



Bangladesh Bank Quarterly

January-March, 2021
Volume XVIII, No. 3



Bangladesh Bank Quarterly

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Economic and Financial Developments

Executive Summary

Despite continued onslaught of the COVID-19 pandemic, some signs of economic recovery have been observed in Q3FY21, supported by well-coordinated fiscal and monetary policy measures. The agriculture sector, less affected by the pandemic, witnessed a solid performance during this quarter. The industry sector experienced a rebound of production on the back of improving domestic and external demand during the period. Service sector activities also advanced, reflected in a rise in credit flow to trade and commerce subsector and increasing mass-mobility including a rush in domestic tourism destinations. Moreover, a strong growth in the imports of consumer and intermediate goods and capital machinery also reflected in increased domestic demand for consumption and investment. The domestic demand was also fuelled by a hefty remittance inflow during the first nine months of FY21.

Headline CPI inflation (point-to-point) edged up to 5.47 percent in Q3FY21 from 5.29 percent in Q2FY21, driven by both food and non-food inflation. A surge in prices of rice and edible oils and fats pushed food inflation up to 5.51 percent in March 2021 from 5.34 percent in December 2020, while a rise in medical care and health expenses and transportation and communication cost contributed to move up non-food inflation to 5.39 percent during this quarter from 5.21 percent in Q2FY21. Nonetheless, twelve-month average CPI inflation moderated to 5.63 percent in Q3FY21 from 5.69 percent in Q2FY21.

Despite a strong growth in remittance inflow (29.7 percent), a faster rise in imports than exports led to a deficit of USD 3.98 billion in the current account balance in Q3FY21 from surpluses in the last two quarters. However, the overall balance of payment recorded a surplus of USD 835 million on the back of a strong financial inflow in the form net inflows of foreign direct investment, medium- and long-term foreign borrowings, and net trade credit. A net purchase in the foreign exchange market by Bangladesh Bank (BB) kept nominal exchange rate of BDT against USD stable in Q3FY21, while gross foreign exchange reserve piled up to USD 43.4 billion—equivalent to almost a near of seven-month imports coverage.

As the growth of net domestic asset (NDA) decelerated, M2 growth moderated to 13.21 percent (y-o-y) in Q3FY21 from 14.23 percent in Q2FY21, although net foreign assets (NFA) continued to register robust growth. Despite a rise in domestic credit growth (11.4 percent), NDA growth moderated to 8.74 percent in March 2021 from 9.94 percent in December 2020. However, private sector credit growth inched up to 8.79 percent in Q3FY21 from 8.37 percent in Q2FY2. Excess liquidity in banking system piled up because of higher deposit growth over lower credit growth during the quarter. The overall performance of the banking sector witnessed a mixed trend in Q3FY21 reflected in an improvement in capital adequacy and a solid position in liquidity condition, although experiencing an impaired profitability due to slower credit activities and prevailing low lending interest rate. On the other hand, capital market buoyed in Q3FY21 in terms of a noteworthy rise in turnover and market capitalization, supported by low interest rate and ample liquidity in the banking system.

Looking ahead, the broad based recovery of economic activities is likely to continue in near future. But headwinds from the second wave of the COVID-19 restrictions measures may pose some downside risks. The ongoing easy monetary and expansionary fiscal policies along with implementation of stimulus packages may contribute to achieving targetted real GDP growth with a tolerable inflation rate in FY21.

I. Real Economy

1.1 The nascent recovery observed in the first two quarters of FY21 from the COVID-19 fallout accelerated further in Q3FY21. The recovery was favored by the regaining of business and consumer confidence on the back of improving COVID situation until mid-March 2021 and the launching of vaccination on the one hand, and continued coordinated policy-supports from fiscal and monetary sides on the other. During Q3FY21, sustained activities in agriculture sector and rebounded industrial production continued which were benefited from both domestic demand boosted by low interest rates and strong remittance inflows and external demand revitalized by the resumption of business activities in major export destinations. A rise in credit flow to trade and commerce as well as an increase in travel and tourism activities such as countrywide mass-mobility including a rush into domestic tourism destinations are indicative of the recovery of domestic economic activities in the services sector. At the same time, a 32.3 percent strong growth in imports, which is higher than pre-pandemic levels, and where the imports of consumer and intermediate goods hold the largest share (61 percent), also showed the strength and improvement of domestic demand for consumption and investment during this quarter.

Chart I.1: Growth of Real GDP (In percent)

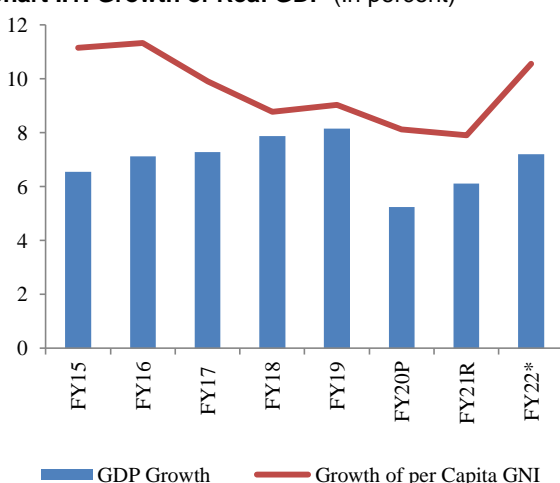
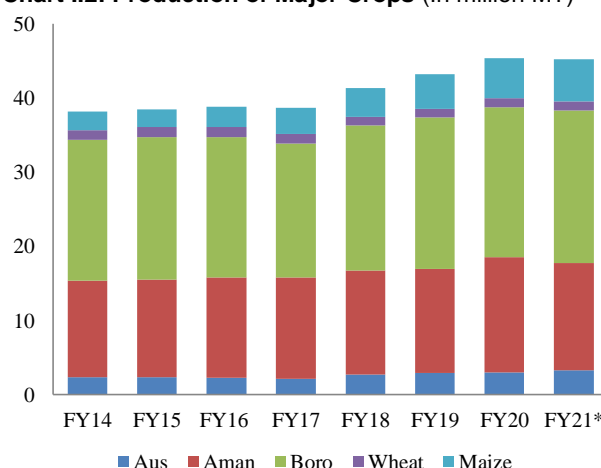


Chart I.2: Production of Major Crops (In million MT)



P = provisional, R= Revised Target, * Projection.

Source: Bangladesh Bureau of Statistics (BBS); Budget Speech 2021-22, Ministry of Finance.

* Target for FY21 set by DAE.

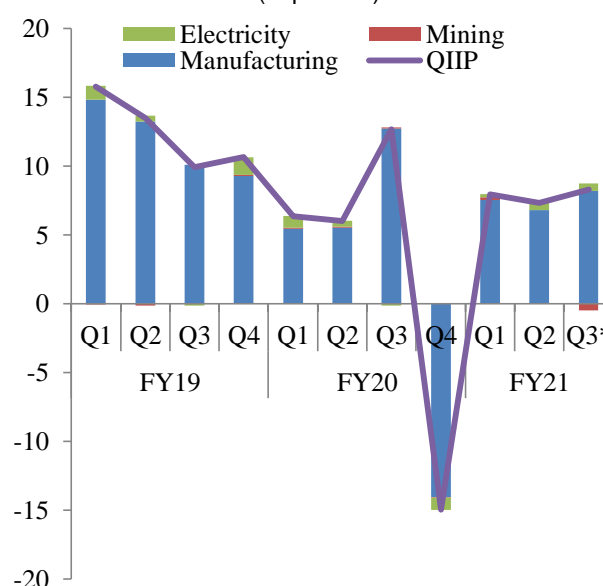
Source: Department of Agricultural Extension (DAE).

1.2 *Boro* rice which is the main crop of the food grains production was cultivated in higher than targeted acreage in FY21. Although the finalized production data are not available yet, the production of *boro* rice is suspected to experience a substantial crop loss due to spikelet sterility in rice caused by a heat-wave that swept through several districts including some parts of the *haor* region in April 2021. Auspiciously, *Aus* rice performed better with a production of 3.3 million metric ton (MMT) which was 9.05 percent higher than last year's production (Chart I.2). However, production of *aman* rice, the second-biggest crop of the country after *boro*, declined because of recurrent floods and excessive rainfalls in several districts of the North Bengal region. Among other crops, jute, maize, gram, mustard and vegetables witnessed higher growth of actual production in FY21 despite failing to achieve both the

targeted acreage and targeted production for FY21. The overall production of the major crops was lower in FY21 than in FY20 as per the Department of Agricultural Extension (DAE) (Table I.4 in appendix). Besides, data showed that 3.4 million metric ton (MMT) onion was produced with a hefty growth (y-o-y) of 31.31 percent which could be perceived following the trend of unexpected price hike in the last season. The growth of credit to agriculture was 13.3 percent (y-o-y) which signals future prospects of this sector (Table I.9 in appendix). Apart from crops, other farming activities were vibrant due to timely supply of inputs and finance.

I.3 The growth of the industrial production in the Q3FY21 (8.27 percent) was mostly owing to favorable demand side factors such as higher remittance inflow, substantial credit to trade and commerce, and consumer finance. A steady growth (8.76 percent) of manufacturing output emerged mostly from manufacturing of textile (14.47 percent), leather and leather products (56.38 percent), pharmaceuticals (15.25 percent), chemical and chemical product (18.46 percent), non-metallic mineral product (14.67 percent), and electrical equipment (368.21 percent) (Table I.1). Lower rate of COVID infection and higher rate of realization of the stimulus packages would have positive impacts on industrial sector in the period under observation. Strong growth in electricity generation (12.20 percent), iron and steel production (11.29 percent) and cement production (19.16 percent) signaled rebounding economic activities supported by both public and private construction projects. The industry sector is likely to gear up its performance as the government has been addressing the challenges against the current wave of COVID and lockdown inflicted damages, ensuring better business environment and greater financial policy supports.

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

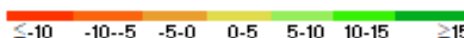


*Based on data available for January 2021.

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

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

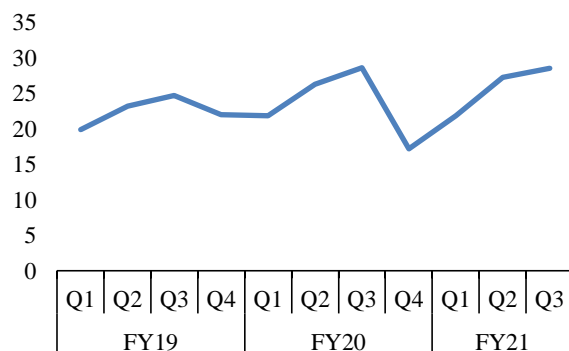
	Weight	FY19		FY20				FY21		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*
General Index of Manufacturing	100	11.0	10.2	6.0	6.9	7.7	-16	8.3	7.3	8.8
Food products	10.8	8	10	17	11	17	5	-4	6	0
Beverage	0.3	3	54	6	45	18	-50	11	13	37
Tobacco product	2.9	-26	0	5	2	1	10	-11	-7	-5
Textile	14.1	2	7	16	22	17	2	17	6	14
Wearing apparel	34.8	12	7	-1	-9	-8	-50	3	-4	-3
Leather and related product	4.4	14	6	2	-5	2	-1	63	35	56
Wood and product of wood and cork	0.3	5	6	7	8	5	5	5	41	55
Paper and paper products	0.3	1	1	1	8	5	10	14	-7	-17
Printing and recorded media	1.8	12	11	11	15	14	14	11	16	16
Coke and refined petroleum product	1.3	-1	-1	6	-41	-51	-60	-6	83	18
Chemical and chemical product	3.7	34	29	-27	-4	-4	-3	43	8	18
Pharmaceuticals products	8.2	27	26	12	52	36	32	14	14	15
Rubber and plastic products	1.6	6	6	6	6	2	-14	-8	-8	0
Non-metallic mineral product	7.1	10	12	11	19	27	-6	5	9	15
Basic metal	3.2	-1	-1	1	4	4	-38	-15	2	-10
Fabricated metal product	2.3	8	9	2	6	6	-13	47	51	53
Computer and electronic products	0.2	72	44	93	70	10	-65	-11	-19	-18
Electrical equipments	0.7	-11	34	-1	-26	-8	-21	121	249	368
Machinery and equipments	0.2	11	19	25	20	24	7	3	2	2
Motor vehicles and trailers	0.1	119	-38	-36	-67	-51	-57	-61	-64	-19
Transport equipment	0.7	-2	1	11	22	4	-15	13	4	19
Furniture	0.9	5	0	1	-3	-1	-16	-16	-5	34



*Based on data available for January 2021.

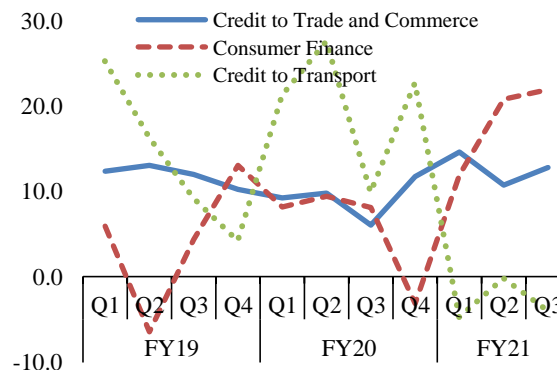
Source: BB staff's calculation based on BBS data.

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.

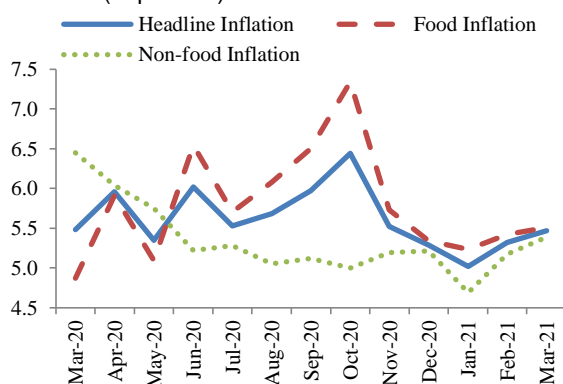
I.4 Service sector performed reasonably well in Q3FY21, reflected in various proxy indicators such as cargo handling through Chattogram port and credit growth to trade financing and other activities. The trend of total cargo handled through Chittagong port remained increasing though observed a slight y-o-y negative growth. Among other indicators, bank credit to trade and commerce increased by 12.77 percent in Q3FY21 as compared to 10.69 percent growth in Q2FY21. Nevertheless, credit to transport sector declined further by registering a 4.03 percent negative growth in Q3FY21 which reflects that the transport sector has been badly affected by the pandemic.

I.5 Recoveries of Bangladesh economy confronted new headwinds from increasing infection rate of coronavirus and associated restrictions measures to check the new surge since April 2021. It is expected that expansionary monetary policy measures would continue in tandem with enhanced targeted fiscal interventions and support packages to mitigate negative impacts of COVID-19 during remaining months towards achieving country's revised GDP growth target at 6.1 percent for FY21.

II. Price

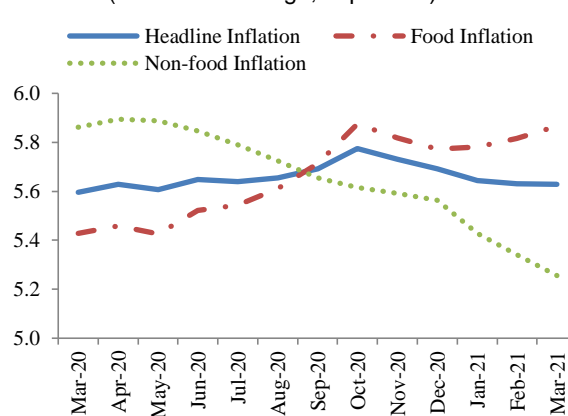
2.1 The falling trend in headline CPI inflation (point-to-point) since October 2020 reversed from January 2021 but remained broadly stable in Q3FY21, although there was a slight rising trend in February and March 2021. The inflation declined to 5.02 percent in January 2021 from 5.97 percent in September 2020, afterwards, it started edging up and reached 5.47 percent in March 2021 (Chart II.1). The rise in the headline CPI inflation was contributed by a spike in both food and non-food inflation during the quarter. Nevertheless, the 12-month average CPI inflation moderated to 5.63 percent in Q3FY21 from 5.69 percent in Q2FY21 (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) which had maintained a declining trend since November 2020, inched up only in the last two months of Q3FY21. The food inflation was 5.73 percent in November 2020, decreased gradually until January 2021 at 5.23 percent and then, nudged upward and reached 5.51 percent in March 2021. The rise in food inflation was partly attributed to the crop loss from weather-related disruptions, the upturn in the global food prices and an increase in wage rate. Moreover, an increase in prices of rice, edible oils and fats expedited somewhat the momentum of food inflation in this quarter (rice alone weighs two-fifths of the food basket and is, therefore, an important driver of inflation). On the other hand, prices of vegetable declined in this quarter after remaining high during July to December 2020. In addition, prices of fish (fresh) and dry fish, fruits, and spices continued to remain in the negative territory during the quarter under review (Chart II.3).

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

	WEIGHTS	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Headline	100.00	5.48	5.96	5.35	6.02	5.53	5.68	5.97	6.44	5.52	5.29	5.02	5.32	5.46
Food, Beverage and Tobacco	56.18	4.87	5.91	5.09	6.54	5.70	6.08	6.50	7.34	5.73	5.34	5.23	5.42	5.51
1. Food	52.17	4.70	5.70	4.85	6.59	5.82	6.42	7.15	9.05	6.56	6.12	5.69	5.41	5.86
(a) Cereals	21.62	3.52	12.13	10.46	12.10	12.20	11.98	16.19	21.05	20.19	17.99	22.31	22.39	18.49
(i) Rice	20.31	3.36	12.48	10.78	12.87	12.97	12.70	17.18	22.65	21.72	19.39	23.73	23.77	19.61
(ii) Other Cereals	1.30	6.28	6.31	5.53	0.37	0.72	0.70	0.74	-3.41	-3.43	-4.24	-0.35	0.06	-0.28
(b) Pulses:	1.51	22.7	43.5	39.1	28.5	29.7	24.9	22.1	11.7	15.3	3.4	1.2	1.2	-4.1
(c) Fish (fresh) & dry fish	6.98	-5.8	-7.1	-6.6	-8.9	-9.8	-10.3	-10.6	-19.9	-5.3	-8.3	-6.7	-7.2	-7.8
(d) Eggs and Meat	4.94	5.0	4.1	5.1	4.6	6.1	5.4	4.2	3.9	5.5	4.2	4.3	5.6	5.3
(e) Vegetable	4.78	-4.9	-19.6	-16.2	4.7	1.4	15.4	18.8	39.3	26.2	15.2	-2.8	-10.1	2.4
(f) Fruits	1.85	10.9	7.0	-0.8	5.7	9.5	-3.5	-4.9	-3.6	-1.9	-0.7	-0.8	4.6	-0.5
(g) Spices	4.29	32.8	29.5	26.7	17.8	11.7	12.4	4.7	3.5	-23.1	-9.7	-14.3	-15.4	-8.9
(h) Edible oils & fats	1.93	2.0	6.9	6.9	5.3	4.4	4.1	3.9	4.2	5.8	6.7	17.9	18.4	16.8
(i) Milk and milk products	2.05	8.1	2.9	1.4	2.3	-0.7	-1.7	-1.8	-1.3	-1.5	-0.4	1.5	2.8	1.5
(j) Miscellaneous food items	2.24	10.3	12.0	10.3	9.8	9.2	7.7	6.5	3.3	-4.0	-4.1	-1.4	0.2	0.0
2. Beverage	1.34	2.1	2.0	2.0	2.0	-0.1	-0.2	-0.2	-0.2	0.0	0.0	3.3	9.7	6.9
3. Tobacco & Products	2.67	7.1	8.8	8.0	6.9	5.6	3.9	1.4	-8.0	-1.8	-1.7	0.9	4.7	1.8
Non-food	43.82	6.4	6.0	5.8	5.2	5.3	5.1	5.1	5.0	5.2	5.2	4.7	5.2	5.4
I. Clothing and Footwear	6.84	4.9	3.6	1.6	1.7	1.7	1.5	1.3	1.3	1.3	1.2	3.5	3.8	4.2
II. Rent, Fuel & Lighting	14.88	7.7	7.7	7.7	7.2	6.1	5.9	6.0	5.6	5.7	5.8	2.2	1.9	1.6
III. Household Furniture, operations and repairing	4.73	7.1	6.8	6.7	4.2	4.8	5.5	4.5	4.5	4.9	4.3	4.2	5.2	6.0
IV. Medical Care & Health Expenses	3.47	7.9	8.0	10.6	10.2	10.3	8.4	8.7	8.6	8.6	8.7	7.0	7.7	7.6
V. Transport and Communication	5.80	5.4	5.0	4.5	4.2	5.6	5.3	6.2	6.3	6.7	7.0	8.1	9.2	9.7
VI. Recreation & Educational Expenses	4.28	1.5	1.3	1.3	1.2	1.2	1.1	1.3	1.1	1.1	1.2	1.8	2.3	2.6
VII. Miscellaneous Goods & Services	3.82	9.0	8.4	8.4	7.9	9.5	8.8	9.3	9.4	9.7	10.1	11.3	12.9	13.6

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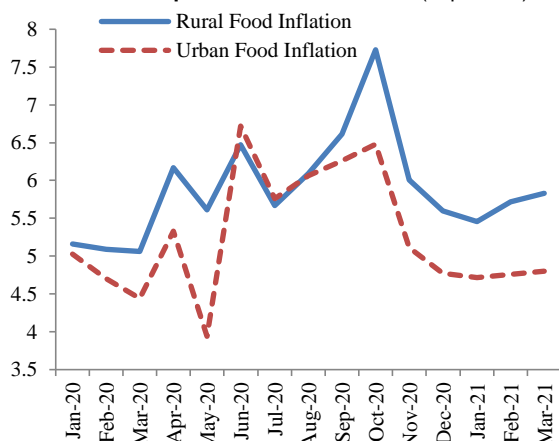
Source: BB staff's calculation based on BBS data.

2.3 The non-food inflation (point-to-point), which had been on a declining trend for couple of quarters, exhibited a slight upward movement during Q3FY21, particularly in the last two months of the quarter. The non-food inflation recorded at 5.21 percent in December 2020, came down to 4.69 percent in January 2021 and then marginally climbed to 5.17 and 5.39 percent in February and March 2021, respectively. Among non-food items, prices for clothing and footwear, household furniture, operations and repairing, and recreation and educational expenses witnessed a substantial rise, reflecting a slow revival of demand. Moreover, cost of transportation and communication increased more than 8.0 percent in last three months in a row and reached 9.72 percent in March 2021, reflecting increased costs for extra safety measures of social distancing taken to limit the spread of coronavirus. Although inflation rate of medical care and health expenses declined during this quarter as compared to the previous quarter, it still continued to be above 7.0 percent in the months of Q3FY21, indicating a higher spending to limit the spread of coronavirus (Chart II.3).

2.4 The gap between rural and urban food inflation further widened during Q3FY21 (Chart II.4). Rural food inflation had an uptrend during the three months of Q3FY21 and recorded at 5.83 percent in March 2021, 1.03 percentage points higher than that of the urban area for the same month. The higher food inflation in rural areas reflects increased demand as a large number of people shifted to rural areas because of sudden job loss in urban areas during the pandemic period and received financial benefits under stimulus package. On the other hand, the urban non-food inflation increased significantly to 5.03 percent at the end of Q3FY21 as compared to 4.67 percent at the end of Q2FY21, though there was a drop of 4.15 percent in January 2021. Besides, urban non-food inflation decreased slightly from 5.93 percent in December 2020 to 5.87 percent in March 2021 in the midst of some

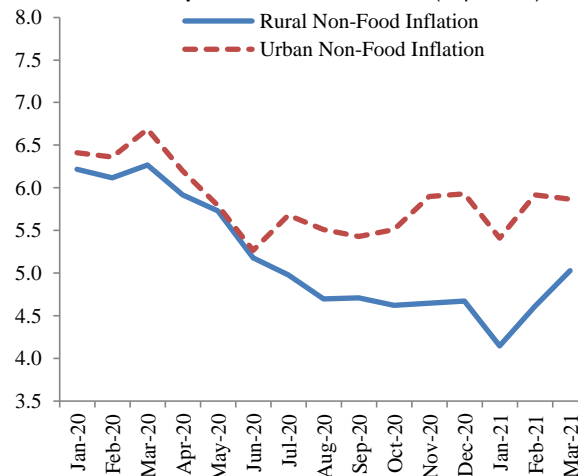
fluctuations during the months of Q3FY21. Higher increases of rural non-food inflation as compared to urban non-food inflation reduced the gap between the two as evident in Chart II.5. Non-food inflation for both rural and urban areas reflected higher inflation in transport and communication, medical care and health expenses, and household furniture operation and repair.

Chart II.4 Point to point CPI Food inflation (In percent)



Source: Bangladesh Bureau of statistics.

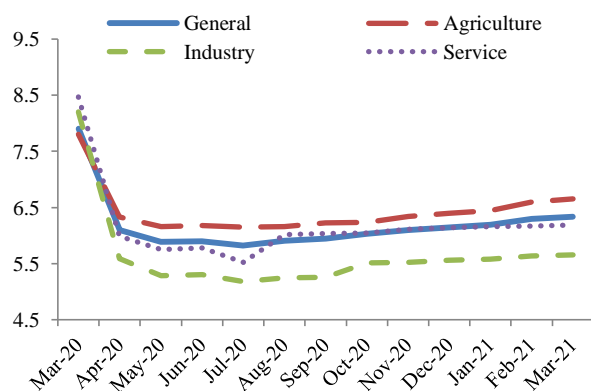
Chart II.5 Point to point Non-food Inflation (In percent)



Source: Bangladesh Bureau of statistics.

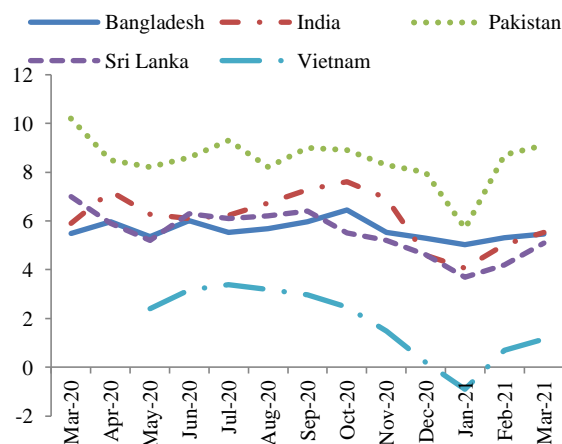
2.5 Nominal wage rate indices, which had crept up slowly since July 2020, observed a higher growth rate during Q3FY21. The growth of the general wage rate rose to 6.34 percent in March 2021 from 6.15 percent in December 2020. The agriculture sector recorded the highest growth rate of 6.65 percent followed by the service sector (6.19 percent) and the industry sector (5.66 percent) (Chart II.6).

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



Source: Bangladesh Bureau of statistics.

Chart II.7 Inflation in South Asian Countries
(In percent)

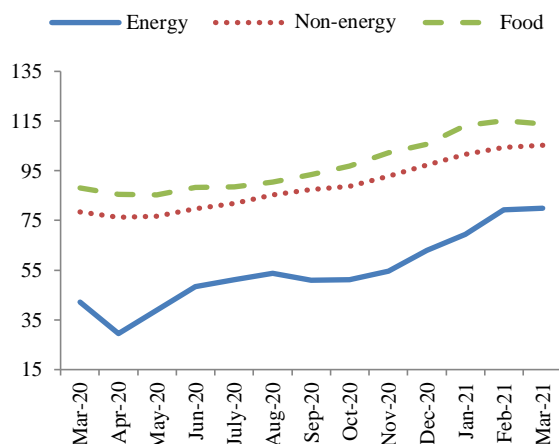


Source: Central Banks and Statistics Department of respective countries.

2.6 Inflation in major South Asian countries followed an upward trend during January-March 2021. All the South Asian countries except Pakistan maintained the inflation rate at around 5.5 percent or below. Vietnam recorded low inflation at 1.16 percent in March 2021 (Chart II.7).

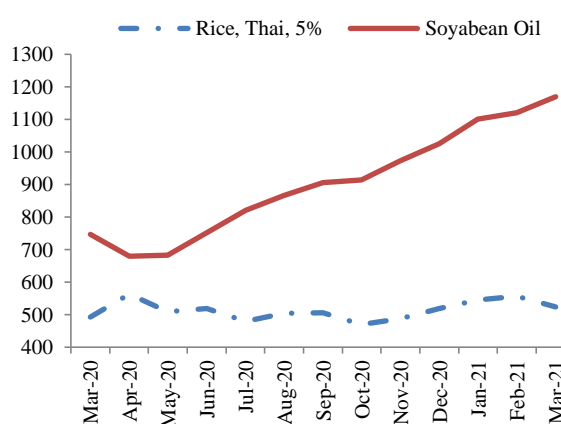
2.7 Global commodity prices continued to recover in Q3FY21, reaching pre-pandemic levels for nearly all commodity prices, reflecting an improvement in global economic activities. Crude oil prices, which constitute almost 85.0 percent of energy prices, witnessed the fastest recovery from a record low of \$23/bbl in April 2020 to \$65/bbl in March 2021. Non-energy and food prices continued to increase and reached their recent highs in March 2021. The non-energy and food price indices increased by 34.35 and 29.35 percent, respectively in March 2021 (y/y) (Chart II.8). Moreover, price of soybean oil continued to stay on an upward trajectory during this quarter, while the price of rice observed a decline in March 2021 (Chart II.9).

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



Source: World Bank.

Chart II.9 World Commodity Price (US\$/mt)

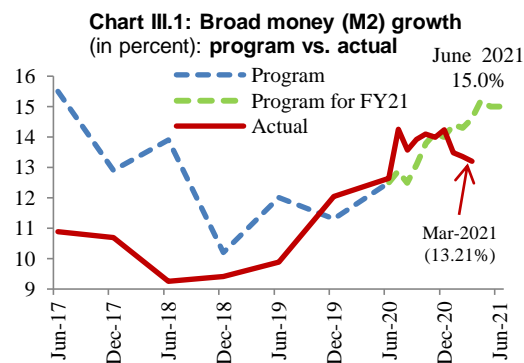


Source: World Bank.

2.8 Looking ahead, the inflation is projected to remain near the target of 5.4 percent for FY21. However, a continuous rise in world food inflation especially rice price may put some inflationary pressures on domestic food prices. Moreover, global soybean oil price rise might have a significant impact on the domestic edible oil prices. However, to curb the price manipulation and ease upward pressures on edible oil prices, the government fixed soybean oil price in February 2021 which may help to prices to ease. A close monitoring is critical to ensure the proper functioning of the supply chain of necessary food items in order to avoid further upward pressure on domestic food inflation.

III. Money and Credit Market

3.1 The Bangladesh Bank (BB) has been pursuing expansionary monetary policy by setting a target of 15.00 percent growth of broad money (M2) for FY21, with sufficient credit flow to COVID-19 wrecked sectors as a priority for mitigating the pandemic induced economic damages. The M2 growth followed closely the targeted path until first half of FY21. However, it diverged to somewhat downward in Q3FY21 impacted mainly by a slowdown in net

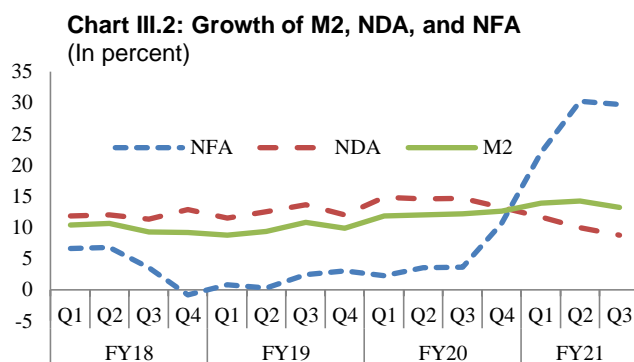


Source: Bangladesh Bank.

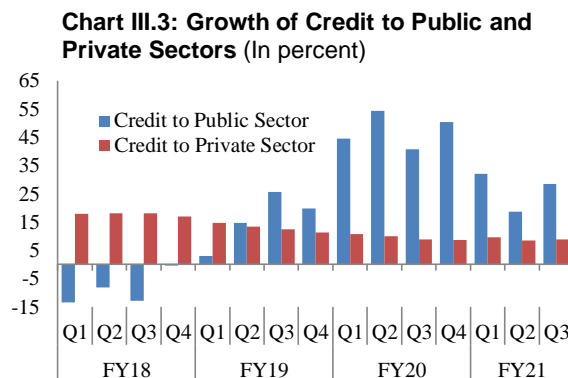
domestic asset (NDA) growth, even though net foreign asset (NFA) continued growing at a strong pace. The private credit demand was subdued during Q3FY21 in the midst of business uncertainties relating to the second wave of COVID-19, which caused excess liquidity to pile up in banking system.

3.2 A deceleration in NDA growth resulted in a downturn in M2 growth to 13.21 percent (year on year) in March 2021 from 14.23 percent in December 2020, while NFA continued registering robust growth (Chart III.2). Although NFA growth declined somewhat, it remained elevated at 29.71 percent in March 2021 with the support of strong remittance inflows. Despite a rise in domestic credit growth, NDA growth moderated to 8.74 percent in March 2021 from 9.94 percent in December 2020 (Chart III.2), mainly because of a larger negative growth in other items net (OIN).

3.3 On the other hand, acceleration in the growth of both public and private sector credit contributed to an increase in domestic credit growth to 11.40 percent in March 2021 from 9.91 percent in December 2020. The growth of credit to the public sector picked up to 33.75 percent in March 2021 from 21.94 percent in December 2020 (Chart III.3) mainly because of base effect, as government's borrowings from the banking system dropped significantly in March 2020 on the back of a gloomy economic situation in the wake of COVID outbreak. Despite BB's various policy supports and prevailing low real lending rates, the growth of credit to private sector improved marginally to 8.79 percent in March 2021 from 8.37 percent in December 2020 (Chart III.2). However, it remained far below the programmed safe limit of 14.80 percent for June 2021, reflecting considerable uncertainty around business and consumer confidence in the wake of second wave of COVID-19.



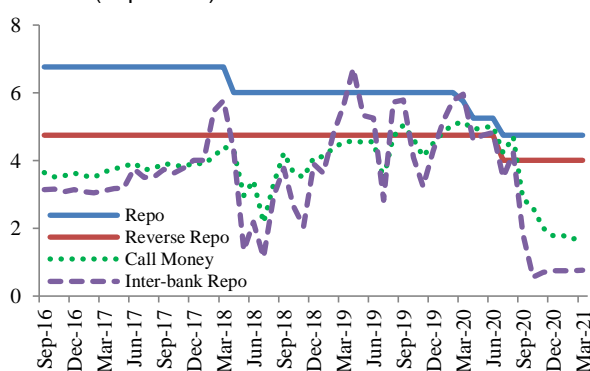
Source: Bangladesh Bank.



Source: Bangladesh Bank.

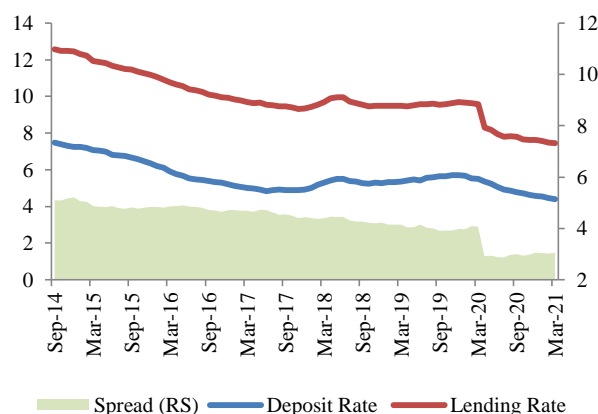
3.4 Notwithstanding a surplus in balance of payment, reserve money growth dropped to 11.26 percent (y-o-y) in March 2021 from 21.18 percent in December 2020 mainly because of a higher base. The volume of repo surged to meet the substantial rise of precautionary cash demand in the face of COVID-19 induced restrictions which led to an extraordinary rise in reserve money in March 2020.

Chart III.4: Movements in Policy and Money Market Rates (In percent)



Source: Bangladesh Bank.

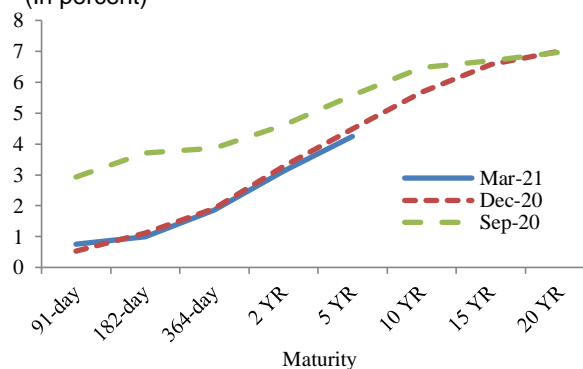
Chart III.5: Interest Rate Spread (In percent)



3.5 The ratio of banking system's total liquid asset to total demand and time liabilities (TDTL) declined to 28.50 percent in March 2021 compared to 29.52 percent in December 2020 (Chart III.4). Similarly, liquid asset excess of SLR to TDTL came down to 13.70 percent from 14.58 percent in the same period. However, given the weak credit demand, no significant impact of this marginal reduction of the excess liquidity on interest rates in both wholesale and retail money markets was observed. The interest rate in the call money market turned slightly up to 1.83 percent in March 2021 from 1.79 percent in December 2020 (Chart III.4), while interbank bank repo rate remained virtually unchanged at around 0.75 percent during this period. Nonetheless, the weighted-average interest rate on lending and deposit continued declining and came down to 7.45 and 4.40 percent in March 2021 from 7.61 and 4.54 percent in December 2020, respectively (Chart III.5).

3.6 As the government's budget deficit shrunk in Q3FY21 and the borrowings from the non-bank and foreign sources together was higher than the budget deficit, the government repaid an amount of BDT 129.53 billion to the banking system. Nonetheless, the government continued borrowing from the banking system, though a smaller amount, to smooth its financing by selling relatively short-term (up to 5-year tenure) securities. Consequently, the large amount of surplus liquidity in the banking system pushed down yields on 182-day, and 364-day treasury bills as well as 2-year and 5-year treasury bonds to 0.99, 1.86, 3.13, and 4.24 percent in March 2021 from 1.12, 1.91, 3.28, and 4.48 percent in December 2020, respectively (Chart III.6), while yield on 91-day treasury bill went up to 0.75 percent from 0.53 percent at the same time in the face of a rise in government's short term borrowings. The auction of treasury bonds of tenure higher than years had not taken place in March 2021.

Chart III.6: Interest Rate of Government Securities (In percent)



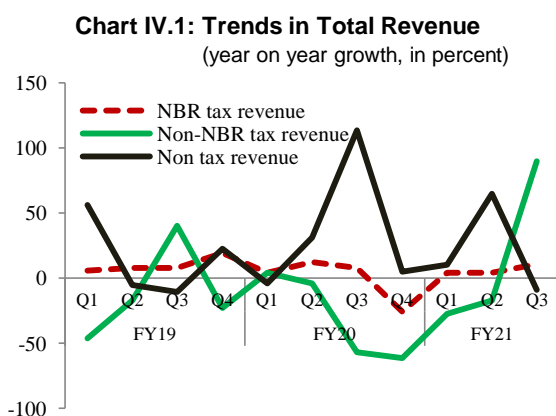
Source: Bangladesh Bank.

3.7 According to the revised monetary program, the BB will continue its expansionary monetary policy stance for FY21, with the broad money growth target of 15.0 percent. However, achieving the growth target of private sector credit would be challenging. Looking forward, substantial credit flow to private sector is still uncertain as public movement and business restrictions were imposed nationwide since April 2021 in order to reduce the number of COVID-19 infections. The distribution of economic purpose-wise credit data show that credit growth to the industry sector further moderated to 6.83 percent in March 2021 from 9.08 percent in December 2020. However, credit growth to trade and commerce improved to 12.77 percent from 10.97 percent at the same time. In addition, higher growth rates of agriculture finance (13.3 percent) and consumer finance (21.9 percent) in this quarter under report reflect increased demand to these sectors. Under the circumstances, banks can provide special attention to increase the loans to the other productive segments in order to get rid of their huge amount of excess liquidity.

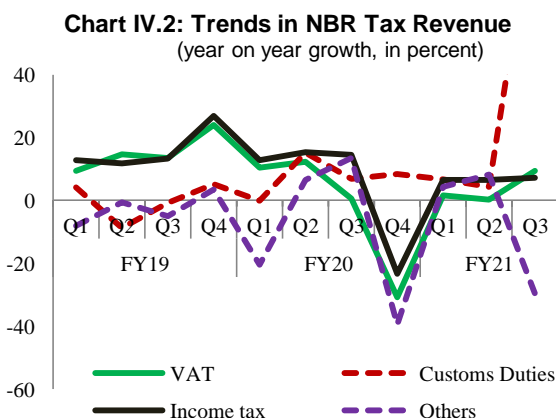
IV. Fiscal Sector

4.1 Fiscal performance improved in Q3FY21 due to a gradual expansion of economic activities. As economic activities continued to resume both revenue collection and current expenditure increased but revenue collection growth outstripped expenditure growth which resulted in a lower fiscal deficit in Q3FY21. The fiscal deficit was financed by borrowing from nonbank and foreign sources during the quarter under review. During the first nine months of FY21, the budget deficit as a percent of GDP stood at 2.0 percent, well below the target of 6.1 percent of GDP in the revised budget.

4.2 Total revenue collection increased in Q3FY21 as economic activities picked up. The overall revenue collection grew by 10.8 percent to BDT 768.1 billion in Q3FY21 compared to level of in the corresponding quarter of the last fiscal year, attributable to higher revenue collections by NBR and Non-NBR sources (Chart IV.1). In Q3FY21, NBR tax revenue collection rose by 10.7 percent from the level of the corresponding quarter of FY20, with customs duties (96.8 percent), value-added tax (9.3 percent) and income tax (7.3 percent) being the leading contributors. In the first nine months of FY21, revenue collection amounted to BDT 2084.2 billion which was 59.3 percent of the annual revised budget target of BDT 3515.0 billion.



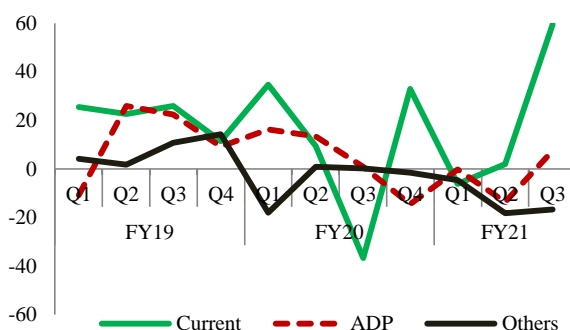
Sources: Ministry of Finance, National Board of Revenue.



Source: National Board of Revenue.

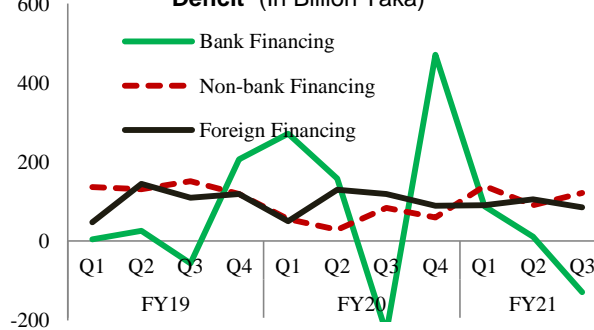
4.3 Fiscal expenditure expanded noticeably in Q3FY21 driven up by a steep rise in current expenditure along with a moderate ADP expenditure (Chart IV.3). In Q3FY21, The overall expenditure grew by 27.2 percent to BDT 845.5 billion led by significant growth of current expenditure by 65.7 percent to BDT 422.7 billion compared with that in Q3FY20. The ADP expenditure increased by 7.3 percent to BDT 364.7 billion in Q3FY21 compared to Q3FY20. During the first three quarters, total fiscal expenditure amounted to BDT 2686.6 billion which was about 49.8 percent of the revised budget target of BDT 5389.8 billion for FY21.

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



Sources: Ministry of Finance; Ministry of Planning.

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



Sources: Bangladesh Bank; Ministry of Finance.

4.4 The fiscal deficit narrowed in Q3FY21 owing to a higher growth of revenue collection that exceeded fiscal expenditure. The deficit reached BDT 77.4 billion in Q3FY21 from the deficit of BDT (-) 28.4 billion recorded in Q3FY20. In the first nine months of FY21, the total budget deficit amounted to BDT 602.5 billion reached only 32.2 percent of the yearly revised budget target.

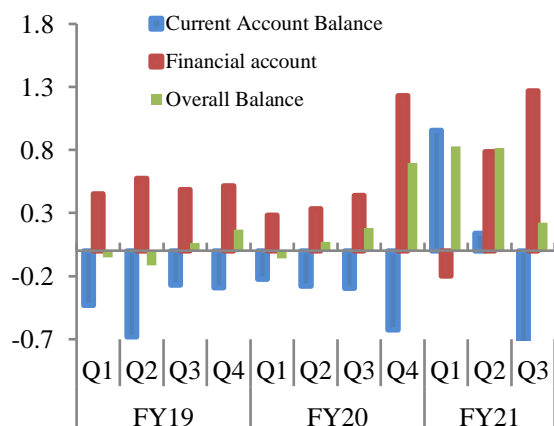
4.5 The budget deficit financing mostly relied on non-bank and foreign sources during Q3FY21 (Chart IV.4) while bank financing turned negative during the quarter after staying at positive levels in preceding two quarters of FY21 (Chart IV.3). The total budget financing amounted to BDT 77.4 billion (0.2 percent of GDP) in Q3FY21, which was much lower than the amount recorded in Q3FY20 and the previous two quarters of FY21. In Q3FY21, non-bank financing increased by 45.5 percent to BDT 121.7 billion compared to Q3FY20. The foreign financing amounted to BDT 85.3 billion in Q3FY21 which was 28.8 percent lower than that in Q3FY20. In the first nine month of FY21, total deficit financing amounted to BDT 602.5 billion of which BDT 351.1 billion from non-bank, and BDT (-) 29.1 billion from bank.

V. External Sector

5.1 After registering a surplus in the past two consecutive quarters, current account balance (CAB) turned to a large deficit (USD 3.98 billion) in Q3FY21 resulted from a widening trade deficit (USD 8.03 billion) with imports growing faster than exports, although the ongoing robust remittance inflows offset the deficit somewhat. However, the overall balance of payment (BOP) recorded a surplus of USD 835 million in the face of hefty financial inflows (2.3 times greater than Q3FY20). Most of this financial inflows came in the form of net foreign direct investment (USD 493 million), medium- and

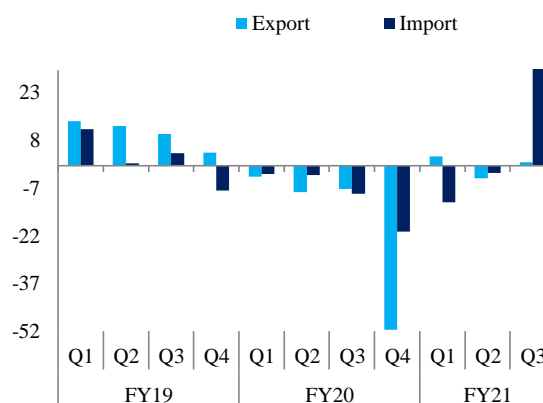
long-term foreign borrowings (USD 1342 million), and net trade credit (USD 1875 million). Strong remittance inflows, a gradual pick up in export earnings and a notably large increase in financial inflows helped to build a foreign exchange reserves of USD 43.4 billion recorded at the end of Q3FY21 which may cover about 5.9 months of prospective imports. Bangladesh Bank's net purchase of USD 916 million in Q3FY21 supported nominal exchange rate of BDT against USD to remain stable during the quarter under review.

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.

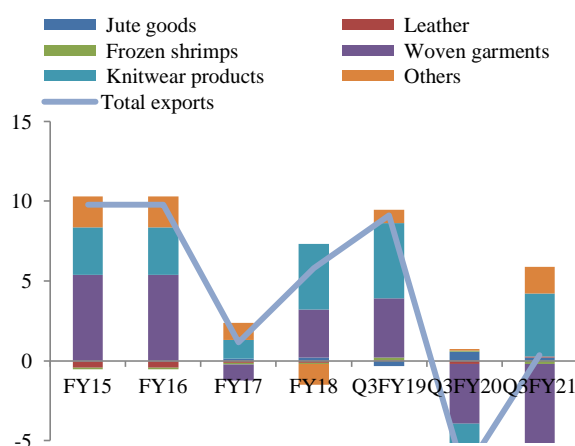
5.2 The onset of the COVID-19 pandemic caused exports to fall sharply in Q4FY20 but exports turned around in Q1FY21 and continued its growth momentum until Q3FY21. A faster pace of vaccination program in major advanced economies, the gradual lifting up of lockdown restrictions on the back of falling trends of both new infection rates and death toll from COVID-19 aided to regain business and consumer confidence and boosted hope for a quick rebound of economic activities in the major export destinations, which in turn helped rebound Bangladesh's exports. Consequently, total exports grew by 4.9 percent from USD 9064 million in Q2FY21 to USD 9509 million in Q3FY21, surpassing its pre-pandemic level of USD 9408 million in Q3FY20 by 1.1 percent. The recovery of export was concentrated mostly in knitwear products and leather products, in particular, which increased by 10.1 percent and 24.2 percent, respectively, while the export of woven garments decreased by 11.9 percent, reflecting shrinking global demands for woven garments during the pandemic. The export of primary commodities and manufactured commodities remained unchanged while frozen fish (among primary commodities) and Ores, Slug, and Ash (among manufactured commodities) went up in Q3FY21.

5.3 On the back of improving COVID-19 pandemic situation prior to the renewed second wave of COVID-19 since mid-March 2021 and various policy-supports from the government and Bangladesh Bank, a broad-based economic recovery helped boost import demand for both consumer and capital goods in Q3FY21. Thus, imports picked up to USD 17541 million in Q3FY21 from USD 13264

million in Q3FY20—a rise of 32.3 percent reflecting the strength of aggregate demand. Imports for consumer and intermediate goods, which comprises about two-third (66 percent) of the total imports, grew by 43.8 percent in Q3FY21, driven by a significant rise in the import of crude petroleum (1681.9 percent), and POL (57.2 percent), fertilizer (87.6 percent), and pharmaceuticals (54.6 percent), among others. The import of capital machinery and other capital goods, having a share of 19.9 percent in total imports, increased by 30.0 percent in Q3FY21, reflecting the growth momentum in the industry sector. Within this import category capital machinery import increased by 28.3 percent, while the imports of other capital goods rose by 31.2 percent at the same time. Apart from this, rice imports picked up to USD 288.3 million in Q3FY21 from USD 3.0 million in Q2FY20, as the buffer stock of rice in the country had been declining.

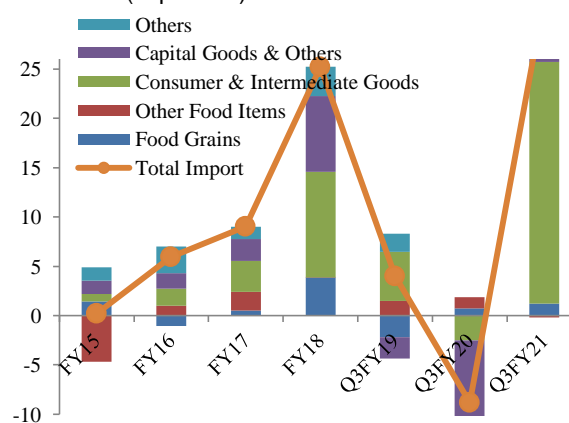
5.4 Remittance inflows continued to be robust on the back of rebounding global economies activities since Q1FY21 and proactive initiatives taken by Bangladesh Bank in collaboration with government to encourage more remittance inflows through formal channels. After reaching a record USD 6713.2 million in Q1FY21, remittance inflows moderated to USD 5653.5 million in Q3FY21, still a large amount, accounting for 29.6 percent growth in remittance inflows compared to the amount in Q3FY20. This robust growth came from 24 percent growth in remittances from the Gulf region with 40.8 percent growth in remittances from Saudi Arabia. In addition, remittance from the USA and UK increased by 38.1 percent and 49.0 percent respectively which had a share of 14.91 percent and 8.78 percent.

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



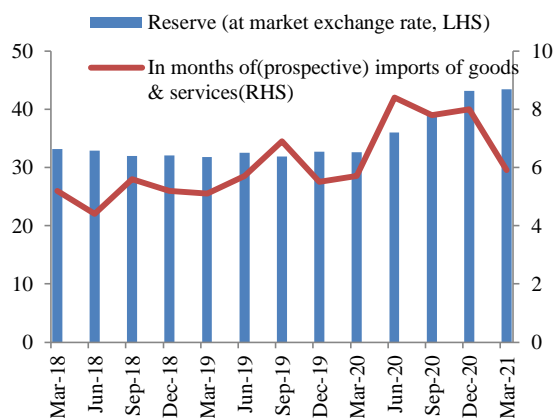
Source: BB staff calculation based on EPB data.

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

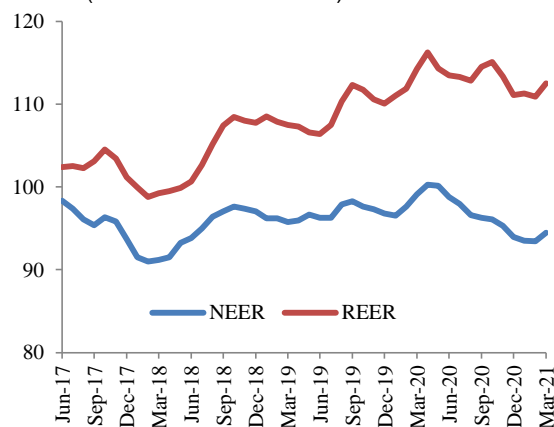


Source: BB staff calculation based on EPB data.

5.5 Financial account recorded a huge inflow of USD 4752 million in Q3FY21 compared to USD 1447 million in Q3FY20, mainly driven by higher Foreign Direct Investment (FDI) inflows along with other investments. The inflows of FDI rose by 10.3 percent from USD 447 million inflows in Q3FY20 to USD 493 million in Q3FY21. However, medium and long-term external borrowings declined by 22.2 percent to USD 1342 million in Q3FY21 from USD 1725 million in Q3FY20.

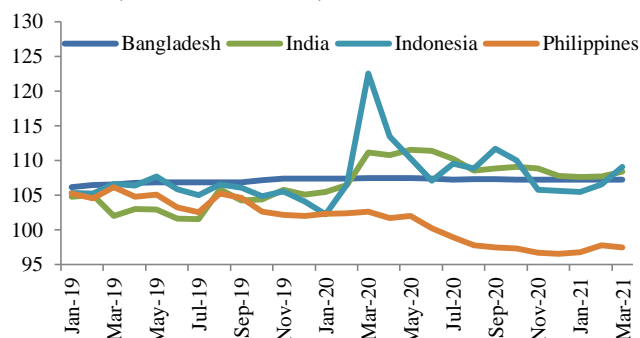
Chart V.5 International Reserve (In billion USD)

Source: Bangladesh Bank.

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

Source: Bangladesh Bank.

5.6 Strong remittance inflows and higher export earnings created some appreciation pressure on the nominal exchange rate. Therefore, to maintain the stability of the nominal exchange rate, Bangladesh Bank intervened in the foreign exchange market by a net purchase of USD 916 million during Q3FY21. Consequently, exchange rate of BDT in terms of USD remained mostly stable during the period. On the other hand, nominal exchange rate of peer countries (India, Indonesia and Philippines) against USD depreciated during the quarter under review. At the end of Q3FY21, the foreign exchange reserves of Bangladesh reached USD 43.4 billion which was enough to cover approximately 5.9 months of prospective imports. The movements of both NEER and REER indicated that the exchange rate of Taka depreciated (by 4.7 percent and 1.5 percent, respectively) as of end March 2021 because of price differentials with the major trading partners countries of the foreign currencies basket.

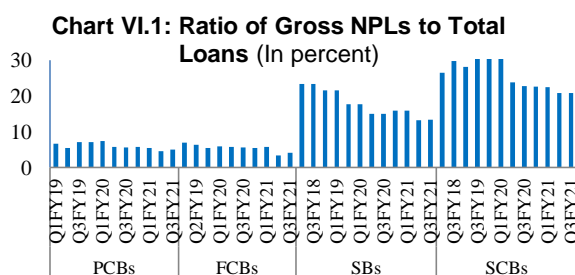
Chart V.7: Cross-Country Nominal Exchange Rate Indices (Base: Jan 2017=100)

Source: International Financial Statistics, IMF.

5.7 Looking ahead, the steady remittance inflows and the recovery in export earnings are likely to auger well for better external developments in coming quarters. Global rollout of COVID-19 vaccination and reopening business activities in major export destinations are supposed to help maintain the rising trend of export earnings in the near-term. Moreover, Government's prudent policies and strategies to attract new FDI inflows are expected to boost FDI inflows further. It is expected that foreign reserve would continue its uptrend, underpinned by strong remittance inflows and rising export earnings in near term. However, recent extension of lockdown period to tackle the resurgence of COVID-19 infections within the country are likely slow the pace of economic recovery to pre-pandemic level. Travel restrictions from Bangladesh to other countries are likely to dampen migration, remittances and exports to some extent.

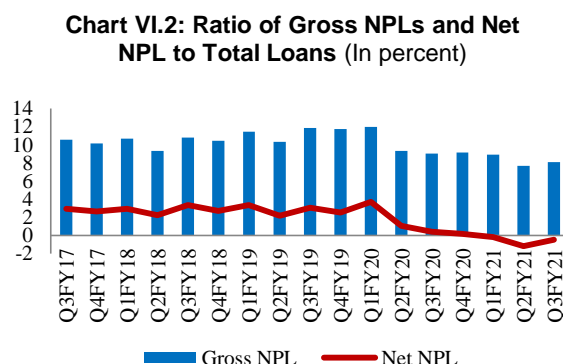
VI. Banking Sector

6.1 The indicators of banking sector exhibited a mixed performance at the end of Q3FY21 amid the turbulent business environment emerged from the COVID-19 pandemic, as reflected by a rise in non-performing loans to total loans (NPLs), an improvement in capital adequacy, a nosedive in profitability, a solid stability in liquidity condition, and a betterment in provision maintaining. The overall NPLs of the banking sector scaled up at the end of Q3FY21, steered by both Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs).



Source: Bangladesh Bank.

Note: Since Q2FY21 chart contains information with OBU.



Source: Bangladesh Bank.

Note: Since Q2FY21 chart contains information with OBU.

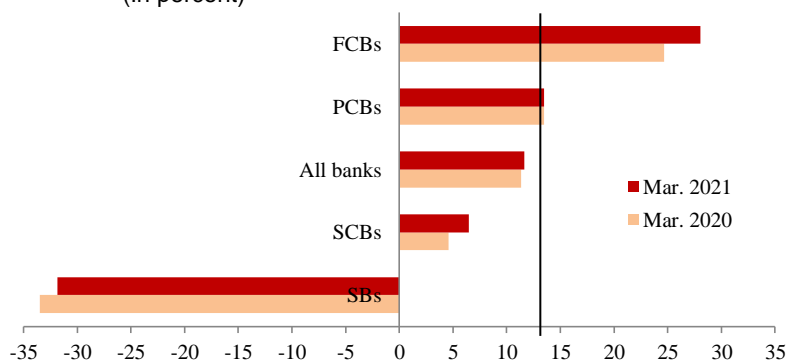
6.2 The overall NPLs in the banking sector edged up to 8.48 percent in Q3FY21 from 8.06 percent in Q2FY21 (with OBU it increased to 8.07 percent in Q3FY21 from 7.66 percent in Q2FY21), due to ending the moratorium facility although a relaxation of repayment for term loan has been extended but declined from 9.03 percent in Q3FY20. The gross NPLs for PCBs rose to 5.3 percent in Q3FY21 from 4.82 percent in Q2FY21 (with OBU it was 5.13 percent in Q3FY21 and 4.66 percent in Q2FY21) but decreased from 5.63 percent in Q3FY20. Following an uptick in the gross NPLs, the system-wide net NPLs ratio of the banking industry also went up to -0.48 percent from that of -1.18 percent a quarter earlier (Table VI.2 and Chart VI.2). Total classified loans in the banking system increased from BDT 887.3 billion at the end of Q2FY21 to BDT 950.9 billion at the end of Q3FY21. Overall provision maintained further deteriorated to reach BDT -52.6 billion at the end of Q3FY21 (Table 6.1).

6.3 The overall capitalization of the banking system showed an improvement at the end of Q3FY21 from that of Q2FY21 and Q3FY20. The Capital to Risk-weighted Asset Ratio (CRAR) went up to 11.67 percent at the end of Q3FY21 from 11.64 percent and 11.35 percent at the end of Q2FY21 and Q3FY20 respectively, largely contributed by SCBs. The CRAR of SCBs grew to 6.49 percent at the end of Q3FY21 from that of 4.34 percent and 4.59 percent at the end of Q2FY21 and Q3FY20 respectively, because of a sharp rise in Tier-1 and Tier-2 capital. Meanwhile, the CRAR for PCBs declined to 13.44 percent at the end of Q3FY21 from 13.96 percent at the end of Q2FY21 and 13.49 at the end of Q3FY20. On the other hand, the CRAR of FCBs decreased to 28.04 percent at the end of Q3FY21 from that of 28.28 percent at the end of Q2FY21 but increased from that of 24.66 percent at the end of same quarter in the previous year (Table VI.3).

Table 6.1: Comparative Position of Classified Loan and Provision Maintained (In billion BDT)

Quarter	Items	SCBs	SBs	PCBs	FCBs	All Banks
Q3FY20	Total classified loan	428.7	40.5	435.1	20.8	925.1
	Required provision	262.7	21.1	305.2	16.0	604.9
	Provision maintained	202.1	22.5	326.3	17.9	568.8
	Excess(+)/shortfall(-)	-60.6	1.4	21.1	1.9	-36.2
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

Source: Bangladesh Bank.

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

Source: Bangladesh Bank.

6.4 The profitability in the banking sector moderated in Q3FY21 compared with that of Q3FY20, as reflected by a decline in both Return on Assets (ROA) and Return on Equity (ROE). The downturn in the profitability was partly due to a fall in the interest income resulted from lower interest rate, lower credit growth and higher provisions maintained for bad loans. At the end of Q3FY21, ROA and ROE of the banking sector fell to 0.42 percent and 6.70 percent from that of 0.53 percent and 8.25 percent respectively in Q3FY20. The ROA and ROE for SCBs downed to -0.03 percent and -0.62 percent at the end of Q3FY21 compared to 0.03 percent and 0.64 percent respectively at the end of Q3FY20. Likewise, ROA and ROE for the PCBs also dropped to 0.61 percent and 8.87 percent at the end of Q3FY21 from 0.68 percent and 9.83 percent at the end of same quarter a year earlier respectively (Table VI.4).

6.5 The growth of banks' deposits continued its uptrend at the end of Q3FY21, driven by higher remittance inflows, deposits augmented by the agent banking, and some deposits partly channelized from the COVID-19 stimulus packages disbursement. The overall banks' deposit grew to 14.0 percent at the end of March 2021 compared with that of 13.1 percent at the end of December 2020 and that of 11.2 percent in end of March 2020, facilitated by SCBs. The deposit of SCBs significantly increased to 22.3 percent at the end of March 2021 which was 17.2 percent at the end of December 2020 and 6.0 percent at the end of March 2020. In addition, the growth of bank's advances also observed a slow recovery amid the weak business environment, and stood at 8.6 percent at the end of March 2021 compared with 8.2 percent at the end of December 2020. As a result, the overall advance-deposit ratio (ADR) marginally edged up to 72.82 percent at the end of March 2021 from 72.69 percent at the end of December 2020 and remained broadly stable. (Table 6.2, Chart VI.5).

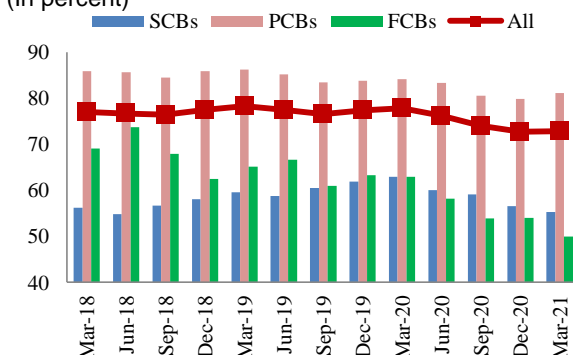
6.6 The surplus liquidity in the banking system moderated at the end of Q3FY21. The excess liquidity of the banking system moderated to BDT 1,985 billion at the end of March 2021 from BDT 2047.2 billion at the end of December 2020 reflecting a rise in the demand for private sector credit amid COVID-19 pandemic. Consequently, the excess liquidity- the excess of CRR and SLR as a percent of total demand and time liabilities (TDTL)- inched down to 13.7 percent at the end of Q3FY21 from 14.6 percent at the end of Q2FY21 (Table 6.3, Chart VI.6).

Table 6.2: Deposit and Advance Position of Scheduled Banks (In percent)

Bank groups	Year-on- year growth of deposit, % (excluding interbank)*		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Mar. 21	Dec. 20	Mar. 21	Dec. 20	Mar. 21	Dec. 20
SCBs	22.3	17.2	8.7	7.8	55.3	56.6
PCBs	11.1	11.8	9.1	8.5	81.1	79.8
FCBs	13.4	11.6	-6.8	-2.2	50.0	54.0
SBs	11.5	11.5	14.9	13.7	76.0	76.1
All	14.0	13.1	8.6	8.2	72.8	72.7

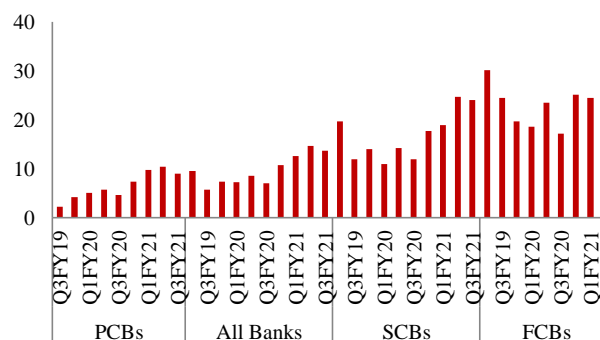
Source: Bangladesh Bank. *Adjusted deposits growth for ADR

**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- 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
As of end- December, 2020						
SCBs	135.5	246.6	111.1	436.4	1272.8	836.4
SBs*	13.2	13.9	0.7	0.0	0.0	0.0
PCBs (other than Islamic)	255.7	342.1	86.4	836.2	1533.4	697.2
Private Banks (Islamic)	121.6	332.7	211.1	168.2	459.8	291.6
FCBs	27.9	66.2	38.4	101.5	323.5	221.9
All	553.9	1001.6	447.6	1542.3	3589.5	2047.2

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.

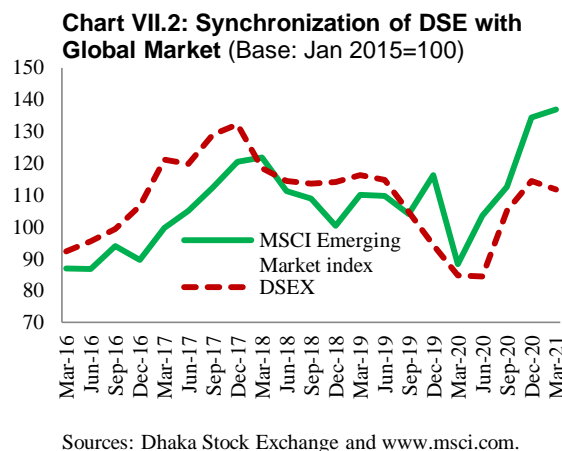
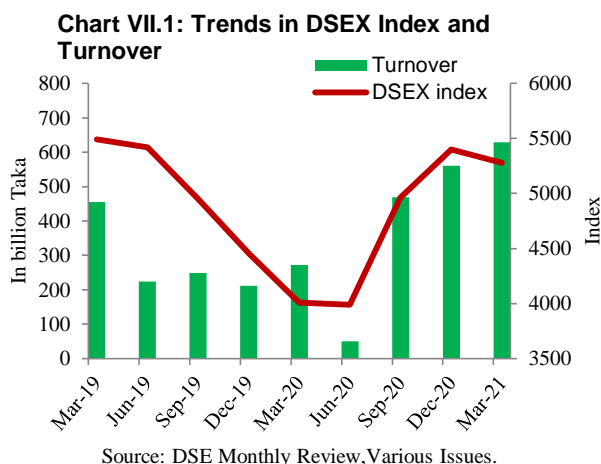
According to circular No. MPD-03, April 09, 2020, CRR revised to 4.0 percent from 5.0 percent effective from April 15, 2020

6.7 The banking sector is expected to encounter further challenges as the second wave of the COVID-19 pandemic is still persistent and dominant which is adversely affecting the entire business environment. Moreover, weaker asset quality due to higher level of NPLs and poor profitability condition may further worsen the banking sector performances in the coming quarters. In addition, the loan moratorium facility ended in December, 2020 might put further pressure on classified loans although BB has rescheduled payment schedule facilities of the outstanding time and demand loan. Bangladesh Bank has strengthened its inspection /supervision to prevent irregularities in the banking system more efficiently. A better surveillance system and cautious credit policy would help improve governance in the banking sector in near future.

VII. Capital Market

7.1 Capital market performance was mixed in Q3FY21 as reflected in the moderation of DSE Broad (DSEX) index, uptrend in turnover, and expansion in market capitalization and issued capital. The moderation of DSEX index arose from bearish investor confidence caused by increased coronavirus infection rates in the onslaught of the second wave of COVID-19. But the uptrend in turnover continued in response to prevailing extraordinarily easy monetary policy measures and active

participation of institutional investors. The synchronized movements between the global equity market and DSE observed for the last several years with increasing trade and financial integration and increasing global portfolio participation in DSE somewhat slightly diverged in Q3FY21. The market capitalization rose to 2.5 percent (BDT 4031.0 billion) and 56.6 percent in Q3FY21 from Q2FY21 and Q3FY20 respectively (Table VII.5). This growth is partially attributed to the listing of 6 new companies with DSE.



7.2. The DSEX underwent some corrections during Q3FY21 after rallying consecutively for the last two quarters. The DSEX index decreased by 2.3 percent in Q3FY21 as compared to Q2FY21 but jumped by 31.7 percent as compared to Q3FY20. The DSE-30 index grew 1.5 percent and 49.9 percent from Q2FY21 and Q3FY20 respectively (Chart VII.1 and Table VII.1). Sector-wise indices¹ show that food and allied sector reached the highest level (2597.5) while Textile sector remained at the lowest level (141.5) in Q3FY21 (Chart-VII.4).

7.3 The overall price-earnings (PE) ratio of the DSE edged up in Q3FY21 from the level of Q2FY21. The average price earnings ratios rose to 16.89 in Q3FY21 from 16.53 in Q2FY21. Despite price corrections PE ratio went up indicating that reduced the profitability of the listed companies. 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 Q3FY21 (Chart VII.3).

¹ Sector wise index= (Sector wise market capitalization/ Sector wise paid-up capital)*100

Chart VII.3: Heat Map for Sectoral Price Earnings Ratio of DSE

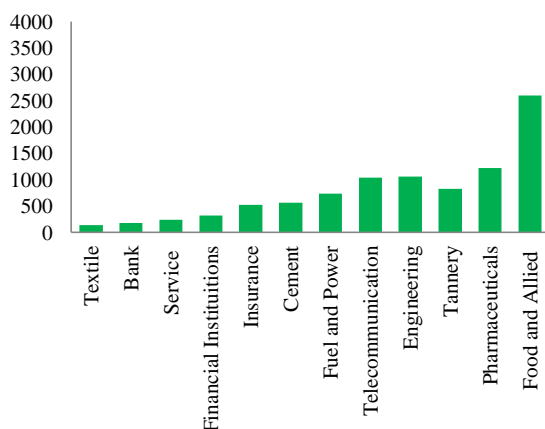
Sector	Share of Total M.cap Mar-21	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank	14.0	9.3	8.3	8.2	7.8	6.6	6.7	7.9	8.1	7.9
Financial Institutions	4.2	15.4	14.7	13.2	17.3	14.8	15.9	22.6	24.7	20.1
Engineering	13.0	14.4	14.6	12.8	11.3	10.2	10.1	14.5	35.3	36.2
Food & Allied	9.3	32.9	25.1	21.2	17.5	16.4	17.4	21.2	23.5	25.5
Fuel & Power	11.0	15.4	14.7	13.0	10.6	9.5	9.5	11.6	11.9	12.8
Textile	2.6	16.8	16.8	12.8	12.8	12.2	11.7	14.3	17.9	16.8
Pharmaceuticals	14.7	19.4	19.1	18.5	15.3	14.6	15.2	17.8	19.6	19.7
Service & Real Estate	0.4	15.6	15.4	13.2	13.0	12.6	12.6	15.6	21.4	19.4
Cement	2.3	35.5	28.6	24.9	21.0	22.5	20.8	23.0	29.8	27.4
IT	0.6	23.1	24.4	22.5	22.6	19.2	19.2	23.6	25.1	21.6
Tannery	0.5	19.0	20.3	17.2	14.0	12.7	12.7	20.2	24.9	23.2
Insurance	3.4	13.9	14.4	15.4	15.2	12.1	12.2	21.5	26.0	19.2
Telecommunication	17.4	21.0	14.6	14.1	11.2	9.4	9.6	13.3	18.3	19.7
Miscellaneous	4.2	30.7	27.1	25.1	19.9	18.9	18.9	20.6	34.4	41.5

Sources: DSE Monthly Review, Various Issues



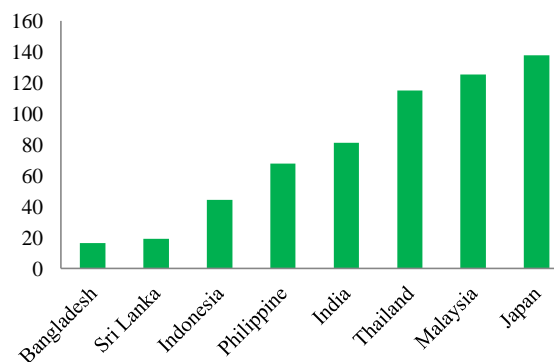
7.4 The uptrend in turnover and issued capital in DSE continued in Q3FY21 with an 11.6 percent increase in the value of issued equity and debt in Q3FY21 from Q3FY20 and the listing of six new companies (to the existing 376 listed companies) in the capital market during Q3FY21. Thus the number of listed securities rose to 382 at the end of Q3FY21. Total turnover value went up by 12.2 percent and 131.7 percent in Q3FY21 from Q2FY21 and Q3FY20 respectively (Chart VII.1). Market liquidity as measured by the Turnover Velocity Ratio (TVR)² increased to 62.4 percent in Q3FY21 from 57.0 percent in Q2FY21.

Chart VII.4: Index of Major Sectors, March 2021



Source: DSE Monthly Review, March 2021.

Chart VII.5: Selected Countries; Stock Market Capitalization, March 2021 (In percent of GDP)



Source : DSE Monthly Review, March 2021.

²TVR= (Turnover during the Quarter/Quarter-end Market capitalization)*4.

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

Country	Price Earnings Ratio	Dividend Yield	M. Cap to GDP
Bangladesh	16.89	3.84	16.41
India	34.55	0.73	81.39
Sri Lanka	14.88	2.30	19.27
Thailand	41.25	2.39	115.05
Hong Kong	18.82	-	1962.08
China	16.63	-	45.46

Source: DSE monthly Review, March 2021

7.5 Cross-country data on price earnings (PE) ratios as of March 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). Market capitalization as a percentage of the GDP of Bangladesh inched up to 16.41 percent in Q3FY21 from 16.03 percent in Q2FY21.

7.6 Bangladesh Securities and Exchange Commission (BSEC) took a number of initiatives to restore the investors' confidence in the capital market of Bangladesh. These initiatives include (a) revision of IPO share distribution policy to allow general investors to be allotted the IPO shares on pro-rata basis instead of lottery, (b) approval of Market Stabilization Fund, and (c) approval of perpetual bond by BSEC to be given to scheduled banks provided that (i) these banks maintain a mandatory investment of special fund of BDT 2 billion in the secondary market and (ii) at least 10 percent of perpetual bond are distributed in the secondary market through IPO. In addition, Bangladesh Bank also undertook several policy measures under the stimulus packages of the government to ease liquidity in the market which are likely to support investor confidence and make capital market vibrant in near future.

Policy Notes

The COVID-19 fallout on the CMSMEs in Bangladesh and Policy Responses: an Assessment³

Abstract

This note attempts to assess the fallout of the COVID-19 to the CMSMEs, status of stimulus package, resilience of credit policies, loan disbursements and its contribution to the economy. The analysis suggests that the stimulus package, credit guarantee scheme, collateral free loan, concessional interest rate (4 percent), and start-up fund along with the existing credit policies are quite supportive and resilient to the pandemic stricken CMSMEs. Available data show that about 74 percent of stimulus fund has been disbursed to 96 thousand entrepreneurs till May 2021. The activities of the CMSMEs have started to revive from Q3 of 2020 reflected in loan disbursement amount as growth of loan increased to cottage, micro and small enterprise in Q4 of 2020 over Q4 of 2019. It is likely that the access to loan by the CMSMEs expands in the coming quarters as broad based economic activities are picking up.

I. Introduction

The CMSMEs has emerged as an engine of growth in Bangladesh like any other developing countries. The sector's contribution in terms of employment generation, economic value addition and business activities is enormous. But the COVID-19 has hit the CMSMEs hard and impacted them on several dimensions, i.e., business shutdown, output and job loss, sale and income fell because of nationwide shut down of 66 days during the second quarter in 2020. In response to the fallout of the COVID-19, Government and Bangladesh Bank took several policies for the CMSMEs to mitigate their distress including stimulus package of BDT 200 billion working capital financing with 4 percent interest rate, refinance scheme of BDT 100 billion against this working capital financing, credit guarantee scheme and start-up-fund apart from existing financing facilities.

The shocks of the COVID-19 pandemic were divergent and varied over larger to smaller firms. The effects on cottage, micro, and small enterprises were more severe because of higher levels of vulnerability and lower resilience related to their size. The several studies find that most of the firms loss their output, revenue and demand. They also find problems like pending payments, widened income gap, lack of proper data base of enterprises and unequal distribution of stimulus package in CMSME sector. Many think-tanks, policy makers and researchers argue that the current CMSMEs policies and financing need some revisions to cope with the pandemic induced losses. In this backdrop, this note attempts to assess the fallout of the COVID-19 on the CMSMEs, status of stimulus package, resilience of credit policies, loan disbursements and its contribution to the economy.

³The authors are Nasrin Akther Lubna, Deputy Director, Md. Abir Hossain, Assistant Director, and Dr. Md. Ezazul Islam, General Manager, Chief Economist's Unit, Bangladesh Bank. The authors are grateful to Dr. Md. Habibur Rahman, Executive Director, Bangladesh Bank for suggesting new explorations that led to a better understanding of the findings of the study. The views expressed in the note are the authors' own and do not reflect that those of Bangladesh Bank.

II. The Contribution of CMSMEs to Economic Growth and Employment Generation

Real GDP grew, on average, above 7.0 percent up to FY19, since FY16. The growth slipped to 3.51 percent in FY20 from 8.15 in FY19 owing to the fallout of the COVID-19 pandemic. However, it was ranked in the top five fastest-growing emerging economies (World Bank, 2019). The Major portions of the growth came from the industry sector particularly from the manufacturing which comprised with cottage, micro, small and medium-sized enterprises (CMSMEs). The manufacturing sector has registered a growth rate of 14.70 percent in FY19 (BB, 2019-20) making it the main contributor to the growth of Industry sector. With about 7.8 million CMSME units the sector is contributing almost 25 percent of GDP, 11 percent of total industrial establishment, 30 percent of total industrial employment and 40 percent of total manufacturing output (ADB, 2015; BBS, 2013). Basically, most of the establishments of the CMSMEs are labour intensive which create employment opportunity for available and cheap labour force. In the same time the cheap labor has made the CMSMEs the fastest growing sector. However, CMSMEs growth decelerated somewhat by the COVID-19 pandemic.

Table: 1 CMSME Establishments and Total Person Engaged by Categories

Type	Establishments		Total Person Engaged (TPE)			
	Total	Percent	Total	Percent	Male	Female
Cottage	6842884	87.52	13168327	53.75	11759565	1408762
Micro	104007	1.33	558870	2.28	435043	123827
Small	859318	10.99	6600685	26.94	5844088	756597
Medium	7106	0.09	706112	2.88	538526	167586
Large	5250	0.07	3466856	14.15	1871910	1594946
Total	7818565	100	24500850	100	20449132	4051718
CMSMEs	7813315	99.93	21033994	85.85	18577222	2456772

Source: Economic Units Census -2013, Bangladesh Bureau of Statistics

Table: 2 Growth of CMSMEs in Bangladesh

Economic Units	2013	2003	Annual Growth Rate during 2003-2013 (In percent)
Total	4514091	2991249	4.20
Cottage + Micro	3731676	2911359	2.51
Small	770063	72935	26.58
Medium	7105	3266	8.08

Source: Economic Units Census -2013, Bangladesh Bureau of Statistics and Author's calculation

Table: 3 Employment (TPE) Growth in CMSMEs in Bangladesh

Economic Units	2013	2003	Annual Growth Rate during 2002-2013 (In percent)
Total	19062978	9702282	6.99
Cottage + Micro	8499449	6861796	2.16
Small	6390577	1304935	17.22
Medium	706111	221123	12.31

Source: Economic Units Census -2013, Bangladesh Bureau of Statistics and Author's calculation

Sector wise establishment of economic unit data show that most of the CMSMEs are cottage industries which constitute almost 87 percent to the total establishments. These cottage industries play a vital role in employment generation as more than half of the employment came from this subsector (Table 1). The growth trajectory of CMSMEs shows that small industries grew faster with 26.58 percent growth during 2003-2013 followed by medium industries (8.08 percent). Employment generation growth is also larger in small industries between 2003 and 2013 (Table 2 - 3).

With the contribution of the CMSMEs to industrial growth and employment generation, a multipronged strategy has been adopted which includes: the National SME Policy 2019 has been framed; creating equal opportunities for all and ensuring economic empowerment through increased involvement of women in the SME sector; the cluster-based SME Development Strategy is going to be adopted by identifying 117 clusters throughout the country. The government is putting on its endeavour to enhance the contribution of this sector to 32 percent by 2024 (Budget Speech, 2021-2022). To counter the adverse economic impact of the COVID-19 pandemic, a BDT 200 billion capital stimulus package was introduced in April 2020. A broad based strategy is set in the 8th Five Year Plan, 2020-2024, which includes: top most attention will be given to protect the jobs and enhance new jobs in the cottage, micro and small enterprises (CMSEs) that presently employ an estimated 21 million people. This will be done immediately through the provision of low-cost loans through the banking sector. The Bangladesh Bank will work with commercial banks and the non-bank financial institutions on how this can be done in a flexible and low-cost manner (GED, 2020)

III. An Assessment of the Impact of COVID-19 to the CMSMEs

The CMSMEs were hit hard by the COVID-19 pandemic. There is no concrete estimate of losses of the CMSMEs. The extent of severity of losses of CMSMEs has varied as reflected in some studies and, research report conducted by the different research organizations, think-tank and researcher. To assess the pandemic effect on CMSMEs and awareness of stimulus package, a policy brief based on research report is given below.

Hussain (2020a) conducted a survey on 216 firms in 16 BSCIC industrial states to assess the impact of COVID-19 on CMSMEs during the year 2020. The major findings of the survey include:

- The small firms lost their output up to 26 percent by the end of December 2020 because of the COVID-induced 'holiday' and its subsequent consequences.
- During the period, the micro and medium firms lost 20 percent of their output as the government had imposed restrictions on movement and shutdown for the months between March and May last year to avert the spread of the corona virus.
- However, 74 percent firms on an average were more or less affected by the pandemic, according to latest research findings released on Sunday.
- During the three-month period from March to May last year, 96 percent of such types of firms (SMEs) were affected
- The micro and medium enterprises have performed better than the smaller ones at the recovery stage.

SANEM (2020) conducts a firm level survey regarding the COVID-19 and Business confidence in Bangladesh and finds that, on an average, the large firms performed better compared to the Micro, Small, and Medium enterprises. According to the survey large enterprises are more capable of acquiring the stimulus packages than Micro, Small, and Medium enterprises. Micro and small firms received 18.4 percent of stimulus package provided by the government to address the adverse impact of the pandemic. With regard to medium enterprises, around 42.3 percent firms received benefits from the package. On the other hand, large firms acquired 57.3 percent.

Iqbal, et al. (2020) used pre-pandemic survey as baseline and interviews 375 enterprises and 360 workers and finds that the owners predicted a two-third reduction in revenue compared to 2019. According their survey about 74 percent of the CMSMEs was aware of the government incentive

package. The predicted reduction is lower for the larger sector. Three in every four SMEs had unsold products in stock that they could not sell due to lockdown. The amount of unsold goods was about 17 percent of the revenue of 2018. Nearly similar portions (15 percent of the revenue of 2018) of enterprises have a sizable amount of pending payments that are likely to be received soon.

Hossain, (2020b) reveals that access to bank finance is the main obstacle for implementing stimulus package for CMSME sector. They also found that less than 40 percent SMEs have access to finance in Bangladesh, and if micro businesses are included, the percentage of small enterprises staying out of bank coverage will be much bigger. As most of them have no access to bank finance, they find it hard to get the stimulus loan. In that case more than 70% MSMEs will be left out of the benefit of the government's COVID-19 stimulus for the MSME sector.

Khatun, et. al, (2020) thinks that it is important to ensure speedy disbursement of the subsidized credit among eligible SMEs. They also think that a database of all categories of enterprises, including MSMEs needs to be prepared on an urgent basis. Though the government allocated funds for women entrepreneurs under stimulus packages meant for CMSMEs, 58 percent of them have not heard about it and 93 percent women enterprises have not applied for any loan under the government support scheme. A separate stimulus package should be implemented for the woman entrepreneur. Moreover, the study recommended extending the loan repayment deadline for three years for SMEs to fight the fall out of the COVID-19 fall out. 94 percent of the beneficiaries of loans under the stimulus package provided by the government were male and 6.0 percent were female.

Islam, et al. (2020) conducted a survey on small enterprises, mostly light engineering firms and young workers across 18 districts in Bangladesh in view of understanding the COVID-19 effect on MSMEs. They find that because of the COVID-19, small enterprise and informal enterprise faced massive drops in their sales which are about 55% relative to pre-COVID level. Compared to pre-COVID level, income dropped 60% and 65% for male and female, respectively. Income recovery for the male workers is higher, compared to their female counterparts. Female workers are facing a 52% drop in income after the end of the lockdown and their income recovery is very poor. The study finds that lockdown measures caused the majority of small enterprises shut down, and during the early period of relaxation the lockdown, one third of the enterprises were operating at limited capacity. Survey shows that 63 % know (17% know how to get the support) about the Govt. initiative and 81 % reported that it is quite difficult to get the support. Survey also shows that 31% applied for the support and 1 owner received the support. Moreover, proper maintaining of data infrastructure is needed for further implementation of policies.

PRI (2019) conducted a study for understanding the access to finance for SME and its impact on job creation. The major findings of the study are:

- 7% employment growth in all sample enterprises from inception to 2019
- Female-owned sample businesses led employment growth at 146.2 %
- The largest employment growth was in the service sector 174.2 % followed by manufacturing sector 131 %

The key issues of the above studies and surveys include the situation faced by the CMSMEs after the COVID-19 fallout. Loss of output of most of the firms, slow recovery of the smaller firms, revenue reduction due to shrunken demand, pending payments, widened income gap across gender, access to bank finance difficulties, concentration of stimulus packages to the larger firms, and most

importantly the lack of a proper database of all categories of enterprises are the key findings of those above studies. It is observed that the CMSMEs have been most affected during the first wave of COVID-19 and also afterwards; their challenges continued as Bangladesh suffers from the ongoing second wave of the pandemic.

IV. Policy Measures for CMSMEs in Response to the COVID-19 Pandemic Fallout

Stimulus Packages: The Government has responded with a hefty stimulus package of BDT 1.28 trillion (US\$ 14.6 billion) to recover the economic shock from the COVID-19 pandemic fallout. Of this package BDT 200 billion working capital has been allocated to the CMSMEs sector to revitalize CMSMEs from pandemic adversity. This fund has been implemented through commercial bank with concessional interest rates at 9.0 percent. Out of these rates, entrepreneur will pay only 4 percent and government will give 5 percent as subsidy to the commercial banks. The package has been extended till 30 June, 2021 because about 72.31 percent of the total target has been implemented up to 31 March, 2021 (SMESDP Circular No-3, April 12, 2021).

Besides the stimulus package for CMSMEs, Bangladesh Bank has undertaken various policies/initiatives in line with its existing ones for expanding credit facilities and easy accessing to credit of CMSMEs. These policies are very pragmatic and help CMSMEs to mitigate their distress faced by the COVID-19 pandemic.

Refinance: Since Commercial banks are implementing stimulus package of CMSMEs, Bangladesh Bank formed a revolving refinance scheme of BDT-100 billion from its own source for commercial banks for providing the working capital disbursements to the entrepreneurs with effect from 26 April 2020. The validity period of this fund is three years.

Start-up Fund: Bangladesh Bank has established five-year revolving refinance Fund titled ‘Start-up Fund’ amounting BDT 5 billion for commercial banks for disbursing loan to start-up entrepreneurs/innovative initiatives. This sector is promising for creating self employment opportunities for youth and to create new entrepreneurs’ (SMESDP Circular No-4, April 19, 2021).

Bangladesh Bank has also instructed to the scheduled banks to form start-up fund for 5-year tenure by transferring one (1) percent of the yearly operating profit from 2021 to 2025. The banks will disburse loan to the start-up entrepreneurs’ from this fund with maximum 4 percent rate interest. Out of the fund 10 percent loan will be disbursed to the start up women entrepreneurs’ (SMESDP Circular No-5, April 26, 2021).

Credit Guarantee Scheme: BB has undertaken the Credit Guarantee Scheme (CGS) policies and already initiated a CGS of BDT 20 billion to encourage commercial banks to provide loans to micro, cottage and small enterprises.

Priority to the Women Entrepreneurs in CGS: Regarding Policy of Credit Guarantee Scheme for Cottage, Micro and Small Enterprises (CMSE), women-owned Cottage, Micro and Small Enterprises (CMSE) will get priority to obtain CGS facility. Under the said instruction to ensure collateral free loan/investment for Women-owned Cottage, Micro and Small Enterprises (CMSE), henceforth the participatory financier institutions (PFIs) have to earmark at least 5% (five percent) of their Portfolio Guarantee Limit (PGL) (SMESPD Circular No. 05, May 9, 2021).

Waiver of Bank Charge or Fee for Loan Processing of CMSMEs: Bangladesh Bank has recently revised scheduled bank charge where banks are instructed not to take any charge or fee for loan processing, rescheduling/restructure for CMSMEs (BRPD Circular No. 11, June 10, 2021).

The Pertinent Prior Policies of the CMSMEs

Along with the above policies during COVID-19 pandemic Bangladesh Bank has adopted several credit policies/ schemes/ programmes to flourish and expand CMSME sector from the very beginning. Some pertinent major credit policies are highlighted below:

Increased credit disbursement target: Banks are instructed to increase CMSMEs yearly credit disbursement target to 25 percent of the total disbursement by 2024 with minimum 1 percent increment in each year.

Sector-wise credit distribution target: To ensure sector-wise distribution of overall SME credit portfolio, a target for at least 40 percent for manufacturing, 25 percent for Service and a maximum ceiling of 35percent for trading has been instructed by Bangladesh Bank to be achieved by all Banks/NBFIs within 2021.

Special Attention to Small Enterprises: Banks and NBFIs are instructed to disburse 50 percent of the total CMSME loan to Cottage, Micro and Small sector by 2021.

Providing Grace Period: Banks and NBFIs are instructed to provide 03 to 06 months grace period to small enterprise for short to long term loan repayment.

Cluster Development Policy: To expedite cluster-based financing to CMSME sector, Banks and NBFIs are advised to formulate a cluster development policy for strengthening existing clusters and developing new clusters.

SEIP Project for CMSME Sector Employment: A project has been undertaken named ‘Skill for Employment Investment Programme (SEIP)’ by the Government with the assistance of Asian Development Bank. Under this programme, as of February 2020, 11,484 trainees have been trained in different technical courses and out of 11,246 certified trainers 7,685 have been employed in different SME sectors and 2,283 have become self-employed. Among them 32 percent were women.

Forming Women Entrepreneur Development Unit and Dedicated Desk: Bank and financial institutions are advised to form Women Entrepreneurs Development unit and Dedicated Desk in the regional offices including the head office of banks and financial Institutions and arrange necessary training facilities for women entrepreneurs Bangladesh Bank has allocated 15 percent of total refinancing scheme for women entrepreneurs and necessary instructions have been given to the banks and financial institutions to provide this loan(SMESPD Circular NO. 02, September 05, 2019)..

Group based loan disbursement: Women entrepreneurs in cottage and micro sector have been given a policy of disbursing group based loans of minimum BDT 50000 or above.

Collateral: Lack of collateral is one of the major obstacles for CMSME sector. To address this BB has introduced collateral free credit facilities for CMSMEs up to BDT 1 million which can be increased up to BDT 2.5 million upon personal guarantee.

Rate of Interest on CMSME Credit: Although the operating costs of the financial institutions are high for the small entrepreneurs, BB has instructed the financial institutions to keep the interest rate for CMSMEs within a tolerable level. As for this BB is providing refinance facility to financial institutions at bank rate (at present 4 percent) in CMSME sector. The fund obtained at bank rate through BB refinance window should be disbursed at bank rate plus not more than 5 percent interest rate to the client level. Moreover, Bangladesh Bank has instructed all the scheduled banks that in all categories of unclassified loans/investments but credit card, the maximum rate of interest/profit is set at 9 percent (Bangladesh Bank. BRPD Circular No-3, February 24, 2021).

The ongoing refinance Schemes of Bangladesh Bank for CMSMEs: To expand access to finance for CMSMEs several refinance schemes have been introduced before the on-set of COVID-19 which has been facilitated CMSMEs access to credit. A brief description is given in Table 4.

Table: 4 Refinance Schemes of BB for the CMSMEs

Name of Fund	Size of Fund (In billion BDT)
1. Refinance Scheme for New Entrepreneur in Cottage, Micro, and Small Enterprise Sector.	0.5
2. Refinance Scheme for Setting up Agro-based Product Processing Industries in Rural Area	7.0
3. Small Enterprise Refinance Scheme	8.5
4. Refinance Scheme for Shariah Based financing in Agro-based Industry, Small Entrepreneurs and New Entrepreneurs in Cottage, Micro and Small Enterprise Sector	Initially 3.75 billion At present 1.25 billion

Source: SMESPD, Bangladesh Bank.

V. Trends in Credit disbursement in the CMSMEs

A. Credit disbursement by Banks and NBFIs

Available data show that banks and NBFIs disbursed about BDT 14.74 billion to 93919 beneficiaries of CMSMEs till May 2021 under the stimulus package which was 73.70 percent of the package. Out of the total loan disbursement BDT 7.44 billion (50.47 percent) loans disbursed to 5252 women entrepreneurs (Table 5).

In line with stimulus packages, BB has strengthened its loan disbursement and refinances under CMSME credit policies. During the onset of COVID-19, loan disbursement of CMSMEs slowed in first two quarters due to national lock down of more than two months during the second quarter of 2020. Afterwards, business activities started to open and loan disbursement also started to increase since Q3 of 2020. Total loan disbursement of BDT 1534.96 billion went to 785858 entrepreneurs in 2020 compared to BDT 1679.70 billion and 774122 entrepreneurs respectively in 2019 (Table 6). The highest share of disbursed loan went to the small enterprises which accounts for 57.66 percent in 2020 and 60.49 percent in the previous year. Micro and cottage enterprises received 12.40 and 0.80 percent share of the total loan disbursement which is higher than the previous year's of 9.82 and 0.76 percent respectively reflecting that the economy is enlivening.

Table: 5 Disbursement Status of BDT 20 billion CMSMEs Stimulus Package (Amount in billion BDT)

As on	Total Amount of Disbursement Under Stimulus Package	Total Amount of Disbursement to Women Entrepreneurs	Total no of Beneficiary Entrepreneurs	Total no of Beneficiary Women Entrepreneurs
Up to March 2021	12.510	7.05	82815	4969
May 2021	14.742	7.44	93919	5252

Source: SMESPD, Bangladesh Bank.

Table: 6 Category wise Loan Disbursement of CMSMEs (Amount in billion BDT)

	CMSME		Cottage Enterprise		Micro Enterprise		Small Enterprise		Medium Enterprise	
	Number of Enterprises	Disbursement Amount	Number of Enterprises	Disbursement Amount	Number of Enterprises	Disbursement Amount	Number of Enterprises	Disbursement Amount	Number of Enterprises	Disbursement Amount
2019Q1	187506	372.87	3242	2.01	70298	39.18	104355	220.70	9611	110.98
2019Q2	220021	431.55	11165	3.75	81015	44.81	116744	260.28	11096	122.70
2019Q3	182099	392.90	5500	3.71	59559	29.14	105730	246.03	11310	114.00
2019Q4	189962	486.50	5387	3.32	75537	54.05	99913	293.85	9125	135.28
2019 Yearly Total	774122	1679.71	25088	12.75	283512	165.03	424480	1016.01	41041	485.91
2020Q1	179796	377.62	9588	2.40	71051	44.57	90927	215.64	8230	115.01
2020Q2	139754	280.64	8535	2.28	52885	30.04	69615	156.97	8719	91.35
2020Q3	197700	386.89	9942	2.60	73247	46.50	104075	227.38	10436	110.41
2020Q4	268608	489.81	14815	5.04	106127	69.20	136901	285.05	10765	130.51
2020 Yearly Total	785858	1534.96	42880	12.31	303310	190.32	401518	885.05	38150	447.29

Source: SMESPD, Bangladesh Bank.

Loan Disbursement to New Entrepreneurs

BB's credit policy for new entrepreneurs spurred the expansion of the CMSME credit coverage which is evident from the loan disbursement to new enterprise data (Table 7). During the pandemic year, 2020 more than 0.1 million new CMSME entrepreneurs were financed which is 5.78 percent higher than the previous year's inclusion of new entrepreneurs. Of the total loan disbursed to new enterprise in 2020, the highest percentage of share (58.97 percent) went to the small industries, followed by the medium industries (21.40 percent), micro enterprises (17.85 percent) and cottage enterprises (1.78 percent).

Table: 7 Status of Loan Disbursements to New Enterprises by Categories (Amount in billion BDT)

	CMSME		Cottage		Micro		Small		Medium	
Year	Number of Enterprises	Disbursement amount	Number of Enterprises	Disbursement amount	Number of Enterprises	Disbursement amount	Number of Enterprises	Disbursement amount	Number of Enterprises	Disbursement amount
2019	131003	233.24	7781	3.71	47572	35.18	69947	140.50	5703	53.84
2020	138572	182.19	14160	3.24	57949	32.52	62522	107.44	3941	38.99

Source: SMESPD, Bangladesh Bank.

Refinance Scheme for New Entrepreneurs

To perk up the CMSMEs in the pandemic situation BB has widened refinance schemes to new entrepreneurs. A total of 644 new entrepreneurs received more than BDT 404 million through BB's refinance scheme which reflects the widening of access to finance for CMSMEs. Moreover, providing 23.3 percent working capital of total loans for small enterprises helped them to smooth running of their businesses.

B. Loan Disbursement by SME Foundation

The SME foundation also works for the development of CMSME sector of the country. The foundation has been providing necessary support to the entrepreneurs doing business under small to medium and cottage industries. Through market expansion and capacity building on various aspects it assists the entrepreneurs to start up and grow their business. By maintaining 26 percent of total beneficiaries for women SMEF contributes to women empowerment. Moreover, under stimulus packages SMEF had been allotted BDT 3 billion to disburse among entrepreneurs (The Daily Star, 08 January, 2021).

VI. Conclusion

The main objectives of the note were to assess the fallout of the COVID-19 and policy responses of CMSMEs including stimulus packages, loan disbursement, and recovery of the CMSMEs. The analysis suggests that the stimulus package, credit guarantee scheme, collateral free loan, concessional interest rate (4 percent), and start-up fund along with the existing credit policies are quite supportive of building resilience of the CMSMEs during the pandemic. Available data show that about 74 percent of stimulus fund have been disbursed to 96 thousand entrepreneurs till May 2021. The activities of the CMSMEs have started to revive from Q3 of 2020 reflected in the loan disbursement amount. The growth of loan increased to cottage, micro and small enterprise in Q4 of 2020 over Q4 of 2019. It is likely that the access to loan by the CMSMEs expands in the coming quarters as broad-based economic activities continue to pick up.

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Labour Market Dynamics in Bangladesh: Impact of the COVID-19⁴

Abstract

This note attempts to assess the trend and current status of employment on the back of COVID-19 shock with an objective of providing insights on what to do for near and medium term under the new normalcy of COVID-19 period. The discussions in this policy note find that the labour markets were severely affected in all the three major sectors. The note also finds that a huge segment of labour force, who have poor levels of income, can easily be affected by the vulnerabilities due to the COVID-19 related restrictions. The estimated data find significant losses in terms of employment, working hours, and labour income in 2020 because of COVID-19 induced crisis. The note also reviews that in response to COVID-19 crisis, government of Bangladesh and the Bangladesh Bank provided comprehensive supports to labour force across all economic sectors, including agriculture, SMEs, industry and services. These policy supports is very effective to revive the employment generation across the sector. However, a further study is needed to assess the impact of implementation of stimulus packages targeted for retention of labour markets in a way to ensure an even recovery across the sectors, areas and gender, while revisiting the policies.

I. Introduction

The COVID-19 pandemic that started in China in December 2019 and spread over almost all other countries has caused disappointments in global economic growth as it has discouraged investment and, hence, disrupted the labour markets. Though figuring out the economic damage is difficult, a report estimated that the loss was 4.5 percent of global gross domestic product (GDP)⁵. The IMF (2021) estimated a contraction of -3.3 percent GDP growth in 2020⁶. The world economy witnessed an upward trend of unemployment rate of 6.5 percent in 2020 while the rate was 5.4 percent in 2019⁷. Likewise, the Bangladesh economy faced a lower real GDP growth at 3.51 percent in financial year 2019-2020 as compared to 8.15 percent of that in the previous financial year because of the COVID-19 pandemic shock. The labour markets were distorted as many working-age people became jobless in the country following the adverse effects of prolonged restriction measures imposed to check the surge of coronavirus infections. This policy note explains the disturbance in the labour markets in Bangladesh to understand that which segment of population has mostly been affected by the pandemic hit and what measures have been taken so far to support the labour markets. After the fallout of COVID-19, the government and Bangladesh Bank have taken very proactive actions including a comprehensive

⁴ This note has been prepared by Dr. Md. Salim Al Mamun, Deputy General Manager, Raju Ahmed, Deputy Director, and Dr. Md. Ezazul Islam, General Manager, Chief Economist's Unit. The authors are grateful to Dr. Md. Habibur Rahman, Executive Director (Research), for providing valuable suggestions. 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: salim.mamun@bb.org.bd

⁵ Szmigiera, M. (2021). Impact of the coronavirus pandemic on the global economy - Statistics & Facts. Statista.

⁶ International Monetary Fund (2021). World Economic Outlook: Managing Divergent Recoveries, Washington D.C.:IMF.

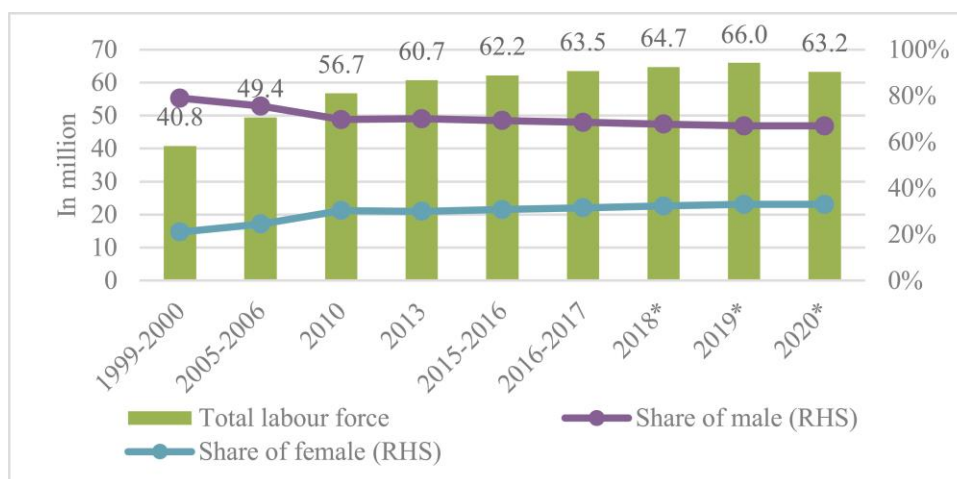
⁷ International Labour Organization (2021). ILO monitor: COVID-19 and the world of work. Seventh edition. Geneva: ILO.

stimulus package to ensure economic activities and retention of employment. A proper assessment of loss of working hours, employment and incomes can guide further for formulating appropriate policies to gear up the employment generation in the country. In this backdrop, the note attempts to assess the trend and current status of employment on the back of COVID-19 shock with an objective of providing insights on what to do for near and medium term under the new normalcy of COVID-19 period.

II. Labour markets in Bangladesh and COVID-19 Shocks

Working-age population in a country reflects economy's ability towards long-run growth as it scopes a demographic dividend to the economy. Country's working-age population increased significantly from 58 percent in 1999-2000 to 68 percent⁸ in 2016-2017, opening up new economic opportunities for the country. According to the LFS (2016-17), 69.8 percent of working-age population lived in urban areas, whereas it was 66.7 in rural areas in 2016-2017. The LFS defined that if the working-age people are economically active, and they are employed for at least one hour during the seven days prior to the survey, or have a job attachment but are temporarily absent from work or are available to work if any work could be found, they are to be considered as labour force.

Chart 1: Division of labour force participation between male and female



Source: Labour Force Survey (various issues), Bangladesh Bureau of Statistics.

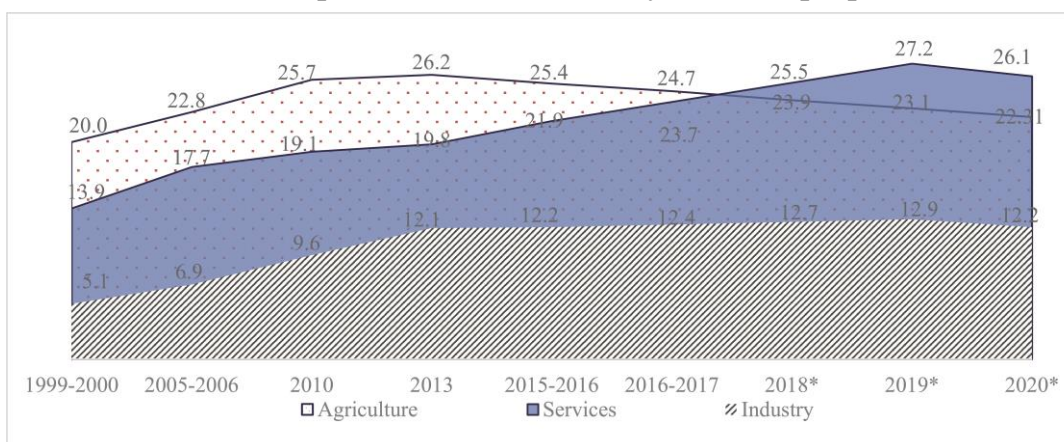
* Authors' estimation.

Chart 1 shows that the total number of labour force increased from 40.8 million in 1999-2000 to 63.5 million in 2016-17. This policy note estimates the number of labour force in the subsequent years and found 64.7 million and 66.0 million in 2018 and 2019, respectively. Considering the COVID-19 shock on employment, the labour force estimated was 63.2 million in 2020. A trend can be observed between the share of male and female labour force as female labour force showed a gradual increasing share from 21 percent in 1999-2000 to 33 percent in 2020, while that for male had been decreasing. Increasing share of female participation in the labour force implies more inclusive economic development, strengthening women's roles in mainstream economic activities.

⁸ Bangladesh Bureau of Statistics (2018). Labour Force Survey Bangladesh 2016-17. Dhaka: BBS.

Agriculture sector is a main strength of Bangladesh economy and a large segment of population is employed in this sector. However, many of existing or newly increased labour force overtime switched their jobs mainly to services and industry sectors as evident in sectoral composition of employment shown in Chart 2. The labour force in services and industry sector increased significantly from 13.9 and 5.1 million in 1999-2000 to 24.7 and 12.4 million in 2016-17, respectively, while the labour force in agriculture sector remained more or less stagnant, increasing from 20.0 million in 1999-2000 to 24.7 million in 2016-17. The estimated data show that labour force in agriculture, services and industry sector dropped down to 22.3, 12.2 and 26.1 million, respectively, in 2020 after the COVID-19 shock on the job market.

Chart 2: Sectoral composition of labour force by economic purpose (in million)

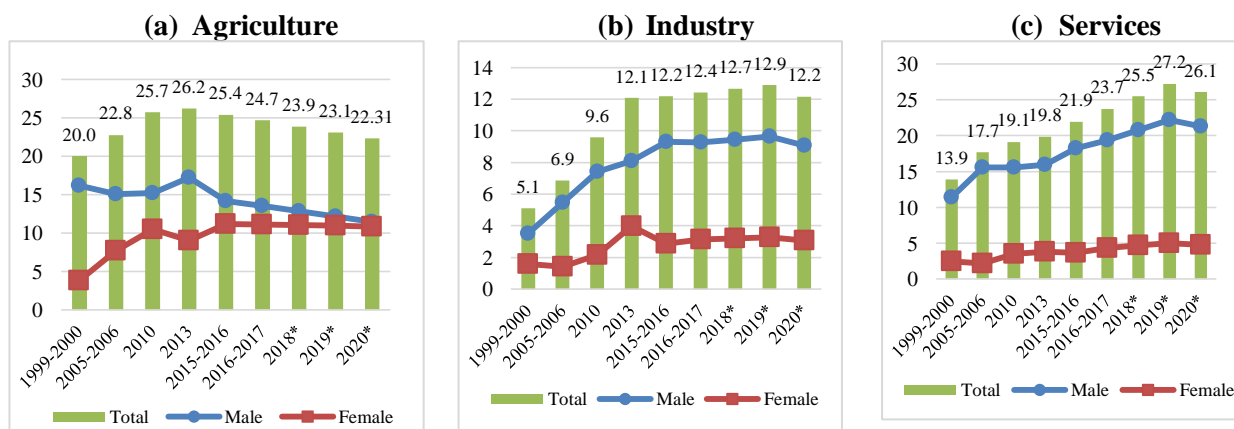


Source: Labour Force Survey (various issues), Bangladesh Bureau of Statistics.

* Authors' estimation.

Sectoral composition of labour force by gender shows structural change of female employee in agriculture sector as female participation in agriculture sector had been increasing overtime (Chart 3a). The Charts 3b and 3c show that male workers in agriculture sector shifted to services and industry as male participation in industry and services sector had been increasing gradually until 2019. Therefore, male workers in industry and services sectors were hit hard by COVID-19 pandemic.

Chart 3: Sectoral composition of labour force by gender (in million)



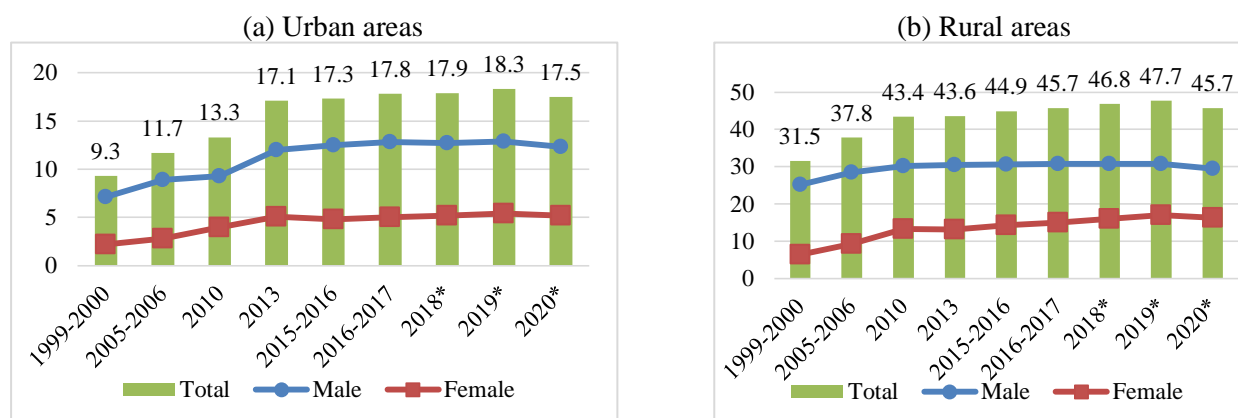
Source: Labour Force Survey (various issues), Bangladesh Bureau of Statistics.

* Authors' estimation.

II.1 Labour Decomposition – Rural vs. Urban

The labour force in urban area increased from 9.3 million in 1999-2000 to 17.9 million in 2016-2017, while labour force in rural area increased from 31.6 million in 1999-2000 to 46.8 million in 2016-2017. The note estimates that urban and rural work force decreased to 17.5 and 45.7 million in 2020, respectively, because of COVID-19 induced damages (Charts 4a and 4b). The growth rates of female labour force were higher as compared to that of male labour force during the years as reported. The compound annual growth rate (CAGR) was 4.9 percent for female labour force, while it was 3.5 percent for male labour force in urban areas during the years between 1999-2000 and 2016-2017. In case of rural areas, the CAGR was 5.1 percent for female labour force, while it was 1.2 percent for male labour force, considering the same years. After the COVID-19 pandemic shock, the CAGR for female labour force was 4.4 percent during the years between 1999-2000 and 2020, while it was 2.8 percent for the male in urban areas during the years between 1999-2000 and 2016-2017. In case of rural areas, the CAGR for female labour force was 4.8 percent, while it was only 0.8 percent for the male during the periods including the COVID year of 2020.

Chart 4: Composition of labour force by gender (In million)



Source: Labour Force Survey (various issues), Bangladesh Bureau of Statistics.

* Authors' estimation.

II.2 Labour Decomposition – Formal vs. Informal

Informal sector represents an important sector of the labor market of Bangladesh economy, playing critical roles in employment creation, economic activities and income generation. The informal sector consists of self-employed labours including day labours who are unregistered and/or unincorporated private enterprises engaged in the production of goods and services. Table 1 shows that 85.0 percent of the employed population engaged in informal sector in 2016-2017, increased gradually from 75.3 percent in 1999-2000. Hill and Genoni (2019)⁹ estimates that labour income comprises 80 percent of total household income for the poorest 40 percent of households. Hence, the COVID-19 induced vulnerabilities in the labour markets because of taking restrictions measures to check the surge of the virus infection have concerned for work and income of the poor people involved in informal sectors. A

⁹ Hill, Ruth, and Maria Eugenia Genoni. 2019. Bangladesh poverty assessment: Facing old and new frontiers in poverty reduction. Washington, D.C.: World Bank.

study conducted by Centre for Policy Dialogue (CPD) and Bangladesh Institute of Labour Studies (BILS) found that urban informal sector lost about 1.08 million jobs due to the COVID-19 pandemic, which was over 8 percent of total urban employment at the level of 2016-2017¹⁰.

Table 1: Employed population aged 15 or older, by formal/informal sector (In million)

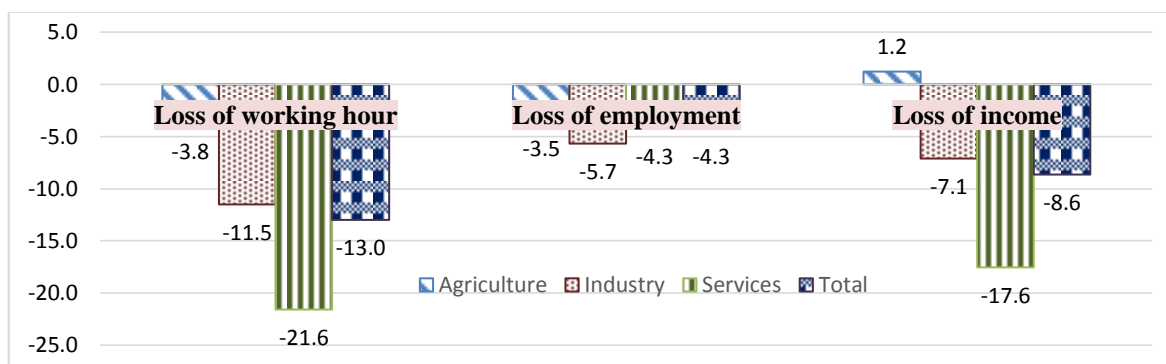
Year	Formal				Informal (self-employed, day labours)			
	Male	Female	Total	Share (%)	Male	Female	Total	Share (%)
1	2	3	4	5	6	7	8	9
1999-2000	8.4	1.2	9.6	24.7	22.7	6.6	29.3	75.3
2005-2006	8.6	1.6	10.2	21.5	27.5	9.7	37.2	78.5
2010	5.5	1.3	6.8	12.6	32.4	14.9	47.3	87.4
2013	5.7	1.6	7.3	12.6	35.6	15.2	50.8	87.4
2015-2016	6.7	0.6	7.3	12.2	35.1	17.2	52.3	87.8
2016-2017	7.6	1.5	9.1	15.0	34.6	17.1	51.7	85.0

Source: Labour Force Survey (various issues), Bangladesh Bureau of Statistics.

III. Impact of COVID-19 on Working Hours, Employment and Labour Income

Labour markets worldwide were disrupted in 2020 on an unprecedented scale after the COVID-19 shocks in many economies. Bangladesh economy was not exception as COVID-19 related restrictions were imposed nationwide during April – May 2020, shutting factories and industries, suspending transport movement, closing offices and banning gatherings, which disrupted the domestic labour markets. This policy note estimates the losses of working hours, employment and labour income as a consequence of COVID-19 related restrictions shown in Chart 5. The Chart shows that a total of 13 percent working hours were lost in Bangladesh in 2020. International Labour Organization (ILO) estimated working hours lost for the lower middle-income countries, which include Bangladesh, and found 12.5 percent working hours lost in the second quarter of 2020¹¹. Moreover, ILO nowcasting model estimated and found that the working hours lost in Bangladesh due to the COVID-19 crisis was 12.2 percent in 2020¹².

Chart 5: Estimates of working hours, employment and labour income lost in 2020
(In percentage change)



Source: Constructed and estimated by the authors.

¹⁰ Moazzem, K. G., Taznur, T, and Ahmed, T. (2021). Impact of COVID-19 on the labour market policy proposals for trade union on employment, gender and social security for sustainable recovery. Dhaka: CPD-BILS.

¹¹ International Labour Organization (2020). ILO monitor: COVID-19 and the world of work. Third edition. Geneva: ILO.

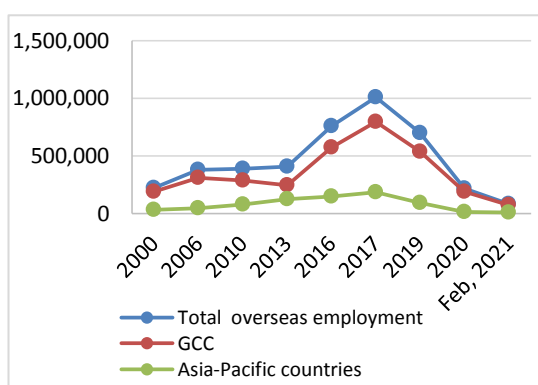
¹² International Labour Organization (2021). Working hours lost due to the COVID-19 crisis - ILO modelled estimates (%) Annual. <https://ilostat.ilo.org/topics/working-time/#>

Chart 5 also shows that the employment declined by 4.3 percent, and the associated income loss decreased by 8.6 percent in 2020 in the country. While all the three major economic sectors experienced declines in 2020 in terms of working hours, employment and labour income (except labour income for agriculture sector), industry and services sectors were hit hard by the pandemic. Working hours for industry and services sector faced decreases of 11.5 and 21.6 percent, respectively in 2020. Labour incomes declined by 7.1 and 17.6 percent for industry and services sectors, respectively, in 2020.

IV. COVID-19 Shocks on Employment in Overseas Markets

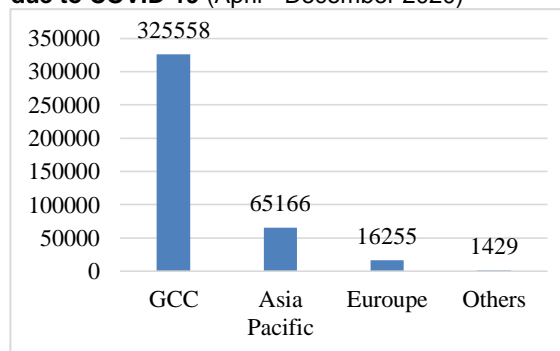
Bangladesh is one of the largest remittance recipient countries, where migrant Bangladesh workers in overseas markets play the key roles. The Chart 6 shows that overseas employment in all countries including GCC and Asia-Pacific regions followed an increasing trend until 2017, and the employment, thereafter, started to decline. The overseas employment was largely affected in 2020 and 2021(until February) due to the ongoing pandemic (Chart 6).

Chart 6: Employment in overseas markets



Source: Bureau of Manpower, Employer & Training (BMET).

Chart 7: Number of Bangladeshi migrants returnee due to COVID-19 (April - December 2020)



Source: International Organization for Migration-UN Migration, Geneva, Switzerland.

On the other hand, a total of 408,408 migrant workers returned to Bangladesh during 2020 after the pandemic fallout, mostly from GCC and Asia-Pacific regions (Chart 7). However, even though almost no migration of employment in overseas countries and a huge number of overseas employees returned, remittance inflows increased by 27.5 percent in 2020. The uplift of the flow of remittances was possible due to government's and Bangladesh Bank's proactive measures such as providing incentives to remittance senders through formal channels as well as the repatriation of funds by the migrant workers in the wake of COVID-19 related uncertainties. Policymakers can take further actions on how to make convenient environment for migrant workers.

V. Emergency Support (Stimulus Packages) during the Pandemic for the Labour markets

Bangladesh, like most of the countries, is facing the threat of a major economic crisis as a result of the COVID-19 pandemic. Government of Bangladesh and Bangladesh Bank have undertaken unprecedented policy measures that helped the economy minimize the deceleration of economic growth and employment opportunities. The key policy measures for supporting the labour markets are

described briefly in below (a table is given in Appendix I, detailing the sector-wise stimulus packages and implementation status):

Agriculture Sector Packages for strengthening labour markets: In response to the crisis from the pandemic, total stimulus packages of BDT 185.8 billion were provided as agricultural subsidy for seeds, fertilizer, innovation, mechanization and irrigation which helped the labour market to be activated during COVID-19 period. Agriculture subsidy for FY20 was increased to BDT 95 billion for ensuring food security on pandemic situation. A refinance scheme of BDT 50 billion has been created for the working capital for the agriculture sector, as labour force can be activated in their works. In order to tackle the adverse impact of COVID-19 on marginal people, Bangladesh Bank also announced an amount of BDT 30 billion as revolving refinance scheme. The objective of the scheme is to provide the support to the labour force including poor people, farmers, holders of small/marginal businesses and the wage earners who have returned from abroad due to COVID-19 situation. This revolving refinance scheme is helping farmer and poor businessmen continue their regular activity in pandemic time, activating dynamism in the labour markets.

Government's focus on SME and CSMEs Sector: A large number of employment-supportive CMSEs were mostly shut down during the pandemic period, resulting loss of job and capital. According to IFC, around 37 percent of the workers in Bangladeshi MSMEs either lost their job, temporarily or permanently¹³. Government of Bangladesh and Bangladesh Bank have been providing policy support to banks and financial institutions by giving priority to SME and CMSMEs sector and by providing various types of loans and refinancing facilities. To safeguard the capacity of the SMEs and cottage industries, Government announced BDT 200 billion of working capital loans for the support to this sector entrepreneurs, and to retain the manpower employed in this sector. The female entrepreneurs can easily get the loan from these packages as the CMSMEs sector has made up huge number of female enterprises. The government announced another stimulus package of BDT 15 billion for the micro and cottage enterprises through various government and semi government agencies like the SME foundation, the BSCIS and Bangladesh NGO Foundation to infuse dynamism into the rural economy amid the pandemic.

Large industry and service sector packages to recover the economy: The stimulus packages emphasized on supporting large industries including labor-intensive and export-oriented businesses and major service sector industries. The packages also included measures aimed at ensuring working capital loans to the affected industries and service sector. Around 60 percent employment generating sectors (industry and service sector) were disrupted massively amid pandemic due to stoppage and slowdown of economic activities. The disruption of those sectors resulted in the loss of employment and income for a large number of people in the workforce. The Government of Bangladesh announced a time being labour-supportive packages amounted to BDT 50 billion for providing salaries and wages to workers and employees of export-oriented manufacturing industries that are in danger of having to close down. This

¹³ The International Finance Corporation (2020). Business Pulse Survey: Impact of Covid-19 on MSMEs in Bangladesh. Washington D.C.: IFC

package is preventing a major decline in the growth of exports as resulting protected the jobs in the export-oriented manufacturing industry sector. In the pandemic period, several industry and service sector related companies made complete and partial layoff their employees for unavailable capital support. In this regard, Bangladesh government responded very quickly and announced BDT 400 billion of working capital loans to affected industries and service sectors through commercial banks. This loan contributed to continue business activity as well as to support the affected employees in the industry and services sector. Government announced an amount of BDT 15 billion for expansion of social safety net programs for the workers who lost their job in the RMG, leather goods and footwear industries. The government also provided special honorarium to doctors, nurse and medical workers who are directly engaged in treating COVID-19 patients. To support rural poor farmers, expatriate migrant workers, and trained youth and unemployed youth, government provided BDT 32 billion capital through state owned specialized Banks.

VI. Conclusions and Recommendations

In the discussions in this policy note, it finds that the labour markets were severely affected in all the three major sectors. The estimated data show that labour force in agriculture, services and industry sector dropped down to 22.3, 12.2 and 26.1 million in 2020 after the COVID-19 shock in the job market. It also shows that though COVID-19 pandemic hit all sectors, male workers in industry and services sector were hit hard in case of both urban and rural areas. After the COVID-19 pandemic shock, the CAGR for female labour force was 4.4 percent, while it was 2.8 percent for the male in urban areas during the years between 1999-2000 and 2020. In case of rural areas, the CAGR for female labour force was 4.8 percent, while it was only 0.8 percent for the male during the periods including the COVID year of 2020.

In the analysis of formal and informal labour dynamics, the note finds that 85.0 percent of the employed population engaged in informal sector in 2016-2017, increased gradually from 75.3 percent in 1999-2000. This huge segment of labour force who have poor levels of income can easily be affected by the vulnerabilities due to COVID-19 related restrictions.

This policy note attempts to estimate the losses in terms of employment, working hours, and labour income because of COVID-19 induced crisis. The results show that total of 13 percent working hours were lost in Bangladesh in 2020. The ILO nowcasting model estimated and found that the working hours lost in Bangladesh due to the COVID-19 crisis was 12.2 percent in 2020. This note also finds that the employment declined by 4.3 percent, and the associated income loss decreased by 8.6 percent in the country in 2020. While all the three major economic sectors experienced declines in 2020 in terms of working hours, employment and labour income (except labour income for agriculture sector), industry and services sectors were hit hard by the pandemic.

The note finds that the overseas employment was largely affected in 2020 and 2021 (until February) due to the ongoing pandemic. However, even though almost no migration of employment in overseas countries and a huge number of overseas employees returned, remittance inflows increased continuously. However, it is important for creating a convenient environment for the workers so that they can start to go abroad for work.

In response to COVID-19 crisis, government of Bangladesh and Bangladesh Bank provided comprehensive supports to labour force across all economic sectors, including agriculture, SMEs, industry and services. These policy supports were very effective to revive the employment generation across the sector. However, a further study is needed to assess the impact of implementation of stimulus packages targeted for retention of labour markets.

Appendix I: Sector wise stimulus packages of Bangladesh

Sectors and Packages	Size of the Packages (In billion BDT)	Implementation (%)
Agriculture Sector		
Additional procurement of paddy/rice (200 thousand metric tons)	8.6	59.2
Support for farm mechanization	32.2	84.1
Subsidy for agriculture (on fertilizer)	95	75.6
Agriculture Refinance Scheme	50	79.92
Total	185.8	74.7
Industry Sector		
Special fund for salary support to export-oriented manufacturing industry workers	50	100
Working capital loans provided to SMEs, cottage industries	200	73.7
Expansion of Export Development Fund (EDF)	170	99.39
Pre-Shipment Credit Refinance Scheme	50	5.43
Safety net program for export-oriented industry's distressed workers	15	0.1
Credit risk-sharing scheme for SME sector	20	1.45
Cottage, micro, small and medium enterprises (CMSMEs)	15	0
Total	520	40.0
Service Sector		
Working capital loans to affected industries and service sector	400	81.6
Special honorarium for doctors, nurses, medical workers	1	0
Health insurance and life insurance	7.5	3.4
Refinance scheme for lower-income earning professional, farmers, and special traders	30	37.9
Low-interest loans to rural poor farmers, expatriate migrant workers, and trained youth and unemployed youth	32	21.4
Total	408.5	28.9

Source: Bangladesh Bank; Bangladesh Development Update, World Bank, April, 2021.

Tables

Table I.I: Macroeconomic Framework: Key Economic Indicators
(Growth in percent, unless otherwise indicated)

Indicators	FY15	FY16	FY17	FY18	FY19	FY20 ^P
Real GDP	6.6	7.1	7.3	7.9	8.2	5.2
GDP deflator	5.8	6.8	5.3	5.6	4.2	4.5
CPI Inflation (average)	6.4	5.5	5.9	5.8	5.5	5.6
CPI Inflation (point to point)	6.3	5.9	5.4	5.5	5.7	6.0
In percent of GDP						
Gross Domestic Savings	22.1	25.0	25.3	22.8	25.0	25.3
Gross domestic investment	28.9	29.7	30.5	31.2	31.6	31.8
Total revenue	10.9	10.5	10.5	10.8	10.1	9.0
Tax	9.0	9.0	8.8	9.2	8.8	8.1
Nontax	1.5	1.2	1.4	1.3	1.0	0.9
Total expenditure	13.8	13.9	13.4	14.7	14.6	13.9
Current expenditure	8.0	7.5	6.5	6.8	7.0	7.0
Annual Development Program	4.7	5.0	5.5	6.6	6.6	5.8
Other expenditure (residual)	1.1	1.4	1.4	1.3	1.1	1.0
Overall balance (including grants)	-2.9	-3.4	-2.9	-3.9	-4.5	-4.9
Financing (net) (a+b)	2.9	3.4	2.9	3.9	4.5	4.9
a. Domestic financing	1.8	2.2	1.9	2.1	2.8	3.0
Banking System	-0.5	0.2	-0.9	-0.1	0.7	2.2
Non-bank	2.3	2.0	2.7	2.1	2.1	0.8
b. Foreign Financing	1.1	1.2	1.1	1.8	1.7	1.4
Current account balance	1.8	1.9	-0.6	-3.6	-1.75	-1.47
Overall balance	2.2	2.3	1.3	-0.3	0.004	1.11
Growth in Percent						
Money and credit						
Private sector credit	13.2	16.6	15.7	17.0	11.3	8.6
Broad money (M2)	12.4	16.4	10.9	9.2	9.9	12.6
External Sector						
Exports, f.o.b.	3.1	8.9	1.7	6.4	9.1	-17.1
Imports, f.o.b.	3.0	5.9	9.0	25.2	1.8	-8.6
In million USD						
Exports, f.o.b.	30,697	33,441	34,019	36,285	39,604	32,832
Imports, f.o.b.	37,662	39,901	43,491	54,463	55,439	50,690
Gross official reserves	25,021	30,176	33,407	32,944	32,550	36,037
In terms of month of imports	6.5	7.2	6.6	6.0	6.0	7.2
Memorandum items:						
Nominal GDP (in billion Taka)	15,158	17,329	19,758	22,505	25,425	27,964

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

P = Provisional.

Table I.2: Real GDP Growth by Sectors
(In percent)

Sectors	FY15	FY16	FY17	FY18	FY19	FY20 ^P
Agriculture	3.3 (16.0)	2.8 (15.4)	3.0 (14.7)	4.2 (14.2)	3.92 (13.65)	3.11 (13.35)
a) Agriculture and forestry	2.5	1.8	2.0	3.5	3.15	2.08
i) Crops and horticulture	1.8	0.9	1.0	3.1	1.96	0.89
ii) Animal farming's	3.1	3.2	3.3	3.4	3.54	3.04
iii) Forest and related services	5.1	5.1	5.6	5.5	8.34	6.36
b) Fishing	6.4	6.1	6.2	6.4	6.21	6.10
Industry	9.7 (30.4)	11.1 (31.5)	10.2 (32.4)	12.1 (33.7)	12.67 (35.0)	6.48 (35.36)
a) Mining and quarrying	9.6	12.8	8.9	7.0	5.88	4.38
b) Manufacturing	10.3	11.7	11.0	13.4	14.2	5.84
i) Large & medium scale	10.7	12.3	11.2	14.3	14.84	5.47
ii) Small scale	8.5	9.1	9.8	9.3	11.0	7.8
c) Power, gas and water supply	6.2	13.3	8.5	9.2	9.58	6.16
d) Construction	8.6	8.6	8.8	9.9	10.25	9.06
Service	5.8 (53.6)	6.3 (53.1)	6.7 (52.9)	6.3 (52.1)	6.78 (51.35)	5.32 (51.30)
a) Wholesale and retail trade	6.4	6.5	7.4	7.5	8.14	5.02
b) Hotel and restaurants	6.8	7.0	7.1	7.3	7.57	6.46
c) Transport , storage and communications	6.0	6.1	6.8	6.6	7.19	6.19
d) Financial intermediations	7.8	7.7	9.1	7.9	7.38	4.46
e) Real estate, renting and business activity	4.4	4.5	4.8	5.0	5.23	4.85
f) Public administration and defense	9.8	11.4	9.2	8.5	6.4	6.02
g) Education	8.0	11.7	11.4	7.0	7.66	6.19
h) Health and social works	5.2	7.5	7.6	7.0	11.79	9.96
i) Community , social and personal service	3.3	3.3	3.6	3.7	3.72	3.61
GDP (at constant market price)	6.55	7.11	7.28	7.86	8.15	5.24

Source: Bangladesh Bureau of Statistics

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

P = Provisional.

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

Sectors	FY15	FY16	FY17	FY18	FY19	FY20 ^P
Agriculture	2,241	2,434	2,650	2,942	3,224	3,476
a) Agriculture and forestry	1,765	1,903	2,054	2,274	2,481	2,652
i) Crops and horticulture	1,261	1,343	1,437	1,592	1,723	1,830
ii) Animal farmings	299	332	360	396	432	467
iii) Forest and related services	205	228	257	286	326	355
b) Fishing	476	531	596	669	743	825
Industry	4,067	4,739	5,483	6,422	7,538	8,311
a) Mining and quarrying	239	286	341	389	440	440
b) Manufacturing	2,545	2,951	3,418	4,041	4,814	5,253
i) Large & medium scale	2,060	2,402	2,792	3,326	3,962	4,299
ii) Small scale	485	549	626	716	852	954
c) Power, gas and water supply	199	238	262	293	321	343
d) Construction	1,085	1,264	1,461	1,699	1,964	2,242
Service	8,142	9,301	10,566	11,919	13,437	14,914
a) Wholesale and retail trade	1,926	2,143	2,440	2,798	3,227	3,603
b) Hotel and restaurants	149	171	193	221	252	284
c) Transport , storage & communications	1,500	1,692	1,871	2,046	2,260	2,488
d) Financial intermediations	558	636	732	837	942	1,011
e) Real estate, renting and business activity	1,061	1,237	1,445	1,664	1,905	2,125
f) Public administration and defense	507	667	784	902	990	1,118
g) Education	376	465	569	645	731	819
h) Health and social works	301	348	390	441	520	588
i) Community , social and personal service	1,764	1,942	2,142	2,364	2,610	2,878
Total GVA at current basic price	14,450	16,473	18,699	21,283	24,199	26,702
Tax less subsidy	708	856	1,059	1,222	1,226	1,262
GDP at current market price	15,158	17,329	19,758	22,505	25,425	27,964

Source: Bangladesh Bureau of Statistics
P = Provisional.

Table I.4 : Crop-wise Agricultural Production

Crops	Actual / Target for FY20		Actual / Target for FY21	
	Area	Production	Area	Production
	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)
Aus	11.3	30.1	13.0	32.8
Aman	58.8	155.0	56.3	144.4
Boro	47.5	201.8	48.8	205.8*
Total Rice	117.7	387.0	118.1	383.0
Wheat	3.4	12.5	3.4	12.3
Maize	5.5	54.0	5.6	56.9*
Total Cereal	126.7	453.4	127.2	452.3
Jute	6.7	68.2	6.8	77.3
Potato	4.6	109.2	4.9	106.1
Vegetables	9.0	184.9	9.4	197.2
Moong	2.6	3.4	2.3	2.5
Mosur	1.9	2.6	1.8	2.6
Gram	0.6	0.7	0.0	0.1
Mustard	5.7	7.5	5.8	7.8
Onion	2.4	25.6	2.5	33.6

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

* = Target

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

	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃ *
Manufacturing	386.5	393.8	402.4	420.7	421.7	330.5	435.9	450.2	484.6
Mining	182.6	186.5	189.0	183.1	186.9	187.1	206.3	181.0	143.2
Electricity	289.8	305.9	370.3	281.1	269.1	303.1	381.0	308.1	277.7
Growth in Percent									
Manufacturing	12.1	1.9	8.5	7.3	7.7	-15.5	8.3	7.3	8.8
Mining	-1.9	2.2	3.0	4.4	3.1	-1.5	9.2	-1.1	-23.6
Electricity	7.0	5.6	24.1	7.5	5.9	-12.1	2.9	9.6	12.2

Source : Bangladesh Bureau of Statistics ; * = January 2021

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

		FY19			FY20			FY21		
	Weight	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃ *
General Index	100.0	391.6	391.2	402.4	420.7	421.7	330.5	435.9	450.2	484.6
Food products	10.8	529.3	553.8	581.2	625.1	617.0	581.8	555.6	663.9	646.5
Beverages	0.3	214.6	402.7	335.3	228.8	254.1	203.0	371.1	258.0	294.1
Tobacco products	2.9	140.3	140.9	141.1	142.0	141.7	154.4	126.3	132.6	135.1
Textile	14.1	201.3	212.8	212.4	245.5	235.4	217.4	247.7	261.0	280.5
Wearing apparel	34.8	459.0	427.2	420.3	417.7	422.2	214.6	434.1	399.7	461.4
Leather and related products	4.4	340.4	326.2	334.4	382.7	346.3	323.2	545.5	518.4	599.1
Wood and products of wood and cork	0.3	358.5	364.6	373.7	380.8	375.2	382.3	391.9	538.5	595.9
Paper and paper products	0.3	187.8	188.4	189.1	201.7	197.7	207.0	215.6	187.2	177.8
Printing and reproduction of recorded media	1.8	181.4	186.0	190.7	201.9	206.6	211.9	211.4	234.9	236.1
Coke and refined petroleum products	1.3	109.9	110.0	115.6	65.2	53.8	43.8	108.2	119.2	110.0
Chemicals and chemical products	3.7	130.4	115.7	111.8	130.6	124.7	111.8	159.4	141.2	142.2
Pharmaceuticals and medicinal chemical	8.2	650.8	701.0	839.0	879.7	884.6	928.8	957.2	1002.0	1014.3
Rubber and plastic products	1.6	445.4	450.7	462.5	465.1	455.5	385.5	424.1	428.3	429.7
Other non-metallic mineral products	7.1	435.7	457.6	457.1	501.2	551.9	428.8	481.9	544.5	608.9
Basic metal	3.2	186.8	186.7	188.8	194.7	194.8	116.3	161.2	197.9	185.5
Fabricated metal products	2.3	298.8	302.7	299.3	312.8	317.2	263.9	439.8	473.2	485.1
Computer, electronic and optical product	0.2	268.1	328.8	377.2	325.2	293.7	114.3	334.0	264.9	280.9
Electrical equipment	0.7	289.1	423.3	242.6	282.8	265.4	336.4	534.9	988.2	1251.2
Machinery and equipment	0.2	641.3	699.0	747.9	752.0	794.9	746.1	767.2	769.8	793.6
Motor vehicles and trailers	0.1	556.7	330.9	438.9	290.0	270.6	142.6	169.8	104.1	210.2
Other transport equipment	0.7	612.3	618.7	620.5	714.0	637.8	527.9	702.1	745.0	747.3
Furniture	0.9	191.1	192.2	194.4	193.2	189.0	160.7	163.3	182.9	253.9

Source: Bangladesh Bureau of Statistics; * = January 2021

Table I.7 : Cargo Handled by Chattogram Port
(In thousands Metric Tons)

	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Quantity									
Export	6,849	6,645	1,820	1,803	1,826	1,197	1719	1835	1946
Import	83,021	87,275	20,052	24,479	26,781	15,963	20160	25399	26590
Total	88,969	93,921	21,872	26,283	28,607	17,160	21879	27234	28536
Growth in percent									
Export	-2.1	-3.0	4.1	1.8	4.3	-24.3	-5.5	1.8	6.6
Import	6.4	5.1	10.5	14.2	16.5	-21.9	0.5	3.8	-0.7
Total	4.6	5.6	15.1	13.2	15.7	-22.1	0.0	3.6	-0.2

Source: Chattogram Port Authority.

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

Institutions	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Outstanding									
Banks	10,100	10,973	10,167	10,532	10,666	10,973	11,131	11,413	11,604
Non-banks	670	673	668	677	676	673	667	675	571
Microfinance institutions	636	614	640	679	419	614	600	642	659
Total	11,406	12,260	11,474	11,889	11,761	12,260	12,398	12,731	12,834
Growth in percent¹									
Banks	11.3	8.6	10.7	9.8	8.9	8.6	9.5	8.4	8.8
Non-banks	4.1	0.4	2.8	1.4	-0.7	0.4	-0.1	-0.3	-15.5
Microfinance institutions	11.4	-3.5	11.7	12.7	-32.8	-3.5	-6.2	-5.4	57.0
Total	10.8	7.5	10.2	9.5	5.9	7.5	8.0	7.1	9.1

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

¹ 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		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Outstanding									
a. Agriculture	429	460	415	422	431	460	459	477	488
Crops	393	423	380	385	392	423	418	432	443
Others	36	37	35	37	39	37	41	45	46
b. Industry	3,851	4,343	3,989	4,150	4,315	4,347	4,383	4,527	4610
Term Loan	1,909	2,156	1,937	2,012	2,121	2,154	2,145	2,232	2343
Working capital financing	1,942	2,188	2,053	2,138	2,194	2,193	2,238	2,295	2267
c. Construction	901	920	911	890	923	920	920	928	941
d. Transport	72	88	86	86	79	87	85	82	76
e. Trade and Commerce	3,121	3,486	3,106	3,247	3,248	3,484	3,560	3,603	3663
f. Other Institutional loan	260	293	268	290	284	293	268	278	267
g. Consumer finance	686	665	648	709	682	665	723	820	831
h. Miscellaneous	53	36	33	33	40	36	37	42	38
Grand Total :	9,374	10,291	9,456	9,827	10,002	10,291	10,434	10,756	10914
Growth in percent									
a. Agriculture	6.1	7.2	7.3	7.7	5.1	7.2	10.5	13.1	13.3
Crops	3.8	7.7	7.3	7.8	4.5	7.7	10.0	12.2	12.8
Others	38.7	2.1	7.1	7.4	12.0	1.9	16.0	22.6	18.0
b. Industry	13.3	12.8	13.7	13.3	15.3	12.9	9.9	9.1	6.8
Term Loan	20.2	12.9	22.2	14.9	19.6	12.8	10.8	10.9	10.5
Working capital financing	7.2	12.6	6.7	11.9	11.5	12.9	9.0	7.4	3.3
c. Construction	15.8	2.1	14.0	4.7	8.0	2.0	1.0	4.3	1.9
d. Transport	4.2	22.7	21.3	27.6	9.9	21.8	-1.5	-4.5	-4.0
e. Trade & Commerce	10.2	11.7	9.2	9.8	6.1	11.6	14.6	11.0	12.8
f. Other Institutional loan	24.3	12.6	24.8	15.9	8.7	12.7	0.1	-4.2	-5.9
g. Consumer finance	13.0	-3.1	8.2	9.4	8.1	-3.1	11.6	15.6	21.9
h. Miscellaneous	20.6	-31.8	-24.2	-19.9	-12.0	-31.9	10.9	26.3	-4.1
Grand Total :	12.4	9.8	11.7	10.7	10.2	9.8	10.3	9.5	9.1

Source: Statistics department, Bangladesh Bank.

Table I.10: Trends in Agricultural Credit
(In billion Taka)

	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Programme/Target (July-June)	218.0	241.25	241.2	241.2	241.2	241.2	262.9	262.92	262.92
Total disbursement	236.2	227.5	35.5	72.5	61.2	58.3	46.84	73.94	64.4
Crop	118.8	114.0	16.9	38.6	31.6	26.9	24.8	41.8	31.6
Irrigation	1.6	1.3	0.1	0.5	0.4	0.3	0.5	0.8	0.6
Agricultural equipment	1.6	1.4	0.3	0.4	0.4	0.3	0.3	0.5	0.5
Live-stock	32.5	31.7	5.9	10.0	8.1	7.7	7.5	9.6	10.0
Fisheries	26.8	26.1	4.8	7.6	6.8	6.8	5.0	7.8	7.9
Grain storage & marketing	1.2	1.3	0.2	0.4	0.4	0.4	0.3	0.4	0.4
Poverty alleviation	19.5	20.9	3.0	5.3	4.8	7.7	3.7	4.5	4.5
Others	34.3	30.9	4.3	9.7	8.7	8.2	4.6	8.6	8.9
Total recovery	237.3	212.5	43.7	71.3	54.4	43.0	62.8	78.1	56.8
Total overdue	66.9	60.6	67.0	64.0	60.8	60.6	69.5	65.7	62.9
Outstanding	429.7	455.9	422.3	430.3	440.4	455.9	440.4	440.89	453.5
Overdue as percent of outstanding	17.8	13.3	15.9	14.9	13.8	13.3	15.8	14.91	13.9
Growth in percent ¹									
Total disbursement	10.4	-3.7	1.7	7.6	1.5	-20.7	31.8	2.0	5.1
Total recovery	10.9	-10.5	-3.0	3.5	-3.2	-36.0	-70.5	78.6	4.4

Source: Agricultural Credit Department, Bangladesh Bank.

¹ 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		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
1. Total disbursement	976.5	815.2	243.5	282.5	244.4	44.7	218.3	296.3	281.3
i) Grameen Bank	251.4	205.0	60.4	67.4	64.3	12.9	52.5	58.3	61.0
ii) BRAC	396.1	330.1	103.6	120.6	89.3	16.5	92.5	144.9	116.2
iii) ASA	324.7	275.2	78.1	92.9	89.2	15.0	71.9	91.6	101.6
iv) Proshika	4.3	4.9	1.4	1.6	1.7	0.2	1.5	1.5	2.5
2. Total recovery	964.7	824.8	260.5	271.4	236.5	56.5	236.9	280.9	283.3
i) Grameen Bank	245.1	204.9	64.2	65.4	62.2	13.2	60.0	61.1	58.6
ii) BRAC	398.9	343.7	113.6	118.8	90.8	20.6	105.3	135.6	134.6
iii) ASA	316.4	270.8	81.2	85.6	81.8	22.2	69.9	82.6	87.7
iv) Proshika	4.2	5.4	1.4	1.7	1.7	0.6	1.7	1.6	2.3
3. Loans outstanding	635.6	613.7	639.6	679.2	419.4	613.7	599.9	642.3	658.5
4. Loans overdue	11.7	13.1	12.2	12.3	11.0	13.1	12.6	24.5	32.2
5. Overdue as percent of outstanding	1.8	2.1	1.9	1.8	2.6	2.1	2.1	3.8	4.9

Source : Grameen Bank, BRAC, ASA and Proshika.

Table I.12 : Industrial Term Lending by Banks and NBFIs
(In billion Taka)

	FY20						FY21
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Disbursement							
SOBs	27.1	75.2	29.1	23.0	10.2	12.9	10.9
PCBs	615.4	579.6	168.8	195.6	117.8	97.4	127.6
Foreign banks	27.6	41.9	7.5	9.7	17.2	7.5	6.6
Specialized banks	9.7	2.6	0.4	0.2	0.3	1.8	1.7
Non-bank financial institutions	128.7	43.3	13.9	13.6	14.0	1.8	7.7
Total	808.5	742.6	219.7	242.1	159.5	121.3	154.6
Recovery							
SOBs	56.6	57.0	17.2	21.8	11.5	6.4	5.6
PCBs	606.9	554.7	163.8	176.4	134.6	79.9	80.4
Foreign banks	14.8	21.3	7.5	4.3	5.1	4.4	10.5
Specialized banks	7.1	2.2	0.3	0.7	0.8	0.3	0.5
Non-bank financial institutions	80.3	62.0	19.0	18.2	14.0	10.8	16.2
Total	765.7	697.2	207.9	221.5	166.0	101.9	113.2
Outstanding							
SOBs	473.2	559.4	459.6	496.1	528.0	559.4	497.9
PCBs	1,583.8	1,812.3	1,621.9	1,718.5	1,740.7	1,812.3	1,874.8
Foreign banks	66.9	84.2	70.4	71.7	80.7	84.2	76.9
Specialized banks	16.2	18.1	16.1	16.9	16.7	18.1	18.7
Non-bank financial institutions	298.2	299.5	305.3	290.0	301.1	299.5	274.5
Total :	2,438.3	2,773.5	2,473.4	2,593.1	2,667.2	2,773.5	2,742.8
Growth in Percent ¹							
Disbursement							
SOBs	2.8	177.8	319.2	237.0	52.6	94.7	-62.6
PCBs	16.4	-5.8	21.1	12.7	-1.6	-46.7	-24.4
Foreign banks	30.5	51.6	45.4	73.3	225.7	-35.5	-11.5
Specialized banks	-7.6	-72.9	54.7	-95.3	-78.0	-55.2	349.6
Non-bank financial institutions	6.6	-66.4	-64.8	-74.0	-28.7	-89.8	-44.2
All Banks and NBFIs	14.2	-8.2	15.0	-0.2	4.6	-45.4	-29.6
Recovery							
SOBs	1.1	0.7	-4.2	12.3	11.1	-27.1	-67.6
PCBs	10.0	-8.6	35.6	33.4	-12.4	-60.1	-50.9
Foreign banks	11.1	44.3	117.0	55.1	53.6	-15.7	40.2
Specialized banks	-40.6	-69.6	3.5	-63.6	-46.1	-90.6	50.8
Non-bank financial institutions	16.7	-22.8	-10.4	-19.1	-21.8	-42.1	-14.8
All Banks and NBFIs	9.1	-8.9	26.9	23.8	-10.1	-57.2	-45.5
Outstanding							
SOBs	15.0	18.2	5.1	19.6	75.3	18.2	8.3
PCBs	21.4	14.4	17.7	18.2	25.3	14.4	15.6
Foreign banks	104.3	25.9	103.0	79.5	81.1	25.9	9.2
Specialized banks	29.2	11.3	26.9	11.5	9.9	11.3	15.9
Non-bank financial institutions	11.6	0.5	12.2	2.4	4.5	0.5	-10.1
All Banks and NBFIs	20.2	13.7	15.9	17.5	30.9	13.7	10.9

Source: SME & Special Programmes Department Bangladesh Bank.

¹ 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
12 Month 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

Source: Bangladesh Bureau of Statistics (BBS).

Note: Food includes food, beverage & tobacco.

Table II.2 : International Commodity Prices									
	FY20						FY21		
	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Rice (US\$/M.T)	408.00	414.00	424.33	425.67	465.00	531.33	497.33	493.33	542.33
Wheat (US\$/M.T)	212.60	206.70	201.13	224.69	238.36	210.70	213.79	248.11	275.22
Soybean oil (US\$/M.T)	756.98	740.00	773.54	788.77	807.93	705.01	864.64	971.55	1,130.75
Sugar (US\$ /kg)	0.28	0.28	0.27	0.28	0.30	0.24	0.28	0.31	0.35
Crude Petroleum (Dubai) (US\$/Barrel)	63.36	67.00	60.89	61.43	50.67	31.66	42.48	43.86	59.49

Source: World Bank.

Table II.3 : Inflation in South Asia (Point-to-point)									
Country	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Bangladesh	5.5	6.02	5.5	5.8	5.5	6.0	6.0	5.3	5.47
India (CPI NS)	3.2	6.1	4.0	7.4	5.9	6.1	6.7	4.6	5.52
Pakistan	8.9	8.6	12.4	12.6	10.2	8.6	9.0	8.0	9.10
Sri Lanka (NCPI)	2.1	6.3	5.0	6.2	7.0	6.3	6.4	4.6	5.10

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		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Outstanding									
1. Net foreign assets of BB	2,572	2,860	2,546	2,591	2,631	2,860	3,136	3,412	3468
2. Net domestic assets of BB	-110	-16	-74	-82	98	-16	-328	-371	-432
a) Claims on public sector	336	447	314	370	248	447	148	41	-65
i) Claims on govt. (net)	312	421	289	344	222	421	122	13	-98
ii) Claims on other public sector	24	26	25	26	26	26	26	28	33
b) Claim on private sector	48	53	48	49	49	53	50	53	55
c) Claims on banks	54	138	63	59	372	138	101	161	191
d) Other items (net)	-547	-653	-499	-560	-570	-653	-627	-627	-612
3. Currency issued	1,704	2,081	1,739	1,719	1,919	2,081	2,056	2,031	2019
i) Currency outside banks	1,543	1,921	1,579	1,566	1,733	1,921	1,892	1,875	1842
ii) Cash in tills	161	160	160	153	186	160	164	156	177
4. Deposits of banks with BB	758	764	732	790	810	764	752	1,010	1018
5. Reserve money (RM)	2,462	2,845	2,472	2,509	2,729	2,845	2,808	3,041	3037
6. Money multiplier (M2/RM)	5.0	4.8	5.1	5.2	4.8	4.8	5.08	4.86	5
Growth in percent									
1. Net foreign assets of BB	1.6	11.2	1.1	4.6	4.7	11.2	23.2	31.7	31.8
2. Net domestic assets of BB	43.6	85.9	68.1	37.1	137.3	85.9	-342.0	-352.7	-540.5
a) Claims on public sector	34.6	33.1	145.0	58.0	75.5	33.1	-52.9	-88.8	-126.4
i) Claims on govt. (net)	38.2	35.0	176.7	63.4	88.8	35.0	-57.8	-96.2	-144.1
ii) Claims on other public sector	0.5	7.2	5.0	9.4	9.5	7.2	4.2	9.3	26.5
b) Claim on private sector	-7.3	11.5	-3.7	-2.2	1.5	11.5	4.6	9.5	9.3
c) Claims on Banks	-3.8	155.5	25.7	-0.2	436.0	155.5	61.0	175.8	-48.6
3. Currency issued	10.0	22.1	11.8	8.6	20.3	22.1	18.2	18.1	5.2
4. Deposits of banks with BB	-3.8	0.8	0.4	3.5	23.5	0.8	2.7	27.9	25.6
5. Reserve money (RM)	5.3	15.6	8.2	6.9	21.2	15.6	13.6	21.2	11.3

Source: Statistics Department, Bangladesh Bank.

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

	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Outstanding									
1. Net foreign assets	2,724	2,973	2,713	2,741	2,792	2,973	3,312	3,570	3622
2. Net domestic assets	9,472	10,764	9,806	10,203	10,314	10,764	10,950	11,217	11216
a) Domestic credit	11,469	13,076	11,832	12,406	12,305	13,076	13,330	13,636	13707
Credit to public sector	1,366	2,104	1,665	1,874	1,639	2,104	2,199	2,223	2104
Credit to govt. (net)	1,133	1,812	1,408	1,569	1,338	1,812	1,905	1,913	1789
Credit to other public sector	234	292	257	306	301	292	294	310	314
Credit to private sector	10,103	10,973	10,167	10,532	10,666	10,973	11,131	11,413	11604
b) Other items (net)	-1,997	-2,312	-2,026	-2,203	-1,991	-2,312	-2379	-2419	-2491
3. Narrow Money	2,733	3,283	2,708	2,759	2,910	3,283	3,255	3,364	3298
a) Currency outside banks	1,543	1,921	1,579	1,566	1,733	1,921	1,892	1,875	1842
b) Demand deposits	1,190	1,361	1,129	1,194	1,176	1,361	1,363	1,489	1456
4. Time deposits	9,463	10,455	9,811	10,185	10,197	10,455	11,007	11,423	11540
5. Broad money	12,196	13,737	12,519	12,944	13,107	13,737	14,262	14,787	14838
Growth in percent									
1. Net foreign assets	3.0	9.2	2.3	3.6	3.6	9.2	22.1	30.2	29.7
2. Net domestic assets	12.0	13.6	14.9	14.6	14.7	13.6	11.7	9.9	8.7
a) Domestic credit	12.3	14.0	14.4	14.8	12.2	14.0	12.7	9.9	11.4
Credit to public sector	19.8	54.0	44.4	54.3	40.6	54.0	32.0	18.6	28.3
Credit to govt. (net)	19.4	59.9	47.1	59.8	44.6	59.9	35.3	21.9	33.8
Credit to other public sector	21.6	25.1	31.1	31.3	25.3	25.1	14.1	1.3	4.3
Credit to private sector	11.3	8.6	10.7	9.8	8.9	8.6	9.5	8.4	8.8
3. Narrow money	7.2	20.1	10.6	8.0	15.6	20.1	20.2	21.9	13.3
4. Time deposits	10.7	10.5	12.3	13.2	11.2	10.5	12.2	12.2	13.2
5. Broad money	9.9	12.6	11.9	12.0	12.2	12.6	13.9	14.2	13.2

Source: Statistics Department, Bangladesh Bank.

Table III.3: Interest Rates Developments

Instruments	Mar. 19	Jun. 19	Sep.19	Dec.19	Mar.20	Jun.20	Sep.20	Dec.20	Mar.21
T - Bills									
14 - day	....	6.30	....	7.52	...	...	...	...	...
91 - day	3.48	6.78	7.78	7.01	7.09	6.83	2.93	0.53	0.75
182 - day	3.67	6.91	8.36	7.61	7.47	6.91	3.71	1.12	0.99
364 - day	4.28	7.06	8.55	8.04	7.51	7.35	3.86	1.91	1.86
BGTB									
2 - year	5.27	7.41	8.57	8.16	7.79	7.75	4.61	3.28	3.13
5 - year	6.35	8.05	9.13	8.93	8.05	8.05	5.57	4.48	4.24
10 - year	7.54	8.42	9.26	9.2	8.47	8.62	6.48	5.68	...
15-year	7.75	8.77	9.50	9.3	8.69	8.69	6.70	6.58	...
20-year	8.37	9.08	9.74	9.4	8.99	8.90	6.98	7.01	...
Repo									
1-3 day	6.00	6.00	6.00	6	5.75	5.25	4.75	4.75	4.75
Reverse Repo									
1-3 day	4.75	4.75	4.75	4.75	4.75	4.75	4.00	4.00	4.00
Bangladesh Banks Bills									
07-Day	...	...	....	....	...	...	...	...	...
14-Day	...	...	....	....	...	...	...	...	...
30-Day	...	...	....	....	...	...	...	...	...
Call Money Rate	4.54	4.55	5.04	4.50	5.14	5.01	2.87	1.79	1.83
Lending Rate									
All Banks	9.50	9.58	9.72	9.80	9.5	8.03	8.04	7.82	7.45
SOBs	6.65	6.60	6.56	6.76	6.73	6.45	6.49	6.26	6.51
SPBs	7.54	7.68	7.71	7.67	7.85	7.79	7.68	7.59	7.45
PCBs	10.30	10.80	10.57	10.64	10.28	8.43	8.45	8.25	7.72
FCBs	8.92	9.37	9.66	9.79	9.52	8.03	7.87	7.26	6.70
Deposits Rate									
All Banks	5.35	5.43	5.75	5.75	5.44	5.02	4.89	4.56	4.40
SOBs	4.38	4.28	4.57	4.54	4.5	4.27	4.48	4.44	4.47
SPBs	5.70	5.70	6.46	5.60	5.66	5.64	5.71	5.62	5.69
PCBs	5.96	6.08	6.40	6.42	5.99	5.49	5.22	4.78	4.54
FCBs	2.23	2.46	2.32	2.31	2.15	1.87	1.72	1.32	1.16
National Savings Certificate									
3 - year	11.04	11.04	11.04	11.04	11.04	11.04	11.04	11.04	11.04
5 - year	11.28	11.28	11.28	11.28	11.28	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	Mar. 19	Jun. 19	Sep.19	Dec.19	Mar. 20	Jun. 20	Sep.20	Dec.20	Mar.21
Bangladesh Banks Bills									
07-Day	0.0	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	0.0
30-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
T - Bills									
14 - day	0.0	20.0	0.0	30.0	0.0	0.0	0.0	0.0	0.0
91 - day	88.0	148	204.0	147.0	122.00	122.0	165.0	156.0	127.0
182 - day	54.0	112	189.0	198.0	177.00	185.0	185.0	156.0	105.0
364 - day	142.0	174	241.0	311.0	362.00	355.0	332.0	279.0	248.5
Sub Total	284.0	454.0	634.0	686.0	661.0	662.0	682.0	591.0	480.5
BGTB									
2 - year	120.0	145.0	177.0	212.0	254.0	302.0	357.0	382.0	397.0
5 - year	303.7	309.7	326.7	355.7	387.0	461.5	510.0	558.5	573.0
10 - year	530.6	557.6	579.1	615.8	651.8	723.2	772.7	805.7	825.7
15-year	266.7	282.7	298.7	317.7	327.2	350.2	359.7	384.2	388.2
20-year	236.9	252.9	268.9	287.9	294.4	326.4	335.9	359.9	363.9
Sub Total	1,457.9	1,547.9	1650.4	1789.0	1914.3	2163.2	2335.2	2490.2	2547.7
National Savings Certificate	2,779.8	2,877.5	2924.0	2931.4	2989.1	3021.3	3138.0	3226.2	3353.4
Total	4,521.6	4,879.4	5208.4	5406.4	5564.4	5846.5	6155.2	6307.4	6381.6

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

Table IV.1 : Government Fiscal Operations
(In billion Taka)

	FY20						FY21			
	FY20 ^P	Q1 ^E	Q2 ^E	Q3 ^E	Q4 ^E	Budget	Revised Budget	Q1 ^E	Q2 ^E	Q3 ^E
Revenue	2550.3	594.7	642.7	703.2	609.5	3780	3515.0	621.4	694.7	768.1
a) NBR Tax revenue	2184.0	480.1	582.2	598.8	522.8	3300	3010.0	499.9	605.1	663.0
i) VAT	842.6	203.0	239.0	218.5	181.9	1251.6	1152.2	206.2	239.4	239.0
ii) Customs duties	261.1	58.9	66.1	65.5	70.5	378.6	372.1	62.8	68.9	129.0
iii) Income tax	721.8	149.1	172.2	199.0	201.3	1039.4	959.5	158.8	183.4	213.5
iv) Others	358.4	69.0	104.8	115.6	68.9	630.3	526.3	72	113.4	81.5
b) Non-NBR tax revenue	39.5	12.4	12.3	9.9	4.7	150	150.0	9	10.2	18.9
c) Non- tax revenue	326.7	102.1	48.1	94.5	81.9	330	355.0	112.5	79.4	86.2
Expenditure	3837.9	972.2	959.9	674.8	1230.9	5680	5389.8	939.3	901.8	845.5
a) Current	1954.1	743.5	492.3	265.1	453.1	3111.9	3025.5	713.6	501.8	422.7
b) ADP	1618.5	173.4	393.7	339.9	711.5	2146.11	1976.4	173	339.7	364.7
c) Others	265.2	55.3	73.8	69.8	66.3	421.9	387.9	52.7	60.3	58.2
Budget Deficit	-1287.6	-377.5	-317.1	28.4	-621.4	-1900	-1874.0	-318	-207.1	-77.4
Financing	1287.6	377.5	317.1	-28.4	621.4	1900	1874.0	318	207.1	77.4
a) Domestic financing	898.8	327.5	187.6	-148.1	531.9	1099.8	1150.0	227.3	101.8	-7.9
i) Bank financing	669.0	271.1	158.2	-231.7	471.5	849.8	797.0	88.5	11.1	-129.5
ii) Non-bank financing	229.8	56.3	29.4	83.6	60.4	250.0	353.0	138.8	90.7	121.7
b) Foreign financing*	388.7	50.0	129.5	119.7	89.4	800.1	724.0	90.7	105.3	85.3
In Percentage of GDP										
Revenue	9.1	2.1	2.3	2.5	2.2	11.9	11.4	2.0	2.3	2.5
a) NBR Tax revenue	7.8	1.7	2.1	2.1	1.9	10.4	9.7	1.6	2.0	2.1
i) VAT	3.0	0.7	0.9	0.8	0.7	3.9	3.7	0.7	0.8	0.8
ii) Customs duties	0.9	0.2	0.2	0.2	0.3	1.2	1.2	0.2	0.2	0.4
iii) Income tax	2.6	0.5	0.6	0.7	0.7	3.3	3.1	0.5	0.6	0.7
iv) Others	1.3	0.2	0.4	0.4	0.2	2.0	1.7	0.2	0.4	0.3
b) Non-NBR tax revenue	0.1	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.0	0.1
c) Non tax revenue	1.2	0.4	0.2	0.3	0.3	1.0	1.1	0.4	0.3	0.3
Expenditure	13.7	3.5	3.4	2.4	4.4	17.9	17.5	3.0	2.9	2.7
a) Current	7.0	2.7	1.8	0.9	1.6	9.8	9.8	2.3	1.6	1.4
b) ADP	5.8	0.6	1.4	1.2	2.5	6.8	6.4	0.6	1.1	1.2
c) Others	0.9	0.2	0.3	0.2	0.2	1.3	1.3	0.2	0.2	0.2
Budget Deficit	-4.6	-1.4	-1.1	0.1	-2.2	-6.0	-6.1	-1.0	-0.7	-0.3
Financing	4.6	1.4	1.1	-0.1	2.2	6.0	6.1	1.0	0.7	0.3
a) Domestic financing	3.2	1.2	0.7	-0.5	1.9	3.5	3.7	0.7	0.3	0.0
i) Bank financing	2.4	1.0	0.6	-0.8	1.7	2.7	2.6	0.3	0.0	-0.4
ii) Non-bank financing	0.8	0.2	0.1	0.3	0.2	0.8	1.1	0.4	0.3	0.4
b) Foreign financing	1.4	0.2	0.5	0.4	0.3	2.5	2.3	0.3	0.3	0.3
Memorandum item										
GDP at current market price	27963.8	27963	27963.8	27963	27963	31718	30873	30873	30873	30873

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

* = include grants, E=Estimates, P = Provisional.

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

	FY20 ^P						FY21 ^P		
	FY19 ^R	FY20 ^P	Q ₁ ^R	Q ₂ ^R	Q ₃ ^R	Q ₄ ^P	Q ₁ ^P	Q ₂ ^P	Q ₃ ^P
Current Account Balance	-5,102	-4,723	-740	-927	-984	-2,072	3,576	526	-3977
Trade balance	-15,835	-17,858	-3,840	-4,383	-3,855	-5,780	-2,039	-4,426	-8032
Export f.o.b.	39,604	32,832	9,417	9,427	9,408	4,580	9,697	9,064	9509
Import f.o.b.	55,439	50,690	13,257	13,810	13,263	10,360	11,736	13,490	17541
Services	-3,177	-2,541	-876	-780	-704	-181	-487	-571	-860
Credit	7,153	6,751	1,664	1,868	1,813	1,406	1,609	1,973	1885
Debit	10,330	9,292	2,540	2,648	2,517	1,587	2,096	2,544	2745
Primary Income	-2,993	-3,106	-645	-833	-901	-727	-723	-912	-869
Credit	192	140	55	41	35	9	37	26	39
Debit	3,185	3,246	700	874	936	736	760	938	908
Secondary Income	16,903	18,782	4,621	5,069	4,476	4,616	6,825	6,435	5784
Official Transfers	41	19	2	8	5	4	9	10	3
Private Transfers	16,862	18,763	4,619	5,061	4,471	4,612	6,816	6,425	5781
Of which : workers' remittances	16,196	18,014	4,457	4,839	4,302	4,416	6,643	6,168	5612
Capital & Financial Account	6,146	7,793	959	1,210	1,512	4,112	-712	2,989	4789.7
Capital account	239	256	28	106	65	57	43	44	38
Capital transfers	239	256	28	106	65	57	43	44	38
Financial account	5,907	7,537	931	1,104	1,447	4,055	-755	2,945	4751.7
Foreign direct investment (Gross Inflows)	4,946	3,234	717	971	804	742	540	1,013	996
Of which: FDI net inflow	2,628	1,271	170	413	447	241	115	340	493
Portfolio investment	172	44	36	1	2	5	-154	-3	-65
Of which : workers' remittances	224	191	62	50	65	14	70	64	47
Other investment	3,108	6,222	725	690	998	3,809	-716	2,608	4323.7
Medium and long-term (MLT) loans	6,263	6,996	901	1,673	1,725	2,697	1,385	1,500	1342
MLT amortization payments	1,202	1,257	343	290	348	276	376	304	387
Other long term loans	302	438	131	68	135	104	-20	404	468
Other short term loans	272	931	53	-149	1,106	-79	-11	147	867
Trade credit	-2,716	-616	470	-608	-1,517	1,039	-574	849	1874.7
DMBs and NBDCs	189	-270	-487	-4	-103	324	-1,120	12	159
Assets	367	-242	224	-191	342	-617	417	-260	21
Liabilities	556	-512	-263	-195	239	-293	-703	-248	180
Net Errors & Omissions	-865	-145	-423	-52	69	261	234	-458	22.3
Overall Balance	179	2,925	-204	231	597	2,301	3,098	3,057	835
Reserve Assets	-179	-2,925	204	-231	-597	-2,301	-3,098	-3,057	-835
Bangladesh Bank	-179	-2,925	204	-231	-597	-2,301	-3,098	-3,057	-835
Assets	-155	3,250	-760	676	43	3,291	3,014	3,606	435
Liabilities	-334	325	-556	445	-554	990	-84	549	-400
Memorandum Items									
Gross official reserves	32,550	36,037	31,832	32,689	32,570	36,037	39,314	43,167	43,441
In months of imports of goods & services	6.0	7.2	6.0	6.0	6.2	9.0	8.5	8.1	6.4
In months of prospective imports	6.5	6.4	6.9	5.5	5.7	8.4	7.8	8.0	5.9
Export growth (in percent)	9.1	-17.1	-3.4	-8.3	-7.2	-51.5	3.0	-3.9	1.1
Import growth (in percent)	1.8	-8.6	-2.5	-2.9	-8.8	-20.7	-11.5	-2.3	32.3
Remittances growth (in percent)	9.6	10.9	16.8	34.8	-0.2	-2.7	48.6	27.5	29.6

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

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

Items	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁ ^P	Q ₂ ^P	Q ₃ ^P
1. Raw jute	112	130	33	55	29	12	41	44	30
2. Jute goods	704	752	188	236	234	95	266	317	255
3. Tea	3	3	1	1	1	1	1	1	1
4. Leather	165	98	31	35	23	10	24	31	29
5. Frozen shrimps and fish	425	408	111	150	99	49	124	137	80
6. Woven garments	17,245	14,041	3,887	3,931	4,331	1,892	3663	3357	3814
7. Knitwear products	16,889	13,908	4,170	4,036	3,749	1,954	4464	4063	4128
8. Fertilizer	0	0	0	0	0	0.00	0	0	0
9. Terry towels	51	37	11	10	9	7	9	10	10
10. Others	4,942	4,296	1,217	1,201	1,196	683	1305	1378	1358
Total exports	40,535	33,674	9,648	9,654	9,672	4,700	9897	9337	9705
Of which: exports from EPZ	6,030	4,944	1,427	1,497	1,477	542	1283	1271	1278
Total exports (adjusted)	39,945	32,830	9,484	9,360	9,408	4,578	9,697	9,064	9509

Source: Export Promotion Bureau, Bangladesh; P= Provisional.

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

	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂ ^P	Q ₃ ^P
Exports of RMG	34,133	27,949	8,058	7,967	8,080	3,846	8,126	7,419	7942.3
European Countries	22,008	17,890	5,097	5,102	5,248	2,444	5,219	4,871	5149.1
USA	6,134	5,147	1,491	1,488	1,397	770	1,580	1,320	1407.1
Other Countries	5,991	4,912	1,470	1,377	1,435	631	1,328	1,228	1386.2
Woven Garments	17,245	14,041	3,887	3,931	4,331	1,892	3,663	3,357	3814.3
European Countries	9,566	7,733	2,061	2,091	2,533	1,049	1,967	1,883	2252.7
USA	4,619	3,773	1,085	1,104	1,060	524	1,049	868	927.58
Other Countries	3,060	2,535	742	736	739	318	647	607	634.04
Knitwear Products	16,889	13,908	4,170	4,036	3,749	1,954	4,464	4,063	4128
European Countries	12,442	10,157	3,037	3,011	2,715	1,395	3,252	2,989	2896.3
USA	1,515	1,374	406	384	338	246	532	452	479.46
Other Countries	2,931	2,378	728	640	697	313	680	622	752.19
Growth in percent									
Exports of RMG	11.5	-18.1	-1.6	-10.4	-8.9	-53.0	0.9	-6.9	-1.7
European Countries	9.9	-18.7	-3.5	-10.1	-9.2	-53.6	2.4	-4.5	-1.9
USA	14.6	-16.1	0.5	-7.5	-7.2	-49.8	6.0	-11.3	0.7
Other Countries	14.2	-18.0	3.3	-14.4	-9.2	-54.3	-9.7	-10.8	-3.4
Woven Garments	11.8	-18.6	-2.4	-11.6	-8.2	-53.8	-5.8	-14.6	-11.9
European Countries	8.1	-19.2	-5.1	-12.3	-8.4	-53.3	-4.5	-10.0	-11.1
USA	16.1	-18.3	-1.1	-9.3	-8.8	-54.2	-3.4	-21.4	-12.5
Other Countries	17.7	-17.2	3.4	-13.1	-6.5	-54.9	-12.7	-17.6	-14.2
Knitwear Products	11.2	-17.6	-0.9	-9.2	-9.6	-52.2	7.0	0.7	10.1
European Countries	11.4	-18.4	-2.5	-8.6	-9.9	-53.9	7.1	-0.7	6.7
USA	10.2	-9.3	4.8	-1.9	-1.9	-37.1	31.1	17.7	42.1
Other Countries	10.8	-18.9	3.1	-15.9	-11.8	-53.6	-6.6	-2.9	8.0

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

P= Provisional.

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

	Export target for 2020-21	Strategic Target for July-March 2020-21	Export Performance for July-March 2020-21	Export Performance for July-March 2019-20	% Change of export performance over Export target	% Change of export performance July-March 2020-21 Over July-March 2019-20
All Products (A+B)	41,000	30,279	28,938	28,973.83	-4.43	-0.12
A. Primary Commodities:	1,644	1,214	1,114	1,124.58	-8.21	-0.90
Frozen & Live Fish	574	424	368	402.60	-13.25	-8.66
Agricultural Products	1,070	790	747	721.98	-5.50	3.43
B. Manufactured Commodities:	39,356	29,065	27,824	27,849.25	-4.27	-0.09
Cement salt stone etc.	10	7	6	8.06	-20.84	-27.42
Ores, Slag and Ash	25	18	17	12.14	-8.34	39.37
Petroleum bi Products	50	37	17	19.96	-52.80	-12.68
Chemical products	245	180.94	192.08	158.46	6.16	21.22
Plastic, Melamine Products	123	91	85	83.11	-6.80	1.86
Rubber	34	25	26	22.61	1.71	12.96
Leather & Leather products (including leather footwear)	920	679	685	688.51	0.80	-0.53
Wood and Wood Products	4	3	3	2.42	2.33	9.09
Handicrafts	28	21	25	16.73	21.32	49.97
Pulp	0	0	0	0.00	0.00	0.00
Paper and Paper Products	94	70	51	67.27	-27.01	-24.44
Printed Materials	1	1	1	0.65	49.15	35.38
Silk	0	0	0	0.12	166.67	233.33
Wool and woolen Products	0	0	0	0.07	136.36	271.43
Cotton and Cotton Products	161	119	118	118.64	-0.84	-0.90
Jute and Jute Goods	1,167	862	954	775.63	10.64	22.94
Man Made Filaments and Staple Fibers	135	100	87	93.39	-12.80	-6.91
Carpet	30	22	26	18.06	15.61	41.86
Specialized Textiles	143	106	103	99.04	-2.75	3.71
Knitwear	16,700	12,333	12,654	11,954.55	2.60	5.85
Woven Garments	17,085	12,617	10,834	12,149.17	-14.14	-10.83
Home Textile	960	709	846	598.19	19.39	41.50
Other Footwear (excluding leather footwear)	380	281	248	242.07	-11.49	2.61
Headgear/Cap	230	170	161	166.31	-5.32	-3.30
Umbrella Waking Sticks	0	0.01	0.00	0.00	-100.00	-
Wigs and Human Hair	40	30	39	28.05	31.01	37.97
Building Materials	2	1	1	0.99	-29.73	-21.21
Ceramic Products	35	26	23	24.92	-12.15	-8.87
Glass and Glass ware	5	4	6	3.14	58.54	86.31
Engineering Products	362	267	382	254.89	42.75	49.72
Ships, boats & floating structures	18	13	0	11.24	-98.95	-98.75
Other Manufactured Products	370	273	237	230.85	-13.39	2.52

Source: Export Promotion Bureau, Bangladesh.

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

Items	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
A. Food Grains	1,552	1,672	286	472	590	324	450	690	761
1. Rice	115	22	3	11	3	5	3	239	288
2. Wheat	1,437	1,651	283	461	587	319	447	451	472
B. Other Food Items	3,516	3,705	740	789	1,218	959	824	852	1,192
3. Milk & cream	361	341	78	69	98	97	73	63	112
4. Spices	327	351	92	75	102	82	138	85	89
5. Edible oil	1,656	1,617	328	398	481	410	325	414	505
6. Pulses (all sorts)	470	662	116	88	211	246	113	105	272
7. Sugar	703	733	125	159	325	123	175	186	213
C. Consumer & Intermediate Goods	33,608	31,913	8,300	8,511	8,037	7,065	7,423	7,909	11,557
8. Clinker	993	879	206	262	282	129	198	242	295
9. Crude petroleum	416	731	216	180	120	214	124	220	2,142
10. POL	4,562	4,627	1,160	829	1,097	1,541	1,386	1,023	1,724
11. Oil seeds	796	1,183	212	208	394	369	260	229	372
12. Chemicals	2,472	2,533	660	659	620	595	728	678	740
13. Pharmaceutical products	246	294	78	92	68	55	70	83	105
14. Fertilizer	1,301	1,035	349	396	231	60	207	444	433
15. Dyeing and tanning materials	779	697	189	190	188	131	188	201	226
16. Plastics and rubber articles thereof	2,757	2,610	722	724	647	517	621	658	895
17. Raw cotton	3,082	2,961	777	748	837	599	609	612	920
18. Yarn	2,445	1,901	460	484	555	403	521	443	559
19. Textile and articles thereof	7,284	6,380	1,569	2,009	1,541	1,261	1,361	1,655	1,486
20. Staple fibre	1,228	1,086	283	320	284	199	195	255	283
21. Iron, steel & other base metals	5,246	4,997	1,421	1,410	1,173	993	956	1,168	1,378
D. Capital Goods & Others	14,602	11,109	3,429	3,242	2,681	1,758	2,632	2,926	3,493
22. Capital machinery	5,413	3,581	1,116	1,038	861	566	811	715	1,105
23. Others Capital goods	9,189	7,528	2,313	2,204	1,820	1,191	1,821	2,211	2,388
E. Others	6,637	6,386	1,570	1,912	1,809	1,095	1,357	2,207	1,959
Grand Total c.i.f. (A+B+C+D+E)	59,915	54,785	14,324	14,926	14,335	11,200	12,687	14,583	18,961
Of which Import by EPZ	4,032	3,488	885	1,048	909	646	695	859	868
Grand Total f.o.b. (adjusted)	55,439	50,691	13,252	13,814	13,264	10,361	11,736	13,490	17,541

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)

	FY19		FY20		FY21			
					Q ₁		Q ₂ *	
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement
Consumer goods	5,737	5,328	6,078	5,576	1,631	1,473	1,111	956
Intermediate goods	6,289	5,922	4,796	4,813	1,041	871	951	728
Industrial raw materials	20,343	19,605	19,100	17,659	4,637	4,320	3,468	2,937
Capital machinery	6,101	4,828	4737.47	4374.02	1,195	823	775	505
Machinery for misc. industries	3,966	3,467	2,952	2,808	899	660	543	538
Petroleum and petroleum products	4,283	4,407	4,340	3,918	710	788	719.99	647
Others	11,986	13,770	11,118	11,944	3,188	2,567	2,058	2,065
Total	58,703	57,328	53,120	51,091	13,300	11,501	9,626	8,375
of which back to back	9,150	9,636	7,609	7,368	1,907	1,761	1,211	1,154
Growth in percent								
Consumer goods	-26.3	-26.6	5.9	4.6	10.7	28.8	16.3	-9.3
Intermediate goods	40.2	53.5	-23.7	-18.7	-14.4	-23.6	7.0	-21.6
Industrial raw materials	12.0	16.6	-6.1	-9.9	-7.0	-7.3	7.4	1.0
Capital machinery	-1.5	0.4	-22.3	-9.4	45.2	-39.0	53.5	-39.0
Machinery for misc. industries	-28.0	-24.7	-25.6	-19.0	2.9	-15.7	12.0	-10.2
Petroleum and petroleum products	23.4	48.5	1.3	-11.1	-49.8	-24.8	35.3	-6.6
Others	-39.5	84.3	-7.2	-13.3	-4.3	-20.1	101.5	64.2
Total	-10.2	20.0	-9.5	-10.9	-8.9	-13.8	21.4	1.3
of which back to back	15.8	35.3	-16.8	-23.5	-17.3	-13.8	-9.0	-7.2

Source: Foreign Exchange Operation Department, Bangladesh Bank.

*= up to November 2020.

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

Countries	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Gulf Region	9,674	10,557	2,670	2,779	2,456	2,653	3,824	3,403	3,043.9
1. Saudi Arabia	3,110	4,015	947	1,007	916	1,144	1,614	1,453	1,290.0
2. UAE	2,540	2,473	625	715	564	569	751	622	506.1
3. Qatar	1,024	1,020	285	276	249	209	347	328	342.3
4. Oman	1,066	1,240	319	308	269	344	486	384	301.4
5. Kuwait	1,463	1,372	378	368	347	279	466	473	471.8
6. Bahrain	470	437	117	104	109	107	160	144	132.3
Euro Region	1,236	1,418	352	412	346	307	531	521	513.3
7. UK	1,176	1,365	338	398	333	296	516	504	496.2
8. Germany	61	53	14	15	13	11	15	17	17.1
Asia Pacific Region	1,615	1,738	440	461	451	386	818	718	569.1
9. Singapore	368	457	108	125	117	108	189	156	136.9
10. Japan	50	49	14	12	11	12	21	23	17.9
11. Malaysia	1,198	1,231	319	324	322	266	607	540	414.3
Rest of the World	3,894	4,492	1,057	1,236	1,114	1,085	1,540	1,591	1,527.2
12. USA	1,843	2,403	490	612	610	691	815	831	842.7
13. Others	2,051	2,089	567	625	504	393	725	759	684.5
Total	16,420	18,205	4,519	4,889	4,367	4,430	6,713	6,232	5,653.5

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
2018-19								
July	83.75	83.75	110.40	109.99	97.90	98.04	0.75	0.75
August	83.75	83.75	107.86	109.10	96.74	98.05	0.75	0.75
September	83.75	83.75	109.22	109.13	97.58	97.23	0.75	0.74
October	83.82	83.85	109.23	106.54	96.33	95.12	0.74	0.74
November	83.87	83.90	108.22	107.35	95.34	95.59	0.74	0.74
December	83.90	83.90	106.36	106.61	95.33	95.96	0.75	0.76
January	83.94	83.95	108.17	110.11	95.89	96.36	0.77	0.77
February	84.04	84.15	109.26	111.51	95.43	95.83	0.76	0.76
March	84.21	84.25	111.12	109.80	95.27	94.51	0.76	0.76
April	84.33	84.45	109.91	109.26	94.77	94.47	0.76	0.76
May	84.49	84.50	108.67	106.70	94.52	94.06	0.77	0.77
June	84.50	84.50	107.05	107.27	95.30	96.08	0.78	0.78
2019-20								
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
2020-21								
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

Source: Statistics Department, Bangladesh Bank.

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

	FY20 ^P					FY21 ^P			
	FY19	FY20	Q ₁ ^R	Q ₂ ^P	Q ₃ ^P	Q ₄ ^P	Q ₁ ^P	Q ₂ ^P	Q ₃ ^P
a. Grants (i+ii)	280	276	31	109	39	98	52	54	42
i) Food Aid	23	0	0	0	0	0	6	7	0
ii) Project Aid	257	276	31	109	39	98	46	47	42
b. Loans (MLT)	6,263	6,996	900	1,673	1,631	2,792	1,385	1,500	1342
A. Total (a+b)	6,543	7,272	931	1,782	1,669	2,890	1,437	1,554	1383
B. Amortization(1+2)	1,594	1,726	495	349	507	375	508	392	547
1) Principal	1,202	1,270	352	278	344	297	352	310	380
2) Interest	391	457	144	72	163	78	157	82	167
C. Net Foreign Financing (A-1)	5,340	6,002	579	1,504	1,326	2,593	1,086	1,243	1,004

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
State Owned Commercial Banks	32.2	31.6	31.5	23.9	22.8	22.73	22.5	20.9	20.9
Specialized Banks	19.5	17.8	17.8	15.1	15.1	15.92	15.92	13.3	13.4
Private Commercial Banks	7.1	7.1	7.43	5.8	5.6	5.86	5.56	4.7	5.1
Foreign Commercial Banks	6.2	5.5	6.0	5.7	5.6	5.49	5.86	3.5	4.1
All Banks	11.9	11.7	12.0	9.3	9.0	9.16	8.88	7.7	8.1

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
State Owned Commercial Banks	11.2	8.7	15.2	6.3	4.6	3.2	2.9	0.01	2.7
Specialized Banks	5.7	4.6	4.6	3.0	3.0	2.7	2.7	1.3	1.2
Private Commercial Banks	1.5	1.5	1.5	-0.1	-0.6	-0.5	-0.9	-1.6	-1.3
Foreign Commercial Banks	0.6	0.1	0.2	0.2	0.0	-0.4	-0.4	-0.2	0.3
All Banks	3.0	2.5	3.7	1.0	0.4	0.2	-0.2	-1.2	-0.5

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.
State Owned Commercial Banks	6.9	8.5	7.7	4.99	4.59	6.9	8.3	4.3	6.49
Specialized banks	-31.7	-31.2	-31.6	-32.02	-33.5	-36.5	-33.7	-32.9	- 31.86
Private Commercial Banks	12.7	12.7	12.9	13.62	13.49	13.3	13.3	14.0	13.44
Foreign Commercial Banks	28.0	28.7	25.1	24.45	24.66	24.4	25.6	28.2	28.04
All Banks	11.4	11.7	11.7	11.57	11.35	11.6	11.9	11.6	11.67

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)				
	2019		2020		2021	2019		2020		2021
		June	Sep	Dec	Mar*		June	Sep	Dec	Mar*
State Owned Commercial Banks	-0.6	0.0	-0.01	-1.07	-0.03	-13.7	0.8	-0.2	-29.57	-0.6
Specialized Banks	-3.3	-5.1	-3.5	-3.01	-2.9	-17.0	-22.9	-15.5	-13.85	-13.2
Private Commercial Banks	0.8	0.6	0.6	0.70	0.6	11.2	8.5	9.0	10.22	8.9
Foreign Commercial Banks	2.3	2.2	2.2	2.13	1.5	13.4	13.8	12.7	13.10	9.1
All Banks	0.4	0.4	0.45	0.25	0.42	6.8	6.7	7.22	4.28	6.7

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

*=-Annualized.

Table VII.1 : Indicators of Capital Market Developments

	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Number of listed securities ¹	363	368.0	365	366	368.0	368.0	371.0	376	382.0
Issued equity and debt (billion Taka)	720	751.2	731	746	748.8	751.2	763.4	826.7	836.0
Market capitalization (billion Taka)	3,437	2576.3	3,175	2,845	2574.6	2576.3	3467.7	3933.7	4031.0
Turnover (billion Taka)	1,460	780.4	248	211	271.5	49.2	468.8	560.4	628.8
DSE broad index	5,422	3989.1	4,948	4,453	4008.3	3989.1	4963.3	5402.1	5278.2
DSE -30 index	1,929	1341.0	1,760	1,512	1330.8	1341.0	1696.0	1964	1994.4
Growth in percent									
Number of listed securities	3.4	1.4	3.1	2.5	2.2	1.4	1.6	2.7	3.8
Issued equity and debt	7.3	4.3	7.5	7.5	7.1	4.3	4.5	10.8	11.6
Market capitalization	5.3	-25.0	-3.8	-14.3	-27.8	-25.0	9.2	38.2	56.6
Turnover	-8.2	-46.5	-44.8	-36.2	-40.4	-78.0	88.7	165.2	131.7
DSE broad index	0.3	-26.4	-7.8	-17.3	-27.0	-26.4	0.3	21.3	31.7
DSE -30 index	-1.6	-30.5	-6.9	-19.6	-32.3	-30.5	-3.6	29.9	49.9

Source: Dhaka Stock Exchange.

¹Include debenture but exclude govt. bond.

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

Name of Group	FY20						FY21		
	FY19	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃
Banks	593.0	449.1	564.4	539.6	456.4	449.1	552.4	572.9	562.8
Financial Institutions	181.8	125.4	157.1	144.7	123.7	125.4	181.1	190.3	168.0
Mutual Funds	35.6	29.5	33.1	30.7	29.5	29.5	40.2	41.9	36.3
Engineering	202.6	131.9	180.5	147.9	131.9	131.9	385.3	501.7	523.4
Food & Allied Product	314.4	208.4	266.2	222.1	208.2	208.4	254.9	305.5	375.0
Fuel and Power	480.0	365.3	424.7	386.6	363.7	365.3	446.9	430.9	442.6
Jute Industry	4.0	1.8	3.4	2.5	1.7	1.8	2.3	2.9	2.1
Textile Industry	140.1	95.9	107.1	105.7	99.1	95.9	117.8	111.8	103.7
Pharmaceuticals and Chemicals	528.3	467.5	520.5	473.2	458.1	467.5	564.5	608.6	591.2
Paper and Printing	14.5	9.6	11.3	10.0	9.6	9.6	15.3	15.6	14.7
Services and Real Estate	17.8	13.0	15.3	13.5	13.1	13.0	16.1	18.8	17.0
Cement Industry	90.5	71.9	78.6	68.9	73.6	71.9	79.6	88.9	90.8
Insurance	109.2	91.5	112.9	113.4	91.0	91.5	139.7	160.0	137.4
Telecommunication	514.2	336.7	496.0	401.4	335.6	336.7	467.1	652.2	702.6
Miscellaneous	207.3	178.2	200.6	182.0	175.0	178.2	200.1	241.0	261.8
Corporate Bond	2.9	3.9	2.8	2.8	3.8	3.9	3.9	4.1	4.0
Total Market Capitalization	3,436.2	2,579.6	3,174.5	2,844.9	2,574.0	2,579.6	3,463.3	3,946.9	4,033.4

Source: Dhaka Stock Exchange.

ANNEXURE

Major Policy Announcements: January-March, 2021

BRPD Circular Letter No. 01: January 04, 2021 Enlistment of Insurance companies by Bank	All the scheduled banks operating in Bangladesh are instructed to adhere to the instructions contained the BRPD Circular Letter No. 06 dated 13 March 2021, i.e., taking into account of the credit ratings of the respective insurance companies while accepting insurance policy/cover-note for enlisting private insurance companies.										
BRPD Circular No. 03: January 31, 2021 Loan Classification	<p>The deferral benefit of the classification of all categories of loans and investments which was provided from January/ 2020 to December/ 2020, owing to the adverse economic impacts caused by the COVID-19 pandemic shall no longer be extended from 1 January 2021.</p> <p>To facilitate the payment of the installments of the loans and investments, only 50 percent tenure of the remaining term of the existing unclassified term loans/investments on 1 January 2021 has been allowed to extend on the basis of banker-customer relationship considering adverse impact of COVID-19 pandemic and payable outstanding of the loans/investment of the borrower. However, the said extension cannot be more than 2 years.</p>										
BRPD Circular Letter No. 14 Date: February 23, 2021 Guidelines on Internal Credit Risk Rating System	<p>Scheduled banks operating in Bangladesh have been allowed to consider any of the audited financial statements of 2020 and 2019 to prepare the Credit Risk Rating of the investors to contain the adverse impacts of COVID-19 within tolerable levels. Therefore, the Internal Credit Risk Rating Scores have been substituted as the following:</p> <p>1.8 Internal Credit Risk Rating Scores</p> <p>The ICRR consists of 4-notched rating system covering the Quantitative and Qualitative parameters. The ratings and scores are mentioned below:</p> <table border="1"> <thead> <tr> <th>Rating</th><th>Scores Aggregate</th></tr> </thead> <tbody> <tr> <td>Excellent</td><td>≥75%</td></tr> <tr> <td>Good</td><td>≥65% to <75%</td></tr> <tr> <td>Marginal</td><td>≥55% to <65%</td></tr> <tr> <td>Unacceptable</td><td><55%</td></tr> </tbody> </table> <p>1.10 Management Action Triggers</p> <p>d) In deriving ICRR, whatever score a borrower gets in the qualitative part, if the score in the quantitative part is less than 45%, the borrower's ICRR shall be "Unacceptable".</p>	Rating	Scores Aggregate	Excellent	≥75%	Good	≥65% to <75%	Marginal	≥55% to <65%	Unacceptable	<55%
Rating	Scores Aggregate										
Excellent	≥75%										
Good	≥65% to <75%										
Marginal	≥55% to <65%										
Unacceptable	<55%										
BRPD Circular No. 05 March 24, 2021 Loan Classification	<p>The imposed/levied interests, if unrealized/unpaid, on continuous loan(s)/investment(s) from 01 January 2020 to 31 December 2020, the tenure of which already expired and was not renewed by the bank under existing policy have been allowed to be paid in 6 (six) equal quarterly installments from March/2021 to June/2022. Such loan(s)/investment(s) shall not be deemed as classified until 30 June 2022, if regular installments from March/2021 to June/2022 along with the unpaid interest of 2020 are cleared.</p> <p>Demand or demand natured loan(s)/investment(s) have been permitted to be paid in 8 (eight) equal quarterly installments</p>										

	<p>from March/2021 to June/2022. If the installments are paid on a quarterly basis, those loans/investments are not allowed to be declassified.</p> <p>However, if the installment of any quarter is not paid as per aforementioned criteria, such provision on loans/ investments shall remain revoked from that quarter and those loans/investments shall have to be classified as per proper norms.</p>
<p>DFIM Circular No. 01 Date: February 24, 2021 Regarding Dividend Declaration by Financial Institutions.</p>	<p>Financial institutions which are enjoying deferral facilities from the Bangladesh Bank to adjust deficit without maintaining required provisions/ conservable resource shall not declare any form of cash dividend prior to maintaining entire provisions/ resource conservation. They are, however, allowed to declare 5 percent stock dividend upon approval of the Bangladesh Bank.</p> <p>For those of which the rate of classified loans is above 10 percent shall not announce any form of dividend without prior approval of the Bangladesh Bank.</p> <p>For those of which the CAR% (Capital Adequacy Ratio) is below 10 percent and the rate of classified loans is above 10 percent shall be barred from the declaration of any form of dividend.</p> <p>The rate of cash dividend of the financial institutions shall have to be limited to 15 percent considering the overall situation [Through DFIM Circular Letter No. 04, dated march 22, 2021, financial institutions are allowed to declare total 30 percent dividend including 15 percent in cash considering the overall situation].</p>
<p>DOS Circular No. 01 Date: February 07, 2021 Dividend Declaration Policy for Banks</p>	<p>After maintaining required provisions and executing all other necessary expenses without deferral facility from the Bangladesh Bank in a calendar year under consideration, banks which shall be able to maintain 15 percent and above capital including 2.5 percent capital conservation buffer against risk-weighted assets are allowed to declare total 30 percent dividend including 15 percent in cash according to their financial capacity [through DOS Circular Letter No. 07, dated march 16, 2021, they are allowed to declare total 35 percent dividend including 17.50 percent in cash]. For banks of which capital shall be between 13.5 percent and less than 15 percent, total 25 percent dividend is allowed to declare including 12.5 percent in cash on approval of Bangladesh Bank. And for banks which shall be capable of maintaining minimum 11.875 percent capital conservation including minimum capital conservation buffer may declare total 15 percent dividend including maximum 7.5 percent in cash on approval of Bangladesh Bank.</p> <p>After maintaining required provisions and executing all other necessary expenses without deferral facility from the Bangladesh Bank in a calendar year under consideration, banks whose capital shall be minimum 12.5% percent and above including minimum capital conservation buffer against</p>

	risk-weighted assets, total 12 percent dividend is allowed to disburse including 6% percent in cash on approval of Bangladesh Bank. For banks whose capital shall be between 11.875 percent and less than 12.5 per cent, total 10 percent dividend is allowed to disburse including 5% percent in cash on approval of Bangladesh Bank. And for banks whose capital shall be between 11.875 percent and 10.625% percent, on approval of Bangladesh Bank, they are allowed to announce 5 (five) percent stock dividend.
FE Circular No. 01 January 04, 2021 Remittance against current account transactions	Authorized Dealers (ADs) have been permitted to remit admissible expenses up to 1(one) percent of annual sales as declared in the previous year's income tax return of the concerned remitter-companies or USD 100,000 whichever is higher.
FE Circular No. 02 January 07, 2021 Transfer of remunerations to Foreign Currency (FC) accounts maintained by foreign nationals employed in Bangladesh	Authorized Dealers (ADs) have been allowed to, at the request of their clients (employers) from their Taka account, transfer up to 75 percent of net monthly income of the expatriate employees by converting Taka in equivalent foreign currency to FC accounts of the employees.
FE Circular No. 03 January 14, 2021 Advance payments against imports under buyer's credit.	Advance payments against permissible imports have been allowed to be executed directly by external financiers and/or offshore banking operations of scheduled banks, subject to repayment guarantees irrespective of amount acceptable to ADs received from banks abroad and compliance of other relevant instructions including reporting routine on IMP formalities, inter alia, to Bangladesh Bank. In this context, ADs shall observe extended due diligence with regard to the transactions including KYC and AML/CFT standards. ADs shall also satisfy themselves regarding the enforceability of repayment guarantees.
FEPD Circular Letter No. 01 January 21, 2021 Endorsement of foreign exchange on passports	Endorsement on passports is applicable against release of foreign exchange either in cash or in non-cash form like international cards, etc. or both out of eligible entitlements of travels. The endorsement is equally applicable for release of foreign exchange in cash irrespective of entitlements/sources to persons other than those holding foreign passports. However, foreign exchange can be released without endorsement on passports in non-cash form like international cards, etc. out of balances held in private foreign currency accounts and resident foreign currency deposit accounts of concerned account-holders. As usual, ADs shall comply with threshold limit in case of release of foreign exchange in USD notes and official visits shall remain out of the purview of endorsement.
FEPD Circular No. 05 January 27, 2021 Enhancement of loan limit from Export Development Fund (EDF).	The enhanced limit of USD 30.00 million from Export Development Fund (EDF) has been allowed to continue for disbursements until June 30, 2021, to member mills of BGMEA and BTMA.

<p>FE Circular No. 06 Date: February 10, 2021 Repatriation facilities by MFSPs to ITES exporters</p>	<p>Mobile Financial Service Providers (MFSPs) licensed by Bangladesh Bank have been allowed to repatriate export proceeds in association with internationally recognized OPGSPs/digital wallets and/or aggregators having operation in multiple countries (hereinafter referred to as foreign payment service providers, PSPs).</p> <p>In accordance with above decision, MFSPs shall -</p> <p>(a) have standing arrangements with foreign PSPs.</p> <p>(b) maintain settlement accounts in equivalent Taka with ADs, under agreements for this particular purpose, through whom repatriation of export proceeds shall be channeled by foreign PSPs.</p> <p>(c) make fund available to digital wallets of eligible exporters upon credit of the fund in settlement accounts.</p> <p>(d) maintain electronic records of transactions in details and make available to Bangladesh Bank as and when required.</p> <p>ADs shall observe, in connection with operation of the transactions, the following instructions:</p> <p>(a) ADs shall transfer the fund, on receipt in their nostro accounts, to settlement accounts in equivalent Taka of MFSPs. While executing the transfer, ADs shall comply with deduction and payment of taxes, if applicable.</p> <p>(b) As an alternative to (a) above, ADs may maintain accounts in the name of foreign PSPs at their desire in foreign currency/Taka as per foreign exchange regulations (cf. paragraph 1(i), chapter 13 and paragraph 8(b), chapter 14 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1) to facilitate the said transfer by debit the accounts. Overdraft facilities may be allowed for the accounts so maintained provided that ADs shall have payment guarantees, from banks acceptable to them, for the adequate amounts based on the transaction flows.</p> <p>(c) ADs may maintain ERQ accounts in the name of ITES exporters to be arranged in association with MFSPs up to the extent of permissible limit from repatriated proceeds. In this case, ADs shall make fund available to ERQ accounts as per standing arrangement in foreign currency before transfer of the fund to settlement accounts of MFSPs.</p> <p>MFSPs entering into arrangements with foreign PSPs shall intimate through their designated ADs to Payment Systems Department and Foreign Exchange Policy Department at Bangladesh Bank head office with necessary details. They shall observe admissible procedures to execute transactions in accordance with regulatory instructions issued by Bangladesh Bank from time to time.</p> <p>Due diligence in respect of the transactions needs to be observed regarding foreign exchange/payment systems regulations, KYC and AML/CFT standards and relevant laws/regulations in force. As usual, ADs shall observe usual reporting routine to Bangladesh Bank with specification of purposes.</p>
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<p>FE Circular No. 07 Date: February 10, 2021 Purchase of foreign currency from digital wallets of incoming tourists/passengers</p>	<p>Authorized Dealers (ADs) have been allowed to provide acquiring services to facilitate their transactions while visiting Bangladesh. With regards to arrangement of counterparties abroad for the settlement of payment against transactions to be captured from digital wallets, ADs shall observe the following instructions:</p> <p>(a) ADs shall have standing arrangements with internationally recognized digital wallet service providers/ Online Payment Gateway Service Providers (OPGSPs) and/ or aggregators having operation in multiple countries (hereinafter referred to as foreign payment service providers, PSPs)</p> <p>(b) Under the arrangement with foreign PSPs, ADs shall maintain foreign currency accounts or Taka accounts in terms of paragraph 1(i), chapter 13 and paragraph 8(b), chapter 14 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1.</p> <p>(c) ADs shall realize payments by debit the accounts maintained as per (b) above and arrange transaction facilities to incoming tourists/passengers for which ADs shall have adequate technological supports.</p> <p>(d) Overdraft facilities will be allowed for the accounts so maintained in Bangladesh provided that ADs shall have payment guarantees, from banks acceptable to them, for the adequate amounts based on the transaction flows.</p> <p>In accordance with the above arrangement, ADs shall purchase foreign currency from wallets of incoming tourists/passengers by (i) making payments in equivalent Taka in cash and/or (ii) issuance of one time prepaid cards in Taka during their stay in Bangladesh. In addition, ADs shall arrange local transactions through POS under merchant arrangements with concerned vendors. Reconversion facility in terms of paragraph 9, chapter 12 of GFET can be made through credit to the respective accounts of foreign PSPs so maintained.</p> <p>ADs shall exercise due diligence in respect of the transactions with foreign PSPs and comply with the foreign exchange regulations, AML/CFT regulations and relevant laws/regulations in force.</p> <p>As usual, ADs shall observe reporting routine to Bangladesh Bank. In this context, debit to accounts maintained as per 2(b) above shall be treated as inward remittance on account of travel related receipts and vice versa.</p>
<p>FE Circular Letter No. 02 Date: 24 February, 2021 Financing facilities from stimulus packages to industries operating in EPZs/EZs/HTPs.</p>	<p>Industries operating in different zones are eligible to access to finance in Taka from stimulus packages as per BRPD Circular Letter No. 50 of October 01, 2020 and 53 of October 29, 2020. This is to clarify that these circular letters shall be considered to have been issued in terms of Section 18(2) of the Foreign Exchange Regulation Act, 1947 (amended up to 2015). Hence, Type A and Type B industries operating in different zones may access to finance in Taka</p>

	from concerned stimulus packages. Likewise, Type C industries will be eligible for financing in Taka from stimulus packages as admissible to such industries outside zone areas.
FEPD Circular No. 08 March 14, 2021 Relaxation of foreign exchange regulations for trade transactions - extended facilities	<p>Given the ongoing situation due to COVID-19, it has been decided to continue the policy supports for the following counts:</p> <p>(a) As per FE Circular No. 49 of November 18, 2020, time for repatriation of export proceeds is extendable to 210 days instead of 120 days from the date of shipment, with validity up to March 31, 2021. Now the facility shall be extended up to June 30, 2021.</p> <p>(b) As per FE Circular No. 30 of July 23, 2020, back to back LCs opened under supplier's/buyer's credit are extendable to additional 180 days within permissible rate of interest. The facility remains valid up to March 31, 2021 which shall be extended up to June 30, 2021.</p> <p>(c) As per FE Circular No. 30 of July 23, 2020, loan from Export Development Fund (EDF) is extendable to additional 180 days instead of 90 days for the period up to March 31, 2021. Now the facility shall be extended up to June 30, 2021.</p> <p>(d) As per FE Circular No. 44 of October 06, 2020, refinancing from EDF up to 180 days is allowable to settle import payments against back to back LCs established under supplier's/buyer's credit. The facility remains valid up to March 31, 2021 which shall be extended up to June 30, 2021.</p>
FEPD Circular No. 09 March 22, 2021 Export Development Fund (EDF) to Type B industries in Export Processing Zones	EDF loan will be admissible against back to back import LCs for input procurements by Type B industries in EPZs producing readymade garment for export.
FEPD Circular No. 10 March 22, 2021 Import of Empty LPG Cylinder on deferred payment basis	Usance period upto 360 days has been allowed for import of empty LPG cylinder by industrial units for their own use.
FEPD Circular No. 12 March 24, 2021 Relaxation of foreign exchange regulations for trade transactions - extended facilities	<p>Given the ongoing situation due to COVID-19, it has been decided to continue the policy supports till June 30, 2021 for the following counts:</p> <p>(a) Advance payment up to USD 500,000.00 or equivalent for import of coronavirus related life-saving drugs, medical kits/equipment and other essential medical items as per FE Circular No. 15 of March 23, 2020;</p> <p>(b) Usance period up to 360 days instead of 180 days for input imports by industrial importers as per paragraph 33(a)(ii), chapter 7 of the Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol-1 and FE Circular No. 16 of March 23, 2020 depending on the actual needs of the concerned clients; and</p> <p>(c) Usance periods up to 360 days instead of 180 days against imports of agricultural implements and chemical</p>

	<p>fertilizers admissible under paragraph 33(a)(iv), chapter 7 of GFET and Circular Letter No. 18 of April 26, 2020.</p> <p>For allowable additional time in settlement of import payments, separate permission to extend the validity of LCAF, in case of exceeding the stipulated period, will not be required.</p>
<p>PSD Circular No. 02 March 07, 2021 Regarding commercial advertisement in different Print/Electronic/Social Media.</p>	<p>All the Managing Directors/Chief Executive Officers of Mobile Financial Service (MFS) provider Banks and subsidiary institutions, Payment Service Provider (PSP) and payment Systems Operator (PSO) institutions have been asked to refrain from using satirical and aggressive words or running offensive propaganda against one another while launching commercial campaigns and advertisement regarding public relations in various Print/ Electronic/ Social media. They have also been directed to follow provisions of “National Broadcast Policy-2014” while conducting such campaigns.</p>
<p>SFD Circular Letter No. 01 February 03, 2020 Refinance Scheme for Green Products/Initiatives/Projects.</p>	<p>All the scheduled banks and financial institutions operating in Bangladesh have been advised to submit project related documents and information while applying for refinance facility against Green Products/ Initiatives/ Projects.</p>
<p>SMESPD Circular No. 03 February 01, 2020 Credit Guarantee Scheme for Cottage, Micro and Small Enterprises</p>	<p>Credit Guarantee Scheme shall be admissible for both Working Capital loans and Term Loan/Investment to Cottage, Micro and Small Enterprises. Participating banks and financial institutions are required applying for the guarantee registration within 15 days of every month.</p>
<p>SMESPD Circular No. 04 March 29, 2021 Establishment of Refinance Fund titled 'Start-up Fund' amounting BDT500 (Five Hundred) Crore by Bangladesh Bank & Establishment of 'Start-up Fund' by Scheduled Banks from their own fund.</p>	<p>In order to promote new entrepreneurs and encourage self-employment opportunities, following two start-up funds have been formed:</p> <ol style="list-style-type: none"> “Start-up Fund” by Bangladesh Bank worth BDT 500 (Five hundred) crore refinance fund Own “Start-up Fund” by the scheduled banks by setting aside 1% fund from their yearly operating profit. <p>Policy regarding “Start-up” refinance fund proposed by Bangladesh Bank:</p> <p>The amount of the refinance fund is BDT 500 (Five hundred) crore with a tenure of 5 (five) years which is revolving in nature. To avail of the loan/investment, the initiative of the start-ups, innovations and developments of new products /services /processing/technologies for marketing, must be new and creative and their age shall have to be minimum 21 years and maximum 45 years while submitting proposal. The tenure of the loan at the customer level is maximum 5 (five) years with maximum 1 (one) year grace period which may be repaid quarterly/half-yearly installments. Bangladesh Bank shall charge 0.50% interest/profit on refinance at bank level and shall charge additional 2% interest if proven misuse of the fund. The rate of interest at the customer level shall be</p>

	<p>maximum 4% (0.50%+3.50%) simple interest rate annually. The highest ceiling for the loan is BDT 1 (one) crore, to be disbursed at least 3 (three) installments. Personal guarantee or educational certificates may be regarded as collateral for loan. Each bank shall preserve minimum 10 percent of the start-up loan for women entrepreneurs.</p> <p>Policy regarding forming “Start-up Fund” by the scheduled banks:</p> <p>Banks shall preserve 1% fund from their yearly operating profit each year from 2021 to subsequent 5 (five) years for the start-ups assuming 2020 as base year. They shall formulate separate policy to this end compatible with BB policy and shall have to be approved by their respective board of directors. The rate of interest for such loan shall be maximum 4% simple interest at individual level. Each bank shall preserve minimum 10 percent of the start-up loan for women entrepreneurs.</p>
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Bangladesh Bank welcomes suggestions and comments for improvement of the contents and form of this publication. Comments and suggestions may be sent to:
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