

BANGLADESH BANK

Website:www.bb.org.bd

Head Office
Post Box No.-325
Dhaka.

Department of Off-Site Supervision

DOS Circular No.-01

Date:19/01/2014

Chief Executives
All Scheduled banks in Bangladesh

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

All scheduled banks in Bangladesh have to maintain Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) in Compliance with the instructions given in clause (1) of Article 36 of Bangladesh Bank Order, 1972 (as amended upto 2003) and clause (1) of section 33 of 'ব্যাংক-কোম্পানী আইন, ১৯৯১ (২০১৩ পর্যন্ত সংশোধিত)' respectively. Pursuant to the recent amendment of section 33 of 'ব্যাংক-কোম্পানী আইন, ১৯৯১, and in order to facilitate the maintenance of CRR and SLR by the scheduled banks, and to clarify some related topics the following instructions are being issued:

1. (a) Cash Reserve Ratio (CRR):

Every scheduled bank has to maintain a balance in cash with BB the amount of which shall not be less than such portion of its total demand and time liabilities as prescribed by BB from time to time, by notification in the official Gazette.

BB may also prescribe the procedure of maintenance of cash reserve pursuant to its monetary policy objectives.

At present, the required CRR is 6% on bi-weekly average basis of the average total demand and time liabilities (ATDTL) with a provision of minimum 5.5% on daily basis of the same ATDTL. Banks are advised to follow the circular issued by Monetary Policy Department of BB in this regard.

(b) Components of Cash Reserve:

At present, banks are allowed to maintain cash reserve with local currency (Taka) only. The day end balances of the Taka current accounts maintained with different offices of BB will be aggregated to compute the maintained cash reserve of the day.

The balance so maintained shall be un-encumbered in all aspect. The encumbered (lien against discounting facility, etc. and capital lien in case of foreign banks) portion of the balance will be deducted while computing both the maintained amount and excess of cash reserve.

2. (a) Statutory Liquidity Ratio (SLR):

Every scheduled bank has to maintain assets in cash or gold or in the form of un-encumbered approved securities the market value of which shall not be less than such portion of its total demand and time liabilities as prescribed by BB from time to time.

BB may also prescribe the procedure of determination of assets and liabilities and percentages of maintainable assets in different classes.

At present, the required SLR is 13% daily for conventional banks and 5.5% daily for Islamic Shari'ah based banks and Islamic Shari'ah based banking of conventional banks of their average total demand and time liabilities. Banks are advised to follow the circular issued by Monetary Policy Department of BB from time to time in this regard.

(b) (i) Components eligible for calculation of Statutory Liquidity Reserve:

The eligible components for maintaining Statutory Liquidity Reserve are cash in tills (both local and foreign currency), gold, daily excess reserve (excess of Cash Reserve) maintained with BB, balance maintained with the agent bank of BB and un-encumbered approved securities as defined in section 5 clause 'ka' of 'ব্যাংক-কোম্পানী আইন, ১৯৯১(২০১৩ পর্যন্ত সংশোধিত)', credit balance in Foreign Currency Clearing Account maintained with BB.

Daily excess of Cash Reserve (if any) will be calculated using the following formula:

Daily excess of Cash Reserve = (Day-end balance of un-encumbered cash maintained in Taka current accounts with BB – Required cash reserve on Bi-weekly average basis).

(ii) Guidelines for use of Foreign Currency from Foreign Currency Clearing Account for SLR purpose:

Banks may use foreign currency from Foreign Currency Clearing Account maintained with BB for SLR purpose as long as there is credit balance in the account. However, no interest will be paid on the used portion of foreign currency. Forex Reserve and Treasury Management Department (FRTMD) of BB will credit interest on the balance held in the account as usual. After getting the certification from Department of Off-site supervision (DOS) regarding the actual amount of foreign currency used for SLR purpose, FRTMD will adjust (if required) the interest amount.

Banks should take utmost care while reporting the use of foreign currency in DB-5fc statement as any misreporting regarding the amount of foreign currency used for SLR purpose will attract a penalty two times of the amount of interest already credited for the misreported amount along with reversal of the interest credited.

3. Computation of Demand and Time Liabilities:

For the purpose of maintenance of CRR and SLR, demand and time liabilities should include all on-balance sheet liabilities excluding the items listed below:

- a) Paid up capital and reserves;
- b) Loans taken from BB;
- c) Credit Balance in Profit and Loss account;
- d) Inter-bank items;
- e) Repo, Special Repo and any kind of Liquidity Support taken from BB.

A list of components, (which are not limited to) is attached with this circular (Annex-1). Banks are advised to approach BB for any doubt in reckoning a particular liability as demand or time liability for CRR and SLR computation.

4. Classification and valuation of SLR eligible securities:

Banks shall follow the instructions of DOS Circular Letter No.05/2008, DOS Circular Letter No.05/2009 and DOS Circular Letter No.21/2009 for classification and valuation of SLR eligible securities held under different portfolios.

The maximum limit of holding approved Securities under Held to Maturity (HTM) portfolio were prescribed in DOS Circular Letter No.05/2008 and in the subsequent amendments by DOS Circular Letter No.17/2011, and DOS Circular Letter No.24/2011. However, the maximum limit is re-set as under which will be effective from February 01, 2014:

For all non-Primary dealer banks: 110% of SLR

For all Primary dealer banks: 125% of SLR

Instructions of DOS Circular Letter No-21/2009 and DOS Circular Letter No.-02/2012 will remain valid until further notification.

5. Submission of Reports regarding maintenance of CRR and SLR:

Banks shall submit hard copies of the monthly statements of "Maintenance of CRR", DB-4(C), DB-4(I), DB-5(C) and DB-5(I) along with the soft copies of others regarding monthly position of maintenance of CRR and SLR in the newly prescribed formats (attached) to Department of Off-site Supervision (DOS) within the 10th of the following month. The Reporting Formats attached with DOS Circular Letter No.05/2008 has been amended and the new formats will be effective from February 01, 2014. The soft copies of the formats are available for collection from DOS.

6. Penalties:

(a) Penal Interest (Bank Rate plus 5%) and Penalty will be charged according to the instructions of Bangladesh Bank Order, 1972 and DOS Circular No. 03/2010 for CRR related issues.

(b) Penalty will be charged at the prevailing Special Repo Rate on the amount by which the SLR falls short daily.

(c) Delay submission of statement regarding maintenance of CRR and all other statements regarding maintenance of SLR will attract daily penalty as stated in clause (6) of Article 36 of Bangladesh Bank Order, 1972 and clause (11) of section 109 of ' ব্যাংক-কোম্পানী আইন, ১৯৯১ (২০১৩ পর্যন্ত সংশোধিত)' respectively.

7. Effectiveness:

The instructions of this circular will become effective from February 01, 2014. Accordingly, DOS Circular Letter No.17/2011 and DOS Circular Letter No.24/2011 shall be considered void, and DOS Circular Letter No.05/2008, where applicable, shall be considered amended, from February 01, 2014.

Please acknowledge receipt.

Sincerely yours,

Sd./-

(S. M. Rabiul Hassan)
General Manager
Phone: 9530093

List of Demand and Time Liabilities

Various items of demand and time liabilities which are reckonable for the computation of required CRR and SLR are listed below. The items listed are generic in nature and are applicable for both Conventional and Islami banking.

Demand Liabilities:

(a) Demand Deposits (General)

- i) All Current Accounts except from banks.
- ii) All Cash Credit Accounts (Credit Balances)
- iii) Demand Portion of savings bank Accounts.
- iv) Overdue Fixed Deposits accounts.
- v) Call Deposits accounts other than from banks (on Demand)
- vi) Unclaimed balance accounts.
- vii) Interest accrued on above accounts.
- viii) All other Deposits payable to public on demand e.g.
 1. Outstanding Bills.
 2. Payment Orders.
 3. Telegraphic Transfers & M.T.
 4. Outstanding Drafts.
 5. Drafts payable Account.
 6. Demand Drafts.
 7. Hajj Deposits.
 8. Bonus scheme Remittances Payable.
 9. Branch Remittances Payable.
 10. Bills Payable.
 11. Certificates Payable.
- ix) Foreign Currency Deposit account
- x) Unsold balance of NFCD account.
- xi) Convertible Taka account.

(b) Other Demand Liabilities.

- i) Margin on L/ cs.
- ii) Margin on Guaranties.
- iii) Lockers Key Security Deposits.
- iv) Unclaimed Dividend/ Dividend Payable
- v) Credit Balance and adjustment account.
- vi) Security Deposit accounts (amount deposited by Supplier of stationery and furniture etc. as security).
- vii) Sundry Deposits accounts.
- viii) Any other miscellaneous deposits payable on demand.

Time Liabilities:

(a) Time Deposits (General).

- i) Fixed Deposits from Customers other than from banks.
- ii) Special Notice Deposits other than those from other banks.
- iii) Time portion of the savings bank deposits.
- iv) Short term Deposit accounts.
- v) Recurring Deposits
- vi) Interest accrued on all above accounts.

(b) Other Time Liabilities.

- i) Employees' Provident Fund Accounts.
- ii) Staff Pension Fund.
- iii) Employees' Security Deposits.
- iv) Staff Guarantee or Security Fund.
- v) Contribution towards Insurance Fund.
- vi) Any other miscellaneous liabilities payable on notice or after a specified period.
- vii) Margin account- Foreign Currency.
- viii) Liabilities towards Foreign banks/ Correspondence bank.
- ix) Bi-lateral trade liabilities.

Statement Regarding Maintenance of CRR(C)
 Submitted under Article 36(3) of Bangladesh Bank Order, 1972
 (To be submitted monthly within the 10th of the following month)

Name of the Bank:						
						Figure in Thousand
Date	Daily Minimum Required CRR	Balance with Bangladesh Bank in TK. Current a/c	Excess /Shortfall	Bi-weekly average Required CRR	Daily Excess Reserve	Bi-weekly excess/shortfall
a	b	c	d = c - b	e	f = c - e	
1st Bi-week						
			0		0	0
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
2nd Bi-week						
			0		0	0
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	

ID No:
 Name:
 Designation:
 Phone:
 Mobile No:

ID No:
 Name:
 Designation:
 Phone:
 Mobile No:

Statement Regarding Maintenance of CRR(I)
 Submitted under Article 36(3) of Bangladesh Bank Order, 1972
 (To be submitted monthly within the 10th of the following month)

Name of the Bank:						
						Figure in Thousand
Date	Daily Minimum Required CRR	Balance with Bangladesh Bank in TK. Current a/c	Excess /Shortfall	Bi-weekly average Required CRR	Daily Excess Reserve	Bi-weekly excess/shortfall
a	b	c	d = c - b	e	f = c - e	
1st Bi-week						
			0		0	0
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
2nd Bi-week						
			0		0	0
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	
			0		0	

ID No:
 Name:
 Designation:
 Phone:
 Mobile No:

ID No:
 Name:
 Designation:
 Phone:
 Mobile No:

STATEMENT DB-4(C)

Thursday Positions of Demand And Time Liabilities (For Conventional Banking)
Submitted Under Bank Company Act, 1991 and Bangladesh Bank Order, 1972

Bank Name:	Month Year 	Branches:	
No. of Weeks reported:			Tk in '000
DATE:			

						ATDTL
A. Demand Liabilities:						#DIV/0!
1. Customer Deposit						#DIV/0!
2. Deposit From Banks						
3. Borrowing From Banks						
4. Deposit From Financial Institution						#DIV/0!
5. Borrowing From Financial Institution						#DIV/0!
6. Other Demand Liabilities						#DIV/0!
Sub-Total	0	0	0	0	0	
i) Sub-Total of Countable Demand Liabilities (1+4+5+6)	0	0	0	0	0	#DIV/0!
B. Time Liabilities:						
1. Customer Deposit						#DIV/0!
2. Deposit From Banks						
3. Borrowing From Banks						
4. Deposit From Financial Institution						#DIV/0!
5. Borrowing From Financial Institution						#DIV/0!
6. Other Time Liabilities						#DIV/0!
Sub-Total	0	0	0	0	0	
ii) Sub-Total of Countable Time Liabilities (1+4+5+6)	0	0	0	0	0	#DIV/0!
Total of Countable Liabilities (i+ii)	0	0	0	0	0	#DIV/0!

C. Statutory Reserve Obligations for the month of :			Year	
1. Daily minimum cash reserve to be maintained @			amount	#DIV/0!
2. CRR (average daily on bi-weekly basis) @			amount	#DIV/0!
3. SLR on daily basis @			amount	#DIV/0!

ID No.
Name:
Designation:
Phone:
Mobile No.

STATEMENT DB-4(I)

Thursday Positions of Demand And Time Liabilities (For Islamic Banking)
Submitted Under Bank Company Act, 1991 and Bangladesh Bank Order, 1972

Bank Name:	Month Year 	Branches:	
No. of Weeks reported:	4		Tk in '000
DATE:			
A. Demand Liabilities:			ATDTL
1. Customer Deposit			0
2. Deposit From Banks			
3. Borrowing From Banks			
4. Deposit From Financial Institution			0
5. Borrowing From Financial Institution			0
6. Other Demand Liabilities			0
Sub-Total	0	0	0
i) Sub-Total of Countable Demand Liabilities (1+4+5+6)	0	0	0
B. Time Liabilities:			
1. Customer Deposit			0
2. Deposit From Banks			
3. Borrowing From Banks			
4. Deposit From Financial Institution			0
5. Borrowing From Financial Institution			0
6. Other Time Liabilities			0
Sub-Total	0	0	0
ii) Sub-Total of Countable Time Liabilities (1+4+5+6)	0	0	0
Total of Countable Liabilities (i+ii)	0	0	0

C. Statutory Reserve Obligations for the month of :		Year		
1. Daily minimum cash reserve to be maintained @		amount		0.00
2. CRR (average daily on bi-weekly basis) @		amount		0.00
3. SLR on daily basis @		amount		0.00

ID No.
Name:
Designation:
Phone:
Mobile No.

