
Private Sector Credit	37.91	38.72	39.28	40.33	39.74	40.06	38.92
Growth in Percent							
Money and credit							
Private sector credit	13.19	16.78	15.66	16.94	11.32	8.61	8.35
Broad money (M2)	12.42	16.35	10.88	9.24	9.88	12.64	13.60
External Sector							
Exports, f.o.b.	3.10	8.90	1.70	6.40	9.10	-17.10	15.38
Imports, f.o.b.	3.00	5.90	9.00	25.20	1.80	-8.60	19.71
In million USD							
Exports, f.o.b.	30,697	33,441	34,019	36,285	39,604	32,832	37,882
Imports, f.o.b.	37,662	39,901	43,491	54,463	55,439	50,690	60,681
Gross official reserves	25,021	30,176	33,407	32,944	32,717	36,037	46,391
In terms of month of imports	6.50	7.20	6.60	6.00	6.00	6.10	6.90
<b>Memorandum items:</b>							
Nominal GDP (in billion Taka)	15,158	17,329	19,758	22,505	25,425	27,393	30,111
Nominal GDP (In million USD)	195,159	221,408	249,727	274,112	302,569	323,111	355,037

Source: Bangladesh Bank; Ministry of Finance and Bangladesh Bureau of Statistics;

P = Provisional, R=Revised.

**Table I.2: Real GDP Growth by Sectors**

(In percent)

Sectors	FY15	FY16	FY17	FY18	FY19	FY20 <sup>R</sup>	FY21 <sup>P</sup>
<b>Agriculture</b>	3.3 (16.0)	2.8 (15.4)	3.0 (14.7)	4.2 (14.23)	3.92 (13.65)	4.59 (13.74)	3.45 (13.47)
a) Agriculture and forestry	2.5	1.8	2.0	3.5	3.15	4.1	2.65
i) Crops and horticulture	1.8	0.9	1.0	3.1	1.96	3.47	1.59
ii) Animal farming's	3.1	3.2	3.3	3.4	3.54	3.56	3.8
iii) Forest and related services	5.1	5.1	5.6	5.5	8.34	7.36	6.12
b) Fishing	6.4	6.1	6.2	6.4	6.21	6.02	5.74
<b>Industry</b>	9.7 (30.4)	11.1 (31.5)	10.2 (32.4)	12.1 (33.66)	12.67 (35.0)	3.25 (34.78)	6.12 (34.99)
a) Mining and quarrying	9.6	12.8	8.9	7.0	5.88	0.97	0.29
b) Manufacturing	10.3	11.7	11.0	13.4	14.20	1.80	5.77
i) Large & medium scale	10.7	12.3	11.2	14.3	14.84	1.39	6.56
ii) Small scale	8.5	9.1	9.8	9.3	10.95	3.96	1.73
c) Power, gas and water supply	6.2	13.3	8.5	9.2	9.58	1.69	4.74
d) Construction	8.6	8.6	8.8	9.9	10.25	8.66	8.68
<b>Service</b>	5.8 (53.6)	6.3 (53.1)	6.7 (52.9)	6.39 (52.11)	6.78 (51.35)	4.16 (51.48)	5.61 (51.53)
a) Wholesale and retail trade	6.4	6.5	7.4	7.5	8.14	4.03	6.54
b) Hotel and restaurants	6.8	7.0	7.1	7.3	7.57	1.75	6.85
c) Transport , storage and communications	6.0	6.1	6.8	6.6	7.19	3.67	6.07
d) Financial intermediations	7.8	7.7	9.1	7.9	7.38	3.09	4.31
e) Real estate, renting and business activity	4.4	4.5	4.8	5.0	5.23	4.83	4.90
f) Public administration and defense	9.8	11.4	9.2	8.5	6.40	5.44	6.16
g) Education	8.0	11.7	11.4	7.0	7.66	5.06	5.56
h) Health and social works	5.2	7.5	7.6	7.0	11.79	9.97	9.94
i) Community , social and personal service	3.3	3.3	3.6	3.7	3.72	3.01	3.05
<b>GDP (at constant market price)</b>	6.55	7.11	7.28	7.86	8.15	3.51	5.47

Source: Bangladesh Bureau of Statistics;

The parentheses indicate the percentage share of total producer price GDP at constant price.

P = Provisional, R=Revised.

**Table I.3: Nominal GDP by Sectors**  
(In billion Taka)

Sectors	FY15	FY16	FY17	FY18	FY19	FY20 <sup>R</sup>	FY21 <sup>P</sup>
<b>Agriculture</b>	<b>2,241</b>	<b>2,434</b>	<b>2,650</b>	<b>2,942</b>	<b>3,224</b>	<b>3,538</b>	<b>3,846</b>
a) Agriculture and forestry	1,765	1,903	2,054	2,274	2,481	2,708	2,922
i) Crops and horticulture	1,261	1,343	1,437	1,592	1,723	1,872	2,007
ii) Animal farmings	299	332	360	396	432	467	503
iii) Forest and related services	205	228	257	286	326	368	412
b) Fishing	476	531	596	669	743	831	924
<b>Industry</b>	<b>4,067</b>	<b>4,739</b>	<b>5,483</b>	<b>6,422</b>	<b>7,538</b>	<b>8,092</b>	<b>8,944</b>
a) Mining and quarrying	239	286	341	389	440	465	487
b) Manufacturing	2,545	2,951	3,418	4,041	4,814	5,071	5,596
i) Large & medium scale	2,060	2,402	2,792	3,326	3,962	4,130	4,592
ii) Small scale	485	549	626	716	852	941	1,004
c) Power, gas and water supply	199	238	262	293	321	330	349
d) Construction	1,085	1,264	1,461	1,699	1,964	2,225	2,512
<b>Service</b>	<b>8,142</b>	<b>9,301</b>	<b>10,566</b>	<b>11,919</b>	<b>13,437</b>	<b>14,629</b>	<b>16,144</b>
a) Wholesale and retail trade	1,926	2,143	2,440	2,798	3,227	3,491	3,876
b) Hotel and restaurants	149	171	193	221	252	273	309
c) Transport , storage & communications	1,500	1,692	1,871	2,046	2,260	2,413	2,652
d) Financial intermediations	558	636	732	837	942	998	1,070
e) Real estate, renting and business activity	1,061	1,237	1,445	1,664	1,905	2,125	2,361
f) Public administration and defense	507	667	784	902	990	1,069	1,174
g) Education	376	465	569	645	731	811	904
h) Health and social works	301	348	390	441	520	588	664
i) Community, social and personal service	1,764	1,942	2,142	2,364	2,610	2,862	3,133
<b>Total GVA at current basic price</b>	<b>14,450</b>	<b>16,473</b>	<b>18,699</b>	<b>21,283</b>	<b>24,199</b>	<b>26,259</b>	<b>28,934</b>
Tax less subsidy	708	856	1,059	1,222	1,226	1,134	1,177
<b>GDP at current market price</b>	<b>15,158</b>	<b>17,329</b>	<b>19,758</b>	<b>22,505</b>	<b>25,425</b>	<b>27,393</b>	<b>30,111</b>

Source: Bangladesh Bureau of Statistics.

P = Provisional, R=Revised.

**Table I.4: Crop-wise Agricultural Production**

Crops	Actual for FY20		Actual for FY21		Target for FY22	
	Area	Production	Area	Production	Area	Production
	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)
Aus	11.34	30.12	13.05	32.85	13.30	34.84
Aman	58.84	155.02	56.26	144.38	58.30	150.47
Boro	47.54	201.81	48.73	208.85		
<b>Total Rice</b>	117.72	386.95	118.03	386.08	71.60	185.30
Wheat	3.42	12.46	3.40	12.34		
Maize	5.54	54.03	5.64	56.63		
<b>Total Cereal</b>	126.69	453.44	127.08	455.05		
Jute	6.66	68.19	6.82	77.25	7.50	86.11
Potato	4.65	112.71	4.87	106.15		
Vegetables	9.01	184.87	9.36	197.19		
Moong	2.65	3.37	2.28	2.07		
Mosur	1.87	2.60	1.83	2.58		
Gram	0.04	0.05	0.04	0.06		
Mustard	5.69	7.51	5.90	7.87		
Onion	2.38	25.61	2.53	33.62		

Source: Bangladesh Bureau of Statistics and Department of Agriculture Extension, Ministry of Agriculture.

**Table I.5: Quantum Index of Medium and Large-scale Manufacturing Industries, Mining and Electricity**  
(Base: 2005-06)

	FY20						FY21			
	FY19	FY20	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub> *
Manufacturing	386.52	393.82	402.38	420.70	421.68	330.51	435.91	450.16	488.38	504.07
Mining	182.56	186.51	188.95	183.12	186.85	187.13	206.29	181.04	136.59	133.38
Electricity	289.76	305.89	370.26	281.07	269.12	303.12	380.95	308.14	303.33	400.12
Growth in Percent										
Manufacturing	12.07	1.89	8.49	7.26	7.68	-15.55	8.33	7.00	15.82	78.37
Mining	-1.87	2.17	2.97	4.35	3.07	-1.49	9.18	-1.14	-26.90	-28.59
Electricity	6.95	5.57	24.06	7.55	5.85	-12.14	2.89	9.63	12.71	52.85

Source : Bangladesh Bureau of Statistics.

\* = April 2021.

**Tables I.6: Quantum Index of Medium and Large-scale Manufacturing Industries by Major Industries**  
(Base: 2005-06)

	FY20					FY21			
	Weight	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub> *
General Index	100.0	402.38	420.73	421.67	330.51	435.91	450.16	488.38	504.07
Food products	10.8	581.16	625.11	616.99	581.85	555.61	663.86	688.17	803.06
Beverages	0.3	335.27	228.81	254.08	203.03	371.08	258.03	433.28	537.26
Tobacco products	2.9	141.13	142.04	141.73	154.39	126.28	132.58	135.55	136.21
Textile	14.1	212.38	245.47	235.43	217.45	247.68	260.95	288.46	301.77
Wearing apparel	34.8	420.32	417.67	422.18	214.58	434.15	399.69	435.39	417.82
Leather and related products	4.4	334.44	382.75	346.32	323.25	545.45	518.42	683.11	904.68
Wood and products of wood and cork	0.3	373.69	380.82	375.17	382.30	391.89	538.54	532.02	439.95
Paper and paper products	0.3	189.12	201.73	197.71	206.98	215.56	187.22	180.16	197.50
Printing and reproduction of recorded media	1.8	190.68	201.86	206.59	211.88	211.42	234.90	238.02	241.50
Coke and refined petroleum products	1.3	115.57	65.18	53.77	43.75	108.19	119.23	109.44	109.24
Chemicals and chemical products	3.7	111.80	130.55	124.74	111.82	159.43	141.16	143.36	136.56
Pharmaceuticals and medicinal chemical	8.2	839.00	879.74	884.61	928.78	957.15	1001.99	1031.81	1014.26
Rubber and plastic products	1.6	462.51	465.13	455.50	385.54	424.07	428.26	422.16	422.20
Other non-metallic mineral products	7.1	457.05	501.21	551.90	428.78	481.90	544.46	632.93	634.36
Basic metal	3.2	188.80	194.71	194.77	116.32	161.20	197.89	185.46	185.67
Fabricated metal products	2.3	299.28	312.82	317.20	263.95	439.82	473.20	491.95	445.44
Computer, electronic and optical product	0.2	377.22	325.21	293.66	114.30	334.02	264.93	291.19	270.72
Electrical equipment	0.7	242.55	282.84	265.44	336.37	534.89	988.17	1246.07	1286.28
Machinery and equipment	0.2	747.90	752.03	794.93	746.08	767.22	769.78	797.40	804.99
Motor vehicles and trailers	0.1	438.93	290.02	270.56	142.63	169.84	104.14	234.55	251.09
Other transport equipment	0.7	620.52	713.96	637.77	527.86	702.10	745.03	747.66	745.96
Furniture	0.9	194.36	193.17	188.95	160.68	163.28	182.90	241.80	233.33

Source: Bangladesh Bureau of Statistics.

\* = April 2021.

**Table I.7: Cargo Handled by Chattogram Port**  
(In thousands MetricTons)

	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
<b>Quantity</b>										
Export	6,645	7,368	1,820	1,803	1,826	1,197	1,719	1,835	1,946	1,869
Import	87,275	96,588	20,052	24,479	26,781	15,963	20,160	25,399	26,590	24,439
Total	93,921	103,956	21,872	26,283	28,607	17,160	21,879	27,234	28,536	26,308
Growth in percent										
Export	-2.97	10.88	4.13	1.80	4.30	-24.25	-5.54	1.77	6.56	56.16
Import	5.12	10.67	10.46	14.16	16.52	-21.90	0.54	3.76	-0.71	53.09
Total	5.57	10.68	15.11	13.22	15.65	-22.07	0.03	3.62	-0.25	53.31

Source: Chattogram Port Authority.

**Table I.8: Trends in Private Sector Credit**  
(In billion Taka)

Institutions	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
<b>Outstanding</b>										
Banks	10,973	11,889	10,167	10,532	10,666	10,973	11,131	11,413	11,604	11,889
Non-banks	673	572	668	677	676	673	667	675	571	572
Microfinance institutions	614	606	640	679	419	614	600	642	659	606
<b>Total</b>	<b>12,260</b>	<b>13,067</b>	<b>11,474</b>	<b>11,889</b>	<b>11,761</b>	<b>12,260</b>	<b>12,398</b>	<b>12,731</b>	<b>12,834</b>	<b>13,067</b>
Growth in percent <sup>1</sup>										
Banks	8.64	8.34	10.66	9.84	8.87	8.64	9.48	8.37	8.79	8.34
Non-banks	0.43	-15.01	2.77	1.37	-0.71	0.43	-0.14	-0.30	-15.48	-15.01
Microfinance institutions	-3.45	-1.22	11.70	12.69	-32.83	-3.45	-6.21	-5.44	57.00	-1.22
<b>Total</b>	<b>7.49</b>	<b>6.58</b>	<b>10.23</b>	<b>9.48</b>	<b>5.94</b>	<b>7.49</b>	<b>8.05</b>	<b>7.08</b>	<b>9.12</b>	<b>6.58</b>

Source: Bangladesh Bank; Grameen Bank; BRAC; ASA; Proshika.

<sup>1</sup> Quarterly growth rate refers to growth over the same quarter of the previous year.



**Table I.9: Bank Advances (Private Sector) by Economic Purposes**  
(In billion Taka)

Sectors	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
<b>Outstanding</b>										
a. Agriculture	460	510	415	422	431	460	459	477	488	510
Crops	423	461	380	385	392	423	418	432	441	461
Others	37	49	35	37	39	37	41	45	47	49
b. Industry	4,347	4,713	3,989	4,150	4,315	4,347	4,383	4,527	4,594	4,713
Term Loan	2,154	2,366	1,937	2,012	2,121	2,154	2,145	2,232	2,295	2,366
Working capital financing	2,193	2,347	2,053	2,138	2,194	2,193	2,238	2,295	2,299	2,347
c. Construction	920	942	911	890	923	920	920	928	932	942
d. Transport	87	78	86	86	79	87	85	82	78	78
e. Trade and Commerce	3,484	3,772	3,106	3,247	3,248	3,484	3,560	3,603	3,682	3,772
f. Other Institutional loan	293	254	268	290	284	293	268	278	272	254
g. Consumer finance	665	846	648	709	682	665	723	820	832	846
h. Miscellaneous	36	41	33	33	40	36	37	42	38	41
<b>Grand Total</b>	<b>10,291</b>	<b>11,156</b>	<b>9,456</b>	<b>9,827</b>	<b>10,002</b>	<b>10,291</b>	<b>10,434</b>	<b>10,756</b>	<b>10,917</b>	<b>11,156</b>
Growth in percent										
a. Agriculture	7.19	11.01	7.31	7.74	5.12	7.19	10.49	13.14	13.31	11.01
Crops	7.69	9.09	7.32	7.77	4.49	7.69	9.98	12.23	12.38	9.09
Others	1.88	33.10	7.13	7.39	12.00	1.88	16.01	22.60	22.70	33.10
b. Industry	12.87	8.44	13.69	13.32	15.33	12.87	9.88	9.08	6.48	8.44
Term Loan	12.83	9.84	22.23	14.86	19.57	12.83	10.77	10.93	8.23	9.84
Working capital financing	12.90	7.06	6.66	11.90	11.50	12.90	9.04	7.35	4.78	7.06
c. Construction	2.04	2.44	14.04	4.70	8.00	2.04	0.99	4.26	0.90	2.44
d. Transport	21.80	-11.36	21.28	27.60	9.90	21.80	-1.54	-4.54	-1.85	-11.36
e. Trade & Commerce	11.63	8.26	9.21	9.80	6.10	11.63	14.60	10.97	13.37	8.26
f. Other Institutional loan	12.68	-13.36	24.76	15.90	8.70	12.68	0.15	-4.23	-4.18	-13.36
g. Consumer finance	-3.15	27.32	8.18	9.40	8.10	-3.15	11.58	15.57	21.99	27.32
h. Miscellaneous	-31.88	13.63	-24.20	-19.93	-12.02	-31.88	10.91	26.31	-4.52	13.63
<b>Grand Total</b>	<b>9.79</b>	<b>8.41</b>	11.69	10.66	10.20	9.79	<b>10.34</b>	<b>9.46</b>	<b>9.14</b>	<b>8.41</b>

Source: Statistics Department, Bangladesh Bank.

**Table I.10: Trends in Agricultural Credit**

(In billion Taka)

	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
<b>Programme/Target (July-June)</b>	241.3	262.9	241.2	241.2	241.2	241.2	262.9	262.9	262.9	262.9
<b>Total disbursement</b>	227.5	255.1	35.5	72.5	61.2	58.3	46.8	73.9	64.4	70.0
Crop	114.0	128.9	16.9	38.6	31.6	26.9	24.8	41.8	31.6	30.7
Irrigation	1.3	2.5	0.1	0.5	0.4	0.3	0.5	0.8	0.6	0.7
Agricultural equipment	1.4	1.9	0.3	0.4	0.4	0.3	0.3	0.5	0.5	0.6
Live-stock	31.7	35.3	5.9	10.0	8.1	7.7	7.5	9.6	10.0	8.3
Fisheries	26.1	29.5	4.8	7.6	6.8	6.8	5.0	7.8	7.9	8.8
Grain storage & marketing	1.3	1.8	0.2	0.4	0.4	0.4	0.3	0.4	0.4	0.6
Poverty alleviation	20.9	20.4	3.0	5.3	4.8	7.7	3.7	4.5	4.5	7.7
Others	30.9	34.9	4.3	9.7	8.7	8.2	4.6	8.6	8.9	12.7
<b>Total recovery</b>	212.5	271.2	43.7	71.3	54.4	43.0	62.8	78.1	56.8	73.5
<b>Total overdue</b>	60.6	58.7	67.0	64.0	60.8	60.6	69.5	65.7	62.9	58.7
<b>Outstanding</b>	455.9	459.4	422.3	430.3	440.4	455.9	440.4	440.89	453.5	459.4
Overdue as percent of outstanding	13.3	12.8	15.9	14.9	13.8	13.3	15.8	14.91	13.9	12.8
Growth in percent <sup>1</sup>										
Total disbursement	-3.67	12.14	1.73	7.55	1.47	-20.74	31.80	2.03	5.13	20.09
Total recovery	-10.49	27.67	-2.98	3.50	-3.17	-35.98	43.53	9.64	4.43	14.10

Source: Agricultural Credit Department, Bangladesh Bank.

<sup>1</sup> Quarterly growth rate refers to growth over the same quarter of the previous year.**Table I.11: Microcredit Operations of Grameen Bank and Large NGOs**

(In billion Taka)

Institutions	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub> <sup>P</sup>
<b>1. Total disbursement</b>	<b>815.2</b>	<b>948.5</b>	<b>243.5</b>	<b>282.5</b>	<b>244.4</b>	<b>44.7</b>	<b>218.3</b>	<b>296.3</b>	<b>281.3</b>	<b>152.5</b>
i) Grameen Bank	205.0	196.8	60.4	67.4	64.3	12.9	52.5	58.3	61.0	25.0
ii) BRAC	330.1	419.1	103.6	120.6	89.3	16.5	92.5	144.9	116.2	65.4
iii) ASA	275.2	324.8	78.1	92.9	89.2	15.0	71.9	91.6	101.6	59.8
iv) Proshika	4.9	7.8	1.4	1.6	1.7	0.2	1.5	1.5	2.5	2.4
<b>2. Total recovery</b>	<b>824.8</b>	<b>1011.1</b>	<b>260.5</b>	<b>271.4</b>	<b>236.5</b>	<b>56.5</b>	<b>236.9</b>	<b>280.9</b>	<b>283.3</b>	<b>210.1</b>
i) Grameen Bank	204.9	206.7	64.2	65.4	62.2	13.2	60.0	61.1	58.6	27.0
ii) BRAC	343.7	492.7	113.6	118.8	90.8	20.6	105.3	135.6	134.6	117.2
iii) ASA	270.8	304.0	81.2	85.6	81.8	22.2	69.9	82.6	87.7	63.7
iv) Proshika	5.4	7.7	1.4	1.7	1.7	0.6	1.7	1.6	2.3	2.2
<b>3. Loans outstanding</b>	<b>613.7</b>	<b>2506.9</b>	<b>639.6</b>	<b>679.2</b>	<b>419.4</b>	<b>613.7</b>	<b>599.9</b>	<b>642.3</b>	<b>658.5</b>	<b>606.2</b>
<b>4. Loans overdue</b>	<b>13.1</b>	<b>110.7</b>	<b>12.2</b>	<b>12.3</b>	<b>11.0</b>	<b>13.1</b>	<b>12.6</b>	<b>24.5</b>	<b>32.2</b>	<b>41.4</b>
<b>5. Overdue as percent of outstanding</b>	<b>2.1</b>	<b>4.4</b>	<b>1.9</b>	<b>1.8</b>	<b>2.6</b>	<b>2.1</b>	<b>2.1</b>	<b>3.8</b>	<b>4.9</b>	<b>6.8</b>

Source: Grameen Bank, BRAC, ASA and Proshika; P = Provisional

**Table I.12: Microcredit Operations of MFI**

(In billion Taka)

Indicators	FY19	FY20	FY19		FY20		FY21
			July-Dec/18	Jan-Jun/19	July-Dec/19	Jan-Jun/20	
Total disbursement	1403.17	1362.75	641.80	718.19	774.94	589.24	718.84
Total recovery	1333.05	1329.88	685.34	742.70	95.82	536.56	766.08
Loans outstanding	787.58	888.64	707.87	791.01	856.48	892.23	925.19
Loans overdue	23.61	29.51	-	-	-	-	-
Overdue as percent of outstanding	3.00	3.32	-	-	-	-	-

Source: Microcredit Regulatory Authority; - = Not available.

**Table I.13: Industrial Term Lending by Banks and NBFIs**  
(In billion Taka)

	FY20						FY21			
	FY19	FY20	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
<b>Disbursement</b>										
SOBs	27.1	75.2	29.1	23.0	10.2	12.9	10.9	12.9	9.9	23.5
PCBs	615.4	579.6	168.8	195.6	117.8	97.4	127.6	134.5	133.7	149.7
Foreign banks	27.6	41.9	7.5	9.7	17.2	7.5	6.6	3.2	14.8	7.3
Specialized banks	9.7	2.6	0.4	0.2	0.3	1.8	1.7	2.1	1.7	2.5
Non-bank financial institutions	128.7	43.3	13.9	13.6	14.0	1.8	7.7	12.2	13.7	11.3
<b>Total</b>	<b>808.5</b>	<b>742.6</b>	<b>219.7</b>	<b>242.1</b>	<b>159.5</b>	<b>121.3</b>	<b>154.6</b>	<b>165.0</b>	<b>173.8</b>	<b>194.3</b>
<b>Recovery</b>										
SOBs	56.6	57.0	17.2	21.8	11.5	6.4	5.6	5.3	11.1	5.3
PCBs	606.9	554.7	163.8	176.4	134.6	79.9	80.4	124.2	131.9	114.2
Foreign banks	14.8	21.3	7.5	4.3	5.1	4.4	10.5	8.5	6.5	8.1
Specialized banks	7.1	2.2	0.3	0.7	0.8	0.3	0.5	0.7	4.5	4.3
Non-bank financial institutions	80.3	62.0	19.0	18.2	14.0	10.8	16.2	16.6	14.9	15.4
<b>Total</b>	<b>765.7</b>	<b>697.2</b>	<b>207.9</b>	<b>221.5</b>	<b>166.0</b>	<b>101.9</b>	<b>113.2</b>	<b>155.4</b>	<b>168.9</b>	<b>147.3</b>
<b>Outstanding</b>										
SOBs	473.2	559.4	459.6	496.1	528.0	559.4	497.9	471.1	705.6	752.5
PCBs	1,583.8	1,812.3	1,621.9	1,718.5	1,740.7	1,812.3	1,874.8	1,942.1	1,931.5	2,050.0
Foreign banks	66.9	84.2	70.4	71.7	80.7	84.2	76.9	72.3	79.3	78.8
Specialized banks	16.2	18.1	16.1	16.9	16.7	18.1	18.7	21.1	18.8	17.5
Non-bank financial institutions	298.2	299.5	305.3	290.0	301.1	299.5	274.5	246.4	255.3	254.1
<b>Total</b>	<b>2,438.3</b>	<b>2,773.5</b>	<b>2,473.4</b>	<b>2,593.1</b>	<b>2,667.2</b>	<b>2,773.5</b>	<b>2,742.8</b>	<b>2,753.1</b>	<b>2,990.5</b>	<b>3,152.9</b>
Growth in percent <sup>1</sup>										
<b>Disbursement</b>										
SOBs	2.76	177.83	319.15	237.05	52.58	94.72	-62.63	-43.81	-2.53	82.10
PCBs	16.35	-5.81	21.13	12.72	-1.57	-46.71	-24.43	-31.21	13.45	53.68
Foreign banks	30.46	51.56	45.41	73.27	225.70	-35.53	-11.54	-67.23	-13.83	-2.09
Specialized banks	-7.63	-72.93	54.74	-95.29	-78.01	-55.20	349.64	961.36	532.69	42.34
Non-bank financial institutions	6.59	-66.40	-64.76	-73.98	-28.73	-89.82	-44.23	-10.24	-2.31	538.68
<b>All Banks and NBFIs</b>	<b>14.25</b>	<b>-8.15</b>	<b>14.96</b>	<b>-0.20</b>	<b>4.58</b>	<b>-45.43</b>	<b>-29.65</b>	<b>-31.84</b>	<b>8.97</b>	<b>60.16</b>
<b>Recovery</b>										
SOBs	1.06	0.72	-4.19	12.34	11.13	-27.13	-67.60	-75.51	-3.59	-17.02
PCBs	10.01	-8.59	35.56	33.41	-12.37	-60.08	-50.89	-29.58	-2.03	42.91
Foreign banks	11.10	44.25	117.04	55.08	53.58	-15.72	40.22	95.74	27.76	85.11
Specialized banks	-40.58	-69.59	3.50	-63.56	-46.06	-90.62	50.80	-2.77	437.58	1,269.45
Non-bank financial institutions	16.75	-22.76	-10.37	-19.10	-21.84	-42.13	-14.76	-8.71	6.97	42.37
<b>All Banks and NBFIs</b>	<b>9.08</b>	<b>-8.94</b>	<b>26.91</b>	<b>23.79</b>	<b>-10.11</b>	<b>-57.25</b>	<b>-45.53</b>	<b>-29.84</b>	<b>1.75</b>	<b>44.63</b>
<b>Outstanding</b>										
SOBs	14.99	18.23	5.12	19.61	75.30	18.23	8.33	-5.03	33.64	34.52
PCBs	21.41	14.42	17.68	18.17	25.32	14.42	15.60	13.02	10.97	13.12
Foreign banks	104.30	25.94	102.98	79.47	81.08	25.94	9.19	0.84	-1.78	-6.38
Specialized banks	29.21	11.31	26.92	11.49	9.90	11.31	15.87	24.93	12.04	-2.90
Non-bank financial institutions	11.61	0.47	12.23	2.36	4.55	0.47	-10.09	-15.03	-15.19	-15.18
<b>All Banks and NBFIs</b>	<b>20.20</b>	<b>13.75</b>	<b>15.86</b>	<b>17.48</b>	<b>30.88</b>	<b>13.75</b>	<b>10.89</b>	<b>6.17</b>	<b>12.12</b>	<b>13.68</b>

Source: SME & Special Programmes Department Bangladesh Bank.

<sup>1</sup> Quarterly growth rate refers to growth over the same quarter of the previous year.

**Table II.1: Trend in Inflation**

(Base: 2005-06=100)

Period	General	Food	Non-food	General	Food	Non-food
Point-to-Point			12-Month Average			
2019						
January	5.42	5.33	5.57	5.51	6.02	4.71
February	5.47	5.44	5.51	5.49	5.87	4.89
March	5.55	5.72	5.29	5.48	5.76	5.03
April	5.58	5.54	5.64	5.47	5.64	5.21
May	5.63	5.49	5.84	5.48	5.55	5.35
June	5.52	5.40	5.71	5.47	5.51	5.42
July	5.62	5.42	5.94	5.48	5.45	5.54
August	5.49	5.27	5.82	5.48	5.39	5.63
September	5.54	5.30	5.92	5.49	5.38	5.67
October	5.47	5.49	5.45	5.50	5.42	5.64
November	6.05	6.41	5.47	5.56	5.51	5.63
December	5.75	5.88	5.55	5.59	5.56	5.64
2020						
January	5.57	5.12	6.30	5.60	5.54	5.70
February	5.46	4.97	6.23	5.60	5.50	5.77
March	5.48	4.87	6.45	5.60	5.43	5.86
April	5.96	5.91	6.04	5.63	5.46	5.90
May	5.35	5.09	5.75	5.61	5.43	5.89
June	6.02	6.54	5.22	5.65	5.52	5.85
July	5.53	5.70	5.28	5.64	5.54	5.79
August	5.68	6.08	5.05	5.65	5.61	5.72
September	5.97	6.50	5.12	5.69	5.71	5.66
October	6.44	7.34	5.00	5.77	5.87	5.62
November	5.52	5.73	5.19	5.73	5.82	5.59
December	5.29	5.34	5.21	5.69	5.77	5.56
2021						
January	5.02	5.23	4.69	5.64	5.78	5.43
February	5.32	5.42	5.17	5.63	5.82	5.34
March	5.47	5.51	5.39	5.63	5.87	5.26
April	5.56	5.57	5.55	5.60	5.84	5.22
May	5.26	4.87	5.86	5.59	5.82	5.23
June	5.64	5.45	5.94	5.56	5.73	5.29

Source: Bangladesh Bureau of Statistics (BBS).

Note: Food includes food, beverage &amp; tobacco.

**Table II.2: International Commodity Prices**

	FY20				FY21			
	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
Rice (US\$/M.T)	424.33	425.67	465.00	531.33	497.33	493.33	542.33	484.67
Wheat (US\$/M.T)	201.13	224.69	238.36	210.70	213.79	248.11	275.22	275.83
Soybean oil (US\$/M.T)	773.54	788.77	807.93	705.01	864.64	971.55	1,130.75	1,458.53
Sugar (US\$ /kg)	0.27	0.28	0.30	0.24	0.28	0.31	0.35	0.37
Crude Petroleum (US\$/Barrel)	60.89	61.43	50.67	31.66	42.48	43.86	59.49	66.44

Source: World Bank

**Table II.3: Inflation in South Asia**

(Point-to-Point)

Country	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
Bangladesh	6.02	5.64	5.54	5.75	5.48	6.02	5.97	5.29	5.47	5.64
India (CPI NS)	6.10	6.26	3.99	7.35	5.90	6.10	6.69	4.59	5.52	6.26
Pakistan	8.60	9.70	12.40	12.60	10.20	8.60	9.00	8.00	9.10	9.70
Sri Lanka (NCPI)	6.30	6.10	5.00	6.20	7.00	6.30	6.40	4.60	5.10	6.10

Source: Central Banks and Statistics Departments of respective countries.

Note: Quarterly data indicate end quarter data.

**Table III.1: Movements in Reserve Money**  
(In billion Taka)

	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
<b>Outstanding</b>										
1. Net foreign assets of BB	2,860	3,669	2,546	2,591	2,631	2,860	3,136	3,412	3,468	3,669
2. Net domestic assets of BB	-16	-188	-74	-82	98	-16	-328	-371	-432	-188
a) Claims on public sector	447	201	314	370	248	447	148	41	-65	201
i) Claims on govt. (net)	421	169	289	344	222	421	122	13	-98	169
ii) Claims on other public sector	26	32	25	26	26	26	26	28	33	32
b) Claim on private sector	53	58	48	49	49	53	50	53	55	58
c) Claims on banks	138	190	63	59	372	138	101	161	191	190
d) Other items (net)	-653	-637	-499	-560	-570	-653	-627	-627	-612	-637
3. Currency issued	2,081	2,269	1,739	1,719	1,919	2,081	2,056	2,031	2,019	2,269
i) Currency outside banks	1,921	2,095	1,579	1,566	1,733	1,921	1,892	1,875	1,842	2,095
ii) Cash in tills	160	174	160	153	186	160	164	156	177	174
4. Deposits of banks with BB	764	1,212	732	790	810	764	752	1,010	1,018	1,212
5. Reserve money (RM)	2,845	3,481	2,472	2,509	2,729	2,845	2,808	3,041	3,037	3,481
6. Money multiplier (M2/RM)	4.83	4.48	5.06	5.16	4.80	4.83	5.08	4.86	4.89	4.48
Growth in percent										
1. Net foreign assets of BB	11.2	28.3	1.1	4.6	4.7	11.2	23.2	31.7	31.8	28.3
2. Net domestic assets of BB	85.9	-1110.0	68.1	37.1	137.3	85.9	-342.0	-352.7	-540.5	-1110.0
a) Claims on public sector	33.1	-55.1	145.0	58.0	75.5	33.1	-52.9	-88.8	-126.4	-55.1
i) Claims on govt. (net)	35.0	-60.0	176.7	63.4	88.8	35.0	-57.8	-96.2	-144.1	-60.0
ii) Claims on other public sector	7.2	26.1	5.0	9.4	9.5	7.2	4.2	9.3	26.5	26.1
b) Claim on private sector	11.5	9.3	-3.7	-2.2	1.5	11.5	4.6	9.5	9.3	9.3
c) Claims on Banks	155.5	37.7	25.7	-0.2	436.0	155.5	61.0	175.8	-48.6	37.7
3. Currency issued	22.1	9.0	11.8	8.6	20.3	22.1	18.2	18.1	5.2	9.0
4. Deposits of banks with BB	0.8	58.6	0.4	3.5	23.5	0.8	2.7	27.9	25.6	58.6
5. Reserve money (RM)	15.6	22.4	6.9	21.2	15.6		13.6	21.2	11.3	22.4

Source: Statistics Department, Bangladesh Bank.

**Table III.2: Movements in Broad Money**  
(In billion Taka)

	FY20						FY21			
	FY20	FY21	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Outstanding</b>										
1. Net foreign assets	2,973	3,822	2,713	2,741	2,792	2,973	3,312	3,570	3,622	3,822
2. Net domestic assets	10,764	11,783	9,806	10,203	10,314	10,764	10,950	11,217	11,216	11,783
a) Domestic credit	13,076	14,391	11,832	12,406	12,305	13,076	13,330	13,636	13,707	14,391
Credit to public sector	2,104	2,502	1,665	1,874	1,639	2,104	2,199	2,223	2,104	2,502
Credit to govt. (net)	1,812	2,202	1,408	1,569	1,338	1,812	1,905	1,913	1,789	2,202
Credit to other public sector	292	300	257	306	301	292	294	310	314	300
Credit to private sector	10,973	11,889	10,167	10,532	10,666	10,973	11,131	11,413	11,604	11,889
b) Other items (net)	-2,312	-2,608	-2,026	-2,203	-1,991	-2,312	-2,379	-2,419	-2,491	-2,608
3. Narrow Money	3,283	3,756	2,708	2,759	2,910	3,283	3,255	3,364	3,298	3,756
a) Currency outside banks	1,921	2,095	1,579	1,566	1,733	1,921	1,892	1,875	1,842	2,095
b) Demand deposits	1,361	1,661	1,129	1,194	1,176	1,361	1,363	1,489	1,456	1,661
4. Time deposits	10,455	11,849	9,811	10,185	10,197	10,455	11,007	11,423	11,540	11,849
5. Broad money	13,737	15,605	12,519	12,944	13,107	13,737	14,262	14,787	14,838	15,605
Growth in percent										
1. Net foreign assets	9.15	28.53	2.28	3.56	3.63	9.15	22.07	30.22	29.70	28.53
2. Net domestic assets	13.64	9.47	14.87	14.56	14.72	13.64	11.67	9.94	8.70	9.47
a) Domestic credit	14.02	10.05	14.42	14.84	12.24	14.02	12.65	9.91	11.40	10.05
Credit to public sector	53.97	18.95	44.40	54.31	40.60	53.97	32.04	18.58	28.30	18.95
Credit to govt. (net)	59.92	21.57	47.11	59.77	44.59	59.92	35.31	21.94	33.80	21.57
Credit to other public sector	25.09	2.75	31.15	31.33	25.27	25.09	14.10	1.32	4.30	2.75
Credit to private sector	8.61	8.35	10.66	9.84	8.87	8.61	9.48	8.37	8.80	8.35
3. Narrow money	20.11	14.43	10.57	8.02	15.59	20.11	20.21	21.91	13.30	14.43
4. Time deposits	10.48	13.34	12.25	13.18	11.22	10.48	12.19	12.16	13.20	13.34
5. Broad money	12.64	13.60	11.89	12.04	12.16	12.64	13.92	14.23	13.20	13.60

Source: Statistics Department, Bangladesh Bank.

**Table III.3: Interest Rates Development**

Instruments	Sep.19	Dec.19	Mar.20	Jun.20	Sep.20	Dec.20	Mar.21	Jun.21
<b>T - Bills</b>								
14 - day	....	7.52	...	...	...	...	...	...
91 - day	7.78	7.01	7.09	6.83	2.93	0.53	0.75	0.52
182 - day	8.36	7.61	7.47	6.91	3.71	1.12	0.99	0.68
364 - day	8.55	8.04	7.51	7.35	3.86	1.91	1.86	1.21
<b>BGTB</b>								
2 - year	8.57	8.16	7.79	7.75	4.61	3.28	3.13	2.44
5 - year	9.13	8.93	8.05	8.05	5.57	4.48	4.24	3.84
10 - year	9.26	9.2	8.47	8.62	6.48	5.68	...	5.38
15-year	9.50	9.3	8.69	8.69	6.70	6.58	...	5.65
20-year	9.74	9.4	8.99	8.90	6.98	7.01	...	6.06
<b>Repo</b>								
1-3 day	6.00	6	5.75	5.25	4.75	4.75	4.75	4.75
<b>Reverse Repo</b>								
1-3 day	4.75	4.75	4.75	4.75	4.00	4.00	4.00	4.00
<b>Bangladesh Banks Bills</b>								
07-Day	....	....	...	...	...	...	...	...
14-Day	....	....	...	...	...	...	...	...
30-Day	....	....	...	...	...	...	...	...
<b>Call Money Rate</b>	5.04	4.50	5.14	5.01	2.87	2.00	1.82	2.25
<b>Lending Rate</b>								
All Banks	9.72	9.80	9.5	8.03	8.04	7.69	7.57	7.36
State Owned Banks	6.56	6.76	6.73	6.45	6.49	6.18	6.21	6.20
Private Banks	10.53	10.60	10.24	8.41	8.43	8.06	7.91	7.65
(a) Domestic	10.57	10.64	10.28	8.43	8.45	8.10	7.96	7.71
(b) Foreign	9.66	9.79	9.52	8.03	7.87	7.26	6.70	6.17
Specialized Banks	7.71	7.67	7.85	7.79	7.68	7.59	7.59	7.34
Islamic Banks	10.03	10.20	10.13	8.97	9.18	8.49	8.14	7.74
<b>Deposits Rate</b>								
All Banks	5.75	5.75	5.44	5.02	4.89	4.56	4.39	4.18
State Owned Banks	4.57	4.54	4.5	4.27	4.48	4.43	5.43	4.31
Private Banks	6.14	6.17	5.75	5.26	5.00	4.57	4.32	4.06
(a) Domestic	6.40	6.42	5.99	5.49	5.22	4.78	4.53	4.29
(b) Foreign	2.32	2.31	2.15	1.87	1.72	1.37	1.16	0.92
Specialized Banks	6.46	5.60	5.66	5.64	5.71	5.43	4.48	5.63
Islamic Banks	6.66	6.76	6.07	5.86	5.62	5.14	4.87	4.51
<b>NSD Certificate</b>								
3 - year	11.04	11.04	11.04	11.04	11.04	11.04	11.04	11.04
5 - year	11.28	11.28	11.28	11.76	11.76	11.76	11.76	11.76

Source: Monetary Policy Department and Statistics Department, Bangladesh Bank.

... = No auction.



**Table III.4: Outstanding Stocks of Bangladesh Bank Bills, Treasury Bills, Bonds and NSD Certificates**  
(In billion Taka)

Instruments	Sep.19	Dec.19	Mar.20	Jun.20	Sep.20	Dec.20	Mar.21	Jun.21
<b>Bangladesh Banks Bills</b>								
07-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>T - Bills</b>								
14 - day	0.0	30.0	0.0	0.0	0.0	0.0	0.0	0.0
91 - day	204.0	147.0	122.0	122.0	165.0	156.0	127.0	112.5
182 - day	189.0	198.0	177.0	185.0	185.0	156.0	105.0	121.0
364 - day	241.0	311.0	362.0	355.0	332.0	279.0	248.5	287.5
<b>Sub Total</b>	<b>634.0</b>	<b>686.0</b>	<b>661.0</b>	<b>662.0</b>	<b>682.0</b>	<b>591.0</b>	<b>480.5</b>	<b>521.0</b>
<b>BGTB</b>								
2 - year	177.0	212.0	254.0	302.0	357.0	382.0	397.0	440.0
5 - year	326.7	355.7	387.0	461.5	510.0	558.5	573.5	566.5
10 - year	579.1	615.8	651.8	723.2	772.7	805.7	825.7	865.7
15-year	298.7	317.7	327.2	350.2	359.7	384.2	388.2	416.2
20-year	268.9	287.9	294.4	326.4	335.9	359.9	363.9	385.9
<b>Sub Total</b>	<b>1650.4</b>	<b>1789.0</b>	<b>1914.3</b>	<b>2163.2</b>	<b>2335.2</b>	<b>2490.2</b>	<b>2548.2</b>	<b>2674.2</b>
NSD Certificate	2924.0	2931.4	2989.1	3021.3	3138.0	3226.2	3353.4	3440.9
<b>Total</b>	<b>5208.4</b>	<b>5406.4</b>	<b>5564.4</b>	<b>5846.5</b>	<b>6155.2</b>	<b>6307.4</b>	<b>6382.1</b>	<b>6636.1</b>

Source: Monetary Policy Department, Bangladesh Bank; National Savings Directorate.

**Table IV.1: Government Fiscal Operations**

(In billion Taka)

	FY20 <sup>R</sup>				FY21 <sup>P</sup>				
	FY20 <sup>R</sup>	Q <sub>4</sub> <sup>R</sup>	Budget	Revised Budget	FY21 <sup>P</sup>	Q <sub>1</sub> <sup>P</sup>	Q <sub>2</sub> <sup>P</sup>	Q <sub>3</sub> <sup>P</sup>	Q <sub>4</sub> <sup>P</sup>
<b>Revenue</b>	2540	610	3780	3515	2969	584	695	783	908
a) NBR Tax revenue	2184	523	3300	3010	2599	500	605	678	816
i) VAT	843	182	1252	1152	1021	206	239	259	316
ii) Customs duties	261	71	379	372	305	63	69	83	90
iii) Income tax	722	201	1039	960	849	159	183	214	293
iv) Others	358	69	630	526	425	72	113	123	117
b) Non- NBR tax revenue	40	5	150	150	49	9	10	19	11
c) Non- tax revenue*	317	82	330	355	321	76	79	86	80
<b>Expenditure</b>	3828	1231	5680	5390	4274	904	904	868	1597
a) Current*	1944	453	3112	3025	2318	679	504	445	690
b) ADP	1619	712	2146	1976	1721	173	340	365	843
c) Others*	265	66	422	388	236	53	60	58	64
<b>Budget Deficit</b>	-1288	-621	-1900	-1874	-1305	-320	-210	-86	-689
<b>Financing</b>	1288	621	1900	1874	1305	320	210	86	689
a) Domestic financing	899	532	1100	1150	831	227	102	-8	509
i) Bank financing	669	472	850	797	390	89	11	-130	420
ii) Non-bank financing	230	60	250	353	441	139	91	122	90
b) Foreign financing**	389	89	800	724	474	93	108	93	180
<b>In Percentage of GDP</b>									
<b>Revenue</b>	9.27	2.23	12.55	11.67	9.86	1.94	2.31	2.60	3.01
a) NBR Tax revenue	7.97	1.91	10.96	10.00	8.63	1.66	2.01	2.25	2.71
i) VAT	3.08	0.66	4.16	3.83	3.39	0.68	0.80	0.86	1.05
ii) Customs duties	0.95	0.26	1.26	1.24	1.01	0.21	0.23	0.28	0.30
iii) Income tax	2.63	0.74	3.45	3.19	2.82	0.53	0.61	0.71	0.97
iv) Others	1.31	0.25	2.09	1.75	1.41	0.24	0.38	0.41	0.39
b) Non-NBR tax revenue	0.14	0.02	0.50	0.50	0.16	0.03	0.03	0.06	0.04
c) Non tax revenue	1.16	0.30	1.10	1.18	1.07	0.25	0.26	0.29	0.27
<b>Expenditure</b>	13.97	4.49	18.86	17.90	14.19	3.00	3.00	2.88	5.30
a) Current	7.10	1.65	10.33	10.05	7.70	2.25	1.67	1.48	2.29
b) ADP	5.91	2.60	7.13	6.56	5.71	0.57	1.13	1.21	2.80
c) Others	0.97	0.24	1.40	1.29	0.78	0.18	0.20	0.19	0.21
<b>Budget Deficit</b>	-4.70	-2.27	-6.31	-6.22	-4.33	-1.06	-0.70	-0.28	-2.29
<b>Financing</b>	4.70	2.27	6.31	6.22	4.33	1.06	0.70	0.28	2.29
a) Domestic financing	3.28	1.94	3.65	3.82	2.76	0.75	0.34	-0.03	1.69
i) Bank financing	2.44	1.72	2.82	2.65	1.29	0.29	0.04	-0.43	1.39
ii) Non-bank financing	0.84	0.22	0.83	1.17	1.46	0.46	0.30	0.40	0.30
b) Foreign financing	1.42	0.33	2.66	2.40	1.57	0.31	0.36	0.31	0.60
<b>Memorandum item</b>									
<b>GDP at current market price</b>	<b>27393</b>	<b>27393</b>	<b>30111</b>	<b>30111</b>	<b>30111</b>	<b>30111</b>	<b>30111</b>	<b>30111</b>	<b>30111</b>

Source: Budget Summary, Ministry of Finance; NBR; Bangladesh Bank; BBS.

\* = Estimated, \*\* = Grants included; R= Revised; P = Provisional.

**Table V.1: Balance of Payments**  
(In million USD)

	FY20 <sup>R</sup>						FY21 <sup>P</sup>			
	FY20 <sup>R</sup>	FY21 <sup>P</sup>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub> <sup>R</sup>	Q <sub>1</sub> <sup>P</sup>	Q <sub>2</sub> <sup>P</sup>	Q <sub>3</sub> <sup>RP</sup>	Q <sub>4</sub> <sup>P</sup>
<b>Current Account Balance</b>	<b>-4,724</b>	<b>-3,808</b>	<b>-740</b>	<b>-927</b>	<b>-984</b>	<b>-2,073</b>	<b>3,576</b>	<b>526</b>	<b>-4023</b>	<b>-3887</b>
Trade balance	-17,858	-22,799	-3,840	-4,383	-3,855	-5,780	-2,039	-4,426	-8032	-8302
Export f.o.b.	32,832	37,882	9,417	9,427	9,408	4,580	9,697	9,064	9509	9612
Import f.o.b.	50,690	60,681	13,257	13,810	13,263	10,360	11,736	13,490	17541	17914
Services	-2,578	-3,008	-876	-780	-704	-218	-487	-571	-899	-1051
Credit	6,716	7,396	1,664	1,868	1,813	1,371	1,609	1,973	1885	1959
Debit	9,294	10,404	2,540	2,648	2,517	1,589	2,096	2,544	2754	3010
Primary Income	-3,070	-3,363	-645	-833	-901	-691	-723	-912	-872	-856
Credit	174	203	55	41	35	43	37	26	71	69
Debit	3,244	3,566	700	874	936	734	760	938	943	925
Secondary Income	18,782	25,362	4,621	5,069	4,476	4,616	6,825	6,435	5780	6322
Official Transfers	19	33	2	8	5	4	9	10	3	11
Private Transfers	18,763	25,329	4,619	5,061	4,471	4,612	6,816	6,425	5777	6311
Of which : workers' remittances	18,205	24,778	4,519	4,889	4,367	4,430	6,713	6,232	5653	6180
<b>Capital &amp; Financial Account</b>	<b>8,065</b>	<b>13,301</b>	<b>959</b>	<b>1,210</b>	<b>1,512</b>	<b>4,384</b>	<b>-712</b>	<b>2,989</b>	<b>5135</b>	<b>5889</b>
Capital account	256	221	28	106	65	57	43	44	38	96
Capital transfers	256	221	28	106	65	57	43	44	38	96
Financial account	7,809	13,080	931	1,104	1,447	4,327	-755	2,945	5097	5793
Foreign direct investment (Gross Inflows)	3,234	3,501	717	971	804	742	540	1,013	1127	821
Of which: FDI net inflow	1,271	1,771	170	413	447	241	115	340	861	455
Portfolio investment	44	-269	36	1	2	5	-154	-3	-72	-40
Of which : workers' remittances	191	211	62	50	65	14	70	64	40	37
Other investment	6,494	11,578	725	690	998	4,081	-716	2,608	4308	5378
Medium and long-term (MLT) loans	6,996	6,726	901	1,673	1,725	2,697	1,385	1,500	1342	2499
MLT amortization payments	1,257	1,417	343	290	348	276	376	304	387	350
Other long term loans	499	1,595	131	68	135	165	-20	404	468	743
Other short term loans	1,142	2,068	53	-149	1,106	132	-11	147	867	1065
Trade credit	-616	3,052	470	-608	-1,517	1,039	-574	849	1875	902
DMBs and NBDCs	-270	-446	-487	-4	-103	324	-1,120	12	143	519
Assets	-242	312	224	-191	342	-617	417	-260	21	134
Liabilities	-512	-134	-263	-195	239	-293	-703	-248	164	653
Net Errors & Omissions	-172	-219	-423	-52	69	234	234	-458	-277	282
<b>Overall Balance</b>	<b>3,169</b>	<b>9,274</b>	<b>-204</b>	<b>231</b>	<b>597</b>	<b>2,545</b>	<b>3,098</b>	<b>3,057</b>	<b>835</b>	<b>2284</b>
<b>Reserve Assets</b>	<b>-3,169</b>	<b>-9,274</b>	<b>204</b>	<b>-231</b>	<b>-597</b>	<b>-2,545</b>	<b>-3,098</b>	<b>-3,057</b>	<b>-835</b>	<b>-2284</b>
Bangladesh Bank	-3,169	-9,274	204	-231	-597	-2,545	-3,098	-3,057	-835	-2284
Assets	3,250	9,924	-760	676	43	3,291	3,014	3,606	435	2869
Liabilities	81	650	-556	445	-554	746	-84	549	-400	585
<b>Memorandum Items</b>										
Gross official reserves	36,037	46,391	31,832	32,689	32,570	36,037	39,314	43,167	43441	46,391
In months of imports of goods & services	6.1	6.9	6.9	6.1	4.8	5.2	7.8	8.0	5.9	6.1
In months of prospective imports	6.6	7.5	7.5	6.7	5.2	5.6	8.8	8.7	6.2	6.5
Export growth (in percent)	-17.10	15.38	-3.39	-8.26	-7.25	-51.47	2.97	-3.85	1.07	109.87
Import growth (in percent)	-8.57	19.71	-2.51	-2.91	-8.81	-20.75	-11.47	-2.32	32.26	72.92
Remittances growth (in percent)	12.03	35.84	18.40	36.21	1.33	-2.35	48.07	27.48	28.45	39.90

Source: Statistics Department, Bangladesh Bank.

R=Revised, P=Provisional, RP= Revised but still provisional.

**Table V.2: Trends in the Commodity Composition of Exports**  
(In million USD)

Items	FY20						FY21 <sup>P</sup>			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
1. Raw jute	129.9	138.0	33.3	56.0	29.5	11.8	41.2	43.8	30.1	23.0
2. Jute goods	752.5	1,023.0	187.6	235.6	235.0	94.0	266.4	316.8	256.0	184.0
3. Tea	3.1	4.0	0.9	0.8	0.9	0.0	1.2	1.1	0.9	1.0
4. Leather	98.0	119.0	30.7	35.1	23.0	9.0	23.8	30.9	28.6	36.0
5. Frozen shrimps and fish	407.9	445.0	110.0	149.6	99.3	48.5	123.7	137.2	80.0	104.0
6. Woven garments	14,041.2	14,497.0	3,887.3	3,930.9	4,331.0	1,892.0	3,662.7	3,356.0	3,815.0	3,663.0
7. Knitwear products	13,908.0	16,960.0	4,170.2	4,035.6	3,748.8	1,953.0	4,463.7	4,062.0	4,128.0	4,306.0
8. Fertilizer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Terry towels	36.7	35.0	10.7	10.3	9.1	6.7	8.9	10.1	9.7	6.0
10. Others	4,297.0	5,537.0	1,216.8	1,200.0	1,195.8	684.0	1,304.0	1,379.0	1,357.0	1,497.0
<b>Total exports</b>	<b>33,674</b>	<b>38,758</b>	<b>9,648</b>	<b>9,654</b>	<b>9,672</b>	<b>4,700</b>	<b>9,897</b>	<b>9,336</b>	<b>9,705</b>	<b>9,820</b>
Of which: exports from EPZ	4,944	5,306	1,427	1,497	1,477	543	1,283	1,271	1,278	1,474
<b>Total exports (adjusted)</b>	<b>32,832</b>	<b>37,882</b>	<b>9,417</b>	<b>9,427</b>	<b>9,408</b>	<b>4,580</b>	<b>9,697</b>	<b>9,064</b>	<b>9,509</b>	<b>9,612</b>

Source: Export Promotion Bureau, Bangladesh.

**Table V.3: Major Destination-wise RMG Related Exports**  
(In million USD)

	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
<b>Exports of RMG</b>	<b>27,949</b>	<b>31457</b>	<b>8,058</b>	<b>7,967</b>	<b>8,080</b>	<b>3,846</b>	<b>8,126</b>	<b>7,419</b>	<b>7943</b>	<b>7969</b>
European Countries	17,890	20298	5,097	5,102	5,248	2,444	5,219	4,871	5149	5058
USA	5,147	5947	1,491	1,488	1,397	770	1,580	1,320	1407	1639
Other Countries	4,912	5212	1,470	1,377	1,435	631	1,328	1,226	1387	1272
<b>Woven Garments</b>	<b>14,041</b>	<b>14497</b>	<b>3,887</b>	<b>3,931</b>	<b>4,331</b>	<b>1,892</b>	<b>3,663</b>	<b>3,357</b>	<b>3815</b>	<b>3663</b>
European Countries	7,733	8117	2,061	2,091	2,533	1,049	1,967	1,883	2253	2014
USA	3,773	3889	1,085	1,104	1,060	524	1,049	868	928	1044
Other Countries	2,535	2491	742	736	739	318	647	605	634	605
<b>Knitwear Products</b>	<b>13,908</b>	<b>16960</b>	<b>4,170</b>	<b>4,036</b>	<b>3,749</b>	<b>1,954</b>	<b>4,464</b>	<b>4,063</b>	<b>4128</b>	<b>4306</b>
European Countries	10,157	12181	3,037	3,011	2,715	1,395	3,252	2,989	2896	3044
USA	1,374	2058	406	384	338	246	532	452	479	595
Other Countries	2,378	2721	728	640	697	313	680	622	753	667
Growth in percent										
<b>Exports of RMG</b>	<b>-18.12</b>	<b>12.55</b>	<b>-1.64</b>	<b>-10.42</b>	<b>-8.87</b>	<b>-53.00</b>	<b>0.86</b>	<b>-6.87</b>	<b>-1.70</b>	<b>107.26</b>
European Countries	-18.71	13.46	-3.54	-10.13	-9.22	-53.60	2.39	-4.52	-1.88	107.04
USA	-16.10	15.57	0.45	-7.47	-7.24	-49.81	5.98	-11.31	0.72	112.86
Other Countries	-18.01	6.09	3.25	-14.40	-9.18	-54.26	-9.66	-10.79	-3.30	101.27
<b>Woven Garments</b>	<b>-18.58</b>	<b>3.25</b>	<b>-2.45</b>	<b>-11.62</b>	<b>-8.21</b>	<b>-53.79</b>	<b>-5.78</b>	<b>-14.61</b>	<b>-11.93</b>	<b>93.60</b>
European Countries	-19.15	4.97	-5.08	-12.28	-8.43	-53.26	-4.54	-9.96	-11.05	91.99
USA	-18.32	3.07	-1.08	-9.28	-8.81	-54.15	-3.38	-21.41	-12.45	99.24
Other Countries	-17.16	-1.74	3.43	-13.09	-6.53	-54.86	-12.72	-17.62	-14.10	89.66
<b>Knitwear Products</b>	<b>-17.65</b>	<b>21.94</b>	<b>-0.87</b>	<b>-9.23</b>	<b>-9.63</b>	<b>-52.21</b>	<b>7.04</b>	<b>0.67</b>	<b>10.12</b>	<b>120.48</b>
European Countries	-18.37	19.93	-2.47	-8.57	-9.94	-53.85	7.09	-0.74	6.69	118.36
USA	-9.31	49.89	4.78	-1.86	-1.95	-37.15	31.07	17.70	42.06	141.87
Other Countries	-18.89	14.42	3.07	-15.86	-11.80	-53.61	-6.55	-2.93	8.00	113.10

Source: Compiled by Statistics Department of Bangladesh Bank using the data of EPB.

**Table V.4: Export Performance for July-June 2020-21**  
(In million USD)

	Proposed Export target for 2020-21	Export Performance for July-June 2020-21	Export Performance for July-June 2019-20	% Change of export performance over Export Target	% Change of export performance July-June 2020-21 Over July-June 2019-20
<b>All Products (A+B)</b>	<b>41,000.0</b>	<b>38,758.3</b>	<b>33,674.1</b>	<b>-5.47</b>	<b>15.10</b>
<b>A. Primary Commodities:</b>	<b>1,644.0</b>	<b>1,505.5</b>	<b>1,318.2</b>	<b>-8.42</b>	<b>14.21</b>
Frozen & Live Fish	574.0	477.4	456.2	-16.83	4.65
Agricultural Products	1,070.0	1,028.1	862.1	-3.91	19.27
<b>B. Manufactured Commodities:</b>	<b>39,356.0</b>	<b>37,252.8</b>	<b>32,355.9</b>	<b>-5.34</b>	<b>15.13</b>
Cement salt stone etc.	10.0	7.3	9.1	-27.40	-20.57
Ores, Slag and Ash	25.0	29.3	15.2	17.12	92.38
Petroleum bi Products	50.0	23.3	23.5	-53.34	-0.64
Chemical products	245.0	280.6	198.9	14.52	41.09
Plastic, Melamine Products	123.0	115.3	100.5	-6.28	14.68
Rubber	34.0	34.2	26.2	0.71	30.59
Leather & Leather products (including leather footwear)	920.0	941.7	797.6	2.36	18.06
Wood and Wood Products	3.5	4.3	3.3	21.71	27.93
Handicrafts	28.0	34.0	20.5	21.32	65.55
Pulp	0.0	0.0	0.0	0.00	0.00
Paper and Paper Products	94.3	71.4	78.0	-24.24	-8.38
Printed Materials	0.8	0.9	0.7	17.50	34.29
Silk	0.2	0.6	0.1	185.00	375.00
Wool and woolen Products	0.2	0.3	0.1	73.33	160.00
Cotton and Cotton Products	160.5	154.3	133.6	-3.89	15.52
Jute and Jute Goods	1,167.0	1,161.5	882.4	-0.47	31.63
Man Made Filaments and Staple Fibers	135.0	119.4	108.5	-11.53	10.05
Carpet	30.0	33.5	21.1	11.80	58.73
Specialized Textiles	143.0	130.9	116.0	-8.46	12.81
Knitwear	16,700.0	16,960.0	13,908.0	1.56	21.94
Woven Garments	17,085.0	14,496.7	14,041.2	-15.15	3.24
Home Textile	960.0	1,132.0	758.9	17.92	49.17
Other Footwear (excluding leather footwear)	380.0	344.5	277.1	-9.35	24.30
Headgear/Cap	230.0	226.4	191.2	-1.57	18.42
Umbrella Waking Sticks	0.0	0.0	0.0	100.00	100.00
Wigs and Human Hair	40.0	57.1	32.5	42.83	75.78
Building Materials	1.5	0.9	1.2	-41.33	-29.03
Ceramic Products	35.0	31.1	28.0	-11.11	11.23
Glass and Glass ware	5.0	7.9	3.5	58.80	126.86
Engineering Products	362.0	529.0	292.9	46.13	80.60
Ships, boats & floating structures	18.0	0.2	11.3	-98.89	-98.23
Other Manufactured Products	370.0	324.2	274.6	-12.38	18.04

Source: Export Promotion Bureau, Bangladesh.

**Table V.5: Trends in the Commodity Composition of Imports**  
(In million USD)

	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
<b>A. Food Grains</b>	1,673	2,681	286	472	590	325	450	689	762	780
1. Rice	22	851	3	11	3	5	3	239	289	320
2. Wheat	1,651	1,830	283	461	587	319	447	451	473	460
<b>B. Other Food Items</b>	3,704	4,155	739	790	1,218	957	824	852	1,192	1,287
3. Milk & cream	341	344	78	69	99	96	73	63	112	96
4. Spices	351	404	92	75	102	82	138	85	90	91
5. Edible oil	1,617	1,926	328	398	481	410	325	414	505	682
6. Pulses (all sorts)	663	681	116	89	211	246	113	105	272	192
7. Sugar	734	800	125	160	325	123	175	186	213	226
<b>C. Consumer &amp; Intermediate Goods</b>	31,914	38,307	8,302	8,508	8,038	7,066	7,424	7,909	11,555	11,419
8. Clinker	879	1,048	206	262	282	129	198	242	295	313
9. Crude petroleum	731	2,616	216	180	120	214	124	220	2,142	131
10. POL	4,627	6,369	1,160	829	1,097	1,541	1,386	1,023	1,723	2,237
11. Oil seeds	1,183	1,406	212	208	394	369	260	229	372	545
12. Chemicals	2,533	2,974	660	659	620	595	728	678	740	829
13. Pharmaceutical products	294	363	78	92	68	55	70	83	105	106
14. Fertilizer	1,035	1,360	349	396	231	60	207	444	433	276
15. Dyeing and tanning materials	697	855	189	190	188	131	188	201	226	240
16. Plastics and rubber articles thereof	2,610	3,168	722	724	647	517	621	658	895	994
17. Raw cotton	2,961	3,186	777	748	837	599	609	612	920	1,045
18. Yarn	1,901	2,436	460	484	555	403	521	443	559	914
19. Textile and articles thereof	6,380	6,553	1,569	2,009	1,541	1,261	1,361	1,656	1,485	2,051
20. Staple fibre	1,086	1,040	283	320	284	199	195	255	282	307
21. Iron, steel & other base metals	4,997	4,933	1,421	1,410	1,173	993	956	1,168	1,378	1,431
<b>D. Capital Goods &amp; Others</b>	11,109	13,012	3,429	3,242	2,681	1,758	2,632	2,926	3,492	3,962
22. Capital machinery	3,581	3,825	1,116	1,038	861	566	811	715	1,104	1,195
23. Others Capital goods	7,528	9,187	2,313	2,204	1,820	1,191	1,821	2,211	2,388	2,767
<b>E. Others</b>	6,385	7,440	1,568	1,915	1,808	1,094	1,357	2,206	1,960	1,917
<b>Grand Total c.i.f.(A+B+C+D+E)</b>	54,785	65,595	14,324	14,926	14,335	11,200	12,687	14,583	18,961	19,365
Of which Import by EPZ	3,488	3,489	885	1,048	908	647	695	859	868	1,067
<b>Grand Total f.o.b.(adjusted)</b>	50,690	60,681	13,257	13,810	13,263	10,360	11,736	13,490	17,541	17,914

Source : Compiled by Statistics Department of Bangladesh Bank using the data of National Board of Revenue (NBR).

**Table V.6: Sector wise comparative statement of the Opening and Settlement of Import LCs**  
(In million USD)

Items	FY19		FY20		FY21	
	Opening	Settlement	Opening	Settlement	Opening	Settlement
Consumer goods	5,737	5,328	6,241	5,733	7,813	6,807
Intermediate goods	6,289	5,922	5,095	5,115	6,144	5,315
Industrial raw materials	20,343	19,605	20,160	18,219	24,419	20,226
Capital machinery	6,101	4,828	4,937	4,271	5,703	3,742
Machinery for misc. industries	3,966	3,467	3,038	2,968	3,720	3,302
Petroleum and petroleum products	4,283	4,407	4,791	4,522	4,408	4,290
Others	11,986	13,770	11,839	12,425	14,832	13,575
<b>Total</b>	<b>58,703</b>	<b>57,328</b>	<b>56,100</b>	<b>53,254</b>	<b>67,037</b>	<b>57,256</b>
of which back to back	9,150	9,636	7,895	7,474	8,999	7,506
Growth in percent						
Consumer goods	-26.34	-26.64	8.79	7.61	25.19	18.73
Intermediate goods	40.16	53.52	-18.99	-13.64	20.59	3.91
Industrial raw materials	12.03	16.60	-0.90	-7.07	21.13	11.01
Capital machinery	-1.49	0.38	-19.07	-11.54	15.50	-12.39
Machinery for misc. industries	-28.01	-24.67	-23.40	-14.38	22.43	11.25
Petroleum and petroleum products	23.45	48.48	11.86	2.62	-7.99	-5.14
Others	-39.46	84.31	-1.23	-9.77	25.28	9.26
<b>Total</b>	<b>-10.25</b>	<b>19.97</b>	<b>-4.43</b>	<b>-7.11</b>	<b>19.50</b>	<b>7.52</b>
of which back to back	15.84	35.30	-13.72	-22.44	13.99	0.43

Source: Monetary Policy Department, Bangladesh Bank.



**Table V.7: Country-wise Workers' Remittances**  
(In million USD)

Countries	FY20						FY21			
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
<b>Gulf Region</b>	<b>10,558</b>	<b>13,612</b>	<b>2,671</b>	<b>2,779</b>	<b>2,456</b>	<b>2,653</b>	<b>3,824</b>	<b>3,403</b>	<b>3,043</b>	<b>3,341</b>
1. Saudi Arabia	4,015	5,721	947	1,007	916	1,144	1,614	1,453	1,290	1,364
2. UAE	2,473	2,440	625	715	564	569	751	622	506	561
3. Qatar	1,020	1,450	285	276	249	209	347	328	342	434
4. Oman	1,242	1,536	319	308	269	345	486	384	301	365
5. Kuwait	1,372	1,887	378	368	347	279	466	473	472	475
6. Bahrain	437	578	117	104	109	107	160	144	132	142
<b>Euro Region</b>	<b>1,418</b>	<b>2,091</b>	<b>352</b>	<b>412</b>	<b>346</b>	<b>307</b>	<b>531</b>	<b>521</b>	<b>513</b>	<b>526</b>
7. UK	1,365	2,024	338	398	333	296	516	504	496	508
8. Germany	53	67	14	15	13	11	15	17	17	18
<b>Asia Pacific Region</b>	<b>1,738</b>	<b>2,707</b>	<b>440</b>	<b>461</b>	<b>451</b>	<b>386</b>	<b>818</b>	<b>718</b>	<b>569</b>	<b>604</b>
9. Singapore	457	625	108	125	117	108	189	156	137	144
10. Japan	49	80	14	12	11	12	21	23	18	18
11. Malaysia	1,231	2,002	319	324	322	266	607	540	414	442
<b>Rest of the World</b>	<b>4,492</b>	<b>6,368</b>	<b>1,057</b>	<b>1,236</b>	<b>1,114</b>	<b>1,085</b>	<b>1,541</b>	<b>1,590</b>	<b>1,528</b>	<b>1,709</b>
12. USA	2,403	3,462	490	612	610	691	815	831	843	973
13. Others	2,089	2,906	567	625	504	393	726	759	685	736
<b>Total</b>	<b>18,205</b>	<b>24,778</b>	<b>4,519</b>	<b>4,889</b>	<b>4,367</b>	<b>4,430</b>	<b>6,713</b>	<b>6,232</b>	<b>5,653</b>	<b>6,180</b>

Source: Statistics Department, Bangladesh Bank.

**Table V.8 Exchange Rate Movements**  
(Taka per Currencies)

Period	US Dollar		U.K. Pound Sterling		EURO		Japanese Yen	
	Period Average	End Period	Period Average	End Period	Period Average	End Period	Period Average	End Period
<b>2019-20</b>								
July	84.50	84.50	105.49	102.68	94.82	94.26	0.78	0.78
August	84.50	84.50	102.76	103.18	94.03	93.60	0.79	0.80
September	84.50	84.50	104.30	103.84	93.03	92.43	0.79	0.78
October	84.67	84.75	106.96	109.35	93.54	94.50	0.78	0.78
November	84.78	84.90	109.20	109.63	93.73	93.47	0.78	0.78
December	84.90	84.90	111.05	111.34	94.25	95.08	0.78	0.78
January	84.90	84.90	111.08	111.18	94.30	93.66	0.78	0.78
February	84.95	84.95	110.33	109.46	92.71	93.44	0.77	0.78
March	84.95	84.95	104.48	99.89	93.60	91.65	0.79	0.76
April	84.95	84.95	104.93	103.90	91.99	91.89	0.79	0.79
May	84.95	84.95	104.48	108.88	92.34	94.29	0.79	0.79
June	84.92	84.90	104.38	104.41	95.54	95.44	0.79	0.79
<b>2020-21</b>								
July	84.81	84.80	107.26	110.21	97.05	100.00	0.79	0.81
August	84.84	84.83	111.29	113.26	100.29	100.98	0.80	0.81
September	84.80	84.84	110.07	109.13	100.01	99.64	0.80	0.80
October	84.80	84.80	110.13	110.09	99.87	99.60	0.81	0.81
November	84.80	84.80	111.89	112.92	100.27	101.45	0.81	0.81
December	84.80	84.80	113.86	115.54	103.09	104.28	0.82	0.82
January	84.80	84.80	115.64	116.21	103.27	102.92	0.82	0.81
February	84.80	84.80	117.48	118.16	102.55	102.41	0.81	0.80
March	84.80	84.80	117.59	116.53	101.08	99.35	0.78	0.77
April	84.80	84.80	117.32	118.16	101.35	102.82	0.78	0.78
May	84.80	84.80	119.28	120.32	102.93	103.38	0.78	0.77
June	84.81	84.81	119.03	117.36	102.27	100.90	0.77	0.77

Source: Statistics Department, Bangladesh Bank.

**Table V.9: Trends in Foreign Aid**  
(In million USD)

	FY20 <sup>R</sup>						FY21 <sup>P</sup>			
	FY20 <sup>R</sup>	FY21 <sup>P</sup>	Q <sub>1</sub> <sup>R</sup>	Q <sub>2</sub> <sup>R</sup>	Q <sub>3</sub> <sup>R</sup>	Q <sub>4</sub> <sup>R</sup>	Q <sub>1</sub> <sup>P</sup>	Q <sub>2</sub> <sup>P</sup>	Q <sub>3</sub> <sup>P</sup>	Q <sub>4</sub> <sup>P</sup>
a. Grants (i+ii)	276	253	31	113	70	62	52	54	42	105
i) Food Aid	0	16	0	0	0	0	6	7	0	3
ii) Project Aid	276	237	31	113	70	62	46	47	42	102
b. Loans (MLT)	6996	6726	900	1674	1725	2697	1385	1500	1342	2499
A. Total (a+b)	7272	6979	931	1787	1795	2759	1437	1554	1384	2604
B. Amortization(1+2)	1727	1900	496	348	507	376	509	391	547	453
1) Principal	1270	1413	352	277	344	297	352	310	379	372
2) Interest	457	487	144	71	163	79	157	81	168	81
C. Net Foreign Financing (A-1)	6002	5566	579	1510	1451	2462	1085	1244	1005	2232

Source: ERD; MOF; Statistics Department, Bangladesh Bank.  
R=Revised, P= Provisional.

**Table VI.1: Gross NPL Ratios by Type of Banks**  
(In percent)

Type of Banks	2019				2020				2021	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
State Owned Commercial Banks	32.20	31.58	31.50	23.86	22.82	22.73	22.46	20.90	20.91	20.62
Specialized Banks	19.46	17.82	17.81	15.13	15.10	15.92	15.92	13.32	13.36	11.44
Private Commercial Banks	7.08	7.13	7.43	5.78	5.63	5.86	5.56	4.66	5.13	5.44
Foreign Commercial Banks	6.20	5.48	6.01	5.74	5.59	5.49	5.86	3.46	4.13	3.91
<b>All Banks</b>	<b>11.87</b>	<b>11.69</b>	<b>11.99</b>	<b>9.32</b>	<b>9.03</b>	<b>9.16</b>	<b>8.88</b>	<b>7.66</b>	<b>8.07</b>	<b>8.18</b>

Source: Banking Regulation and Policy Department, Bangladesh Bank.  
Note: Data prior to December 2020 contains information without OBU.

**Table VI.2: Net NPL Ratios by Type of Banks**  
(In percent)

Type of Banks	2019				2020				2021	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
State Owned Commercial Banks	11.16	8.67	15.18	6.32	4.57	3.21	2.93	0.00	2.67	2.48
Specialized Banks	5.72	4.57	4.58	3.00	2.98	2.70	2.70	-1.32	1.22	-0.61
Private Commercial Banks	1.50	1.45	1.45	-0.07	-0.55	-0.52	-0.94	-0.54	-1.29	-1.17
Foreign Commercial Banks	0.62	0.12	0.22	0.19	-0.02	-0.41	-0.38	-0.56	-0.29	-0.38
<b>All Banks</b>	<b>3.02</b>	<b>2.53</b>	<b>3.66</b>	<b>1.02</b>	<b>0.39</b>	<b>0.15</b>	<b>-0.22</b>	<b>-1.18</b>	<b>-0.48</b>	<b>-0.47</b>

Source : Banking Regulation and Policy Department, Bangladesh Bank.  
Note: Data prior to December 2020 contains information without OBU.

**Table VI.3: Capital to Risk Weighted Asset Ratios by Types of Banks**  
(In percent)

Type of Banks	2019				2020				2021	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
State Owned Commercial Banks	6.90	8.53	7.74	4.99	4.59	6.93	8.25	4.34	6.49	6.82
Specialized banks	-31.70	-31.23	-31.55	-32.02	-33.50	-36.54	-33.73	-32.92	-31.86	-32.16
Private Commercial Banks	12.70	12.70	12.87	13.62	13.49	13.31	13.29	13.96	13.44	13.26
Foreign Commercial Banks	28.00	28.68	25.07	24.45	24.66	24.35	25.59	28.24	28.04	28.46
<b>All Banks</b>	<b>11.40</b>	<b>11.74</b>	<b>11.65</b>	<b>11.57</b>	<b>11.35</b>	<b>11.63</b>	<b>11.94</b>	<b>11.64</b>	<b>11.67</b>	<b>11.57</b>

Source: Department of Off- site Supervision, Bangladesh Bank.

**Table VI.4: Profitability Ratios by Type of Banks**  
(In percent)

Type of Banks	Return on Asset (ROA)						Return on Equity (ROE)					
	2020				2021		2020				2021	
	Mar	Jun	Sep	Dec	Mar*	Jun*	Mar	Jun	Sep	Dec	Mar*	Jun*
State Owned Commercial Banks	0.03	0.04	-0.01	-1.07	-0.03	0.13	0.64	0.81	-0.18	-29.57	-0.62	2.94
Specialized Banks	-3.37	-5.11	-3.50	-3.01	-2.89	-3.20	-16.50	-22.86	-15.47	-13.85	-13.17	-14.41
Private Commercial Banks	0.68	0.58	0.60	0.70	0.61	0.68	9.83	8.48	8.96	10.22	8.87	10.12
Foreign Commercial Banks	2.28	2.19	2.15	2.13	1.46	1.48	13.38	13.80	12.69	13.10	9.08	9.26
<b>All Banks</b>	<b>0.53</b>	<b>0.42</b>	<b>0.45</b>	<b>0.25</b>	<b>0.42</b>	<b>0.50</b>	<b>8.25</b>	<b>6.68</b>	<b>7.22</b>	<b>4.28</b>	<b>6.70</b>	<b>8.26</b>

Source: Department of Off-site Supervision, Bangladesh Bank.

\*=Annualized.

**Table VII.1: Indicators of Capital Market Developments**

	FY20						FY21				
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	
Number of listed securities <sup>1</sup>	368.0	388.0	365.0	366.0	368.0	368.0	371.0	376.0	382.0	388.0	
Issued equity and debt (billion Taka)	751.2	848.8	730.6	746.2	748.8	751.2	763.4	826.7	836.0	848.8	
Market capitalization (billion Taka)	2576.3	4588.4	3175.0	2845.5	2574.6	2576.3	3467.7	3933.7	4031.0	4588.4	
Turnover (billion Taka)	780.4	2547.0	248.4	211.3	271.5	49.2	468.8	560.4	628.8	889.0	
DSE broad index	3989.1	6150.5	4947.6	4452.9	4008.3	3989.1	4963.3	5402.1	5278.2	6150.5	
DSE -30 index	1341.0	2208.4	1760.0	1512.4	1330.8	1341.0	1696.0	1964.0	1994.4	2208.4	
Growth in percent											
Number of listed securities	1.38	5.43	3.11	2.52	2.22	1.38	1.64	2.70	3.80	5.43	
Issued equity and debt	4.34	12.99	7.45	7.48	7.13	4.34	4.49	10.80	11.65	12.99	
Market capitalization	-25.04	78.10	-3.76	-14.32	-27.77	-25.04	9.22	38.20	56.57	78.10	
Turnover	-46.53	226.38	-44.78	-36.17	-40.37	-77.98	88.72	165.20	131.65	1,706.8	
DSE broad index	-26.42	54.18	-7.85	-17.32	-27.01	-26.42	0.32	21.30	31.68	54.18	
DSE -30 index	-30.49	64.68	-6.87	-19.59	-32.35	-30.49	-3.63	29.90	49.86	64.68	

Source: Dhaka Stock Exchange.

<sup>1</sup>Include debenture but exclude govt. bond.

**Table VII.2: Group-wise Market Capitalization of Dhaka Stock Exchange**  
(In billion Taka)

Name of Group	FY20				FY21					
	FY20	FY21	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Q <sub>3</sub>	Q <sub>4</sub>
Banks	449.1	679.6	564.4	539.6	456.4	449.1	552.4	572.9	562.8	679.6
Financial Institutions	125.4	212.0	157.1	144.7	123.7	125.4	181.1	190.3	168.0	212.0
Mutual Funds	29.5	46.2	33.1	30.7	29.5	29.5	40.2	41.9	36.3	46.2
Engineering	131.9	603.9	180.5	147.9	131.9	131.9	385.3	501.7	523.4	603.9
Food & Allied Product	208.4	385.7	266.2	222.1	208.2	208.4	254.9	305.5	375.0	385.7
Fuel and Power	365.3	465.9	424.7	386.6	363.7	365.3	446.9	430.9	442.6	465.9
Jute Industry	1.8	2.0	3.4	2.5	1.7	1.8	2.3	2.9	2.1	2.0
Textile Industry	95.9	147.4	107.1	105.7	99.1	95.9	117.8	111.8	103.7	147.4
Pharmaceuticals and Chemicals	467.5	638.3	520.5	473.2	458.1	467.5	564.5	608.6	591.2	638.3
Paper and Printing	9.6	15.1	11.3	10.0	9.6	9.6	15.3	15.6	14.7	15.1
Services and Real Estate	13.0	20.9	15.3	13.5	13.1	13.0	16.1	18.8	17.0	20.9
Cement Industry	71.9	119.4	78.6	68.9	73.6	71.9	79.6	88.9	90.8	119.4
Insurance	91.5	222.7	112.9	113.4	91.0	91.5	139.7	160.0	137.4	222.7
Telecommunication	336.7	730.6	496.0	401.4	335.6	336.7	467.1	652.2	702.6	730.6
Miscellaneous	178.2	298.3	200.6	182.0	175.0	178.2	200.1	241.0	261.8	298.3
Corporate Bond	3.9	4.1	2.8	2.8	3.8	3.9	3.9	4.1	4.0	4.1
<b>Total Market Capitalization</b>	<b>2,580</b>	<b>4,588</b>	<b>3,174</b>	<b>2,845</b>	<b>2,574</b>	<b>2,580</b>	<b>3,463</b>	<b>3,947</b>	<b>4,033</b>	<b>4,588</b>

Source: Dhaka Stock Exchange.



## **ANNEXURE**





### Major Policy Announcements: April-June, 2021

BRPD Circular No. 13 June 27, 2021 Loan classification	Provided that a minimum 20 (twenty) percent of the payable installments as of June/2021 is repaid within 31 August 2021 based on banker-customer relationship, such loans/investments may not be classified into adverse categories during the said period. In such a case, the remaining installments payable as of June/2021 is payable with the last installment as per the instructions mentioned the relevant circulars. Besides, the other installments must be repaid on regular basis.
BRPD Circular Letter No. 30 June 22, 2021 Special facilities of payment of bank loan for the institutions of leather industry relocated to Tannery Industrial Estate at Savar.	The customers, relocated to Tannery Industrial Estate at Savar and interested to avail restructuring/rescheduling facility were asked to submit application upon cash deposit of down-payment by June 30, 2021. Now, the last date of submitting application for the same has been extended to 30 September 2021.
BRPD Circular No. 12: June 13, 2021 Policy for Post Import Financing-PIF	<p>Loans, such as Loan Against Trust Receipt (LTR/LATR)/ Murabaha Trust Receipt (MTR)/ Murabaha Post Import (MPI) etc. whatever may be referred to- provided for the purpose of settling import liabilities for importing daily essential commodities or trading goods, industrial raw materials etc. shall be deemed as Post Import Financing (PIF).</p> <p>The tenure of PIF shall be determined on the basis of banker-customer relationship considering the customer demand, nature of the corresponding product and production/ distribution cycle. But the tenure must not exceed 90 (ninety) days from the originating date of PIF for daily essential consumer goods and 180 (one hundred eighty) days for industrial raw materials.</p> <p>Banks must have a specific guideline on PIF, approved by the board of directors of the concerned banks, for sanctioning loans under PIF. And since PIF naturally originates from Letter of Credits (LCs), banks shall follow Credit Risk Management Guidelines, Guidelines on Internal Credit Risk Rating System or such while setting LCs as well. The guideline must specify the applicable collateral and delegation of power/authority for LCs and PIF facility. In the meantime, it must fix the approval-limit for setting LCs and sanctioning PIF loan. Setting LCs and sanctioning loan under PIF beyond the fixed approval-limit is no way allowed. Loans originated from PIF turned into termed loan after rescheduling and forced loans</p>

	<p>created from settling import liabilities shall also be considered as PIF. No fresh PIF is allowed to be disbursed favoring the clients, if previous PIF remains overdue except that of unavoidable reasons-in which ground fresh PIF may be sanctioned, on approval of the board of directors of the corresponding bank, till the PIF turns default. PIF facility is barred against local LCs including trading institutions of same groups and common interest.</p> <p>For restructuring, rescheduling or extending the tenure of PIF loans, the tenure of PIF facility is permitted to be extended upon approval of the board of directors of the respective banks- only once for maximum 30 (thirty) days against the import of daily essential consumer goods and for maximum 60 (sixty) days against that of industrial raw materials.</p>
<p>BRPD Circular No. 11: June 10, 2021 Master circular on schedule of charges</p>	<p><u>Deposit related:</u></p> <p>Clients have been allowed to open savings account with minimum deposit of BDT 500 and current account with BDT 1,000/ with the bank. But for opening special-privileged accounts, the provision of minimum deposit shall be exempted.</p> <p>No Account Maintenance Fee (AMF) is chargeable up to the average deposit balance of BDT 10,000/. AMF for the average deposit balance over BDT 10,000/ to BDT 25,000/ has been fixed at maximum BDT 100/ half-yearly, for that of over BDT 25,000/ to BDT 2 lac - maximum BDT 200/, over 2 lac to BDT 10 lac - maximum BDT 250/ and beyond BDT 10 lac- maximum BDT 300/. Half-yearly AMF for current account has been set at maximum BDT 300/ and for that of Special Notice Deposit (SND) maximum BDT 500/. Account transfer fee within the branches in same district has been limited to maximum BDT 50/ and maximum BDT 100/ in different district. Banks have been allowed to charge maximum BDT 200/ as Account Closing Fee for savings account, maximum BDT 300/ for current account and SND account each. Banks shall charge fee at actual basis for issuing cheque book against different modes of account. They have been barred from levying other charges/fees like-fee for the activation of dormant account, premature encashment fee against monthly savings account (deposit pension scheme) or FDR or other time deposits, minimum balance fee, incidental charge, ledger fee, service charge, counter transaction fee, or so on. At the same time, special-privileged accounts have been totally exempted from all the said obligation and charges.</p>

	<p><u>Loan related:</u></p> <p>Banks have been permitted to realize maximum 0.50% of total sanctioned loan up to 50 lac as Loan Processing Fee (LPF). But the fee shall not exceed BDT 15,000/-. The said fee for more than BDT 50 lac shall be maximum 0.30% of total sanctioned loan but not exceeding BDT 20,000/.</p> <p>For loan rescheduling and restructuring, other than CMSMEs and agricultural loans, banks may impose maximum 0.25%- not over BDT 10,000/- as Reschedule/Restructure Fee. But such fee shall not be applicable for CMSMEs and agricultural loans.</p> <p>Documentation Fee, CIB Charge, Stamp Charge, and Legal and Valuation Fee have to be fixed on at actual basis.</p> <p>Banks have been allowed to charge maximum 0.50% of outstanding loan as Early Settlement Fee in case of early settlement of loan- payment of loan before specified term- by the borrower. However, CMSMEs have been exempted from such provision.</p> <p>Loan Application Fee, additional service charge over specified interest rate, loan management fee, monitoring and supervision charge, risk premium or so on are not realizable.</p> <p><u>Local and foreign trade/remittance related:</u></p> <p>Quarterly commission for opening LCs against 100% cash margin may be fixed at maximum 0.25%, deferred/usance LCs- maximum 0.50%, and site and back-to-back including other form of LCs- maximum 0.40%.</p> <p>LC advising charge, LC amendment charge and LC transfer charge may be set at maximum BDT 750/.</p> <p>LC acceptance charge is allowed to be fixed at maximum 0.40% and LC confirmation charge shall be maximum 0.20% on quarterly basis.</p> <p>Export bill negotiation commission and export bill collection commission have to be fixed at maximum 0.15%. In case of exchange gain, the said commissions must not exceed BDT 500/.</p> <p>Charge of issuing back-to-back LC certificate, C&amp;F certificate, and Proceed Realization Certificate must not be levied over BDT 500/.</p> <p>Quarterly commission against bank guarantee is allowed to be set at maximum 0.50% and minimum BDT 1,000/.</p> <p>Against instrument issue, such as- Demand Draft (DD), Telegraphic Transfer (TT), Mail Transfer (MT) etc., in foreign</p>
--	--

	<p>currency, charge/fee is allowed to be fixed at maximum BDT 100/ for instrument value below BDT 1,00,000/ equivalent foreign currency; maximum BDT 200/ for value ranging from BDT 1, 00,001/ to BDT 5,00,000/or equivalent foreign currency; maximum BDT 300/ for value ranging from BDT 5, 00,001/ to BDT 10,00,000/, and maximum BDT 500/ for value above BDT 10,00,000/. In case of instrument cancellation, maximum BDT 200/ may be charged each time.</p> <p><u>Accounts related and other issues:</u></p> <p>Depositors and borrowers shall be entitled to get Balance Confirmation Certificate for free twice a year (half-yearly and yearly). For more than two times a year, they shall be charged maximum BDT 100/ each time for availing such service.</p> <p>For issuing Solvency Certificate, maximum BDT 200/ shall be imposed each time.</p> <p>Maximum BDT 50/ is permitted to be charged each time for cheque return.</p> <p>For issuing Beneficiary Owner's Certificate against Beneficiary Owner's Account, charge shall be limited to maximum BDT 100/.</p> <p>Charge for requesting Stop Payment Instruction against cheque/account may be imposed maximum BDT 100/ each time, and for cancellation of Stop Payment Instruction - maximum BDT 50/ each time.</p> <p>For issuing Pay Order, maximum BDT 20/ may be charged for instrument value below BDT 1,000/, maximum BDT 50/ for value ranging from BDT 1,001/ to BDT 1,00,000/, and maximum BDT 100/ for value above BDT 1,00,000/.</p> <p>For issuance of DD, TT, MT etc., banks are authorized to charge maximum BDT 20/ for instrument value below BDT 1,000/; maximum BDT 50/ for value ranging from BDT 1,001/ to BDT 1,00,000/; maximum BDT 100/ for value ranging from BDT 1,00,001/ to BDT 5,00,000, maximum BDT 200/ for value ranging from BDT 5,00,001/ to BDT 10,00,000/ and maximum BDT 300/ for that of value over BDT 10,00,000/.</p>
<p>BRPD Circular No. 10: June 01, 2021 Rescheduling of Short-term Agricultural Credit</p>	<p>Scheduled banks operating in Bangladesh have been allowed to reschedule short-term agricultural credit for maximum 2 (two) years from the date of rescheduling on the basis of banker-customer relationship. Here the condition for down-payment has been relaxed.</p>

	<p>After rescheduling the loan, farmers are entitled to get fresh short-term agricultural credit without any fresh deposit.</p> <p>Credits under certificate cases are permitted to be rescheduled by withdrawal/settlement of certificate cases through negotiation with the customer.</p> <p>The directive shall come into effect immediately and shall remain in force till 31 March 2022.</p>
<p>BRPD Circular Letter No. 27: May 12, 2021 Appointment of director, contractual advisor and consultant for Bank-Company.</p>	<p>Former directors, managing directors or chief executives or officials immediate below 2 ranks of the chief executive of a bank company have been barred from being appointed as the advisor or consultant of the same bank within next 5 (five) years since their retirement or release or expiry of the contract.</p> <p>Regular or contractual officials of a bank shall not be eligible for being appointed as director of the same bank after their retirement or release or expiry of the contract.</p>
<p>BRPD Circular Letter No. 26: April 26, 2021 Refinance scheme for Pre-Shipment Credit to mitigate the crisis due to novel coronavirus</p>	<p>The rate of interest at the borrower level of refinance scheme for Pre-Shipment Credit has been reduced to 5% from that of previous 6% and the rate of interest to be charged by the Bangladesh Bank against its refinance to scheduled banks has been reduced to 2% from that of previous 3%.</p>
<p>BRPD Circular No. 09: April 26 , 2021 Operating Special CSR activities under Corporate Social Responsibility (CSR) of banks to mitigate COVID-19 crisis.</p>	<p>Scheduled banks operating in Bangladesh shall have to allocate 1 (one) percent of the net profit- in addition to the fund already allocated to the budget of the Corporate Social Responsibility (CSR), 2021- earned against the audited accounts of 2020 (in case the Statement of Accounts not finalized, unaudited accounts) to carry out special CSR programmes in the form of providing daily essential commodities, medical equipments with medical expenses and employment generation to the afflicted, the workless poor and destitute, the displaced and the helpless affected by the coronavirus pandemic. The additional allocated fund shall have to be disbursed among the underprivileged within June/2021 [within 16 August 2021 as per BRPD Circular Letter No. 29, dated June 21, 2021].</p> <p>Banks have been allowed to adjust the additional allocated fund with the fund allocation in CSR sector in the next 3 (three) years between 2022 and 2024.</p> <p>Special CSR fund shall have to be spent for providing daily essential commodities, executing medical expenses with medical equipments and assisting in earning livelihood among the slum dwellers, displaced people and families of the corona-transmission-</p>

	<p>driven temporarily jobless people in the City Corporation area and the poor and destitute, temporarily jobless and marginal people-either unable to or affected by coronavirus transmission-for earning regular livelihood in the District level.</p> <p>Of the fund, 50 (fifty) percent amount shall have to be spent in the City Corporation area and the rest in the District/Upazilla/Union level [as per BRPD Circular Letter No. 29, dated June 21, 2021, 50 (fifty) percent of the said fund shall have to be spent in the districts under Rajshahi and Khulna division and the remaining in the City Corporation/ District/Upazilla/Union level. However, if more than 50 (fifty) percent of the fund already spent beyond Rajshahi and Khulna division, the entire remaining shall have to be spent in Rajshahi and Khulna zone].</p> <p>Banks have been allowed to operate the fund through District Commissioners or through top level NGOs/MFIs or both [or through self-management of the banks as per BRPD Circular Letter No. 29, dated June 21, 2021].</p>
<p>BRPD Circular No. 08: April 22, 2021 Re-fixation of rate of interest on Agricultural and Rural Credit.</p>	<p>The rate of interest/profit on Agricultural and Rural Credit has been re-fixed at maximum 8% instead that of previous 9% which is effective from 1 April 2021.</p>
<p>BRPD Circular Letter No. 20: April 04, 2021 Policy on the formation of Board of Directors and responsibilities of a Bank Company.</p>	<p>Scheduled banks operating in Bangladesh have to take mandatory prior approval from the Bangladesh Bank before appointing/re-appointing, attaching/re-attaching, in all cases, the directors nominated for the board of directors and selected/re-selected for Annual General Meeting of a bank company.</p>
<p>FID Circular Letter No. 01: June 09, 2021 (date on the circular-June 08, 2021) Allocation of fund of the refinance scheme of BDT 3,000 crore formed vide FID Circular No-01/2020 of Bangladesh Bank</p>	<p>Out of this fund, 25% is to be disbursed in favor of the female borrowers in both segments (Microcredit and Microenterprise Credit).</p>
<p>FEPD Circular Letter No. 17: June 30, 2021 Access to finance from domestic sources against overseas guarantees</p>	<p>The deadline of applicability of Taka finance by banks/NBFIs against overseas guarantees (preferable bank guarantee/standby letters of credit) to resident companies irrespective of ownership/controlling status of borrowing entities has been extended till December 31, 2021.</p>

<p>FEPD Circular No. 22: June 21, 2021</p> <p>Indicative cost for access to short term permissible trade finance in foreign exchange</p>	<p>To bring flexibility in a wider scope for short term export financing in foreign currency at post shipment stages, it has been decided that:</p> <p>(a) Besides LIBOR, alternative reference/benchmark rate in the currency of financing, declared by competent bodies, may be applied with prescribed mark up of 3.50 percent per annum for discounting/early payment of export bills;</p> <p>(b) The tenure like 1-month, 3-month and so on will be flexible, depending on the credit period for financing;</p> <p>(c) In absence of tenure-linked rate, the relative rate applied as reference/benchmark rate for financing usance/credit export bills in the form of discounting/early payment including payment guarantee may be compounded in advance to calculate effective interest for the specified tenure.</p> <p>In case of Islamic Shariah-based financing, globally recognized reference/benchmark rate should be applied instead of traditional one, with the prescribed mark up.</p> <p>The above decisions shall, other than 1(c) above, equally be applicable for permissible usance import under supplier's/buyer's credit. Instead of 1(c), where forward looking reference/benchmark rate with tenure-link is absent, the relative rate applied as reference/benchmark rate for import finance may be compounded in arrears to calculate effective interest for the tenure of credit.</p> <p>In case of risk free reference/benchmark rate to be applied for financing, adjustment for risk premium not exceeding 2.50 percent per annum on markup of 3.50 percent may be added with reference/benchmark rate compounded in advance or in arrear as necessary, for the relative tenure.</p> <p>Respective reference/benchmark rate may, in case of necessity for phasing out of LIBOR, be applied during the credit period as per mutual understanding with the concerned lenders. In addition, ADs shall refrain from arranging LIBOR-tag financing as and when global discourse is published with regards to deadline for its usability.</p>
<p>FEPD Circular No. 23: June 21, 2021</p> <p>Issuance of repayment commitments as collaterals against external borrowing by resident entities.</p>	<p>ADs shall observe following instructions to apply Bangladesh Bank for approval of issuance of repayment commitments:</p> <p>(a) ADs shall ensure that all applicable credit norms and prudential parameters including single borrower exposure limit, prescribed by Bangladesh Bank, have already been observed against the repayment commitments for which applications have been made;</p>

	<p>(b) Applications shall be supported by documentary evidences to the effect that necessary arrangements have been made to cover the amount of repayment commitments by eligible collaterals acceptable by ADs;</p> <p>(c) Out of the collaterals as per (b) above, at least 05 (five) percent of the commitment amount shall mandatorily be in cash margin or unencumbered encashable bank deposits;</p> <p>(d) Applications shall be documented with proper credit assessments made in accordance with regulatory instructions of Bangladesh Bank along with conditional approval from the Board of Directors of local banks or approval from management authority of foreign banks operating in Bangladesh.</p> <p>As usual, applications shall contain approval issued by the BIDA in support of external borrowing. On receipt of approval from Bangladesh Bank, ADs shall issue repayment commitments as per instructions contained therein.</p>
<p>FEPD Circular Letter No. 15: June 17, 2021</p> <p>Export subsidy/Cash Incentive against export of Diversified Jute products</p>	<p>Jute-made products produced by using more than 50% worth value of jute, other than jute-made final products (Hessian, Sacking, CBC) and jute thread (Yarn and Twine), shall be considered as diversified jute product and may whatever be the mode of production, either hand-made or machine, it is entitled to be availed of export subsidy subject to the compliance of update license as per Jute Law, 2017.</p> <p>If more than 50% of total value of jute is used to produce diversified jute products, it will be considered for export subsidy.</p>
<p>FEPD Circular No. 21: June 17, 2021</p> <p>Cash Incentive against export of Handicrafts (Elephant grass-Hogla, bagasse/coir, Tree leaves or shell/cortex, jute clothes of garments etc.)</p>	<p>Modern technology, if needed, is allowed to be used in producing handicrafts (Elephant grass-Hogla, bagasse/coir, Tree leaves or shell/cortex, jute clothes of garments etc.) by following existing National Industrial Policy to get cash incentive against export of such handicrafts.</p> <p>In this regard, uses of modern-technology-based machinery must be directly connected with appropriate physical labor. And the connection must be supported by the registration of Sponsoring Authority.</p>
<p>FEPD Circular No. 17: May 02, 2021</p> <p>Remittance facilities to e-commerce traders.</p>	<p>Authorized Dealers (ADs) may allow annual remittance facilities of USD 10,000 or its equivalent to a member firm of e-Commerce Association of Bangladesh (e-CAB) for meeting bonafide current expenses abroad through traditional banking channel or card channel. In this case, ADs may issue refillable international credit/pre-paid card with USD 2,000 to the nominated official of the</p>



	<p>remitter within the limit. Aggregate refills in cards and remittances by banking channel shall not exceed total limit of USD 10,000 in a calendar year.</p> <p>Outward remittances on account of royalty, technical knowledge/ technical know-how fee, technical assistance fee and franchise fee shall be guided by the guidelines of BIDA circulated vide FE Circular Letter No. 07 of April 11, 2021; and the aforementioned authorization will not be applicable for these purposes.</p> <p>Transactions under the authorization shall be executed by a single AD bank branch nominated by remitters. For any intended change of AD branch, the relevant files shall be transferred direct to the concerned new AD branch on written request by eligible firms.</p> <p>As usual, ADs shall comply with relevant instructions of GFET including deduction and payments of applicable taxes at sources, VAT and other levies, recommendation from e-CAB, reporting routine to Bangladesh Bank and so on.</p>
<p>FEPD Circular Letter No. 10: April 13, 2021 Payment of fees for webinar solution services to conduct virtual meetings.</p>	<p>The validity of the authorization for remittances on account of actual payments against relevant invoices of webinar solution services, subject to payment of applicable taxes/levies and online payments against such services through issuance of virtual card or one time card in the name of the nominated official of the applicant entities has been extended till 31 December, 2021.</p>
<p>FEPD Circular Letter No. 09: April 13, 2021 Release of foreign exchange for online study abroad.</p>	<p>ADs may continue to effect outward remittances on account of study abroad under online teaching arrangements for another two semesters/sessions subject to observance of usual regulatory instructions.</p>
<p>SMESPD Circular No. 06: June 23, 2021 Additional Refinance fund for COVID-19 affected Cottage, Micro, Small and Medium Enterprises (CMSME) sector under "COVID-19 Emergency and Crisis Response Facility Project (CECRFP, L0415-A)" funded by Asian Infrastructure Investment Bank (AIIB).</p>	<p>A loan agreement was signed by the Government of Peoples Republic of Bangladesh (GoB) with the Asian Infrastructure Investment Bank (AIIB) on February 26, 2021 to carry out COVID-19 Emergency and Crisis Response Facility Project (CECRFP) with a view to supporting credit expansion and reduce liquidity constraints of CMSMEs brought on by the COVID-19 pandemic. In pursuance of the Subsidiary Loan Agreement (SLA) signed between Finance Division of the Ministry of Finance and Bangladesh Bank (BB), Bangladesh Bank has been assigned the responsibility to carry out the said project. The project is aligned with the stimulus package for CMSMEs announced by the GoB amounting to BDT 200 billion (SMESPD Circular-01 dated 13 April, 2020) and Bangladesh Bank's refinance scheme amounting to BDT100 billion (SMESPD Circular-02 dated 26 April, 2020) and also aligned with the subsequent</p>

	<p>changes as made in different circular letters of SME&amp;SPD regarding Circular No-01/2020 &amp; Circular No-02/2020.</p> <p>2. The said refinance facility from AIIB amounting USD300 million (BDT. 2,520 Crore) is available to provide liquidity support to Banks and FIs parallel to BB's own refinance facility to CMSME stimulus package being implemented by Banks and FIs. Under this facility, the Participating Financial Institutions (referred to as PFIs) would be able to get additional refinance up to 50% of their lending under CMSME Stimulus Package, which would raise the facility up to 100% under the combination of AIIB facility and BB's own refinance scheme. This refinance facility would be operated as per Operations Manual (OM) attached herewith. However, the following main instructions will be followed to govern the AIIB funded refinance facility:</p> <p><b>a) Name of the Project:</b> COVID-19 Emergency and Crisis Response Facility Project (CECRFP) <b>b) Source of Fund:</b> Asian Infrastructure Investment Bank (AIIB). <b>c) Amount of Funds:</b> USD300 million (BDT. 2,520 Crore; USD 1=BDT. 84). <b>d) Period:</b> 03 (three) years. <b>e) Interest/Profit Rate:</b> The interest/profit rate will be 4% (Four Percent) for refinancing loan, which will be charged on quarterly basis (based on March, June, September and December). <b>f) Allocation of bank/FIs-wise Fund:</b> With reference to SMESPD Circular No. 01/2020 and subsequent changes there on, the refinance scheme will facilitate additional 50% fund under CMSME stimulus loan disbursement. The refinance facilities under this project will be provided based on „First Come First Serve“. <b>g) Eligibility Criteria of Participating Financial Institutions (PFI):</b> In order to be eligible for financing with proceeds of the project, a PFI must comply with the following criteria-</p> <ul style="list-style-type: none"> <li>i. License from Bangladesh Bank.</li> <li>ii. Minimum 3 years operational experiences.</li> <li>iii. Must be profitable for at least two consecutive calendar years/fiscal years including the latest one.</li> <li>iv. Must be CMSME stimulus package implementing bank or FI.</li> <li>v. Meet the minimum Capital Adequacy Requirement.</li> <li>vi. The percentage of NPL should not exceed 10% of loan portfolio (Excluding State owned banks).</li> <li>vii. Complied with Prudential Guidelines.</li> </ul> <p><b>h) PFI Agreement:</b> All eligible Banks and FIs must sign an agreement to avail the refinance facilities under this project. Banks/FIs have to follow the rules and regulations concerning to</p>
--	--

	<p>CMSME stimulus loan and refinance facility (SMESPD Circular No.01/2020, SMESPD Circular No.02/2020 and subsequent changes there on) and Operations Manual of the project. <b>i) Environmental and Social Risk Management issue:</b> All interested Banks and FIs are required to follow the Environmental and Social Risk Management (ESRM) guidelines of Bangladesh Bank while providing CMSME stimulus loan. <b>j) Procedure for loan application, refinance facilities:</b> Operations Manual of this project has to be followed for processing loan application, refinance facilities and loan recovery. <b>k) Recovery of Refinancing Loan (RL):</b> BB will realize the amount refinanced to a PFI along with applicable interest/profit/charges on maturity or completion of 1 year, whichever is earlier, from the date of refinance by debiting their current accounts maintained with the Motijheel Office of BB. 3. <b>l) Insufficient balance/fund:</b> At the time of recovery of refinanced facilities and accrued interest there on, Bank and FIs will be imposed 2% additional interest as penalty including interest for the delayed period for insufficient balance or fund in their current account maintained/held in Bangladesh Bank. <b>m) Document requisition and project inspection:</b> If necessary, Bangladesh Bank may ask for the documents and conduct on-site inspection before or after the approval of refinance facilities. <b>n) Deadline for submission of application:</b> Interested Banks and FIs to participate in this fund should apply as per the application format annexed with this circular by 15 July, 2021. <b>o) Other instructions:</b> 1) Bangladesh Bank will charge 2% penal interest if refinance under this project is used for any other purpose except the scope of SMESPD circular No. 01/2020 and subsequent changes there on. 2) All responsibilities will be borne by the participating banks/FIs for loan recovery from end borrowers. 3) All participating banks/FIs have to submit periodic statement as specified by Bangladesh Bank related to the refinance scheme under this project.</p>
<p>SMESPD Circular No. 05: May 09, 2021 Regarding Policy of Credit Guarantee Scheme for Cottage, Micro and Small Enterprises (CMSE)</p>	<p>The Manual of Credit Guarantee Scheme allows Women-owned Cottage, Micro and Small Enterprises (CMSE) to get priority to obtain CGS facility. As per the above instruction, to ensure collateral free loan/investment for Women-owned Cottage, Micro and Small Enterprises (CMSE), henceforth the PFIs have to earmark at least 5% (Five percent) of their Portfolio Guarantee Limit (PGL).</p>
<p>SMESPD Circular Letter No. 05: April 26, 2021</p>	<p>Scheduled banks shall establish their own “Start-up Fund” by transferring 1% fund from their annual net-operating profit. They shall preserve 1% fund from their yearly net-operating profit (as per</p>

Establishment of own ‘Start-up Fund’ by Scheduled Banks	audited financial statement) each year from 2021 to subsequent 5 (five) years for the start-ups assuming 2020 as base year. They shall start mandatorily transferring 1% fund from their net-operating profit while finalizing December/2020-based annual accounts.
<p>SMESPD Circular Letter No. 04: April 19, 2021</p> <p>Establishment of Refinance Fund titled “Start-up Fund” amounting BDT 500 (Five Hundred) Crore by Bangladesh Bank</p>	<p>Bangladesh Bank established a refinance scheme titled “Start-up Fund” worth BDT 500 (five hundred) crore as per SMESPD Circular Letter No. 04, dated March 19, 2021. Under the scheme, all state-owned commercial banks/specialized banks are eligible to avail the refinancing facility from the BB.</p> <p>Private commercial banks are allowed to avail the privilege subject to the compliance of the following:</p> <ol style="list-style-type: none"> <li>1. Maintain the rate of classified loan/investment within maximum 10%;</li> <li>2. Maintain the margin of capital adequacy, Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) set by the BB;</li> <li>3. Comply with the regulations/policies regarding maximum limit of loan/investment facility offered to a single borrower institution or group;</li> <li>4. Ensure the compliance of rules-regulations regarding appropriate risk management and money laundering prevention; and</li> <li>5. Have minimum 01 (one) year of banking experience.</li> </ol> <p>Refinancing facility shall be considered for banks-failed to comply with the aforementioned criteria- subject to prior-permission from the BB.</p> <p>Participating banks shall have to offer a Demand Promissory Note- to remain effective as current collateral- to the BB equivalent to the refinance in each phases of refinancing.</p> <p>If the installment of refinance, to be paid by the participating banks, becomes overdue because of inadequate balance maintained in the current account with the BB, the BB shall charge 1.5% single-time fine on the overdue-installment during the period.</p> <p>If any loan/investment provided to a borrower against the refinance is adjusted advance or premature, the same shall have to be informed to the BB and the participating banks shall have to initiate refunding or adjusting the refinancing received from the BB. In case of failure of apprising or misinformation regarding the refinance fund, the BB shall realize 1.5% one-time fine on the amount of refinancing from the current account of the participating bank maintained with the BB.</p>



Bangladesh Bank welcomes suggestions and comments for improvement of the contents and form of this publication. Comments and suggestions may be sent to:  
ezazul.islam@bb.org.bd; gm.ceu@bb.org.bd

**Website : [www.bb.org.bd](http://www.bb.org.bd)**

---

Published by : G.M. Abul Kalam Azad, General Manager, Department of Communications and Publications, Bangladesh Bank, Head office, Dhaka, Bangladesh, website : [www.bb.org.bd](http://www.bb.org.bd), Printed by Meghna Printers, 16 Nilkhet, Kataban, Dhaka-1205.

DGP-10-2021-300

Price : Tk. 50.00; US\$ : 5.00