Bangladesh Bank
Quarterly

July-September, 2021
Volume XIX, No.1

Bangladesh Bank Quarterly

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

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

Team Members

Dr. Md. Salim Al Mamun
Deputy General Manager

Mohammed Mahinur Alam
Deputy General Manager

Md. Habibour Rahman
Deputy General Manager

Syeda Ishrat Jahan
Deputy General Manager

Mohammad Mizanur Rahman
Deputy General Manager

Khan Md. Saidjada
Joint Director

Md. Rashel Hasan
Joint Director

Md. Nur-E-Alom Siddique
Joint Director

Raju Ahmed
Deputy Director

Nasrin Akther Lubna
Deputy Director

Povon Chandra Sutradar
Deputy Director

Md. Al-Amin Parvez
Assistant Director

Md. Abir Hossain
Assistant Director

Md. Abdus Sobhan
Assistant Director

Desktop publishing, web-hosting and distribution

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

---

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

ezazul.islam@bb.org.bd; gm.ceu@bb.org.bd

Website: bb.org.bd

মুজিববর্ষের অঙ্গীকার
দেশী পণ্যের ব্যবহার

Bangladesh Bank Quarterly

July-September, 2021
Volume XIX, No.1

Content

Tables

Annexure

Economic and Financial Developments

Executive Summary

Economic activities continued to recover in the first quarter of fiscal year 2021-22 (Q1FY22), aided by well supportive monetary and fiscal policies. Available data suggested a strong recovery of activities in the agriculture and industry sectors owing to improving business confidence, declining COVID infection rate and increasing coverage of vaccination across the country. But, activities in the service sector appeared to have moderated somewhat in this quarter. A surge in import growth by 47.59 percent (y-o-y) and a robust growth in export (11.57 percent) strengthened aggregate demand in Q1FY22. The recent drop in the inflows of inward remittances was mainly attributable to the lower labor export and foreign labor market disruptions due to the COVID-19 pandemic. The real GDP rebounded with 5.43 percent in FY21 from 3.45 percent in FY20, and is expected to grow by around 7.0 percent in FY22 as per recalculated base FY2015-16.

Headline CPI inflation (p-t-p) rose to 5.59 percent in September 2021 from 5.36 percent in July 2021, driven by both food and non-food components. The recent rise in inflation originated mainly from soaring prices of most of the commodities in the global markets in the face of supply chain disturbance as well as increased domestic consumer demand. The impulse to food inflation was concentrated mostly in the prices of rice and other cereals, edible oils, pulses, and beverages, while the impetus to non-food inflation emerged mainly from the price of clothing, furniture, and transport and communication. Nonetheless, twelve-month average CPI inflation moderated to 5.50 percent in September 2021 from 5.56 percent in June 2021.

Current account (CA) balance recorded a deficit of USD 2.31 billion in Q1FY22 compared to a surplus of USD 3.48 billion in Q1FY21, due mainly to a dip in remittance inflows and a faster rise in import payments than export receipts. The deficit in CA led to a deficit of USD 0.81 billion in the overall balance (BOP) in Q1FY22 despite a surplus of USD 1.99 billion in the capital and financial account, which put some depreciation pressures on BDT against USD. To maintain exchange rate at the desired level, Bangladesh Bank (BB) made a net sale of USD 0.74 billion in the foreign exchange market during Q1FY22.

Credit growth to private sector crept up to 8.77 percent (y-o-y) in Q1FY22 from 7.55 percent in May 2021 as economic activities rebounded. However, broad money (M2) growth moderated to 11.20 percent in Q1FY22 from 13.92 percent growth in Q1FY21, as NFA growth decelerated on the back of a deficit in BOP. A mixed trend was observed in interest rates during this quarter. The inter-bank repo and yield of T-bill and bond started to rise, while the interest rates in the retail market registered a small decline.

The overall banking sector performance exhibited a mixed trend in Q1FY22, reflected in a marginal improvement in non-performing loans (NPLs), a moderation in capital to risk-weighted asset ratio (CRAR), an increase in the growth of bank's advances, a decline in provision maintained against bad loans, a rise in profitability, and maintenance of adequate liquidity.

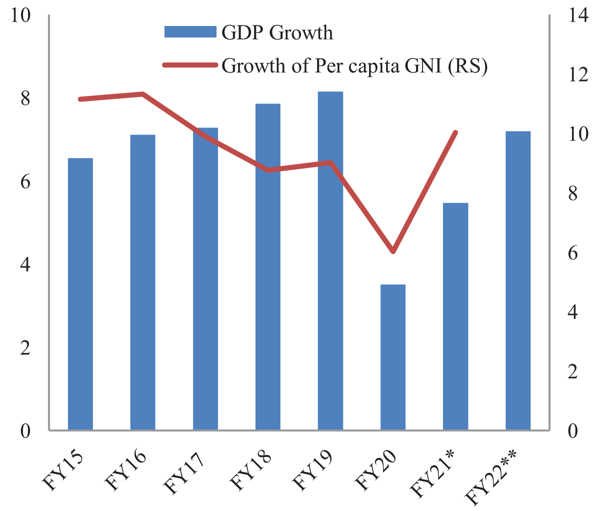
The robust performance in the capital market continued in Q1FY22 reflected in strong growth in share price indices, buoyancy in turnover, and expansion of market capitalization, supported by prevailing low interest rates and favorable policies.

Going forward, the broad based recovery of economic activities in Q1FY22 is likely to continue in the coming quarters of FY22, with continued expansionary monetary and prudent fiscal policies. However, a sharp rise in global inflation, tightening monetary conditions in global markets, and the threat of Omicron, a new wave of the recent variant of the coronavirus, may feed downside risks in economic activities on both domestic and global fronts in near future.

I. Real Economy

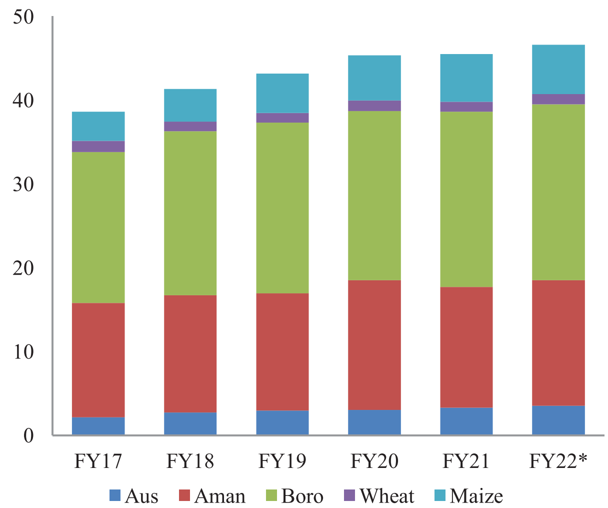
1.1 Economic activities continued to recover in Q1FY22 largely driven by activities in the agriculture and industry sectors in response to supportive monetary and fiscal policies, improved business confidence, declining COVID-19 infection rate, and increasing coverage of vaccination across the country. However, activities in the service sector appeared to have moderated somewhat in this quarter as indicated by slower growth in credit to the service sector. Indicators related to aggregate demand depicted a mixed trend of economic activities in Q1FY22. In the external sector, a surge in import demand (47.59 percent year on year growth) and robust growth in export (11.57 percent) indicated a strong recovery in Q1FY22, while remittance inflows fell by 19.80 percent during the same period. On the domestic front, credit to the private sector improved slightly at 8.77 percent in Q1FY22. Bangladesh economy recovered notably and registered 5.47 percent economic growth in FY21 after GDP growth slowed down to 3.51 percent in FY20 because of the fallout of the COVID-19 pandemic.

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



* Provisional. ** Target.
Source: Bangladesh Bureau of Statistics (BBS).

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



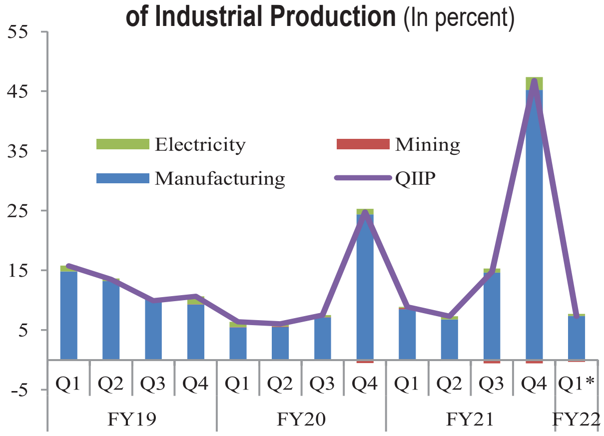
*Target.
Source: Department of Agricultural Extension (DAE).

1.2 The agriculture sector maintained a solid performance both in FY20 and FY21 amid the COVID-induced economic slowdown. Overall, credit to agriculture sector grew by 11.69 percent (year on year) in Q1FY22. Following the resilient trend of this sector, the target of total rice production was set at 39.48 million metric tons (MMT) for FY22 which includes 3.5 MMT for aus, 15.0 MMT for aman, and 21.0 MMT for boro, indicating higher than the actual production of FY21. Among non-rice crops, the annual growth targets for the production of maize, jute, vegetables, and onion were set at 3.7 percent, 11.5 percent, 1.5 percent, and 4.2 percent for FY22, respectively. Given these targets, data reported by the Department of Agricultural Extension (DAE) showed that aman rice, the second-largest crop of the country, was cultivated in higher than targeted acreage aided by favourable rice price and various supportive measures, including the supply of sufficient low-cost credit in a timely manner and benign weather condition. Conversely, despite a growing demand for wheat in the country, annual production of wheat remained broadly stagnant at around 1.2 MMT.

Consequently, import of wheat has been increased over time to ensure food security and food price stability. According to Food Planning and Monitoring Unit (FPMU) of the Ministry of Food, total import of food-grain for FY21 was 6.7 MMT, which includes 5.3 MMT of wheat and 1.4 MMT of rice. The wholesale price of wheat increased by 1.83 percent, while that of rice decreased slightly by 0.68 percent in Q1FY22[1].

1.3 The industry sector rebounded in FY21 by registering 6.12 percent growth after a growth slump to 3.25 percent in FY20. Following the recovery trend, the industry sector registered a noticeable growth in Q1FY22, reflected in growth in industrial production and other indicators related to the industry sector. Latest data on industrial production available until August 2021 posted 7.33 percent growth (year on year) in the first-two months of FY22, driven mostly by large and medium scale industrial production.

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



*Based on data available for July, August 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	FY20				FY21				FY22
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1*
General Index of Manufacturing	100	6.0	6.9	7.7	-16	8.3	7.3	15.8	50.3	8.1
Food products	10.8	17	11	17	5	-4	6	12	25	11
Beverage	0.3	6	45	18	-50	11	13	71	160	45
Tobacco product	2.9	5	2	1	10	-11	-7	-4	-17	-3
Textile	14.1	16	22	17	2	17	6	23	49	23
Wearing apparel	34.8	-1	-9	-8	-50	3	-4	3	106	3
Leather and related product	4.4	2	-5	2	-1	63	35	97	163	38
Wood and product of wood and cork	0.3	7	8	5	5	5	41	42	12	25
Paper and paper products	0.3	1	8	5	10	14	-7	-9	-2	7
Printing and recorded media	1.8	11	15	14	14	11	16	15	8	3
Coke and refined petroleum product	1.3	6	-41	-51	-60	-6	83	104	166	22
Chemical and chemical product	3.7	-27	-4	-4	-3	43	8	15	20	-25
Pharmaceuticals products	8.2	12	52	36	32	14	14	17	12	8
Rubber and plastic products	1.6	6	6	2	-14	-8	-8	-7	8	-7
Non-metallic mineral product	7.1	11	19	27	-6	5	9	15	29	11
Basic metal	3.2	1	4	4	-38	-15	2	-5	63	31
Fabricated metal product	2.3	2	6	6	-13	47	51	55	52	-19
Computer and electronic products	0.2	93	70	10	-65	-11	-19	-1	143	-32
Electrical equipments	0.7	-1	-26	-8	-21	121	249	369	183	-41
Machinery and equipments	0.2	25	20	24	7	3	2	0	4	-1
Motor vehicles and trailers	0.1	-36	-67	-51	-57	-61	-64	-13	124	202
Transport equipment	0.7	11	22	4	-15	13	4	17	37	2
Furniture	0.9	1	-3	-1	-16	-16	-5	28	31	-21

≤-10 -10--5 -5-0 0-5 5-10 10-15 ≥15

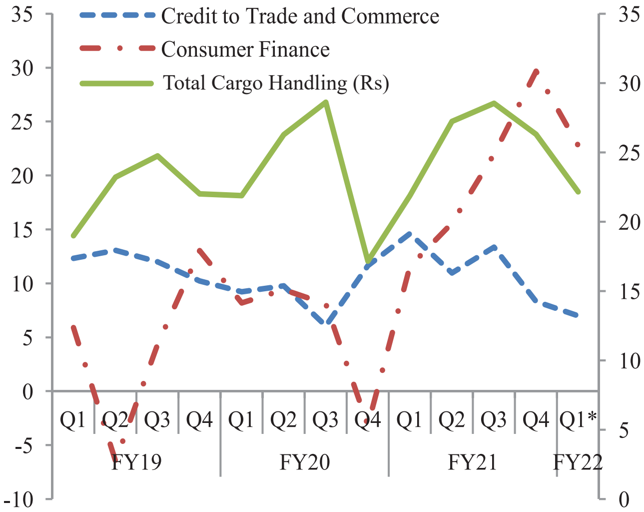
*Based on data available for July, August 2021.
Source: BB staff's calculation based on BBS data.

[1] Bangladesh Food Situation Report, July-September 2021, Volume 126, Food Planning and Monitoring Unit (FPMU), accessed on 22 November 2021.

However, a negative growth in mining (-16.79 percent) and a lower growth (5.01 percent) in electricity production depressed the overall growth of industrial production. Large and medium scale industrial production grew by 8.09 percent in the first-two months of FY22 led by food products (10.68 percent), textile (22.84 percent), leather and leather products (37.51 percent), pharmaceuticals (7.94 percent), basic metal (31.13 percent), and refined petroleum products (21.70 percent) (Chart I.4). Industrial production in the remaining month of the quarter under observation is expected to perform well since available data of export showed 11.37 percent growth (Table V.4) and credit to industry also grew by 9.13 percent (Table I.9) in Q1FY22. Government's initiatives towards supporting local motor vehicle assembling industry stimulated output in this sector as reflected by a high growth in the motor vehicles and trailers (202.16 percent) in Q1FY22.

1.4 The growth momentum in service sector-related activities moderated in Q1FY22 after maintaining buoyancy in the preceding three quarters as reflected by different proxy indicators. Among those proxy indicators, total cargo handling through Chattogram sea port, credit to trade and commerce and consumer finance declined somewhat and grew by 22.16 percent, 7.0 percent and 22.79 percent in Q1FY22 (y-o-y) (Chart I.5). However, the rebound of growth in the industry sector will have lagged knock-on-effects on the service-related sectors. Besides, policy supports coupled with positive developments in related sectors, such as healthy growth (48.60 percent) in fresh opening of import LCs, will also have positive impacts on the service sector.

Chart I.5: Growth of Credit to Trade and Commerce and Consumer Finance (In percent) **and Total Cargo Handled by Chattogram Port** (In MMT)



* Credit to Trade and Commerce and Consumer Finance data are provisional.
Source: Bangladesh Bank and Chattogram Port Authority.

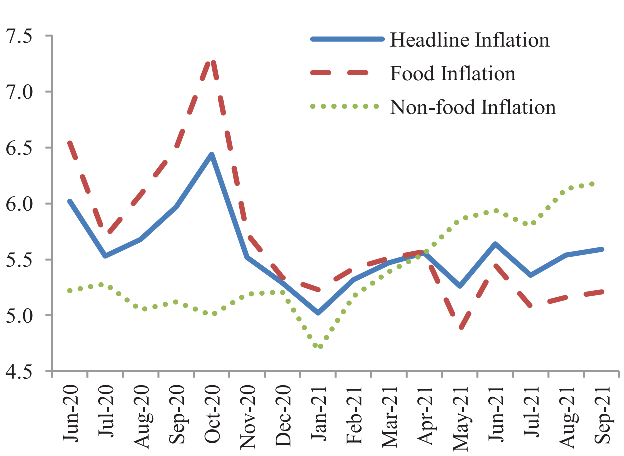
1.5 Going forward, the economic momentum that became evident in FY21 is expected to gain further traction in FY22. The speedy coverage of vaccination, coupled with the increasing trend of economic activities reflected by sector-wise performance for the first quarter of FY22 is likely to improve economic activities further in the remaining quarter of FY22. To support economic activities, expansionary monetary and prudent fiscal policies were crafted for FY22. While large and medium scale industries performed well with government policy support and stimulus packages, the BB in coordination with government would continue appropriate supports to CMSME sector to facilitate an even and broad-based economic recovery.

Proper supports to the CMSME sector are expected to reinvigorate the economy to full recovery with increasing employment generations. However, there should be contingency plans to counteract downside risks such as a fresh wave of COVID-19 infections like the newly emerged Omicron variant and upside risks such as international commodity price hike for addressing these risks with proper and timely policy supports.

II. Price

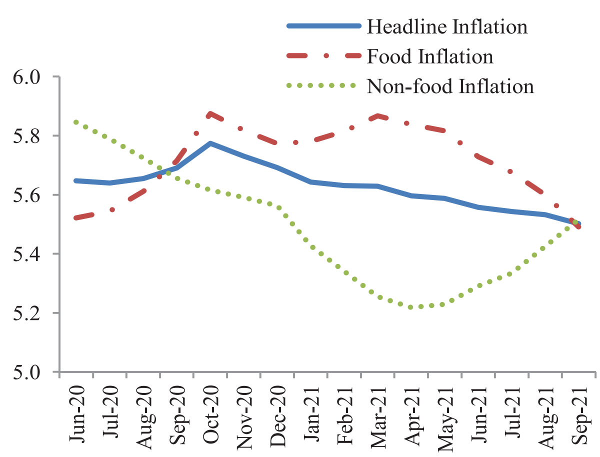
2.1 Headline CPI inflation (p-t-p) edged up to 5.59 percent in September 2021 from 5.36 percent in July 2021 which was attributed to an upward movement of both food and non-food inflation (Chart II.1). The upward pressure in inflation during July–September 2021 was partly driven by supply chain bottlenecks and resurgent consumer demand in the domestic economy, and magnified by rising shipping charges to an unprecedented level as well as soaring prices of most of the commodities in the global markets. However, the quarterly comparison evinces that headline inflation (p-t-p) edged down 5.59 percent at the end of Q1FY22 from 5.64 percent at the end of Q4FY21. The 12-month average CPI inflation, which ironed out the fluctuations of point-to-point CPI, continued to decrease for over a year and reached 5.50 percent at the end of Q1FY22 as compared to 5.69 percent at the end of Q1FY21 (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
(In percent)



Source: Bangladesh Bureau of statistics.

2.2 Point-to-point food inflation decreased from 5.45 percent in June 2021 to 5.08 percent in July 2021 but then exhibited slow increases in the last two months of Q1FY22, reaching 5.21 percent in September 2021. This upswing in food inflation can largely be ascribed to nearly 15 percent persistent hike of the prices of cereal, especially, of rice during the consecutive three months of Q1FY22, while the rice constituting more than two-fifth of the CPI food basket. Moreover, pulse prices surged in the last two months of Q1FY22 with 8.2 percent growth in September 2021 contributed substantially to the food inflation after staying at very low or even in negative territory in the earlier months of 2021. Prices of eggs and meat, edible oils and fats, and milk and milk products were also on a rising trend during July-September 2021, partly contributing to food inflation. Prices of edible oils and fats continued to go up reached 22.7 percent in September 2021, originating from global high prices as most of the domestic demand has been catered by imports. Milk and milk products increased notably to 7.8 percent in September 2021 from 2.9 percent in June 2021. However, the government's continued support by expanding open market sales (OMS) services, imposing price ceiling on edible oils, and reducing duty on rice and onion import for controlling domestic food prices might soften price pressure. On the other hand, the price of vegetables, fruits, spices, and fish (fresh) and dry fish declined, reflecting an adequate supply of winter seasonal goods which helped the upward pressure of the food inflation subside (Chart II.3).

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

	WEIGHTS	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Headline	100.00	5.97	6.44	5.52	5.29	5.02	5.32	5.46	5.56	5.15	5.64	5.36	5.54	5.59
Food, Beverage and Tobacco	56.18	6.50	7.34	5.73	5.34	5.23	5.42	5.51	5.57	4.87	5.45	5.08	5.16	5.21
1. Food	52.17	7.15	9.05	6.56	6.12	5.69	5.41	5.86	5.97	5.36	5.89	5.27	5.21	4.32
(a) Cereals	21.62	16.19	21.05	20.19	17.99	22.31	22.39	18.49	11.85	12.10	14.69	15.26	15.15	14.41
(i) Rice	20.31	17.18	22.65	21.72	19.39	23.73	23.77	19.61	12.45	12.78	15.18	15.82	15.62	14.80
(ii) Other Cereals	1.30	0.74	-3.41	-3.43	-4.24	-0.35	0.06	-0.28	1.29	1.06	6.44	5.85	6.80	7.21
(b) Pulses:	1.51	22.1	11.7	15.3	3.4	1.2	1.2	-4.1	-13.9	-10.9	-2.8	-0.7	4.8	8.2
(c) Fish (fresh) & dry fish	6.98	-10.6	-19.9	-5.3	-8.3	-6.7	-7.2	-7.8	-3.8	-7.3	-6.5	-5.8	-2.7	-2.8
(d) Eggs and Meat	4.94	4.2	3.9	5.5	4.2	4.3	5.6	5.3	4.5	0.7	2.9	3.5	6.2	5.9
(e) Vegetable	4.78	18.8	39.3	26.2	15.2	-2.8	-10.1	2.4	24.8	25.3	12.5	8.5	-3.7	-11.5
(f) Fruits	1.85	-4.9	-3.6	-1.9	-0.7	-0.8	4.6	-0.5	0.6	-2.3	-10.7	-12.4	-6.7	-4.3
(g) Spices	4.29	4.7	3.5	-23.1	-9.7	-14.3	-15.4	-8.9	-8.2	-2.3	0.8	-5.4	-5.6	-6.7
(h) Edible oils & fats	1.93	3.9	4.2	5.8	6.7	17.9	18.4	16.8	11.1	11.6	17.5	19.8	21.1	22.7
(i) Milk and milk products	2.05	-1.8	-1.3	-1.5	-0.4	1.5	2.8	1.5	7.8	3.4	2.9	2.1	2.3	7.8
(j) Miscellaneous food items	2.24	6.5	3.3	-4.0	-4.1	-1.4	0.2	0.0	-1.5	-1.6	-1.6	-1.1	-0.7	1.3
2. Beverage	1.34	-0.2	-0.2	0.0	0.0	3.3	9.7	6.9	16.1	17.5	32.1	33.9	36.1	61.3
3. Tobacco & Products	2.67	1.4	-8.0	-1.8	-1.7	0.9	4.7	1.8	-0.2	-0.1	-3.3	-1.7	-0.7	4.7
Non-food	43.82	5.1	5.0	5.2	5.2	4.7	5.2	5.4	5.6	5.3	5.9	5.8	6.1	6.2
I. Clothing and Footwear	6.84	1.3	1.3	1.3	1.2	3.5	3.8	4.2	4.4	4.6	4.8	5.1	6.2	7.3
II. Rent, Fuel & Lighting	14.88	6.0	5.6	5.7	5.8	2.2	1.9	1.6	1.5	1.3	-0.2	-0.2	0.2	1.2
III. Household Furniture, operations and repairing	4.73	4.5	4.5	4.9	4.3	4.2	5.2	6.0	6.7	7.0	7.7	7.4	7.0	8.0
IV. Medical Care & Health Expenses	3.47	8.7	8.6	8.6	8.7	7.0	7.7	7.6	7.6	5.1	4.9	4.9	4.9	2.6
V. Transport and Communication	5.80	6.2	6.3	6.7	7.0	8.1	9.2	9.7	10.2	9.6	17.4	16.9	17.3	15.6
VI. Recreation & Educational Expenses	4.28	1.3	1.1	1.1	1.2	1.8	2.3	2.6	2.6	2.6	2.9	3.2	3.4	4.0
VII. Miscellaneous Goods & Services	3.82	9.3	9.4	9.7	10.1	11.3	12.9	13.6	13.8	13.8	13.0	11.6	11.5	9.0

≥10 | 8-10 | 6-8 | 4-6 | 2-4 | 0-2 | ≤0

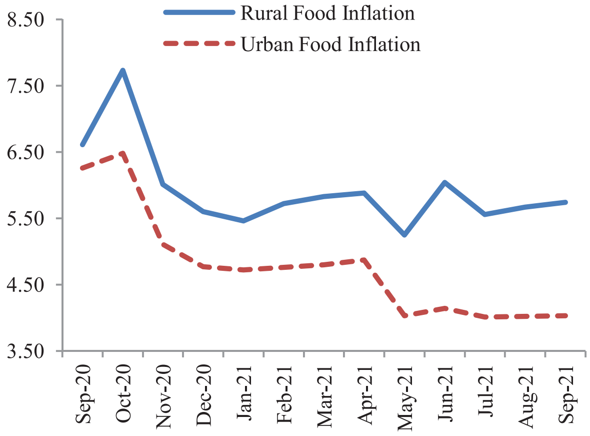
Source: BB staff's calculation based on BBS data

2.3 The prices of non-food items were on a rising trend since February 2021 and gained further momentum in recent times to reach 6.19 percent in September 2021. The uptick in non-food inflation concentrated on the price increase in transport and communication, clothing and footwear, household furniture, operations and repairing, and recreational and educational expenses. On average, transport and communication costs increased the most by 16.61 percent during this quarter followed by household furniture, operations, and repairing by 7.47 percent. Moreover, prices of clothing and footwear and recreational and educational expenses increased by 6.18 percent and 3.53 percent respectively on an average during the months of Q1FY22, reflecting return of the economy to normalcy after ebbing COVID-19 infections and strengthening vaccination-boosted consumer confidence. Moreover, inflation in rent, fuel, and lighting remained low at 1.2 percent in September 2021. Medical care and health expenses witnessed a decline from 4.9 percent in June 2021 to 2.6 percent in September 2021 (Chart II.3).

2.4 Food inflation in the urban area remained almost unchanged, while rural food inflation moderated from 6.04 percent in June 2021 to 5.74 percent in September 2021. Urban food inflation decreased from 4.14 percent in June 2021 to 4.03 percent in September 2021 (Chart II.4). The food price momentum in rural areas compared to that of urban areas slightly widened the gap between rural and urban food inflation in Q1FY22, reflecting the higher increase of prices of eggs and meat, edible oils and fats, and milk and milk products in the rural area. On the other hand, non-food inflation exhibited an increasing trend in both areas, although the change of increase was higher in the urban areas. Rural and urban non-food inflation rose to 5.84 percent and 6.65 percent in September 2021 from 5.46 percent and 6.59 percent in June 2021 respectively (Chart II.5).

Chart II.4: Point-to-point CPI Food Inflation

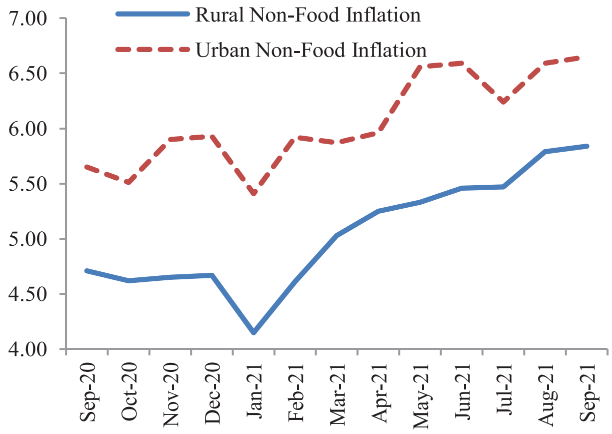
(In percent)



Source: Bangladesh Bureau of statistics.

Chart II.5: Point-to-point CPI Non-food Inflation

(In percent)

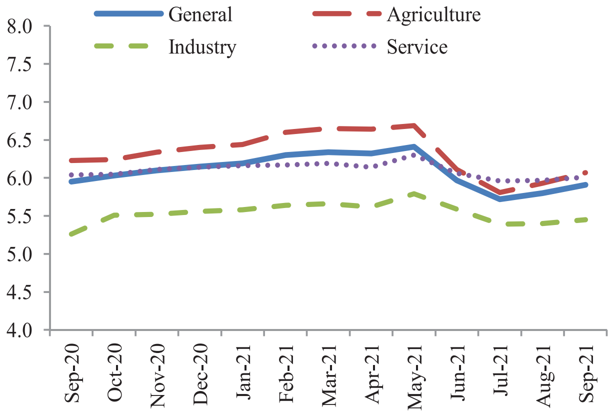


Source: Bangladesh Bureau of statistics.

2.5 Nominal wage rate decreased from 5.97 percent in June 2021 to 5.91 percent in September 2021. The nationwide lockdown that began at the end of April 2021 caused the wage growth to decline in July 2021 (5.72 percent). However, as the economy has started returning to normalcy, the wage rate has started to increase in all three major sectors. The agriculture sector registered a wage growth of 6.07 percent in September 2021, while industry and service sectors experienced 5.45 percent and 6.01 percent growth, respectively (Chart II.6).

Chart II.6: Wage Rate

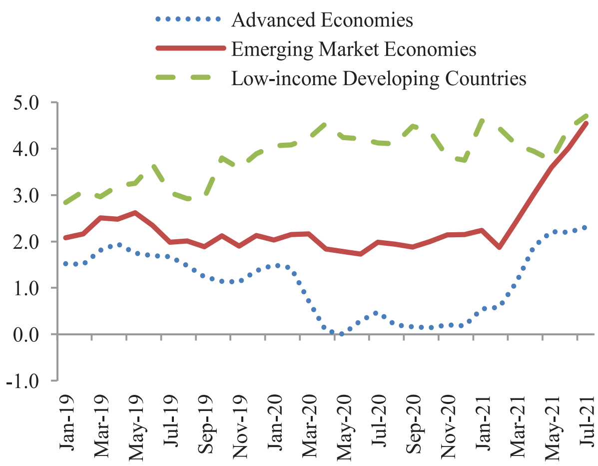
(Percentage Change, Point-to-point)



Source: Bangladesh Bureau of statistics.

Chart II.7: Consumer Price Index by Country Group

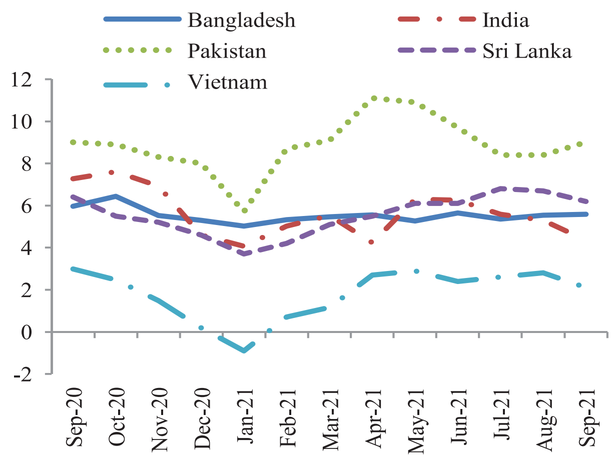
(Median, year-on-year percent change)



Sources: World Economic Outlook, October 2021. International Monetary Fund.

Chart II.8: Inflation in Peer Countries

(In percent)

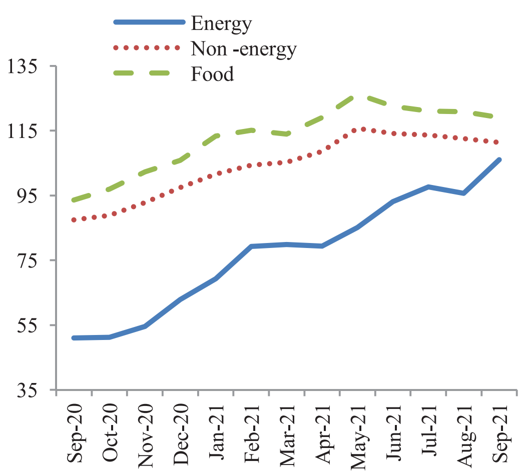


Sources: Central Banks and Statistics Department of respective Countries.

2.6 Headline consumer price inflation in advanced, and emerging market and developing economies (EMDE) experienced a steep rise since the beginning of 2021, while that of low-income developing countries (LIDC) recorded higher but relatively stable (Chart II.7). A sustained rise in inflation in advanced economies would have spillover effects to EMDE and LIDC through higher import cost and exchange rate depreciation. Moreover, inflation in major peer countries followed a mixed trend during July-September 2021. CPI inflation of India, Vietnam, and Sri Lanka exhibited a downward trend during August and September 2021 while of Pakistan was on an uptrend (Chart II.8).

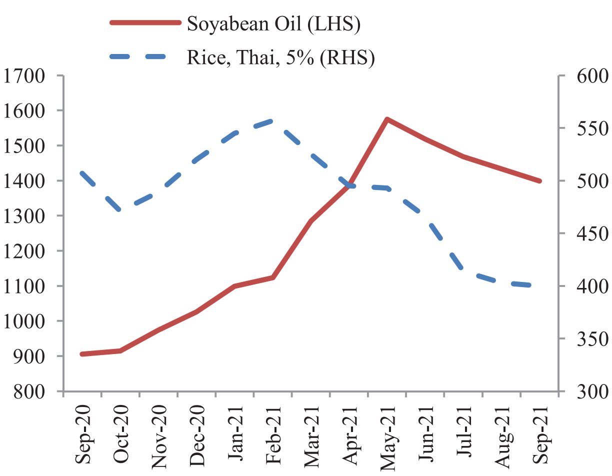
2.7 Global commodity prices experienced a mixed trend in July-September 2021. Energy prices continued their upward trend on the back of the precipitous rise in crude oil prices. Crude oil price reached $72.24 a barrel in September 2021 from $41.10 a barrel in September 2020 as a consequence of supply shock in the US along with the cautious supply decision of OPEC+. Further rise in oil consumption and higher natural gas prices speeded up the energy price. On the other hand, non-energy and food prices softened in September 2021 compared to June 2021. Among food prices, rice and soybean oil prices decreased in September 2021 although soybean oil prices remained high at $1398.75 a metric ton resulting from a tight market condition and weather-induced contraction in oilseeds output. Moreover, international sugar prices gradually increased and reached recent highs at $0.43 per kg stemming from unfavorable weather conditions induced lower output in major sugar-producing countries.

Chart II.9: Global Commodity Price Indices
(2010=100)



Source: World Bank.

Chart II.10: World Commodity Price
(USD/M.T.)



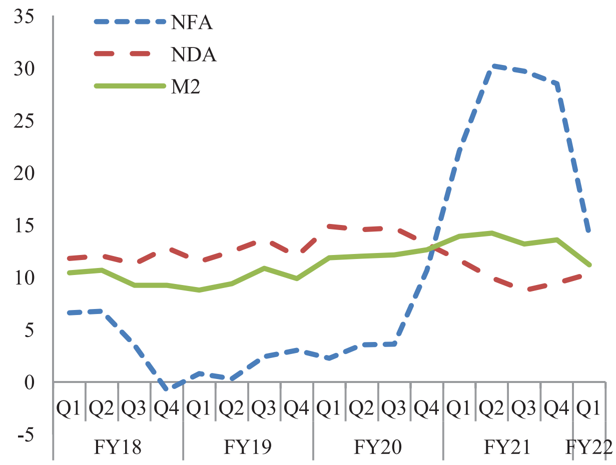
Source: World Bank.

2.8 Looking ahead, headline inflation is expected to peak up in the coming months due to a sharp rise in global energy prices and an upturn in inflation outlook in advanced and emerging market economies. Moreover, supply-side disturbances and the pass-through effect of input cost to output prices on the back of rising domestic demand will remain a concern to the inflation forecast. However, supply-side interventions by the government along with accommodative monetary policy by the Bangladesh Bank might contain inflation within a tolerable range.

III. Money and Credit Market

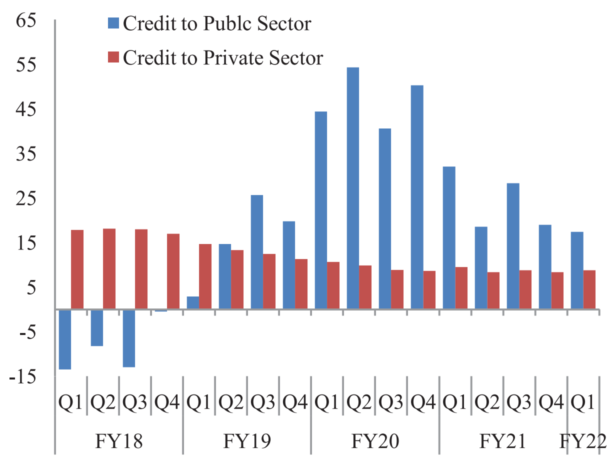
3.1 To support investment and employment generating activities in the recovery process of the COVID-19 wrecked economy, Bangladesh Bank (BB) continued its efforts in line with expansionary monetary policy stance for FY22 by setting broad money (M2) growth target at 13.80 percent for December 2021 and 15.00 percent for June 2022. The growth target of credit to private sector, on the other hand, was set at 11.00 percent for December 2021 and 14.80 percent for June 2022[2]. Given this program path, however, M2 grew moderately in Q1FY22. The NFA ebbed significantly at the end of Q1FY22 as compared to a higher growth of that at the same period of last fiscal year. The growth of credit to private sector was close to 9 percent for last several quarters but crept slightly up at the end of Q1FY22. In the presence of huge amount of surplus liquid assets in the economy, the BB mopped up some excess liquidity from the banking system in Q1FY22, aiming to control price pressures and maintain the money markets stability. The interest rates for deposits and lending in the retail market continued moderating, while the interest rate in inter-bank repo market rose but still remained lower than 2.0 percent level at the end of Q1FY22.

Chart III.1: Growth of M2, NDA, and NFA (In percent)



Source: Bangladesh Bank.

Chart III.2: Growth of Credit to Public and Private Sector (In percent)



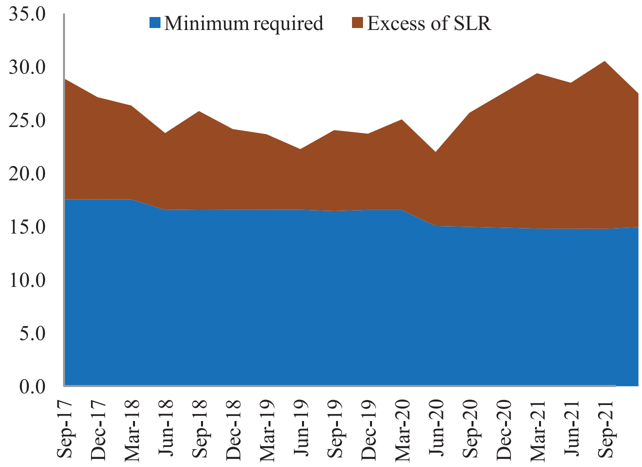
Source: Bangladesh Bank.

3.2 Against the growth target of 13.80 percent for H1FY22, M2 grew by 11.20 percent (year on year) at the end of Q1FY22, lower than 13.60 percent growth at the end of Q4FY21. This downturn originated from a deceleration in the NFA, while the net domestic assets (NDA) edged up (Chart III.1). A deficit in the balance of payment (BOP) led to a decline in NFA growth to 14.05 percent in Q1FY22 compared to a 28.5 percent growth in the previous quarter and 22.1 percent growth at the same period of last year. However, the moderation of NFA growth remained in line with the program path of 13.0 percent growth target for December 2021. On the other hand, a marginally higher growth of credit to the private sector resulted in an increase in NDA growth to 10.34 percent in Q1FY22 compared to 9.51 percent growth in Q4FY21, while credit growth to public sector declined to 17.4 percent in Q1FY22 (Chart III.2).

[2] Monetary Policy Statement, Fiscal Year 2021-22, Bangladesh Bank.

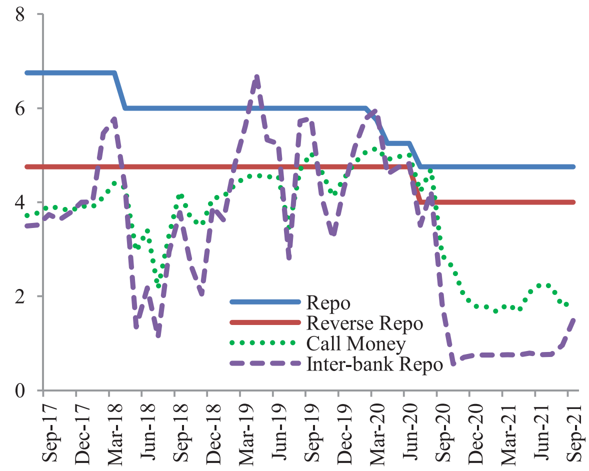
3.3 The growth of credit to private sector increased slightly to 8.8 percent at the end of Q1FY22 as compared to 8.3 percent at the end of Q4FY21 (Chart III.2). However, the growth rate remained below the programmed limit of 11 percent for H1FY22 despite prevailing low real lending rates and benign financial condition, otherwise indicating weak business confidence in the economy due to second wave of COVID-19. From the sectoral perspectives, the growth of credit exhibited a mixed trend across various economic activities. Bank credit growth to industry, construction, and agriculture increased to 9.13 percent, 7.70 percent, and 11.69 percent (y-o-y) in Q1FY22, respectively. On the other hand, growth rates of credit to trade and commerce (7.00 percent), and consumer finance (22.79 percent) sub-sectors moderated somewhat in Q1FY22 (Table I.9). Helped by 16.72 percent growth in NBR tax revenue collection and 38.80 percent growth in foreign financing during the first quarter of FY22, the growth of credit to the public sector moderated to 17.42 percent at the end of Q1FY22 as compared to 19.34 percent growth in Q4FY21 (Chart III.2).

Chart III.3: Liquidity as percent of TDTL



Source: Bangladesh Bank.

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

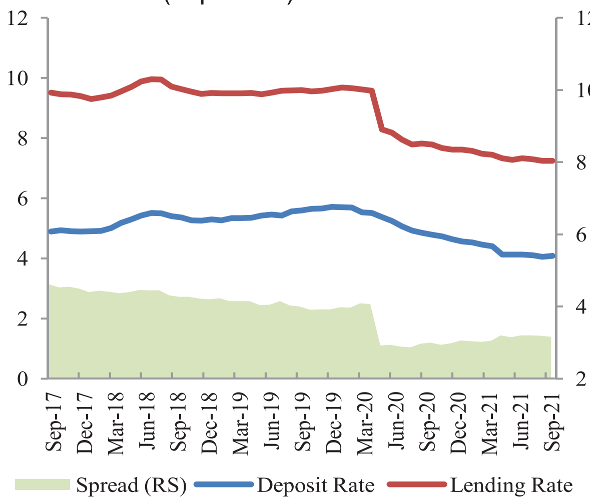


Source: Bangladesh Bank.

3.4 Given the liquidity glut in the banking system following the easy monetary regime in the pandemic period, the BB resumed mopping up of some excess liquidity from the banking system in Q1FY22 to rationalize the liquidity condition. Consequently, the ratio of total liquid assets and liquid asset excess of SLR to total demand and time liabilities (TDTL) reduced to 29.12 percent and 14.35 percent at the end of Q1FY22 from 30.55 percent and 15.76 percent at the end of Q4FY21, respectively (Chart III.3). An upward nudge was observed in interest rate in the inter-bank repo market to 1.49 percent in September 2021 from 0.76 percent in June 2021 (Chart III.4), while interest rate in the call money market dropped from 2.3 percent in June 2021 to 1.90 percent in September 2021. The weighted-average interest rate on lending declined to 7.24 percent in September 2021 from 7.33 percent in June 2021, maintaining the rate far below the government-fixed ceiling of 9.0 percent. Likewise, the weighted-average interest rate on deposit also declined to 4.08 percent from 4.13 percent during the same period (Chart III.5).

Chart III.5: Interest Rate Spread

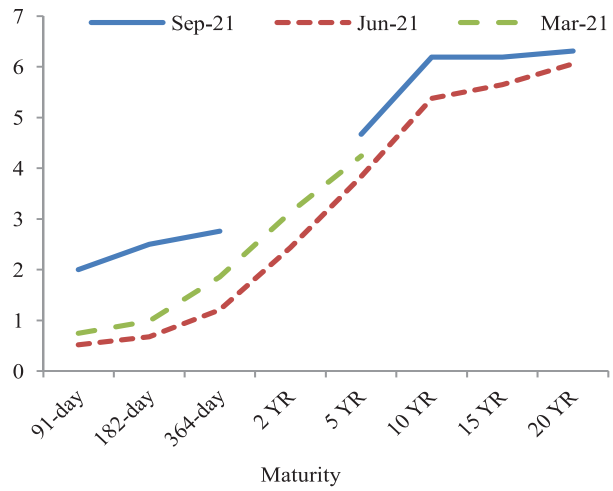
(In percent)



Source: Bangladesh Bank.

Chart III.6: Interest Rate of Government Securities

(In percent)



Source: Bangladesh Bank.

3.5 Yields on government securities of all maturities showed an upward movement in September 2021 compared to that of June 2021, reflecting expected credit growth both in public and private sectors in the phase of economic recovery. The yields on 91-day, 182-day, and 364-day treasury bills picked up to 2.0, 2.5, and 2.76 percent in September 2021 from 0.52, 0.68, and 1.21 percent in June 2021. Similarly, yields on 5-year, 10-year, 15-year, and 20-year treasury bonds picked up to 4.67, 6.19, 6.19, and 6.31 percent from 3.84, 5.38, 5.65, and 6.06 percent at the same time (Chart III.6).

3.6 Looking forward, despite a huge excess liquidity and depressed private sector credit growth, the BB is expected to continue the expansionary and accommodative monetary policy in coordination with government's expansionary fiscal policy for FY22 because recovery of economy from the slowdown is a key priority. Therefore, the BB did not withdraw the relaxations of various policy rates; rather used its monetary tools to control any situation deriving from excess liquidity similar to issuing BB bills resumed in last August 2021. On the other hand, it is expected that since the economic activities are being rebounded in recent periods after a significant improvement of COVID-19 situation in the country, it would subsequently ease the pressure on excess liquidity, increasing private sector credit growth by strengthening economic activities. Here, BB's policy is to flow the funds to the productive sectors, including agriculture, SMEs, export-oriented industries and the informal sector, which have been hit hard by the pandemic. Providing adequate supply of credit to productive and manufacturing sectors would help faster recovery of economic activities and achievement of the growth target in FY22.

IV. Fiscal Sector

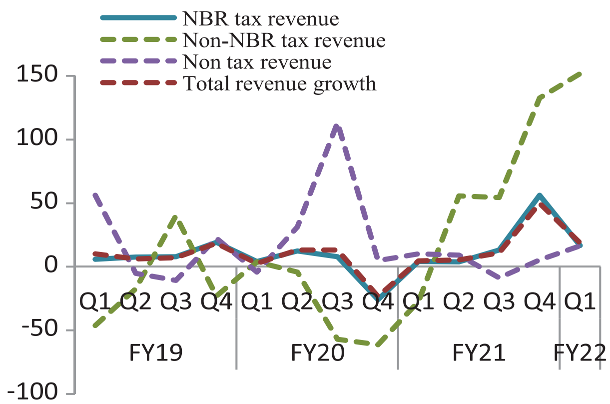
4.1 Fiscal activities paced faster in Q1FY22 compared to that in Q1FY21 as economic activities gradually opened owing to the improvement of COVID-19 infection situation throughout the country. The overall revenue growth was recorded by 18.7 percent in Q1FY22 compared to 4.5 percent in

Q1FY21, led by National Board of Revenue's (NBR) tax, Non-NBR tax and Non-tax revenue collection. Overall, Government expenditure was bolstered by governments' COVID-19 hit economic recovery policies including stimulus packages, safety-net programs, and resumption of on-going development projects. Therefore, overall fiscal deficit exhibits a moderate fall in Q1FY22 from Q1FY21. The deficit financing came from both domestic and foreign sources.

4.2 Total revenue collection continued its uptrend. The overall revenue collection stood at BDT 737.2 billion, an increase of 18.7 percent in Q1FY22 from BDT 621.3 billion in Q1FY21. The higher growth in total revenue collection in Q1FY22 came from a 16.7 percent increase in NBR-tax revenue and 25.8 percent rise in Non-tax revenue (Chart IV.1). The growth of NBR tax revenue was driven by a 16.7 percent increase in value added tax, a 22.9 percent increase in customs duties and a 12.5 percent increase in income tax collection (Chart IV.2). Total revenue collection achieved about 19.0 percent of yearly budget target of BDT 3890 billion in the first quarter of FY22 which was 2.1 percent of GDP.

Chart IV.1: Trends in Total Revenue

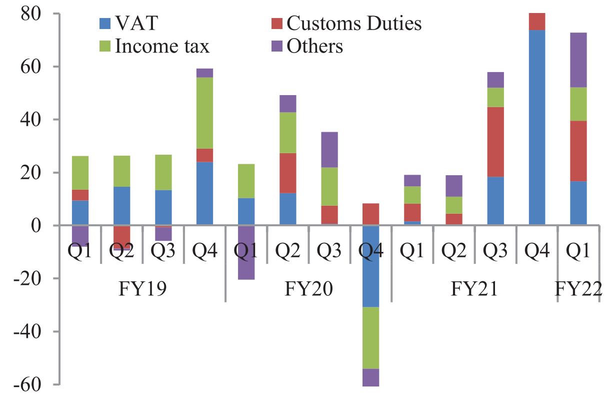
(year on year growth, in percent)



Sources: Ministry of Finance, National Board of Revenue.

Chart IV.2: Trends in NBR Tax Revenue

(year on year growth, in percent)

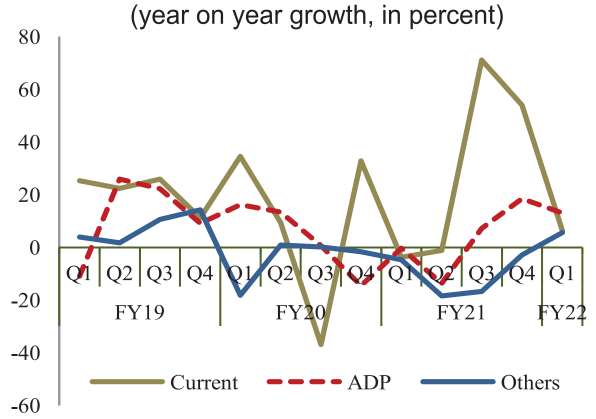


Source: National Board of Revenue.

4.3 The consolidated fiscal spending exhibited an uptick with higher current and ADP expenditure in Q1FY22 compared to that of Q1FY21. Overall government spending increased by 7.6 percent to BDT 1012.9 billion in Q1FY22 (2.9 percent of GDP) from the level of corresponding quarter of FY21. During this quarter, the current expenditure and ADP expenditure increased by 6.4 percent and 13.1 percent, respectively (Chart IV.3). Restoration of a normal pace of the implementation of development projects played a significant role in the growth of ADP expenditure in Q1FY22. In Q1FY22, total expenditure stood at 16.8 percent of annual budget target of BDT 6036.8 billion for FY22.

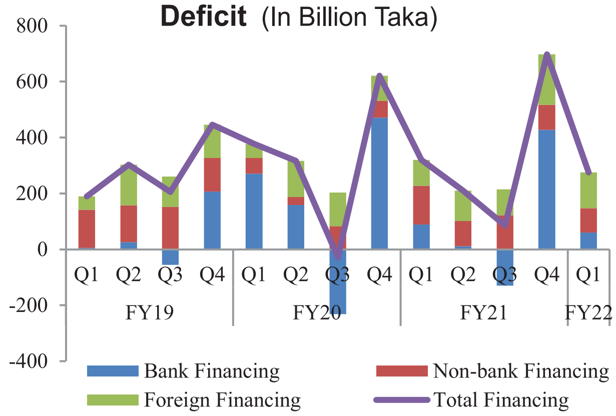
4.4 Overall, fiscal deficit narrowed thanks to the noticeably higher revenue collection against government expenditure in Q1FY22. The fiscal deficit amounted to BDT 275.7 billion in Q1FY22 which was 13.8 percent lower than that of Q1FY21 and accounted for 12.8 percent of budget target BDT 2146.8 billion for FY22. The overall budget deficit in Q1FY22 was financed mainly by the domestic sources (53.3 percent). Domestic financing reached BDT 147 billion, comprised of BDT 59.8 billion from the banking sector and BDT 87.2 billion from non-banking sources in Q1FY22. On the other hand, the foreign financing amounted to BDT 128.7 billion which was 38.8 percent higher than those in Q1FY21.

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.

4.5 According to the national budget FY22, the government set the target for total revenue income in FY22 at BDT 3890 billion (11.3 percent of GDP). Out of this, BDT 3300 billion will be collected through the NBR sources, BDT 160 billion from Non-NBR, and BDT 430 billion from Non-tax revenue. The total expenditure is estimated at BDT 6036.8 billion (17.5 percent of GDP) of which operating and other expenditures is BDT 3783.6 billion, and ADP expenditure is BDT 2253.2 billion. The overall budget deficit has been targeted at BDT 2146.8 billion (6.2 percent of GDP). Out of the total deficit, BDT 1012.3 billion will be financed from foreign sources, while BDT 1134.5 billion will be financed from domestic sources of which BDT 764.5 billion and BDT 370 billion will come from the banking system and non-banking sources including national savings certificates, respectively.

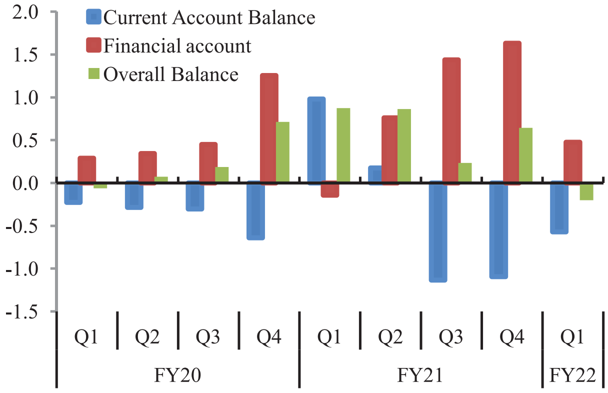
4.6 Despite the uncertainty created by COVID-19, Bangladesh's economy is recovering remarkably held up by resilient growth in exports earnings, increasing import demand, and sustained government efforts in nationwide rollout of vaccination program. The growth in revenue collection is expected to be sustained in FY22 as Bangladesh economy is returning to pre-pandemic higher GDP growth trajectory with continued improvements in different economic indicators. Likewise, overall government expenditure is also expected to be higher than those observed in the previous fiscal year as the implementation of development projects is likely to resume in full swing in FY22.

V. External Sector

5.1 Current account (CA) recorded a deficit of $2.31 billion in Q1FY22 compared to a surplus of 3.48 billion in Q1FY21. The deficit in CA mainly originated from widening of trade deficit (USD 6.5 billion) as import payments (USD 17.3 billion) outpaced export receipts (USD 10.8 billion), increasing deficit in service account, and declining remittance inflows during Q1FY22. Accordingly, overall balance of payments (BOP) registered a deficit of USD 0.81 billion in Q1FY22 in contrast to the surplus of USD 3.1 billion in Q1FY21.

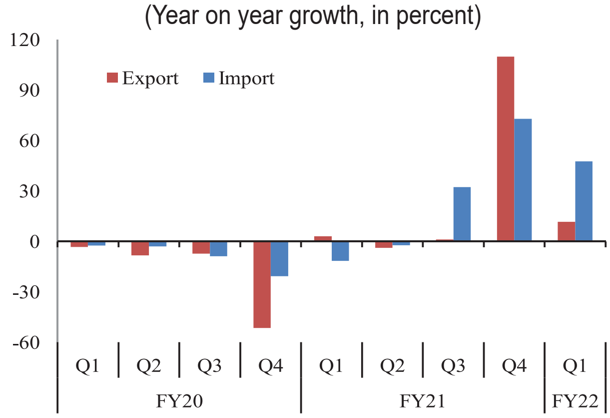
5.2 Export earnings grew by 11.57 percent (USD 10.8 billion) in Q1FY22 compared to 3.0 percent in Q1FY21, slightly surpassing the pre-pandemic level of USD 10.4 billion in Q3FY19 supported by strong growth in RMG exports (11.5 percent in Q1FY22) with the re-opening of major export destinations like the EU and USA after massive vaccination. RMG exports, led by knitwear exports (USD 5.16 billion) in Q1FY22, exceeded the pre-pandemic level as demand recovered in these key export markets. Although, the growth of RMG export earnings (107.2 percent) in Q4FY21 was much higher than that of Q1FY22 mainly due to base effect, the USD 9.06 billion RMG export earnings in Q1FY22 notably exceeded USD 7.97 billion in Q4FY21 and USD 8.13 billion in Q1FY21. The demand for knitwear exports the EU and USA respectively increased by 10.5 percent and 39.5 percent in Q1FY22, whereas the demand for woven garments by these export destinations increased at a slower pace by 2.3 percent and 11.7 percent, respectively.

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



Source: Bangladesh Bank.

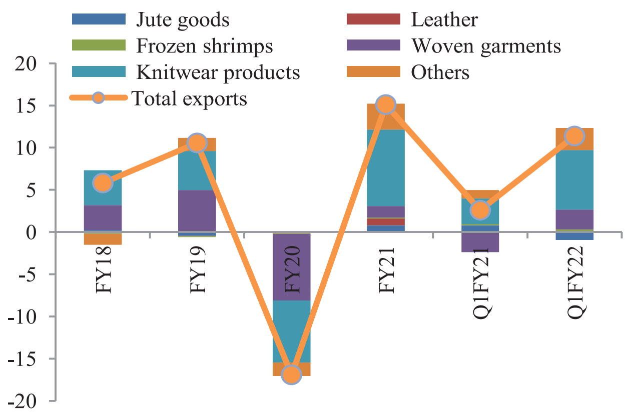
Chart V.2: Trends in Export and Import Growth (Year on year growth, in percent)



Source: Bangladesh Bank.

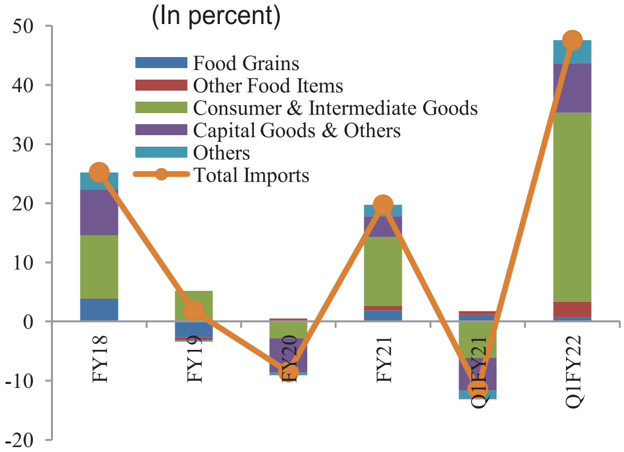
5.3 Import demand kept surging in Q1FY22 underpinned by the reopening and revitalization of economic activities as vaccination continued. The import-payments increased significantly by 47.59 percent (USD 17.32 billion) in the first quarter of FY22 compared to negative growth of 11.5 percent in Q1FY21. Robust growth (y-o-y) in import at the end of Q1FY22 came from import growth of intermediate goods (54.7 percent), and capital goods (40.2 percent) as large infrastructure projects resumed their operations to normal levels. Among the intermediate items, import of RMG related intermediate goods witnessed 68.4 percent growth and iron, steel & other base metals grew by 74.5 percent, plastics and rubber articles thereof by 52.8 percent, chemicals by 17.2 percent, and crude petroleum by 105.6 percent in Q1FY22. Import payments on food grain and consumer goods also contributed to robust growth of import payments and were partly caused by upward trend in global food prices.

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



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

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



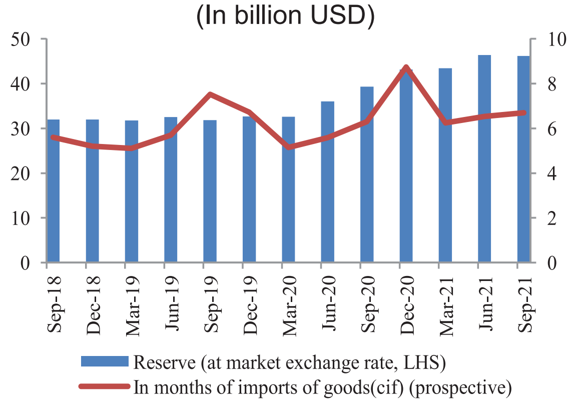
Source: BB staff's calculation based on EPB data.

5.4 Remittance inflows declined by 19.44 percent to USD 5.41 billion in Q1FY22 from USD 6.71 billion in Q1FY21 partly caused by diversion of people's tendency to informal remittance channels after re-opening from the lockdown. As a result of the second wave of the COVID-19 pandemic, many Bangladeshi migrants lost their jobs; some left their business, while others returned home and were unable to return due to suspended international flights following a country-wide lockdown and unmet vaccination requirements. After gradually relaxing global movement restrictions, number of migrant workers started to increase since July 2021 and reached 73652 in Q1FY22 from 275 in Q1FY21. Despite cash support to wage earners aiming at encouraging remittance inflows through formal channels along with an increase in manpower export, remittance inflows declined in the period under review. Although, remittance inflows declined in Q1FY22, it surpassed the pre-pandemic level of USD 4.89 billion in Q2FY20. Similarly, remittance inflows from the Gulf and Euro regions were USD 2.98 billion and USD 0.47 billion respectively, which were slightly higher than the level of pre-pandemic period of USD 2.78 billion and USD 0.41 billion in Q2FY20.

5.5 Financial account recorded a positive amount of USD 1.93 billion in Q1FY22 in contrast to the negative inflows of USD 0.51 billion in Q1FY21 dominated by higher inflow of net FDI and medium- and long-term loan (MLT). However, the financial inflows in Q1FY22 could meet only 83 percent of current account deficit. To overcome the COVID-19 challenges and financial support rapid economic recovery, the government availed increased medium and loan-term loans amounting to USD 1.86 billion in Q1FY22 from USD 2.50 billion in Q4FY21. Although, the MLT and foreign aids inflows grew by 34.6 percent and 42.8 percent in Q1FY22 compared to those in Q1FY21, they declined by 25 percent and 33 percent than these of Q4FY21. Net FDI inflows increased by 49.3 percent to USD 0.34 billion in Q1FY22 from USD 0.23 billion, but still lower than USD 0.46 billion in Q4FY21.

5.6 The exchange rate of BDT against USD depreciated marginally by 0.78 percent (y-o-y) at the end of Q1FY22. To avoid the depreciation pressure on exchange rate due to higher import payments, Bangladesh Bank (BB) intervened in the foreign exchange market by a net sale of USD 0.74 billion in Q1FY22. Among the peer countries, the India and the Philippines witnessed an appreciation in their nominal exchange rate at the end of September 2021 with the exception of Indonesia (Chart V.7). However, foreign reserves edged down from USD 46.4 billion in Q4FY21 to USD 46.2 billion mainly due to strong import growth together with negative remittances growth in Q1FY22, but was nevertheless enough to maintain (prospective) import coverage of approximately 6.7 months.

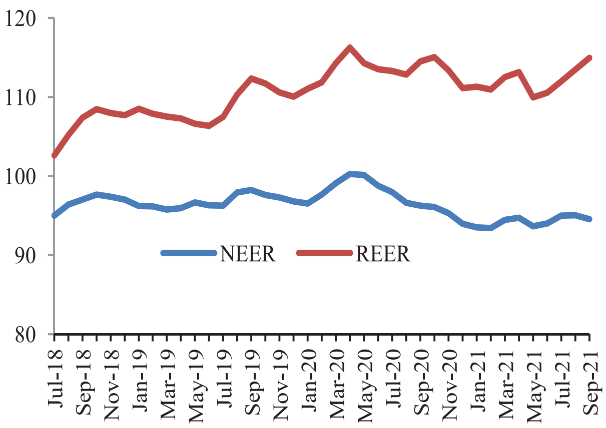
Chart V.5: International Reserve
(In billion USD)



Source: Bangladesh Bank.

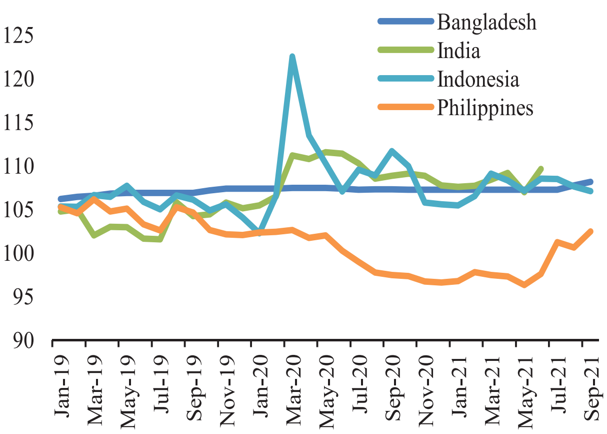
The nominal effective exchange rate (NEER) appreciated by 0.59 percent in Q1FY22 as compared to that of Q4FY21. However, within the quarter, after an appreciation in three consecutive months, NEER depreciated by 0.53 percent in September 2021 from August 2021. In comparison with the previous quarter, the real effective exchange rate (REER), a trade-weighted index adjusted for inflation, also appreciated by 3.99 percent at the end of September 2021 owing to a higher inflation differential with peer countries.

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



Source: Bangladesh Bank.

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



Source: International Financial Statistics, IMF.

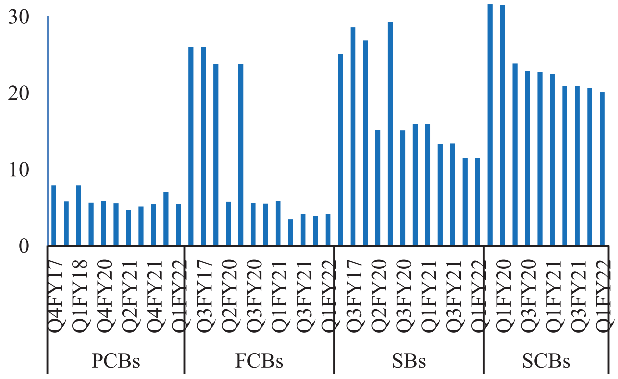
5.7 With a steep fall in remittance inflows and escalation of import payments for various infrastructure projects of government along with upward trend in global food and oil prices the deficit in current account balance is likely to increase in near future. However, current account balance may improve if export earnings continue to rebound on the back of continued global economic recovery in near-term. Moreover, since COVID-19 is still ongoing, inflows of foreign assistance to combat the COVID-19 situation and recover the economy are likely to be higher. Higher financial inflows in terms of external borrowings may help to reduce the deficit in overall balance. Although foreign exchange reserve buffer is currently adequate to meet the potential import payments underpinned by strong export earnings together with sizeable financial inflows, downside risks arise from declining remittance inflows and rising trend in prices of commodities in international markets.

VI. Banking Sector

6.1 The performances of overall banking sector exhibited a mixed trend at the end of Q1FY22 as reflected in a marginal improvement in non-performing loans (NPLs), a moderation in capital to risk-weighted asset ratio (CRAR), an increase in the growth of bank's advances, a decline in provisions maintained against bad loans, an improvement in profitability, and maintenance of an adequate liquidity. The ratio of gross NPLs edged down in Q1FY22 from Q4FY21 after rising consecutively for the past two quarters, mostly facilitated by the state-owned commercial banks (SCBs).

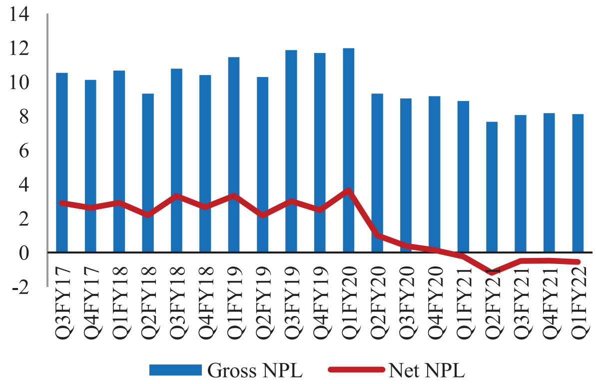
6.2 The ratio of gross NPLs to total loans edged down to 8.12 percent at the end of Q1FY22 from 8.18 percent at the end of Q4FY21 and 8.88 percent at the end of Q1FY21, partly owing to the relaxation of loan repayment policy due to COVID-19 hit business activities and strengthening loan recovery activities and loan disbursement screening by the banks.

Chart VI.1: Ratio of Gross NPLs to Total Loans (In percent)



Source: Bangladesh Bank.

Chart VI.2: Ratio of Gross NPLs and Net NPL to Total Loans (In percent)

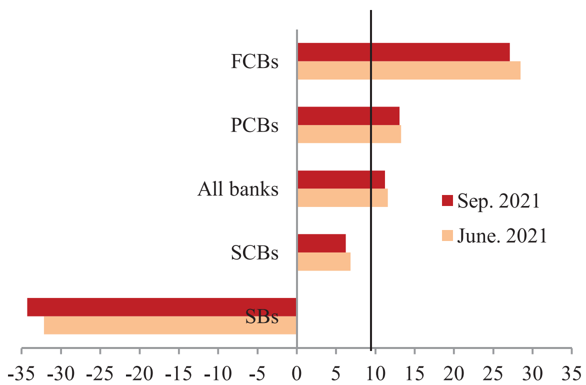


Source: Bangladesh Bank.

The gross NPLs ratio for SCBs dropped to 20.07 percent at the end of Q1FY22 from 20.62 percent at the end of Q4FY21 and 22.46 percent at the end of Q1FY21. While the ratio of gross NPLs for private commercial banks (PCBs) and foreign commercial banks (FCBs) inched up to 5.47 percent and 4.12 percent respectively at the end of Q1FY22 from 5.44 percent and 3.91 percent respectively at the end of Q4FY21 (Table VI.2 and Chart VI.1- Chart VI.2). But the system-wide net NPLs ratio of the banking industry saw an improvement from -0.47 percent at the end of Q4FY21 to -0.55 percent at the end of Q1FY22 (Table VI.2 and Chart VI.2). Provisions maintained against classified loans slipped further as reflected in widening provisioning shortfall at the end of Q1FY22 (Table VI.1).

6.3 Although the capital to risk-weighted assets ratio (CRAR) moderated to 11.22 percent at the end of Q1FY22 from 11.57 percent at the end of Q4FY21, overall capitalization of the banking system remained above the Basel-III standard. The CRAR of SCBs, PCBs and FCBs went down to 6.25 percent, 13.09 percent and 27.10 percent respectively at the end of Q1FY22 from 6.82 percent, 13.26 percent and 28.46 percent respectively at the end of Q4FY21 (Table VI.3 and Chart VI.3).

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



Source: Bangladesh Bank.

Table 6.1: Comparative Position of Classified Loan and Provision Maintained

						(In billion BDT)
Quarter	Items	SCBs	SBs	PCBs	FCBs	All Banks
Q1FY21	Total classified loan	428.3	45.2	450.4	20.5	944.4
	Required provision	265.2	23.9	332.4	14.9	636.4
	Provision maintained	210.0	25.3	356.1	18.6	610.0
	Excess(+)/shortfall(-)	-55.2	1.4	23.7	3.7	-26.4
Q2FY21	Total classified loan	422.7	40.6	403.6	20.4	887.3
	Required provision	290.8	25.3	315.2	16.6	648.0
	Provision maintained	241.6	23.7	361.2	20.3	646.8
	Excess(+)/shortfall(-)	-49.2	-1.7	46.0	3.7	-1.2
Q3FY21	Total classified loan	434.5	40.9	450.9	24.6	950.9
	Required provision	298.9	25.4	338.3	18.1	680.6
	Provision maintained	193.3	23.7	388.1	23.0	628.1
	Excess(+)/shortfall(-)	-105.6	-1.6	49.8	4.9	-52.6
Q4FY21	Total classified loan	438.4	36.9	491.9	24.9	992.1
	Required provision	302.9	23.3	364.7	18.6	709.5
	Provision maintained	195.6	23.1	411.1	23.9	653.7
	Excess(+)/shortfall(-)	-107.3	-0.2	46.4	5.3	-55.8
Q1FY22	Total classified loan	440.2	37.0	507.4	26.9	1011.5
	Required provision	303.1	23.3	377.3	19.7	723.5
	Provision maintained	199.4	23.1	413.2	25.8	661.4
	Excess(+)/shortfall(-)	-103.8	-0.2	35.9	6.1	-62.0

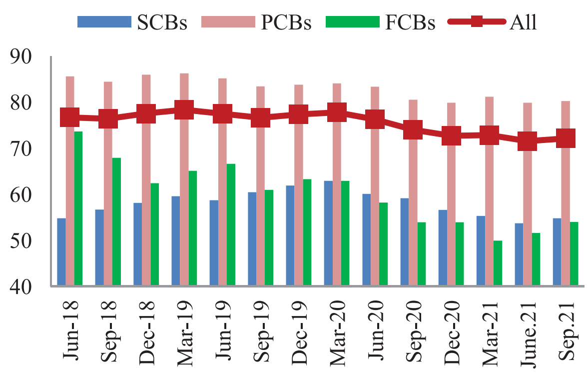
6.4 Profitability of the banking sector improved in Q1FY22 compared with Q1FY21, as reflected in an uptick in return on equity (ROE). This uptick in ROE stemmed partly due to a fall in interest expenditure and a rise in non-interest income, and profit earning from capital market. Net profit of the banking industry increased from BDT 65.82 billion in Q1FY21 to BDT 72.29 billion (of which BDT 5.13 billion from capital market in Q1FY22 against BDT1.39 billion in Q1FY21) in Q1FY22. Return on equity (ROE) rose to 7.42 percent in Q1FY22 from 7.22 percent in Q1FY21, while return of asset (ROA) remained almost unchanged at 0.44 percent. The profitability of PCBs witnessed a marginal improvement, both ROA and ROE increased from 0.60 percent and 8.96 percent in Q1FY21 to 0.66 percent and 10.01 percent Q1FY22 respectively. Moreover, ROE of SCBs improved marginally to -0.14 percent in Q1FY22 from that of -0.18 percent during the same time of the previous year while ROA remained unchanged at -0.01 percent. In addition, ROA and ROE of FCBs decelerated to 1.31 percent and 8.40 percent Q1FY22 from 2.15 percent and 12.69 percent respectively Q1FY21 (Table VI.4).

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)	
	Sep. 21	Jun. 21	Sep. 21	Jun. 21	Sep. 21	Jun. 21
SCBs	21.6	20.9	14.7	10.5	54.8	53.7
PCBs	9.1	11.7	9.9	8.4	80.2	79.9
FCBs	4.3	4.8	7.4	-4.2	54.0	51.6
SBs	22.0	16.9	10.2	13.3	70.5	73.9
All	12.3	13.8	10.7	8.5	72.1	71.6

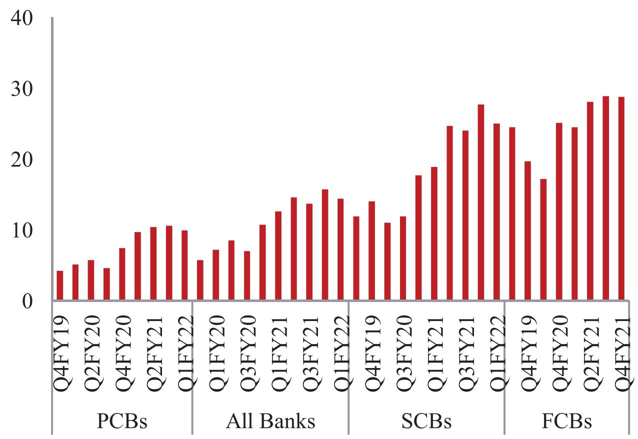
Source: Bangladesh Bank. *Adjusted deposits growth for ADR

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.

6.5 The growth of bank's advances exhibited an upward trend since Q4FY21 reaching at 10.7 percent (y-o-y) in Q1FY22 from that of 8.5 percent in Q4FY21, reflecting the gradual increase of demand for credit owing to the reopening of the economic activities. While the growth of bank's deposit further decelerated to 12.3 percent in Q1FY22 from that of 13.8 percent in Q4FY21, partly due to a sudden fall in remittance inflows accompanied by a sharp rise in family expenditure following a recovery after the pandemic. Consequently, the overall advance-deposit ratio (ADR) rose to 72.1 percent at the end of Q1FY22 from 71.6 percent at the end of Q4FY20 and remained broadly stable (Table 6.2, Chart VI.5).

6.6 The surplus liquidity in the banking sector moderated to BDT 2.196 trillion at the end of Q1FY22 from that of BDT 2.315 trillion at the end of Q4FY21 owing to higher credit growth, decelerated deposit growth and the mopping up of some liquidity through foreign exchange market intervention. The share of excess reserve (excess of CRR) to total excess liquidity decreased from 26.9 percent at the end of Q4FY21 to 15.8 percent at the end of Q1FY22. The excess liquidity- the excess of CRR and SLR as a percent of total demand and time liabilities (TDTL)- went down to 14.4 percent at the end of Q1FY22 from 15.7 percent at the end of Q4FY21 but went up from 12.6 percent at the end of Q1FY21, (Table 6.3, Chart VI.6).

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- September, 2021						
SCBs	158.0	181.5	23.5	509.0	1496.2	987.2
SBs*	15.2	15.4	0.2	0.0	0.0	0.0
PCBs (other than Islamic)	255.8	287.3	31.5	839.8	1486.2	646.4
Private Banks (Islamic)	144.3	410.2	265.9	199.2	550.9	351.7
FCBs	29.3	56.0	26.7	108.2	319.0	210.8
All	602.5	950.4	347.9	1656.3	3852.2	2195.9
As of end- June, 2021						
SCBs	151.2	336.8	185.6	487.2	1534.0	1046.8
SBs*	14.2	14.9	0.7	0.0	0.0	0.0
PCBs (other than Islamic)	246.7	361.1	114.5	808.3	1496.4	688.1
Private Banks (Islamic)	139.1	397.0	257.8	191.9	539.1	347.1
FCBs	29.4	95.5	66.1	105.7	338.4	232.7
All	580.6	1205.3	624.7	1593.2	3907.8	2314.6

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.

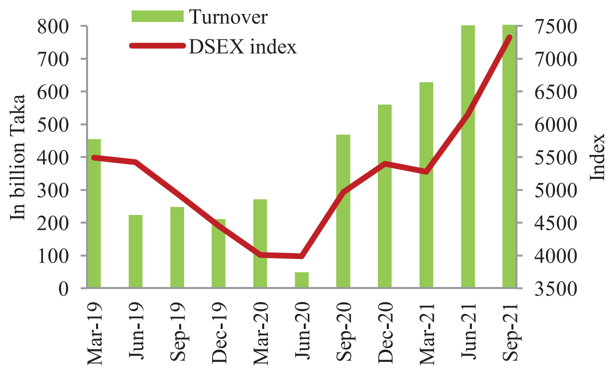
According to circular No. MPD-03, April 09, 2020, CRR revised to 4.0 percent from 5.0 percent effective from April 15, 2020

6.7 With the reopening of economic activities and economic recovery, it is expected that demand for credit would get further momentum in coming quarters. Currently adequate liquidity exists in the banking system, sufficient enough to absorb credit demand. However, increased credit to the productive sectors such as CMSMEs and screening of loan for improving NPLs would remain the key challenges in near future.

VII. Capital Market

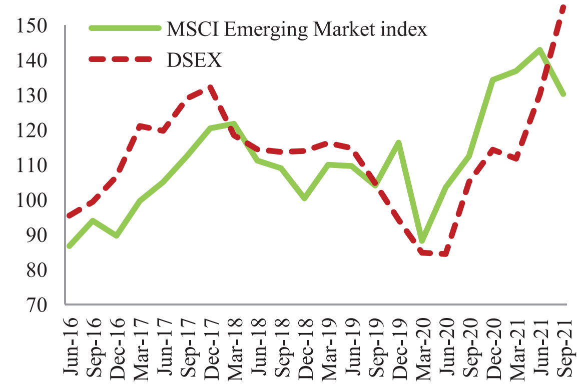
7.1 The robust performance in the capital market continued in Q1FY22 as evidenced by strong growth in price indices, buoyancy in turnover, and expansion in market capitalization. The vibrant activities in the capital market during Q1FY22 were supported by the expectation of normalcy in the business activities with improving COVID-19 situation. Besides, a continued expansionary monetary policy, and the government proactive role also helped capital market. The global capital markets in both developed and emerging market measured by MSCI index showed some correction in Q1FY22 while Bangladesh capital market index increased significantly. Hence, movements in DSEX and those in global equity market observed notable divergence in Q1FY22 (Chart VII.2).

Chart VII.1: Trends in DSEX and Turnover



Source: DSE Monthly Review,Various Issues.

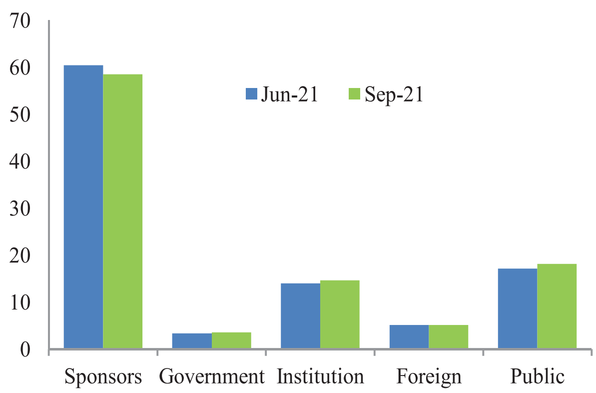
Chart VII.2: Synchronization of DSE with Global Market (Base: Jan 2015=100)



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

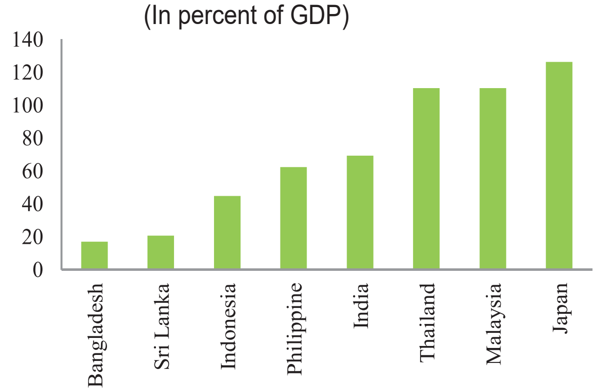
7.2 The key indicators of the capital market, the DSE broad index (DSEX) and DSE-30 index reached the highest level (7329 and 2710.5) in Q1FY22 since its inception in 2013. In Q1FY22, the DSEX index grew by 19.2 percent and 47.7 percent from Q4FY21 and Q1FY21 respectively. The DSE-30 index gained by 22.7 percent and 59.8 percent from Q4FY21 and Q1FY21 respectively in Q1FY22 (Chart VII.1 and Table VII.1).

Chart VII.3: Composition of Market Capitalization of the DSE (In percent)



Source: DSE Monthly Review, September 2021.

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



Source: DSE Monthly Review, September 2021.

7.3 The market capitalization of DSE reached BDT 5266.8 billion in Q1FY22 of which 58.5 percent hold by sponsors director, 14.7 percent owned by institutions, 5.1 percent owned by foreign investors, 3.6 percent hold by government and 18.2 percent hold by individual investors (Chart VII.3). The market capitalization of DSE observed a significant growth of 14.8 percent and 51.9 percent in Q1FY22 from Q4FY21 and Q1FY21 respectively (Table VII.5). Market capitalization as a percent of GDP slightly increased from 16.7 percent in Q4FY21 to 16.8 percent in Q1FY22 (Chart VII.4).

7.4 The overall price-earnings (P/E) ratio of the DSE edged up in Q1FY22 from the level of Q4FY21. The average price earnings ratios surged to 20.12 in Q1FY22 from 18.50 in Q4FY21. Sector-wise P/E data show that banking sector's P/E score was the lowest position while that of the tannery sector the highest position in Q1FY22 (Chart VII.5).

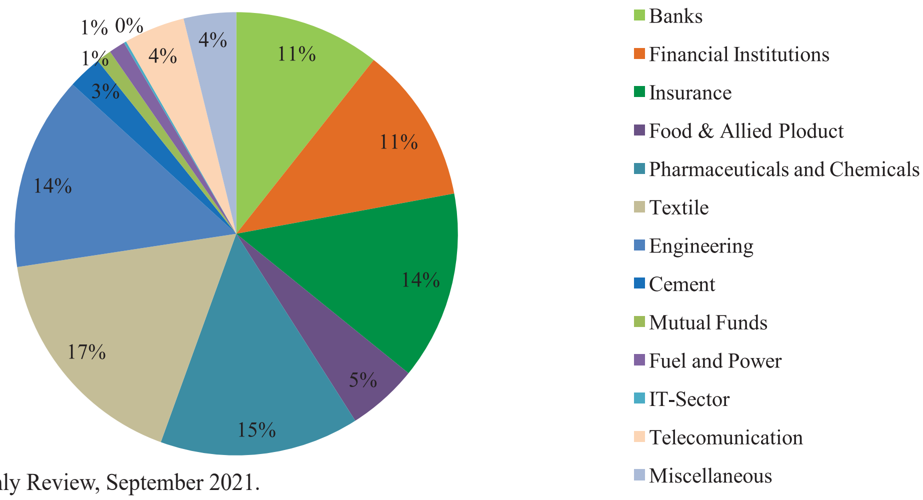
Chart VII.5: Heat Map for Sectoral Price Earnings Ratio of DSE

Sector	Share of Total M.cap September-21	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Bank	13.8	9.3	8.3	8.2	7.8	6.6	6.7	7.9	8.1	7.9	9.2	9.7
Financial Instituitions	5.4	15.4	14.7	13.2	17.3	14.8	15.9	22.6	24.7	20.1	23.4	31.1
Engineering	12.2	14.4	14.6	12.8	11.3	10.2	10.1	14.5	35.3	36.2	42.5	26.9
Food & Allied	8.8	32.9	25.1	21.2	17.5	16.4	17.4	21.2	23.5	25.5	27.1	32.3
Fuel & Power	10.7	15.4	14.7	13.0	10.6	9.5	9.5	11.6	11.9	12.8	13.6	16.1
Textile	3.5	16.8	16.8	12.8	12.8	12.2	11.7	14.3	17.9	16.8	23.9	30.2
Pharmaceuticals	14.5	19.4	19.1	18.5	15.3	14.6	15.2	17.8	19.6	19.7	21.1	24.9
Service & Realestate	0.6	15.6	15.4	13.2	13.0	12.6	12.6	15.6	21.4	19.4	23.8	35.2
Cement	3.2	35.5	28.6	24.9	21.0	22.5	20.8	23.0	29.8	27.4	27.0	39.9
	0.7	23.1	24.4	22.5	22.6	19.2	19.2	23.6	25.1	21.6	28.4	37.5
Tannery	0.6	19.0	20.3	17.2	14.0	12.7	12.7	20.2	24.9	23.2	28.5	87.4
Insurance	4.9	13.9	14.4	15.4	15.2	12.1	12.2	21.5	26.0	19.2	31.6	28.0
Telecommunication	15.9	21.0	14.6	14.1	11.2	9.4	9.6	13.3	18.3	19.7	18.4	19.3
Miscellaneouse	4.2	30.7	27.1	25.1	19.9	18.9	18.9	20.6	34.4	41.5	46.0	57.6

Sources: DSE Monthly Review, Various Issuee

≥ 25

Chart VII.6: Turnover of Major Sectors in Q1FY22



Source: DSE Monthly Review, September 2021.

7.5 The liquidity condition and issued capital improved in Q1FY22. The value of issued equity and debt increased by 1.6 percent in Q1FY22 from Q4FY21 and two new companies were listed in the capital market during the quarter under review. Thus the number of listed securities rose to 390 at the end of Q1FY22. Total turnover increased by 34.0 percent in Q1FY22 compared to 13.8 percent growth in Q4FY21 (Chart VII.1). Sector wise turnover data showed that the textile sector scored the highest (17 percent) turnover in Q1FY22 (Chart VII.6). Market liquidity as measured by the Turnover Velocity Ratio (TVR) increased to 90.5 percent in Q1FY22 from 77.5 percent in Q4FY21.

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

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

	Price Earnings Ratio	Dividend Yield	M. Cap to GDP
Bangladesh	20.17	3.49	16.83
India	30.77	-	69.19
Sri Lanka	11.47	-	20.58
Thailand	20.51	2.23	110.34
Hong Kong	15.75	-	1631.99
China	17.47	-	46.19

Source: DSE monthly Review, September 2021.

7.7 Bangladesh Securities and Exchange Commission (BSEC) and the Government of Bangladesh took a number of initiatives to boost the investor's confidence in the capital market. These initiatives include: (a) banks can invest in private green Sukuk bond from capital market special fund which amount is BDT 200 crore, (b) to attract the foreign investors, BSEC has organized several road shows in different developed countries such as USA, UK, Switzerland and UAE, and (c) downward revision the profit rate on different national savings certificates. In addition, Bangladesh Bank also undertook several policy measures under the stimulus packages to deal with the COVID-19 pandemic which helped amplify liquidity in the market, support investor confidence and stabilize the capital market in near future.

POLICY NOTES

Policy Note: PN 2108

Recent Behavior of Lending and Deposit Interest Rates in the Banking System of Bangladesh[3]

Abstract

This policy note reviews the recent behavior of lending and deposits interest rates by the type of banks[4] in Bangladesh. The note also attempts to address whether the capped lending rate or floor deposit rate (on the term deposit) has caused any distortion in the banking sector. The note concludes that since the current weighted average market lending rate is much lower than the cap, which indicates that the cap seemingly does not create any distortion in the lending rate. Rather, market forces are the main factors for recent interest rates in the banking system. The note also finds that, in case of fixed deposits, banks still pay higher rates than the prevailing inflation rates.

I. Introduction

Shortly after the liberation of Bangladesh in 1971, the Bangladesh Bank (BB) had introduced a controlled interest rate policy, setting both deposit and lending rates for commercial banks which continued before the end of 1990s. The BB, in November 1989, issued a new interest rate policy, allowing commercial banks to maintain their rates within an administered range for floor and ceiling. However, following a reform program that included interest rate liberalization in the financial systems that commenced in the beginning of 1990s, a new interest rate policy based on market forces replaced the then administered range of interest rates and allowed banks to set their own interest rates with effective from 19 February 1997. This market-based interest rate framework, so far, continued till the end of 2010s.

Thereafter, the BB issued a new directive that the lending interest rate would be maximum 9 percent to be charged by the scheduled commercial banks for all categories of unclassified loans, investments and advances except credit card effective from 1 April 2020. Coincidently, the cap guidance was issued in such a time when the economy was hit by the COVID-19 pandemic which, in fact, reinforces the criticality of access to easy financing for entrepreneurs in order to recover economic activities from the pandemic affect. The cap guidance on the lending interest rate was also aligned with the BB's cut on policy rates since March 2020 necessitated for implementing the government's stimulus packages to revive the economy from the COVID-19 fallout.

On the other hand, lowering the lending rates, however, led to decline in deposit rates because the banks have to reduce their cost of funds (deposit rate) for maintaining profitability but which, in turn, might be a concern on the flow of deposits to the banks in future. In this respect, the BB had remained always watchful for protecting depositor's interest as reflected in a circular issued earlier on 7

---

[3] This note has been prepared by Dr. Md. Salim Al Mamun, Deputy General Manager and Dr. Md. Ezazul Islam, General Manager. 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

[4] The banking sector of Bangladesh comprises four segments of scheduled banks: 6 (six) state-owned commercial banks (SCBs), 3 (three) specialized banks (SBs), 43 private commercial banks (PCBs) and 9 (nine) foreign commercial banks (FCBs).

February 2017. That circular instructed that the banks need to be careful regarding declining trend of deposit rate, if any, which may discourage the depositors to deposit their funds in bank.

Against the falling trend in deposit rate, the BB made a proactive action issuing a circular on 8 August 2021 that reads that, for fixing the interest/profit rate of a specific month in case of term deposits with the tenure of 3 (three) months or more, the average rate of inflation (12-month average inflation) of immediate last 3 (three) months shall be considered.

Now the question is being repeatedly raised that whether the capped lending rate or floor deposit rate (on the term deposit) would make any distortion in the banking sector from a market trend. Theoretically, interest rate will be dependent on market forces between demand of and supply for funds to be available for loan (Kohn, 1981)[5]. Apart from the market forces, government of Bangladesh had put utmost importance for increasing investment and, therefore, had a plan to bring down the interest rate to single digit as lower lending rate can help create conducive environment of investment, and accordingly, the BB issued the cap guidance just at the onset of the COVID-19 pandemic. Therefore, it is critical to review the trend in lending and deposit rates by type of banks[6] during and before the COVID-19 period for understanding the impact of the latest BB's imposition on the market interest rates. This note considers monthly and quarterly data for a period during 2017-2021, while comparing the impacts for the period between before the COVID-19 pandemic and during the pandemic.

II. Development of policy rates and market interest rates

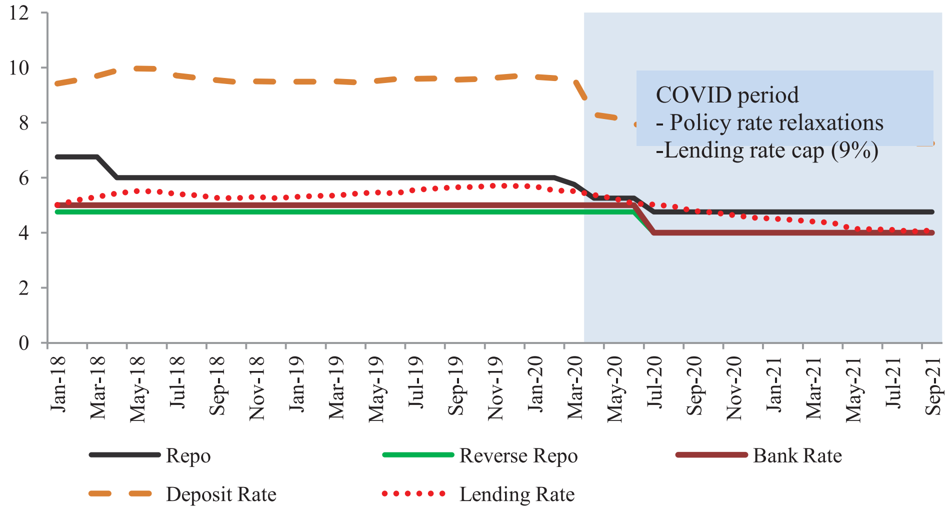
In the wake of COVID-19 pandemic in Bangladesh in March 2020, the BB reduced the major policy rates in order to ensure adequate credit flow to the pandemic affected economy. As part of the policy relaxations, the BB cut its cash reserve ratio (CRR) by 150 basis points (from 5.50 percent to 4.00 percent) in two steps during March-April 2020 (Chart 1). The BB also slashed its repo rate and bank rate by 125 basis points (from 6.00 percent to 4.75 percent) in three steps during March-July 2020 and 100 basis points (5.00 percent to 4.00 percent) in July 2020, respectively, for reducing the cost of borrowings. Reverse repo rate was decreased to 4.00 percent in July 2020 after remaining unchanged at 4.75 percent since January 2016.

Chart 1 indicates that both the lending and deposit rates declined gradually during COVID-19 pandemic period, consistent with easing of policy rates. The lending rate (weighted-average) for type of all banks was 9.7 percent in 2018 and declined slightly to 9.6 percent in 2019 on average. Moreover, the lending rate has been declining again since January 2020 which continued after the imposition of cap in April 2020.On the other hand, the weighted-average deposit rate also experienced a declining trend during COVID period which was 4.6 percent during April 2020 – June 2021on average.

[5] Kohn, M. (1981). A Loanable Funds Theory of Unemployment and Monetary Disequilibrium. *The American Economic Review, 71*(5), 859–879. http://www.jstor.org/stable/1803470

[6] The banking sector of Bangladesh comprises four segments of scheduled banks: 6 (six) state-owned commercial banks (SCBs), 3 (three) specialized banks (SBs), 43 private commercial banks (PCBs) and 9 (nine) foreign commercial banks (FCBs).

Chart 1: Movements in policy and money market interest rates (in percent)

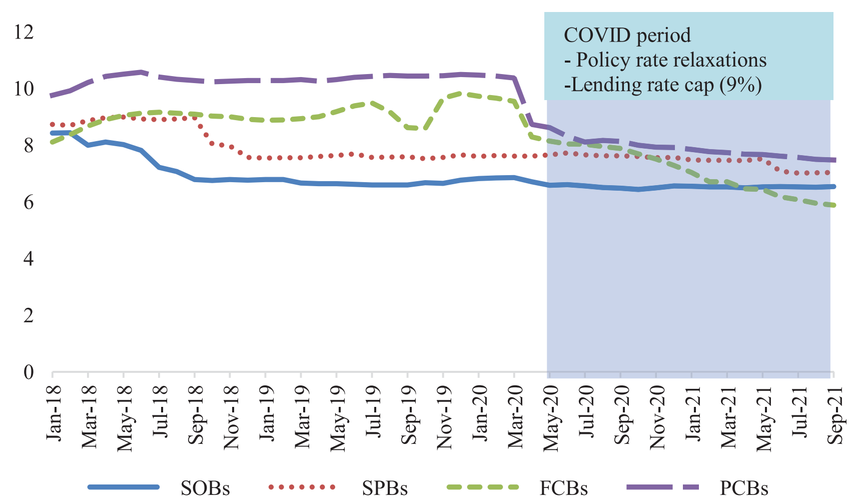


Source: Bangladesh Bank.

III. Lending rate structure by type of bank

Weighted average lending rate for all banks showed that it started to decline from May 2018 (9.96 percent) and reached 7.2 percent in September 2021. Accordingly lending rates for PCBs and FCBs showa declining trend during COVID-19 period, while that for SCBs and SBs remained stable before and during the pandemic period (Chart 2).In fact, the declining trend of lending rates for PCBs and FCBs started before the COVID-19 pandemic and the Chart also shows that the lending rates at the end of the period (September2021) under consideration were much lower than the 9 percent cap. The rates for SCBs, SBs, FCBs and PCBs registered at 6.5 percent, 7.0 percent, 5.9 percent and 7.5 percent, respectively in September2021, reflecting that the rate was mostly driven by market forces and essay monetary policy. Hence, the cap on lending rate has not distorted the market lending rate as the prevailing rates were already much lower than the 9 percent cap.

Chart 2: Trend in lending interest rates by type of bank (in percent)

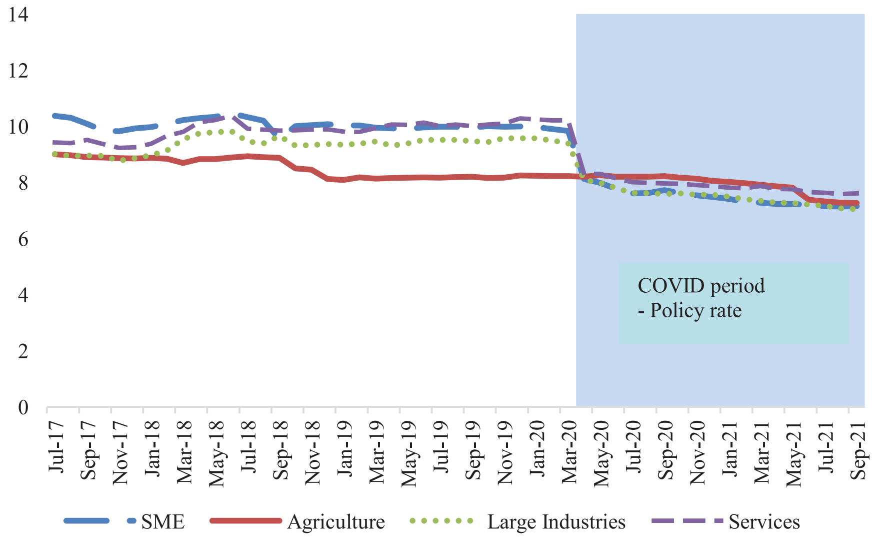


Source: Bangladesh Bank.

IV. Lending rate structure by economic sector

Weighted average lending rate for SME sector maintained at around 10 percent on an average before the cap introduced. Since this is a priority sector of Bangladesh for sustained economic growth, policymakers have long been argued for lowering the cost of fund to finance in SME activities. Introducing the cap declined the rate immediately in May 2021 below 8 percent and followed a gradual declining trend reaching 7.2 percent in September 2021 (Chart 3).But, lending rates for agriculture sector remained stable below 9 percent since the beginning of 2018. Weighted average lending rates for industries and services and services sectors came down significantly after May 2020 and reached 7.1 percent and 7.6 percent in September2021, respectively. Therefore, lending rate cap didn't distort the lending rate structure by economic sector; rather it helped maintain a lower and stable rate for SME activities.

Chart 3: Trend in Lending Interest Rates by Economic Sectors (in percent)

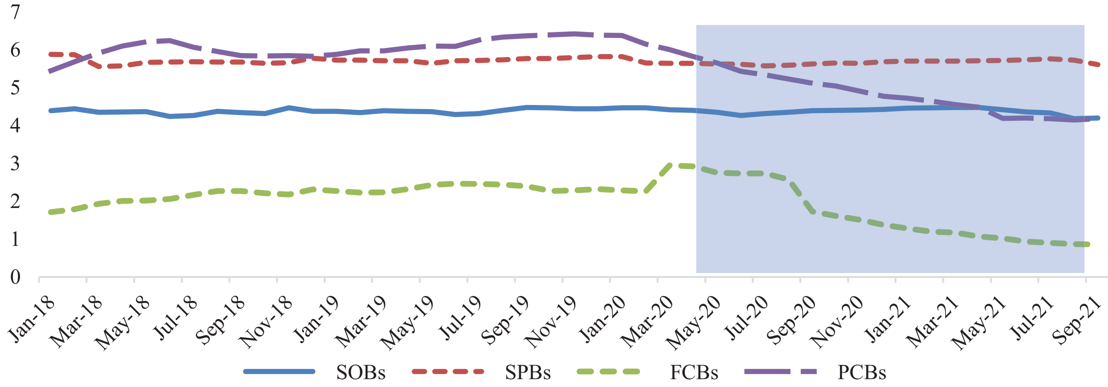


Source: Bangladesh Bank.

V. Deposit rate structure by type of bank

Similar to the trend of lending rates, weighted average deposit rates for PCBs and FCBs show a declining trend during COVID-19 period, while that for SCBs and SBs remained stable before and during the pandemic period (Chart 4). All the rates except for SBs remained below 5 percent in July 2021. The rates for SCBs, SBs, FCBs and PCBs registered at 4.2 percent, 5.8 percent, 0.9 percent and 4.2 percent, respectively in September 2021. However, these weighted average deposit rates do not reflect the rates for the term deposit because the weighted average rates are calculated by including the current account deposit and savings account which pay low or no interests to the depositors. For instance, the share of zero cost deposits in the banking sector was 12.3 percent in June 2021, foiling the weighted average rates from the rate paid to term depositors. However, the declining rate of weighted average rates prompted the BB to introduce a ceiling on the term deposits (3 months or more) so that positive real interest adjusted with inflation can be maintained.

Chart 4: Trend in Deposit Rates by Type of Bank (in percent)

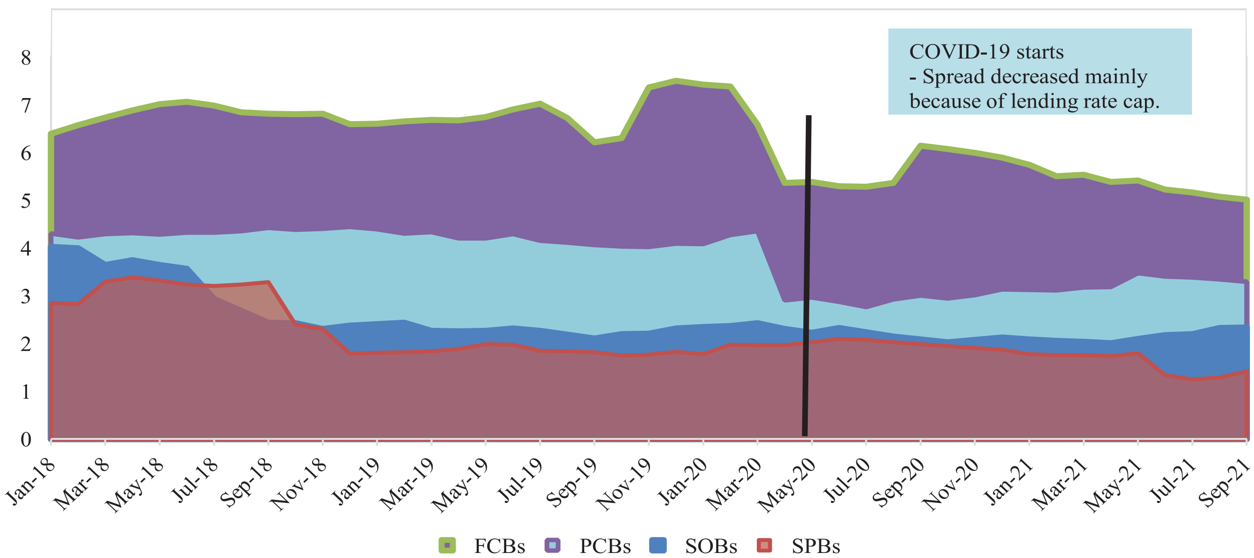


Source: Bangladesh Bank.

VI. Impact of current interest rate structure - spread, credit and deposit growth and excess liquidity

Following the imposition of lending rate cap, the spread between lending and deposit rates was lower in the COVID-19 pandemic period than the pre-pandemic period. The spread declined from 4.1 percent in March 2020 to 3.2 percent in July 2021 for banks by all types, reflecting a discipline in operational costs and risk premiums. The spread reduced from 2.4 percent, 2.0 percent, 6.6 percent and 4.4 percent in March 2020 to 2.3 percent, 1.4 percent, 5.0 percent and 3.3 percent for SCBs, SBs, FCBs and PCBs, respectively (Chart 5).

Chart 5: Trend in spread by type of bank (in percent)



Source: Bangladesh Bank.

Chart 5 shows an opposite trend between growth rates of credit and deposits where deposit growth rate had an upward trend on the one hand, and credit growth indicated a decreasing trend during both pre-COVID and pandemic periods, on the other. Higher deposit growth rates coupled with lower credit growth piled up the excess liquidity in the banking sector and the excess liquid assets reached BDT 2.31 trillion in June 2021 as increased from 0.83 trillion in December 2019.

Chart 6: Deposit, credit and excess liquidity

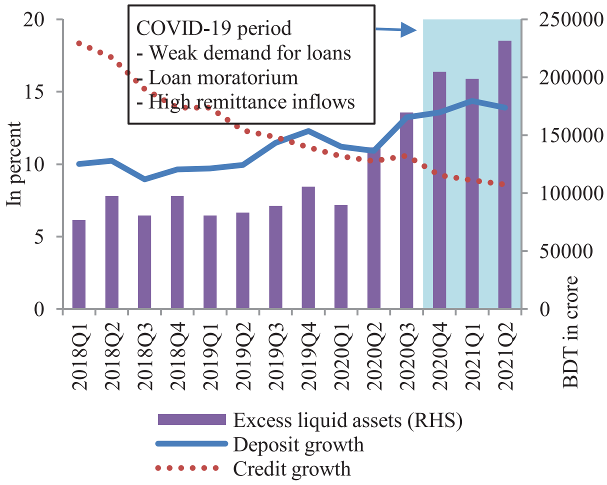
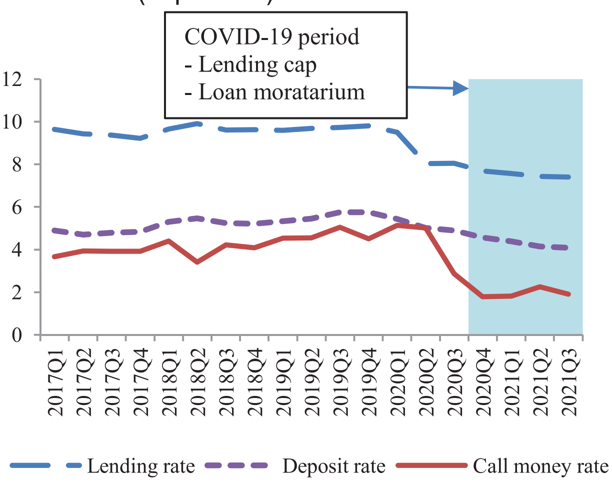


Chart 7: Interest rates and call money rate
(in percent)



Source: Bangladesh Bank.

If call money rate is considered as a comparator against the prevailing lending rate, Chart 6 indicates that call money rates declined during the COVID-19 pandemic period and were much lower than both lending and deposit rates during the same period.

However, by comparing all types of deposit and fixed deposits to one another, this note finds that fixed deposit growth rate was slightly lower than all deposit growth rate at the end of June 2021 (Chart 7). The chart also shows that fixed deposit interest rates remained close to 6.0 percent during the pandemic period, which was positive even if inflation adjusted deposit rate is considered as reflected in Chart 8 during the COVID-19 period which, in fact, was much higher several quarters back.

Chart 8: All deposit vs. Fixed deposit
(in percent)

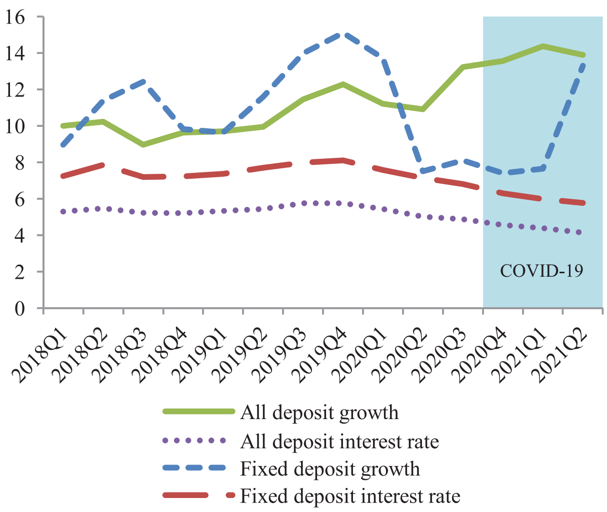
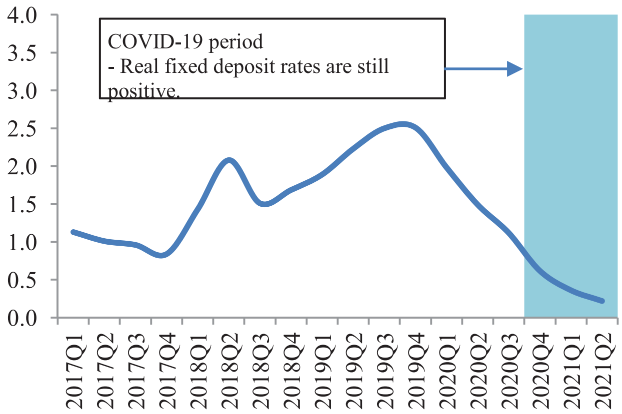


Chart 9: Inflation adjusted fixed deposit rates
(in percent)



Source: Bangladesh Bank.

VII. Conclusion

This note has reviewed the trends of some key variables relating to deposit and lending rates and tried to understand whether the recent lending rates distort lending and deposit interest rates. The note finds that in tandem with policy relaxations which started in the wake of COVID-19 pandemic, the weighted average lending rates, particularly for PCBs and FCBs declined gradually during the pandemic period till date. It may conclude that since the current weighted average market lending rate which is 7.2 percent in September2021 is much lower than the cap, the cap has not created any distortion in the lending rate.

Another finding of this note is that both the lending and deposit rates, in fact, started to decline before the COVID-19 pandemic starts. Thereafter, the BB intervention on the lending rates was intended to recover the economic growth momentum from the COVID-19 fallout, without distorting the market channels as reflected in the much lower lending rates than the cap. The note also finds a gradual reduction of spread between lending and deposit rates after imposition of lending rate cap by type of bank, which indicate discipline in operational costs and risk premiums in the banking sector.

Though the interest rates on deposit have been decreasing overtime, the total volume of deposits maintained more than 13 percent growth during the pandemic period against the sluggishness in business activities as reflected in lower credit growth. This resulted in a huge excess liquidity amounting to BDT 2.24trillion in July 2021.

In case of fixed deposits, while the deposit rates were decreasing slowly during the COVID-19 period, banks still pay more than the prevailing inflation rates. The BB, in its latest instruction on deposit rate rationalization for the savings products with 3 (three) months or more, would like to ensure that depositor get return sufficiently above the prevailing inflation rates.

BB's current policies are to boost investment activities, while supporting creation and retention of jobs as they are critical to recover the economy from the COVID-19 fallout. The single digit interest policy would ultimately reduce the cost of doing business, benefiting the borrowers and entrepreneurs in reinvigorating their economic activities. Reducing the management costs, strengthening efficiency and discipline in loan disbursement and recovery and introducing digital technology in banking operation are imperative for the banks in order to cope with the implementation of single digit interest rates. However, implementation of the single digit rates might not be smooth during the COVID-affected situation for which the BB may review its policies time to time and take necessary actions, accordingly.

Policy Note: PN 2109

Monetary Policy Stance and COVID-19 Pandemic: Global Perspectives[7]

Abstract

This policy note reviews the stance of monetary policy in global perspective based on some key macro-monetary indicators in order to understand the effectives of the stance and the challenges for growth recovery, employment generation, and containing inflation at desired level. The note finds slower economic recoveries in emerging market economies than that of advanced economies. The note concludes that extraordinary and accommodative monetary policy is likely to continue both in advanced and emerging economies to secure the sustained recovery despite the inflationary pressure and building up inflation expectation may persist. In addition to the intensified inflationary pressure, newly emerged COVID-19 variant Omicron, tightening of US monetary policy, and China's slower growth prospect have been creating new uncertainties in maintaining prudent monetary policy stance.

I. Introduction

The global economy has started to recover propelled by strong fiscal and extraordinary accommodative monetary policy and rapid inoculation against COVID-19. The policies so far have taken globally have impacts on growth, employment and inflation. Bangladesh is not the exception and has taken prudent fiscal and extraordinary expansionary monetary policies since the wake of the COVID-19 pandemic in the country. In this backdrop the policy note reviews the stance of monetary stance in global perspective based on some key monetary and economic indicators. With a view to understanding the policy stance the note also review whether the policies are consistent across the countries and how they be effective to recover growth and employment while controlling inflation.

II. Recent Economic Trend

II.1 Output Growth

The IMF in its latest World Economic Outlook published in 2021 predicted that the global economy will grow at 5.9 percent in 2021, after the estimated contraction of -3.12 percent in 2020 (Chart 1). The 2021 growth projection is revised down 0.1 percentage point relative to the previous forecast, reflecting asymmetric access to COVID-19 vaccines for different country groups despite vast sums of fiscal supports with easy monetary condition, particularly in many large economies. In advanced economies, the growth rate is projected at 5.2 percent in 2021, being contributed by successfully vaccination coverage, significant innovations in macroeconomic policy and massively scaled-up fiscal support, following a severe contraction of 4.5 percent in 2020. Emerging market and developing economies expect 6.4 percent growth in 2021 against -2.1 percent growth in 2020, which indicates a lesser impact towards achieving strong recovery, as effective vaccine protection remains unavailable

[7]This note has been prepared by Dr. Md. Salim Al Mamun, Deputy General Manager, Dr. Md. Ezazul Islam, General Manager, and Mr. Md. Al-Amin Parvez, Assistant Director of Chief Economist's Unit of the Bangladesh Bank. Views expressed in this policy note are authors' own and do not necessarily reflect that those of the Bangladesh Bank. Comments can be sent to: salim.mamun@bb.org.bd

for most of the population in emerging economies caused disruptions in economic activities associated with continued lockdown and containment measures. The growth rate for emerging and developing Asia, a regional group of emerging market and developing economies, is projected at 7.2 percent in 2021, revised down by 1.4 percentage points, reflecting weaker than expected recovery followed by eased lockdown in some large countries.

Chart 1: Output growth of global, advanced and emerging economies (in percent)

Source: World Economic Outlook, October 2021, IMF.
Note: * indicates projections.

Overall, the economic recoveries are divergent across countries and sectors, linked to clear differences in the pace of vaccination programme, the extent of policy support, and structural factors such as reliance on tourism and commodity exports. The United States among advanced countries, for example, is expected to surpass its GDP level in 2021, while other advanced countries will achieve their pre-pandemic levels only in 2022. Among emerging market and developing economies, on the other hand, China had crossed already its pre-pandemic level in 2020, while many other emerging countries will need to wait until 2023 for a complete recovery. The divergence may even occur within country as income inequality is likely to increase because the pandemic heavily affected young labor force and those with relatively lower skills both in advanced and emerging economies, whereas severely affected female employment in the latter group of countries worsened the disparity, according to the IMF (Fiscal-Monitor, IMF, October 2021).

Chart 2 reviews the growth rates of selected countries both from advanced and emerging economies. The United States is projected to grow at 6.0 percent in 2021, 0.4 percentage points lower than forecasted earlier, due to large inventory draw downs, supply disruptions, and softening consumption. GDP growth in Euro area has been revised up by 0.6 percentage point to 5.04 percent in 2021 but the activity is expected to stay below pre-pandemic levels until 2022, while experiencing increased costs for public health responses to infection, flexibility and adaptability of economic activity to low mobility, and structural rigidities. China's swift recovery in 2020 to pre-pandemic level helps to project a sustainable growth path, reaching 8.02 percent in 2021, facilitated mainly by effective containment measures, a forceful public investment response, and central bank liquidity support.

Chart 2: Economic growth of selected economies in advanced and emerging countries (in percent)

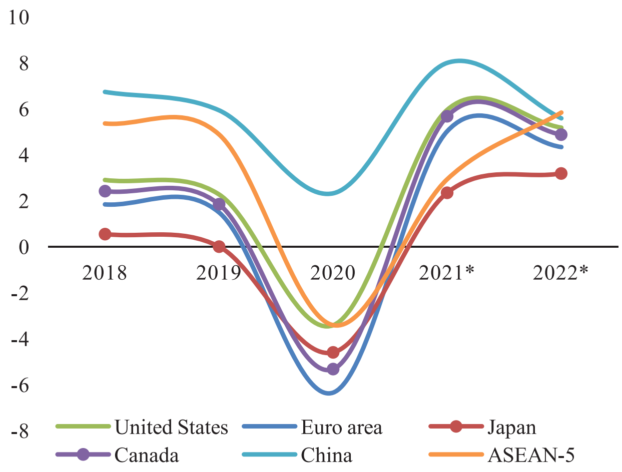
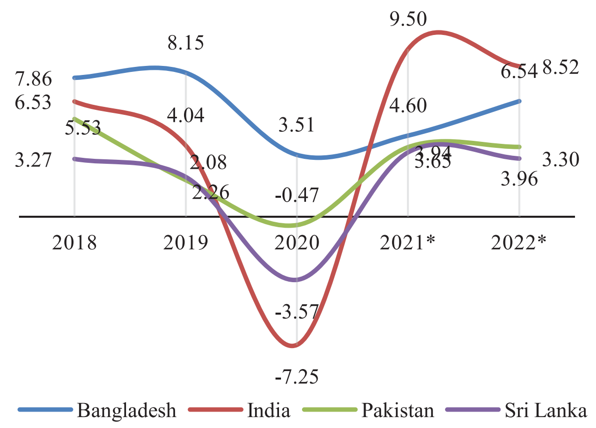


Chart 3: Economic growth of peer countries: South Asia (in percent)



Source: World Economic Outlook, October2021, IMF.
Note: * indicates projections.

While reviewing growth performance of selected South Asian countries as shown in Chart 3, only Bangladesh maintained a positive growth rate at 3.5 percent in 2020, and the following growth projections are 4.6 percent in 2021 and 6.5 percent in 2022, according to the IMF. The Chart also shows that India witnessed a sharp negative growth rate (-7.3 percent) in 2020, but expects a bounce back at 9.5 percent growth rate in 2021, reflecting stronger than expected recovery after lockdowns were eased.

II.2 Commodity Prices and Inflation

Oil price is projected to grow by 59.1 percent in 2021, consistent with the projected global recovery, in part reflecting a temporary tight demand-supply balance maintained by OPEC+ as expected (Chart 4). The IMF in its WEO assumes that the average price of oil will decrease from USD 65.68 a barrel in 2021 to USD 64.52 a barrel (-6.3 percent) in 2022, resulting mainly from a substantial production recovery of higher-cost producers in non-OPEC+ countries who might be induced by persistent oil prices close to USD 60 a barrel. Nonfuel commodity prices are expected to rise faster than previous projections.

A faster-than-expected economic recovery is boosting prices as supply chains have been struggling to keep up the economic trend, persuading inflation projection to be increased from 0.7 percent in 2020 to 2.8 percent in 2021 for advanced economies (Chart 5). However, the inflation is unlikely to increase much, reaching 2.3 percent in 2022, as inflation expectations are well anchored around central banks' inflation target in advanced economies. Inflation expectations are also generally anchored in emerging and market economies as observed in gradual declines to 5.5 percent in 2021 and 4.9 percent in 2022. However, the inflationary developments were not uniform across the emerging countries. Some countries or regions have experienced limited scopes of monetary accommodation, rapidly rising food inflation and temporarily high headline inflation, which could raise inflation expectations in emerging economies.

Chart 4: Global commodity prices, in percent (year on year)

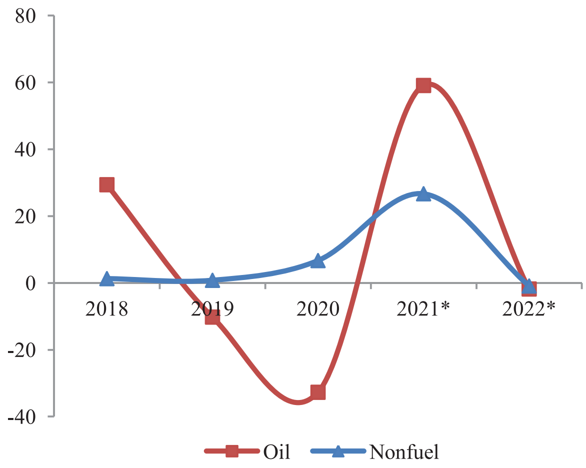
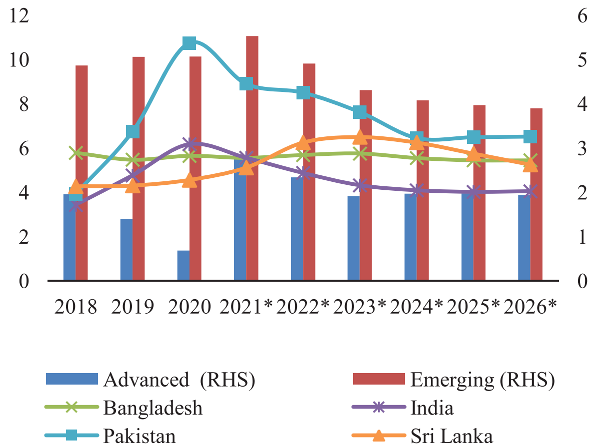


Chart 5 : Consumer prices: global and emerging markets and selected peer countries of South Asia (in percent)

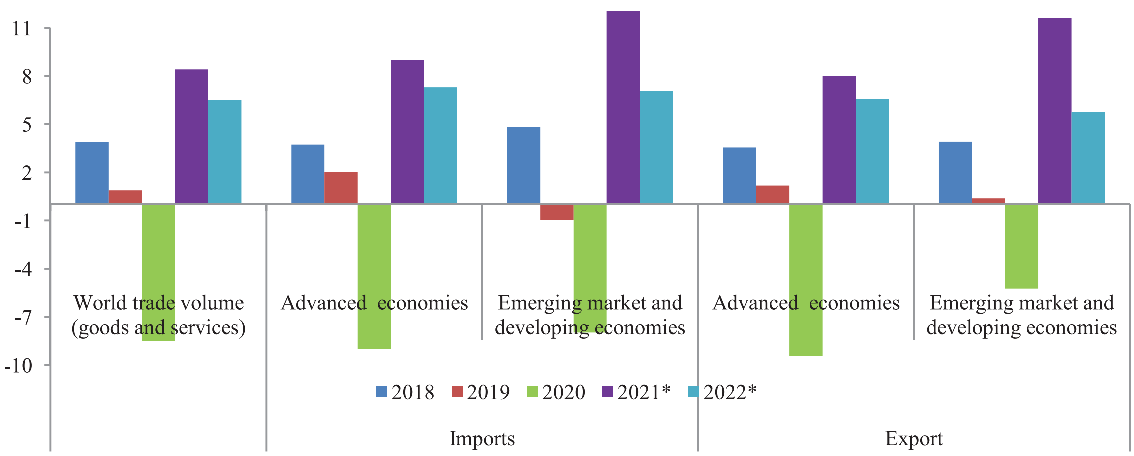


Source: World Economic Outlook, October 2021, IMF.
Note: * indicates projections.

II.3 Global Trade

World trade witnessed a larger contraction of 8.5 percent in 2020 as contact-intensive sectors experienced a sharp fall in activities with much smaller trade intensity than manufacturing. Global trade began recovering in the second half of 2020 and is projected to pick up at 8.4 percent in 2021, reflecting pent-up demand for consumer durables from advanced economies and resumption of supply chains in emerging markets (Chart 6).

Chart 6: Global trade and imports and exports (in percent)

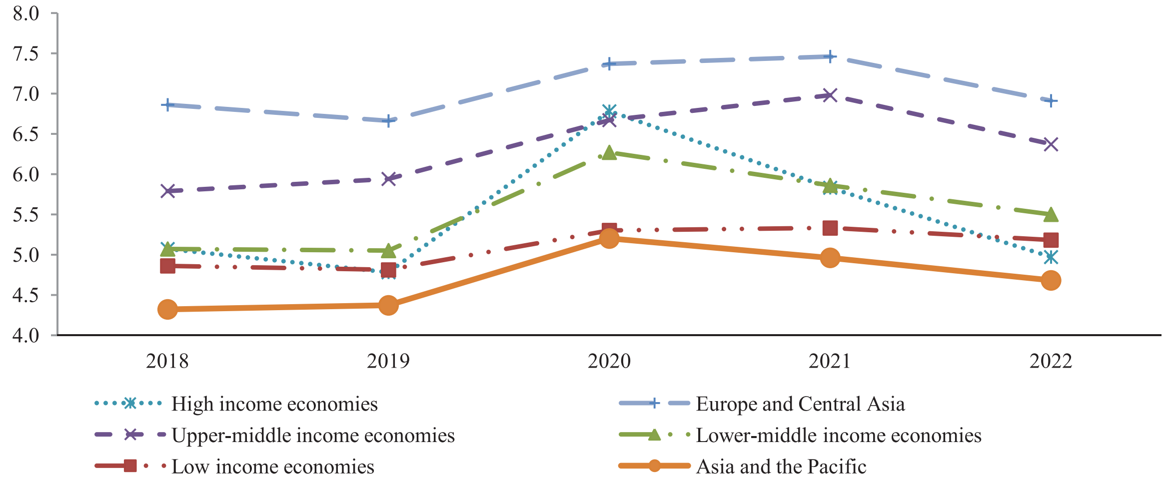


Source: World Economic Outlook, October 2021, IMF.
Note: * indicates projections.

II.4 Labor Market Developments

The COVID-19 pandemic shock continues to generate widespread disruptions in labor markets across the countries, even with extraordinary policy supports already deployed. Average unemployment rates are up during the pandemic periods as compared with pre-pandemic rates in all types of economies as shown in Chart 7, according to the ILO data.

Chart 7: Unemployment rate at age 15 years or above (in percent)



Source: International Labour Organization(https://ilostat.ilo.org/topics/unemployment-and-labour-underutilization/).

The pandemic shock is also accelerating worker relocations, in part shifting away from sectors and occupations that are vulnerable to online based businesses. However, this relocation comes at a high cost because the relocated workers who switch are lower paid. Therefore, the argument is to find out whether job retention policies can help reduce job relocation or supportive measures for worker relocation can gear up job finding prospects. An IMF analysis (discussed in Chapter 3 of the October 2021 WEO) finds that job retention policies are extremely powerful when the current pandemic shock is acute and maintaining high social distancing is inevitable. On the other hand, relocation policies can help ease the adjustment to the permanent effect of COVID-19 shock on labor markets. Therefore, a careful monitoring on the intensity of COVID-19 is critical to understand the appropriate timing to cope with the reduction of job retention policies, or to switch towards greater reliance on relocation.

II.5 Growth Recovery and Uncertainty

Looking forward, the world output growth will decelerate to still a strong 4.9 percent in 2022, up from its April 2021 forecast of 4.4 percent, based on the assumption that vaccines will be accessible in most countries by the second half of 2022. However, the outlook still remains a high degree of uncertainty as new virus mutations including the Omicron variant and the accumulating human losses are growing, particularly in many emerging countries.

Faster recovery and further fiscal support largely by expansion in the U.S. may build up inflationary pressure and could require raising interest rates earlier than expected. Such sustained inflationary pressure along with higher US interest rates could lead to a sharp tightening of global financial conditions. Emerging economies may feel burnt of such higher interest rate and inflationary pressure generated through spillover effects in exchange rate, yield rate and capital flows, while many of emerging countries are still struggling to recover the growth.

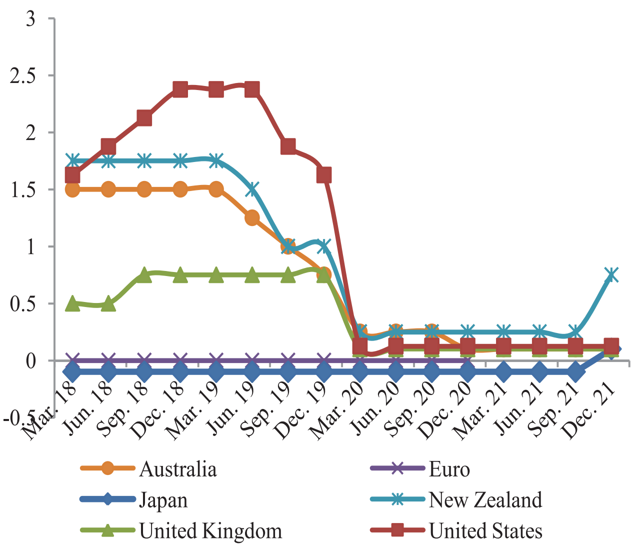
In between the global inflation developments, many countries are also facing rising commodity and food prices, putting low income peoples at risk. Besides, disrupted labor markets because of the pandemic worsened the peoples' purchasing capacity and led income inequality to a significant level, indicating a need for income support for the vulnerable segment of laborer before the market conditions normalize, while in parallel incentivizing job creation initiatives, in addition to job retention or relocation policies.

III. Monetary Policy – Global Developments

III.1 Developed Market Economies

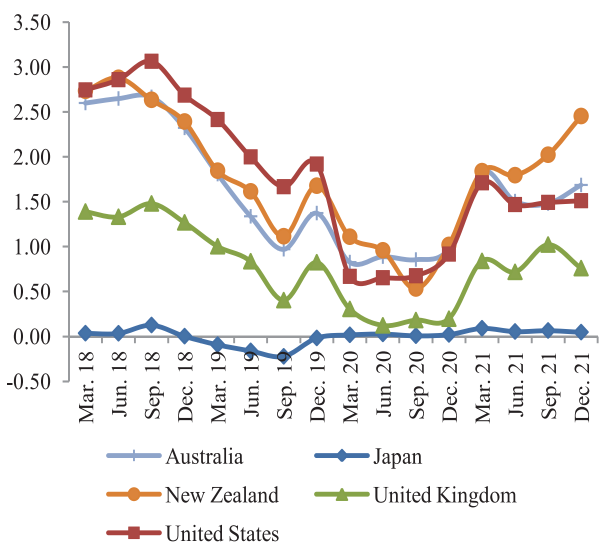
Central banks in advanced economies such as Bank of Australia, Reserve Bank of New Zealand, Bank of England and Federal Reserve of US cut their policy interest rates in March 2020, while Euro and Japan continued to maintain near or at zero interest rates over the years, reflecting considerably lower policy rates in more than 10 years after the global financial crisis. The policy rates in some countries started creeping up from September 2021 and continued till December 2021 (Chart 8). Given that policy rates are already very low in many advanced economies, policymakers needed to rely on unconventional monetary policy tools to stimulate the economy, countering the future downturn.

Chart 8: Central bank's policy rate of selected advanced economies (in percent)



Source: Bank for International Settlements (BIS) till 8 December 2021, (https://www.bis.org/statistics/cbpol.htm).

Chart 9: 10-year government bond yields of selected advanced economies (in percent)



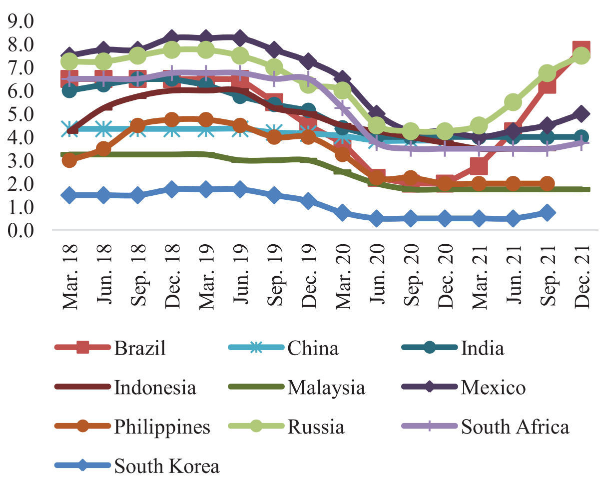
Source: Investing.com till 8 December 2021, (https://investing.com).

Ten-year government bond yields of selected advanced economies have a declining trend since December 2018 until December 2020, reflecting a combination of lower return on safe assets and compression of risk premium (Chart 9). However, the yields on 10-year government bonds increased in March 2021 in all the selected advanced economies except Japan, almost matching their pre-pandemic levels. In December 2021, yield curves showed mixed trends since yields on 10-year government bonds increased in some countries and decreased for some other countries. The increased rates reflect improved prospects for inflation and growth. However, such an increase, if it is rapid and persistent, may result in a re-pricing of risk and a sudden tightening in financial conditions, which may elevate financial vulnerabilities and macro-financial instability on the back of ongoing COVID-19 shock.

III.2 Emerging Market Economies

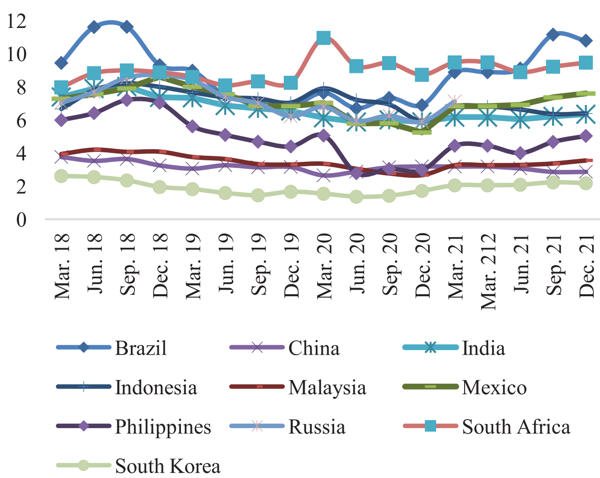
Following the policy rate cut in March 2020 in response to COVID-19 inflicted shocks, overall, central banks in emerging market economies have been maintaining low interest rates throughout the periods of 2020. Afterwards, Chart 10 shows that a tendency of rising the rate is seen in some emerging countries such as Brazil, Turkey, Pakistan, and Russia in March 2021 and the rising trend continued in December 2021. Government bond yields for many emerging market economies have increased since January 2021 though experienced mixed trends till December 2021, reflecting recent increase in market volatility (Chart 11).

Chart 10: Central bank's policy rate of selected emerging market economies
(in percent)



Source: Bank for International Settlements (BIS) till 8 December 2021, (https://www.bis.org/statistics/cbpol.htm).

Chart 11: 10-year government bond yields of selected emerging market economies
(in percent)



Source: Investing.com, (https://investing.com) till 8 December 2021.

IV. Monetary Policy Stance in Bangladesh

Bangladesh Bank has been pursuing an accommodative and expansionary monetary policy stance from 2020 in order to tackle the pandemic induced economic slowdown. The BB undertook a wide array of investment and employment enhancing policy measures such as; relaxations of various policy interest rates, introduction of low-cost refinance schemes and credit guarantee schemes, allowing moratorium facilities, extended time for realizing export receipts and import payments, supports towards implementing the stimulus packages of the government. All these policy measures were taken to ensure easier and better access to finance for the people as well as CMSMEs. Consequently, Bangladesh economy started showing early signs of a broad-based economic recovery since Q1FY21, reflected by the various macroeconomic and financial indicators which continued in Q3FY22.

V. Conclusion

Advanced economies are expecting to raise medium to longer term yield rates, which may disrupt emerging bond markets and currencies and cause some portfolio outflows. Many emerging countries with slower economic recovery or limited access to vaccines may face daunting challenges, if medium to longer term yield rates continue to rise in advanced economies, which may have adverse spillovers to emerging market and developing economies, inducing them to tighten financial conditions, when they have, in fact, large financing needs. Additionally, with rising prices in the global commodity markets, inflation started behaving abruptly from the third quarter of 2021 and is expected to remain elevated in 2022 in many countries. Therefore, monetary policy has to work with tight situation to tackle inflation and financial risks and support the economic recovery. Consequently, policies should be formulated by mapping contingent actions, announcing clear triggers, and performing in line with that communication to act promptly while encountering uncertainties in this unknown regime of recovery. This clarity and consistency regarding policy stance can be effective to avoid unnecessary policy accidents which might agitate financial markets and delay the speed of economic recovery.

However, extraordinary accommodative monetary policy is likely to continue both in advanced and emerging economies to secure the sustained recovery despite the inflationary pressure and building up inflation expectation. But most central banks are monitoring closely inflation and financial stability risks and they are communicating carefully their policy plans to avoid the risks. Fiscal policy is also required to be well-designed for sustainable and more inclusive growth. Thus, policymakers must cautiously calibrate their responses tailored to the emerging new circumstances to ensure price stability and uphold the strength of recoveries across different sectors of the economies around the world.

References

International Monetary Fund (2021). World Economic Outlook: Recovery During A Pandemic. Washington, DC, October. https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021

International Monetary Fund (2021). Fiscal Monitor: Strengthening The Credibility Of Public Finances. Washington, DC, October. https://www.imf.org/en/Publications/FM/Issues/2021/10/13/fiscal-monitor-october-2021

TABLES

Table I.1: Macroeconomic Framework: Key Economic Indicators

(Growth in percent, unless otherwise indicated)

Indicators		FY15	FY16	FY17	FY18	FY19	FY20[R]	FY21[P]
Real GDP (Base 2005-06)		6.55	7.11	7.28	7.86	8.15	3.51	5.47
Real GDP (Base 2015-16)		--	--	6.59	7.32	7.88	3.45	5.43
GDP deflator		5.80	6.80	5.30	5.60	4.46	4.09	4.22
CPI Inflation (average)		6.41	5.50	5.94	5.78	5.47	5.65	5.56
CPI Inflation (point to point)		6.25	5.90	5.44	5.54	5.71	6.02	5.64
					In percent of GDP			
Gross Domestic Savings		22.09	24.98	25.33	22.83	25.02	23.77	24.17
Gross domestic investment		28.89	29.65	30.51	31.23	31.57	30.47	29.92
Total revenue		10.80	10.20	11.10	11.50	12.50	12.70	11.70
Tax		9.30	9.00	9.70	10.30	11.40	11.40	10.50
Nontax		1.50	1.30	1.30	1.20	1.10	1.30	1.20
Total expenditure		15.80	15.30	16.10	16.50	17.40	18.30	17.90
Current expenditure		8.40	8.70	9.80	9.40	10.50	10.80	10.80
Annual Development Program		4.90	5.30	5.90	6.80	6.57	7.00	6.60
Other expenditure (residual)		2.50	1.30	0.40	0.30	0.30	0.50	0.60
Overall balance (including grants)		-4.70	-4.70	-4.80	-4.80	-4.80	-5.50	-6.10
Financing (net) (a+b)		5.00	5.00	4.80	4.70	5.00	5.50	6.10
a. Domestic financing		3.60	3.60	3.60	2.90	3.10	3.60	3.80
Banking System		2.10	1.80	1.20	0.90	1.20	3.00	2.60
Non -bank		1.50	1.80	2.30	2.00	1.90	0.50	1.20
b. Foreign Financing		1.40	1.40	1.20	1.80	1.90	1.90	2.30
Current account balance		1.79	1.92	-0.53	-3.49	-1.69	-1.46	-1.07
Overall balance		2.24	2.27	1.27	-0.31	0.06	0.98	2.61
Broad Money (M2)		51.96	52.88	51.43	49.32	47.97	50.15	51.83
Broad Money (M3)		60.04	62.14	62.43	61.04	60.34	62.20	62.82
Deposit (DD+TD)		46.13	45.80	44.43	43.03	41.87	43.11	43.99
Private Sector Credit		37.91	38.72	39.28	40.33	39.74	40.06	38.92
					Growth in Percent			
Money and credit								
Private sector credit		13.19	16.78	15.66	16.94	11.32	8.61	8.35
Broad money (M2)		12.42	16.35	10.88	9.24	9.88	12.64	13.60
External Sector								
Exports, f.o.b.		3.10	8.90	1.70	6.40	9.10	-17.10	15.38
Imports, f.o.b.		3.00	5.90	9.00	25.20	1.80	-8.60	19.71
					In billion USD			
Exports, f.o.b.		30.70	33.44	34.02	36.29	39.60	32.83	37.88
Imports, f.o.b.		37.66	39.90	43.49	54.46	55.44	50.69	60.68
Gross official reserves		25.02	30.18	33.41	32.94	32.72	36.04	46.39
In terms of month of imports		6.50	7.20	6.60	6.00	6.00	6.10	6.90
Memorandum items:								
Nominal GDP (In billion Taka) Base 2005-06	**:**	**15,158**	**17,329**	**19,758**	**22,505**	**25,425**	**27,393**	**30,111**
Nominal GDP (In billion USD) Base 2005-06	**:**	**195**	**221**	**250**	**274**	**303**	**323**	**355**
Nominal GDP (In billion Taka) Base 2015-16	**:**	**--**	**20,758**	**23,243**	**26,392**	**29,514**	**31,705**	**34,840**
Nominal GDP (In billion USD) Base 2015-16	**:**	**--**	**265**	**294**	**321**	**351**	**374**	**411**

Sources: Bangladesh Bank; Ministry of Finance and Bangladesh Bureau of Statistics; P = Provisional, R=Revised.

Table I.2: Real GDP Growth by Sectors: Base 2005-06
(In percent)

Sectors	FY15	FY16	FY17	FY18	FY19	FY20^{R}	FY21^{P}
Agriculture	3.30 (16.00)	2.80 (15.40)	3.00 (14.70)	4.20 (14.23)	3.92 (13.65)	4.59 (13.74)	3.45 (13.47)
a) Agriculture and forestry	2.45	1.79	1.96	3.47	3.15	4.10	2.65
i) Crops and horticulture	1.83	0.88	0.96	3.06	1.96	3.47	1.59
ii) Animal farming's	3.08	3.19	3.31	3.40	3.54	3.56	3.80
iii) Forest and related services	5.08	5.12	5.60	5.51	8.34	7.36	6.12
b) Fishing	6.38	6.11	6.23	6.37	6.21	6.02	5.74
Industry	9.70 (30.40)	11.10 (31.50)	10.20 (32.40)	12.10 (33.66)	12.67 (35.0)	3.25 (34.78)	6.12 (34.99)
a) Mining and quarrying	9.60	12.84	8.89	7.00	5.88	0.97	0.29
b) Manufacturing	10.31	11.69	10.97	13.40	14.20	1.80	5.77
i) Large & medium scale	10.70	12.26	11.20	14.26	14.84	1.39	6.56
ii) Small scale	8.54	9.06	9.82	9.25	10.95	3.96	1.73
c) Power, gas and water supply	6.22	13.33	8.46	9.19	9.58	1.69	4.74
d) Construction	8.60	8.56	8.77	9.92	10.25	8.66	8.68
Service	5.80 (53.60)	6.30 (53.10)	6.70 (52.90)	6.39 (52.11)	6.78 (51.35)	4.16 (51.48)	5.61 (51.53)
a) Wholesale and retail trade	6.35	6.50	7.37	7.45	8.14	4.03	6.54
b) Hotel and restaurants	6.83	6.98	7.13	7.28	7.57	1.75	6.85
c) Transport, storage and communications	5.96	6.08	6.76	6.58	7.19	3.67	6.07
d) Financial intermediations	7.78	7.74	9.12	7.90	7.38	3.09	4.31
e) Real estate, renting and business activity	4.40	4.47	4.80	4.98	5.23	4.83	4.90
f) Public administration and defense	9.82	11.43	9.15	8.47	6.40	5.44	6.16
g) Education	8.01	11.71	11.35	7.01	7.66	5.06	5.56
h) Health and social works	5.18	7.54	7.63	7.02	11.79	9.97	9.94
i) Community, social and personal service	3.28	3.30	3.62	3.65	3.72	3.01	3.05
GDP (at constant market price)	6.55	7.11	7.28	7.86	8.15	3.51	5.47

Source: Bangladesh Bureau of Statistics; The parentheses indicate the percentage share of total producer price GDP at constant price.
P = Provisional, R=Revised.

Table I.2(1): Real GDP Growth by Sectors: Base 2015-16

(In percent)

Sectors	FY17	FY18	FY19	FY20	FY21[P]
Agriculture	3.20 (13.62)	3.54 (13.14)	3.26 (12.56)	3.42 (12.52)	2.37 (12.15)
Agriculture, forestry and fishing	3.20	3.54	3.26	3.42	2.37
i) Crops and horticulture	2.22	2.75	2.07	2.50	0.58
ii) Animal farmings	2.77	2.90	3.01	3.19	2.94
iii) Forest and related services	5.00	5.08	5.13	5.34	4.98
iv) Fishing	4.73	4.93	4.99	4.40	4.15
Industry	8.27 (32.98)	10.2 (33.85)	11.63 (34.99)	3.61 (34.94)	5.99 (35.11)
a) Mining and quarrying	17.29	9.55	11.31	3.16	2.46
b) Manufacturing	7.09	10.45	12.33	1.68	5.44
i) Large Industry	4.63	11.08	12.79	0.41	6.40
ii) Small, Medium, and Micro Industry	10.06	11.10	10.61	2.69	6.03
iii) Cottage Industry	9.29	7.45	14.17	3.67	1.61
c) Electricity, gas, steam and air conditioning supply	7.07	8.27	8.24	0.67	4.22
d) Water supply , sewerage, and waste management	3.63	2.96	6.31	2.18	5.50
e) Construction	9.76	10.06	10.47	9.13	8.29
Service	6.37 (53.40)	6.55 (53.01)	6.88 (52.45)	3.93 (52.54)	5.86 (52.74)
a) Wholesale and retail trade	8.22	8.74	8.85	3.21	6.62
b) Transportation and storage	6.13	6.74	7.01	1.73	6.22
c) Accommodation and food service activities	5.39	5.52	5.64	1.69	5.91
d) Information and communication	8.35	6.77	7.36	6.57	6.92
e) Financial and insurance activities	5.30	6.94	8.25	4.72	6.04
f) Real estates activities	3.33	3.48	3.61	3.68	3.63
g) Professional, scientific and technical activities	3.97	4.08	4.17	3.38	5.16
h) Administrative and support service activities	6.40	7.74	8.17	6.33	6.03
i) Public administrative and defence	11.23	8.67	6.49	5.49	6.12
j) Education	5.95	5.89	7.06	5.33	6.21
k) Human health and social work activities	10.33	9.20	12.20	10.70	10.69
l) Arts, entertainment and recreation	4.98	5.24	5.48	5.43	5.76
m) Others service activities	3.14	3.22	3.27	3.06	3.08
GDP (at constant market price)	6.59	7.32	7.88	3.45	5.43

Source: Bangladesh Bureau of Statistics; P = Provisional.
The parentheses indicate the percentage share of total producer price GDP at constant price.

Table I.3: Nominal GDP by Sectors: Base 2005-06

(In billion Taka)

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

Source: Bangladesh Bureau of Statistics; P = Provisional, R=Revised.

Table I.3(1): Nominal GDP by Sectors: Base 2015-16

(In billion Taka)

Sectors	FY16	FY17	FY18	FY19	FY20	FY21[P]
Agriculture	2,795	3,012	3,294	3,534	3,804	4,061
Agriculture, forestry, and fishing	2,795	3,012	3,294	3,534	3,804	4,061
i) Crops and horticulture	1,383	1,487	1,623	1,734	1,861	1,962
ii) Animal farmings	467	495	532	563	597	633
iii) Forest and related services	372	399	436	466	504	548
iv) Fishing	574	631	703	771	842	919
Industry	6,449	7,263	8,441	9,696	10,435	11,362
a) Mining and quarrying	331	400	443	526	552	569
b) Manufacturing	4,224	4,666	5,490	6,259	6,531	6,994
i) Large Industry	2,212	2,378	2,757	3,119	3,180	3,393
ii) Small, Medium, and Micro Industry	1,291	1,467	1,739	1,981	2,087	2,256
iii) Cottage Industry	721	821	995	1,160	1,263	1,345
c) Electricity, gas, steam and air conditioning supply	246	292	326	381	445	531
d) Water supply; sewerage, waste management	21	23	25	27	28	29
e) Construction	1,628	1,882	2,157	2,503	2,879	3,239
Service	10,630	11,943	13,431	15,008	16,332	18,098
a) Wholesale and retail trade	2,885	3,246	3,737	4,184	4,458	4,863
b) Transportation and storage	1,580	1,787	1,978	2,197	2,323	2,613
c) Accommodation and food service activities	239	267	301	335	360	407
d) Information and communication	248	273	295	322	351	383
e) Financial and insurance activities	651	722	817	933	1,032	1,155
f) Real estates activities	1,925	2,142	2,360	2,607	2,880	3,163
g) Professional, scientific and technical activities	39	43	47	52	57	63
h) Administrative and support service activities	142	157	173	200	230	271
i) Public administrative and defence	667	785	902	990	1,070	1,174
j) Education	545	609	682	770	856	960
k) Human health and social work activities	546	635	734	868	1,015	1,186
l) Arts, entertainment and recreation	30	34	38	42	48	53
m) Others service activities	1,132	1,244	1,368	1,507	1,652	1,807
Total GVA at current basic price	19,874	22,218	25,166	28,238	30,570	33,522
Tax less subsidy	884	1,025	1,226	1,276	1,134	1,318
GDP at current market price	20,758	23,243	26,392	29,514	31,705	34,840

Source: Bangladesh Bureau of Statistics; P = Provisional.

Table I.4: Crop-wise Agricultural Production

Crops	Actual for FY20		Actual for FY21		Target for FY22	
	Area (Lac Hectare)	Production (Lac M. Ton)	Area (Lac Hectare)	Production (Lac M. Ton)	Area (Lac Hectare)	Production (Lac M. Ton)
Aus	10.95	27.55	13.05	32.85	13.30	34.84
Aman	55.60	140.64	56.26	144.38	58.30	150.47
Boro	47.62	196.45	48.73	196.45	48.73	209.51
Total Rice	**114.17**	**364.64**	**118.03**	**373.68**	**120.33**	**394.81**
Wheat	3.32	10.29	3.40	10.29	3.37	12.26
Maize	5.54	44.65	5.64	44.65	5.76	58.75
Total Cereal	**123.04**	**419.57**	**127.08**	**428.62**	**129.45**	**465.83**
Jute	6.80	80.45	6.82	77.25	7.50	86.11
Potato	4.61	96.06	4.87	106.15	4.87	106.52
Vegetables	9.01	181.03	9.36	178.01	9.48	200.19
Moong	2.65	3.37	2.63	2.52	2.66	3.37
Mosur	1.87	2.60	1.83	2.58	1.83	2.60
Gram	0.04	0.05	0.04	0.06	0.04	0.06
Mustard	5.69	7.51	5.90	7.87	5.95	8.22
Onion	2.38	46.55	2.53	33.62	2.60	35.04

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

Table I.5: Quantum Index of Medium and Large-scale Manufacturing Industries, Mining and Electricity

(Base: 2005-06)

			FY20			FY21				FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1^*
Manufacturing	393.8	467.8	420.7	421.7	330.5	435.9	450.2	488.4	496.7	475.8
Mining	186.5	167.0	183.1	186.9	187.1	206.3	181.0	136.6	143.9	171.4
Electricity	305.9	345.9	281.1	269.1	303.1	381.0	308.1	303.3	391.0	399.3
				Growth in percent (y-o-y)						
Manufacturing	1.89	18.78	7.26	7.68	-15.55	8.33	7.00	15.82	50.28	8.09
Mining	2.17	-10.49	4.35	3.07	-1.49	9.18	-1.14	-26.90	-23.11	-16.79
Electricity	5.57	13.06	7.55	5.85	-12.14	2.89	9.63	12.71	28.99	5.01

Source: Bangladesh Bureau of Statistics; * = July –August 2021.

Tables I.6: Quantum Index of Medium and Large-scale Manufacturing Industries by Major Industries

(Base: 2005-06)

		FY20			FY21				FY22
	Weight	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q4	Q_1^*
General Index	100.0	420.7	421.7	330.5	435.9	450.2	488.4	496.7	475.8
Food products	10.8	625.1	617.0	581.8	555.6	663.9	688.2	725.7	607.1
Beverages	0.3	228.8	254.1	203.0	371.1	258.0	433.3	528.0	556.3
Tobacco products	2.9	142.0	141.7	154.4	126.3	132.6	135.6	128.7	114.7
Textile	14.1	245.5	235.4	217.4	247.7	261.0	288.5	324.9	298.7
Wearing apparel	34.8	417.7	422.2	214.6	434.1	399.7	435.4	441.3	470.7
Leather and related products	4.4	382.7	346.3	323.2	545.5	518.4	683.1	850.8	750.8
Wood and products of wood and cork	0.3	380.8	375.2	382.3	391.9	538.5	532.0	427.8	451.6
Paper and paper products	0.3	201.7	197.7	207.0	215.6	187.2	180.2	203.5	243.8
Printing and reproduction of recorded media	1.8	201.9	206.6	211.9	211.4	234.9	238.0	229.3	206.6
Coke and refined petroleum products	1.3	65.2	53.8	43.8	108.2	119.2	109.4	116.5	124.9
Chemicals and chemical products	3.7	130.6	124.7	111.8	159.4	141.2	143.4	134.0	117.8
Pharmaceuticals and medicinal chemical	8.2	879.7	884.6	928.8	957.2	1002.0	1031.8	1037.8	1030.6
Rubber and plastic products	1.6	465.1	455.5	385.5	424.1	428.3	422.2	415.9	399.2
Other non-metallic mineral products	7.1	501.2	551.9	428.8	481.9	544.5	632.9	554.0	531.7
Basic metal	3.2	194.7	194.8	116.3	161.2	197.9	185.5	189.6	199.5
Fabricated metal products	2.3	312.8	317.2	263.9	439.8	473.2	491.9	401.6	345.8
Computer, electronic and optical product	0.2	325.2	293.7	114.3	334.0	264.9	291.2	278.0	230.0
Electrical equipment	0.7	282.8	265.4	336.4	534.9	988.2	1246.1	950.7	310.4
Machinery and equipment	0.2	752.0	794.9	746.1	767.2	769.8	797.4	775.9	756.0
Motor vehicles and trailers	0.1	290.0	270.6	142.6	169.8	104.1	234.6	320.2	302.2
Other transport equipment	0.7	714.0	637.8	527.9	702.1	745.0	747.7	721.4	694.9
Furniture	0.9	193.2	189.0	160.7	163.3	182.9	241.8	210.1	129.1

Source: Bangladesh Bureau of Statistics; * = July-August 2021.

Table I.7: Cargo Handled by Chattogram Port

(In thousands Metric Tons)

			FY20			FY21				FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Quantity										
Export	6,645	7,368	1,803	1,826	1,197	1,719	1,835	1,946	1,869	1,933
Import	87,275	96,588	24,479	26,781	15,963	20,160	25,399	26,590	24,439	20,223
Total	93,921	103,956	26,283	28,607	17,160	21,879	27,234	28,536	26,308	22,156
				Growth in percent (y-o-y)						
Export	-2.97	10.88	1.80	4.30	-24.25	-5.54	1.77	6.56	56.16	12.47
Import	5.12	10.67	14.16	16.52	-21.90	0.54	3.76	-0.71	53.09	0.31
Total	5.57	10.68	13.22	15.65	-22.07	0.03	3.62	-0.25	53.31	1.27

Source: Chattogram Port Authority.

Table I.8: Trends in Private Sector Credit

(In billion Taka)

Institutions			FY20			FY21				FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Outstanding										
Banks[1]	10,973	11,889	10,532	10,666	10,973	11,131	11,413	11,604	11,889	12,107
Non-banks[2]	673	572	677	676	673	667	675	571	572	567
Microfinance institutions[3]	614	606	679	419	614	600	642	659	606	628
Total	**12,260**	**13,067**	**11,889**	**11,761**	**12,260**	**12,398**	**12,731**	**12,834**	**13,067**	**13,302**
					Growth in percent (y-o-y)					
Banks	8.64	8.34	9.84	8.87	8.64	9.48	8.37	8.79	8.34	8.77
Non-banks	0.43	-15.01	1.37	-0.71	0.43	-0.14	-0.30	-15.48	-15.01	-15.04
Microfinance institutions	-3.45	-1.22	12.69	-32.83	-3.45	-6.21	-5.44	57.00	-1.216	4.77
Total	**7.49**	**6.58**	**9.48**	**5.94**	**7.49**	**8.05**	**7.08**	**9.12**	**6.58**	**7.30**

Sources: [1]Monetary Policy Department; [2]Department of Financial Institutions and Markets, Bangladesh Bank;
[3]Grameen Bank, BRAC, ASA, Proshika.

Table I.9: Bank Advances (Private Sector) by Economic Purposes

(In billion Taka)

Sectors			FY20			FY21				FY22
	FY20	FY21[R]	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4[R]	Q 1[P]
Outstanding										
a. Agriculture	460	511	422	431	460	459	477	488	511	512
Crops	423	462	385	392	423	418	432	441	462	464
Others	37	49	37	39	37	41	45	47	49	48
b. Industry	4,347	4,715	4,150	4,315	4,347	4,383	4,527	4,594	4,715	4,784
Term Loan	2,154	2,365	2,012	2,121	2,154	2,145	2,232	2,295	2,365	2,423
Working capital financing	2,193	2,351	2,138	2,194	2,193	2,238	2,295	2,299	2,351	2,360
c. Construction	920	943	890	923	920	920	928	932	943	991
d. Transport	87	76	86	79	87	85	82	78	76	75
e. Trade and Commerce	3,484	3,774	3,247	3,248	3,484	3,560	3,603	3,682	3,774	3,809
f. Other Institutional loan	293	254	290	284	293	268	278	272	254	241
g. Consumer finance	665	862	709	682	665	723	820	832	862	888
h. Miscellaneous	36	39	33	40	36	37	42	38	39	44
Grand Total	**10,291**	**11,174**	**9,827**	**10,002**	**10,291**	**10,434**	**10,756**	**10,917**	**11,174**	**11,343**
					Growth in percent (y-o-y)					
a. Agriculture	7.19	11.19	7.74	5.12	7.19	10.49	13.14	13.31	11.19	11.69
Crops	7.69	9.26	7.77	4.49	7.69	9.98	12.23	12.38	9.26	11.13
Others	1.88	33.37	7.39	12.00	1.88	16.01	22.60	22.70	33.37	17.42
b. Industry	12.87	8.48	13.32	15.33	12.87	9.88	9.08	6.48	8.48	9.13
Term Loan	12.83	9.78	14.86	19.57	12.83	10.77	10.93	8.23	9.78	12.97
Working capital financing	12.90	7.20	11.90	11.50	12.90	9.04	7.35	4.78	7.20	5.45
c. Construction	2.04	2.52	4.70	8.00	2.04	0.99	4.26	0.90	2.52	7.70
d. Transport	21.80	-13.31	27.60	9.90	21.80	-1.54	-4.54	-1.85	-13.31	-11.92
e. Trade &Commerce	11.63	8.31	9.80	6.10	11.63	14.60	10.97	13.37	8.31	7.00
f. Other Institutional loan	12.68	-13.36	15.90	8.70	12.68	0.15	-4.23	-4.18	-13.36	-10.14
g. Consumer finance	-3.15	29.68	9.40	8.10	-3.15	11.58	15.57	21.99	29.68	22.79
h. Miscellaneous	-31.88	9.07	-19.93	-12.02	-31.88	10.91	26.31	-4.52	9.07	19.62
Grand Total	**9.79**	**8.57**	**10.66**	**10.20**	**9.79**	**10.34**	**9.46**	**9.14**	**8.57**	**8.71**
					Share in percent					
a. Agriculture	4.47	4.57	4.29	4.31	4.47	4.40	4.44	4.47	4.57	4.52
Crops	4.11	4.13	3.92	3.92	4.11	4.00	4.02	4.04	4.13	4.09
Others	0.36	0.44	0.38	0.39	0.36	0.39	0.42	0.43	0.44	0.42
b. Industry	42.24	42.20	42.23	43.14	42.24	42.01	42.09	42.09	42.20	42.17
Term Loan	20.93	21.16	20.48	21.20	20.93	20.56	20.75	21.03	21.16	21.36
Working capital financing	21.31	21.04	21.76	21.94	21.31	21.45	21.34	21.06	21.04	20.81
c. Construction	8.94	8.44	9.06	9.23	8.94	8.82	8.63	8.54	8.44	8.74
d. Transport	0.85	0.68	0.87	0.79	0.85	0.81	0.76	0.71	0.68	0.66
e. Trade &Commerce	33.86	33.77	33.04	32.47	33.86	34.11	33.50	33.73	33.77	33.58
f. Other Institutional loan	2.85	2.27	2.95	2.84	2.85	2.57	2.58	2.49	2.27	2.13
g. Consumer finance	6.46	7.71	7.22	6.82	6.46	6.93	7.62	7.62	7.71	7.83
h. Miscellaneous	0.35	0.35	0.34	0.40	0.35	0.35	0.39	0.35	0.35	0.39
Grand Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

Table I.10: Trends in Agricultural Credit

(In billion Taka)

			FY20			FY21				FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Program/Target (July-June)	**241.3**	**262.9**	**241.2**	**241.2**	**241.2**	**262.9**	**262.9**	**262.9**	**262.9**	**283.9**
Total disbursement	**227.5**	**255.1**	**72.5**	**61.2**	**58.3**	**46.8**	**73.9**	**64.4**	**70.0**	**52.1**
Crop	114.0	128.9	38.6	31.6	26.9	24.8	41.8	31.6	30.7	23.0
Irrigation	1.3	2.5	0.5	0.4	0.3	0.5	0.8	0.6	0.7	0.4
Agricultural equipment	1.4	1.9	0.4	0.4	0.3	0.3	0.5	0.5	0.6	0.3
Live-stock	31.7	35.3	10.0	8.1	7.7	7.5	9.6	10.0	8.3	9.3
Fisheries	26.1	29.5	7.6	6.8	6.8	5.0	7.8	7.9	8.8	7.2
Grain storage & marketing	1.3	1.8	0.4	0.4	0.4	0.3	0.4	0.4	0.6	0.3
Poverty alleviation	20.9	20.4	5.3	4.8	7.7	3.7	4.5	4.5	7.7	3.5
Others	30.9	34.9	9.7	8.7	8.2	4.6	8.6	8.9	12.7	8.1
Total recovery	**212.5**	**271.2**	**71.3**	**54.4**	**43.0**	**62.8**	**78.1**	**56.8**	**73.5**	**55.9**
Total overdue	**60.6**	**58.7**	**64.0**	**60.8**	**60.6**	**69.5**	**65.7**	**62.9**	**58.7**	**71.7**
Outstanding	**455.9**	**459.4**	**430.3**	**440.4**	**455.9**	**440.4**	**440.89**	**453.5**	**459.4**	**456.9**
Overdue as percent of outstanding	13.3	12.8	14.9	13.8	13.3	15.8	14.91	13.9	12.8	15.7
					Growth in percent[1]					
Total disbursement	-3.67	12.14	7.55	1.47	-20.74	31.80	2.03	5.13	20.09	11.24
Total recovery	-10.49	27.67	3.50	-3.17	-35.98	43.53	9.64	4.43	70.82	-11.02

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				FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
1. Total disbursement	**815.2**	**948.5**	**282.5**	**244.4**	**44.7**	**218.3**	**296.3**	**281.3**	**152.5**	**176.5**
i) Grameen Bank	205.0	196.8	67.4	64.3	12.9	52.5	58.3	61.0	25.0	30.0
ii) BRAC	330.1	419.1	120.6	89.3	16.5	92.5	144.9	116.2	65.4	82.9
iii) ASA	275.2	324.8	92.9	89.2	15.0	71.9	91.6	101.6	59.8	61.4
iv) Proshika	4.9	7.8	1.6	1.7	0.2	1.5	1.5	2.5	2.4	2.2
2. Total recovery	**824.8**	**1011.1**	**271.4**	**236.5**	**56.5**	**236.9**	**280.9**	**283.3**	**210.1**	**207.0**
i) Grameen Bank	204.9	206.7	65.4	62.2	13.2	60.0	61.1	58.6	27.0	34.3
ii) BRAC	343.7	492.7	118.8	90.8	20.6	105.3	135.6	134.6	117.2	109.7
iii) ASA	270.8	304.0	85.6	81.8	22.2	69.9	82.6	87.7	63.7	60.8
iv) Proshika	5.4	7.7	1.7	1.7	0.6	1.7	1.6	2.3	2.2	2.3
3. Loans outstanding	**613.7**	**2506.9**	**679.2**	**419.4**	**613.7**	**599.9**	**642.3**	**658.5**	**606.2**	**628.5**
4. Loans overdue	**13.1**	**110.7**	**12.3**	**11.0**	**13.1**	**12.6**	**24.5**	**32.2**	**41.4**	**33.1**
5. Overdue as percent of outstanding	**2.1**	**4.4**	**1.8**	**2.6**	**2.1**	**2.1**	**3.8**	**4.9**	**6.8**	**5.3**

Source : Grameen Bank, BRAC, ASA and Proshika.

Table I.12: Microcredit Operations of MFIs

(In billion Taka)

Indicators			FY19	FY20		FY21	
	FY20	FY21	Jan-Jun/19	July-Dec/19	Jan-Jun/20	July-Dec/20	Jan-Jun/21
Total disbursement	1364.18	1512.06	718.19	774.94	589.24	718.84	793.22
Total recovery	1331.48	1607.50	742.70	794.92	536.56	766.38	841.12
Loans outstanding	892.23	949.85	791.01	856.48	892.23	925.19	949.85
Loans overdue	29.51	78.95	-	-	-	33.66	45.29
Overdue as percent of outstanding	3.31	8.31	-	-	-	3.64	4.77

Source: Microcredit Regulatory Authority.

Table I.13: Industrial Term Lending by Banks and NBFIs

(In billion Taka)

			FY20			FY21				FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Disbursement										
SOBs	75.2	57.2	23.0	10.2	12.9	10.9	12.9	9.9	23.5	7.7
PCBs	579.6	545.5	195.6	117.8	97.4	127.6	134.5	133.7	149.7	122.8
Foreign banks	41.9	32.0	9.7	17.2	7.5	6.6	3.2	14.8	7.3	4.5
Specialized banks	2.6	8.1	0.2	0.3	1.8	1.7	2.1	1.7	2.5	2.1
Non-bank financial institutions	43.3	44.9	13.6	14.0	1.8	7.7	12.2	13.7	11.3	11.2
All Banks and NBFIs	**742.6**	**687.7**	**242.1**	**159.5**	**121.3**	**154.6**	**165.0**	**173.8**	**194.3**	**148.3**
Recovery										
SOBs	57.0	27.4	21.8	11.5	6.4	5.6	5.3	11.1	5.3	2.8
PCBs	554.7	450.7	176.4	134.6	79.9	80.4	124.2	131.9	114.2	101.2
Foreign banks	21.3	33.7	4.3	5.1	4.4	10.5	8.5	6.5	8.1	7.9
Specialized banks	2.2	9.9	0.7	0.8	0.3	0.5	0.7	4.5	4.3	4.1
Non-bank financial institutions	62.0	63.2	18.2	14.0	10.8	16.2	16.6	14.9	15.4	13.7
All Banks and NBFIs	**697.2**	**584.9**	**221.5**	**166.0**	**101.9**	**113.2**	**155.4**	**168.9**	**147.3**	**129.8**
Outstanding										
SOBs	559.4	752.5	496.1	528.0	559.4	497.9	471.1	705.6	752.5	601.2
PCBs	1,812.3	2,050.0	1,718.5	1,740.7	1,812.3	1,874.8	1,942.1	1,931.5	2,050.0	2,065.5
Foreign banks	84.2	78.8	71.7	80.7	84.2	76.9	72.3	79.3	78.8	75.2
Specialized banks	18.1	17.5	16.9	16.7	18.1	18.7	21.1	18.8	17.5	18.9
Non-bank financial institutions	299.5	254.1	290.0	301.1	299.5	274.5	246.4	255.3	254.1	272.4
All Banks and NBFIs	**2,773.5**	**3,152.9**	**2,593.1**	**2,667.2**	**2,773.5**	**2,742.8**	**2,753.1**	**2,990.5**	**3,152.9**	**3,033.3**
					Growth in percent[1]					
Disbursement										
SOBs	177.83	-23.92	237.05	52.58	94.72	-62.63	-43.81	-2.53	82.10	-29.55
PCBs	-5.81	-5.89	12.72	-1.57	-46.71	-24.43	-31.21	13.45	53.68	-3.71
Foreign banks	51.56	-23.68	73.27	225.70	-35.53	-11.54	-67.23	-13.83	-2.09	-31.96
Specialized banks	-72.93	208.66	-95.29	-78.01	-55.20	349.64	961.36	532.69	42.34	21.46
Non-bank financial institutions	-66.40	3.83	-73.98	-28.73	-89.82	-44.23	-10.24	-2.31	538.68	44.77
All Banks and NBFIs	**-8.15**	**-7.40**	**-0.20**	**4.58**	**-45.43**	**-29.65**	**-31.84**	**8.97**	**60.16**	**-4.02**
Recovery										
SOBs	0.72	-51.97	12.34	11.13	-27.13	-67.60	-75.51	-3.59	-17.02	-49.78
PCBs	-8.59	-18.74	33.41	-12.37	-60.08	-50.89	-29.58	-2.03	42.91	25.86
Foreign banks	44.25	57.76	55.08	53.58	-15.72	40.22	95.74	27.76	85.11	-24.87
Specialized banks	-69.59	357.60	-63.56	-46.06	-90.62	50.80	-2.77	437.58	1,269.45	804.36
Non-bank financial institutions	-22.76	1.88	-19.10	-21.84	-42.13	-14.76	-8.71	6.97	42.37	-15.33
All Banks and NBFIs	**-8.94**	**-16.11**	**23.79**	**-10.11**	**-57.25**	**-45.53**	**-29.84**	**1.75**	**44.63**	**14.64**
Outstanding										
SOBs	18.23	34.52	19.61	75.30	18.23	8.33	-5.03	33.64	34.52	20.76
PCBs	14.42	13.12	18.17	25.32	14.42	15.60	13.02	10.97	13.12	10.17
Foreign banks	25.94	-6.38	79.47	81.08	25.94	9.19	0.84	-1.78	-6.38	-2.18
Specialized banks	11.31	-2.90	11.49	9.90	11.31	15.87	24.93	12.04	-2.90	0.87
Non-bank financial institutions	0.47	-15.18	2.36	4.55	0.47	-10.09	-15.03	-15.19	-15.18	-0.76
All Banks and NBFIs	**13.75**	**13.68**	**17.48**	**30.88**	**13.75**	**10.89**	**6.17**	**12.12**	**13.68**	**10.59**

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
		Point-to-Point			12 Month Average	
2019						
January	5.42	5.33	5.57	5.51	6.02	4.71
February	5.47	5.44	5.51	5.49	5.87	4.89
March	5.55	5.72	5.29	5.48	5.76	5.03
April	5.58	5.54	5.64	5.47	5.64	5.21
May	5.63	5.49	5.84	5.48	5.55	5.35
June	5.52	5.40	5.71	5.47	5.51	5.42
July	5.62	5.42	5.94	5.48	5.45	5.54
August	5.49	5.27	5.82	5.48	5.39	5.63
September	5.54	5.30	5.92	5.49	5.38	5.67
October	5.47	5.49	5.45	5.50	5.42	5.64
November	6.05	6.41	5.47	5.56	5.51	5.63
December	5.75	5.88	5.55	5.59	5.56	5.64
2020						
January	5.57	5.12	6.30	5.60	5.54	5.70
February	5.46	4.97	6.23	5.60	5.50	5.77
March	5.48	4.87	6.45	5.60	5.43	5.86
April	5.96	5.91	6.04	5.63	5.46	5.90
May	5.35	5.09	5.75	5.61	5.43	5.89
June	6.02	6.54	5.22	5.65	5.52	5.85
July	5.53	5.70	5.28	5.64	5.54	5.79
August	5.68	6.08	5.05	5.65	5.61	5.72
September	5.97	6.50	5.12	5.69	5.71	5.66
October	6.44	7.34	5.00	5.77	5.87	5.62
November	5.52	5.73	5.19	5.73	5.82	5.59
December	5.29	5.34	5.21	5.69	5.77	5.56
2021						
January	5.02	5.23	4.69	5.64	5.78	5.43
February	5.32	5.42	5.17	5.63	5.82	5.34
March	5.47	5.51	5.39	5.63	5.87	5.26
April	5.56	5.57	5.55	5.60	5.84	5.22
May	5.26	4.87	5.86	5.59	5.82	5.23
June	5.64	5.45	5.94	5.56	5.73	5.29
July	5.36	5.08	5.80	5.54	5.68	5.33
August	5.54	5.16	6.13	5.53	5.60	5.43
September	5.59	5.21	6.19	5.50	5.49	5.52

Source: Bangladesh Bureau of Statistics (BBS).
Note: Food includes food, beverage & tobacco.

Table II.2: Commodity Prices in the International Markets

	FY20			FY21				FY22
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Rice (US$/M.T)	425.67	465.00	531.33	497.33	493.33	542.33	484.67	405.67
Wheat (US$/M.T)	224.69	238.36	210.70	213.79	248.11	275.22	271.95	264.82
Soybean oil (US$/M.T)	788.77	807.93	705.01	864.64	971.55	1,168.99	1,493.06	1433.68
Sugar (US$ /kg)	0.28	0.30	0.24	0.28	0.31	0.35	0.37	0.42
Crude Petroleum (Dubai) (US$/Barrel)	61.43	50.67	31.66	42.48	43.86	59.49	66.44	71.36

Source: World Bank.

Table II.3: Inflation in South Asia
(Point-to-point)

Country			FY20			FY21				FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Bangladesh	6.02	5.64	5.75	5.48	6.02	5.97	5.29	5.47	5.64	5.59
India(CPI NS)	6.10	6.26	7.35	5.90	6.10	6.69	4.59	5.52	6.26	4.35
Pakistan	8.60	9.70	12.60	10.20	8.60	9.00	8.00	9.10	9.70	9.00
Sri Lanka (NCPI)	6.30	6.10	6.20	7.00	6.30	6.40	4.60	5.10	6.10	6.20

Source: Central banks and Statistics Departments of respective countries.
Note: Quarterly data indicate end quarter.

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

				FY20			FY21			FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Outstanding										
1. Net foreign assets of BB	2,860	3,669.2	2,591	2,631	2,860	3,136.1	3,411.8	3,468.4	3,669.2	3,617.3
2. Net domestic assets of BB	-16	-188.5	-82	98	-16	-327.9	-371.3	-431.8	-188.5	-384.0
a) Claims on public sector	447	205.0	370	248	447	147.7	41.5	-65.4	205.0	105.8
i) Claims on govt. (net)	421	172.9	344	222	421	121.9	13.1	-98.0	172.9	72.7
ii) Claims on other public sector	26	32.2	26	26	26	25.8	28.3	32.6	32.2	33.0
b) Claim on private sector	53	58.4	49	49	53	50.4	53.3	54.6	58.4	58.3
c) Claims on banks	138	189.5	59	372	138	101.4	161.3	190.8	189.5	183.8
d) Other items (net)	-653	-641.4	-560	-570	-653	-627.4	-627.4	-611.8	-641.4	-731.8
3. Currency issued	2,081	2,268.9	1,719	1,919	2,081	2,055.8	2,030.7	2,018.8	2,268.9	2,276.7
i) Currency outside banks	1,921	2,095.2	1,566	1,733	1,921	1,892.0	1,874.6	1,842.2	2,095.2	2,096.2
ii) Cash in tills	160	173.7	153	186	160	163.8	156.1	176.6	173.7	180.5
4. Deposits of banks with BB	764	1,211.8	790	810	764	752.5	1,009.8	1,017.8	1,211.8	956.6
5. Reserve money (RM)	2,845	3,480.7	2,509	2,729	2,845	2,808.2	3,040.5	3,036.6	3,480.7	3,233.3
6. Money multiplier (M2/RM)	4.83	4.48	5.16	4.80	4.83	5.08	4.86	4.89	4.48	4.90
					Growth in percent (y-o-y)					
1. Net foreign assets of BB	11.2	28.3	4.6	4.7	11.2	23.2	31.7	31.8	28.3	15.3
2. Net domestic assets of BB	85.9	-1110.0	37.1	137.3	85.9	-342.0	-352.7	-540.5	-1110.0	-17.1
a) Claims on public sector	33.1	-54.1	58.0	75.5	33.1	-52.9	-88.8	-126.4	-54.1	-28.4
i) Claims on govt. (net)	35.0	-59.0	63.4	88.8	35.0	-57.8	-96.2	-144.1	-59.0	-40.3
ii) Claims on other public sector	7.2	26.1	9.4	9.5	7.2	4.2	9.3	26.5	26.1	27.8
b) Claim on private sector	11.5	9.3	-2.2	1.5	11.5	4.6	9.5	9.3	9.3	15.7
c) Claims on Banks	155.5	37.7	-0.2	436.0	155.5	61.0	175.8	-48.6	37.7	81.3
3. Currency issued	22.1	9.0	8.6	20.3	22.1	18.2	18.1	5.2	9.0	10.7
4. Deposits of banks with BB	0.8	58.6	3.5	23.5	0.8	2.7	27.9	25.6	58.6	27.1
5. Reserve money (RM)	15.6	22.4	6.9	21.2	15.6	13.6	21.2	11.3	22.4	15.1

Source: Statistics Department, Bangladesh Bank.

Table III.2: Movements in Broad Money

(In billion Taka)

			FY20			FY21				FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Outstanding										
1. Net foreign assets	2,973	3,821.8	2,741	2,792	2,973	3,311.6	3,569.8	3,622.0	3,821.8	3,776.9
2. Net domestic assets	10,764	11,787.2	10,203	10,314	10,764	10,950.5	11,217.1	11,216.0	11,787.2	12,082.3
a) Domestic credit	13,076	14,399.0	12,406	12,305	13,076	13,329.6	13,635.8	13,707.3	14,399.0	14,689.0
Credit to public sector	2,104	2,510.4	1,874	1,639	2,104	2,198.8	2,222.7	2,103.5	2,510.4	2,581.8
Credit to govt. (net)	1,812	2,210.3	1,569	1,338	1,812	1,905.0	1,912.8	1,789.1	2,210.3	2,275.4
Credit to other public sector	292	300.2	306	301	292	293.8	309.9	314.4	300.2	306.4
Credit to private sector	10,973	11,888.6	10,532	10,666	10,973	11,130.8	11,413.0	11,603.8	11,888.6	12,107.2
b) Other items (net)	-2,312	-2,611.8	-2,203	-1,991	-2,312	-2,379.1	-2,418.7	-2,491.4	-2,611.8	-2,606.8
3. Narrow Money	3,283	3,758.3	2,759	2,910	3,283	3,255.5	3,363.8	3,297.8	3,758.3	3,666.7
a) Currency outside banks	1,921	2,095.2	1,566	1,733	1,921	1,892.0	1,874.6	1,842.2	2,095.2	2,096.2
b) Demand deposits	1,361	1,663.1	1,194	1,176	1,361	1,363.5	1,489.2	1,455.6	1,663.1	1,570.5
4. Time deposits	10,455	11,850.7	10,185	10,197	10,455	11,006.6	11,423.0	11,540.2	11,850.7	12,192.5
5. Broad money	13,737	15,609.0	12,944	13,107	13,737	14,262.0	14,786.8	14,837.9	15,609.0	15,859.2
					Growth in percent (y-o-y)					
1. Net foreign assets	9.15	28.53	3.56	3.63	9.15	22.07	30.22	29.71	28.53	14.05
2. Net domestic assets	13.64	9.51	14.56	14.72	13.64	11.67	9.94	8.74	9.51	10.34
a) Domestic credit	14.02	10.11	14.84	12.24	14.02	12.65	9.91	11.40	10.11	10.20
Credit to public sector	53.97	19.33	54.31	40.60	53.97	32.04	18.58	28.34	19.33	17.42
Credit to govt. (net)	59.92	22.01	59.77	44.59	59.92	35.31	21.94	33.75	22.01	19.44
Credit to other public sector	25.09	2.75	31.33	25.27	25.09	14.10	1.32	4.31	2.75	4.30
Credit to private sector	8.61	8.35	9.84	8.87	8.61	9.48	8.37	8.79	8.35	8.77
3. Narrow money	20.11	14.49	8.02	15.59	20.11	20.21	21.91	13.34	14.49	12.63
4. Time deposits	10.48	13.35	13.18	11.22	10.48	12.19	12.16	13.17	13.35	10.77
5. Broad money	12.64	13.62	12.04	12.16	12.64	13.92	14.23	13.21	13.62	11.20

Source: Statistics Department, Bangladesh Bank.

Table III.3: Interest Rates Developments

Instruments	Mar.20	Jun.20	Sep.20	Dec.20	Mar.21	Jun.21	Sep.21[P]
T - Bills							
14 - day	…	…	…	…	…	…	…
91 - day	7.09	6.83	2.93	0.53	0.75	0.52	2.00
182 - day	7.47	6.91	3.71	1.12	0.99	0.68	2.50
364 - day	7.51	7.35	3.86	1.91	1.86	1.21	2.76
BGTB							
2 - year	7.79	7.75	4.61	3.28	3.13	2.44	…
5 - year	8.05	8.05	5.57	4.48	4.24	3.84	4.67
10 - year	8.47	8.62	6.48	5.68	…	5.38	6.19
15-year	8.69	8.69	6.70	6.58	…	5.65	6.19
20-year	8.99	8.90	6.98	7.01	…	6.06	6.31
Repo							
1-3 day	5.75	5.25	4.75	4.75	4.75	4.75	4.75
Reverse Repo							
1-3 day	4.75	4.75	4.00	4.00	4.00	4.00	4.00
Bangladesh Banks Bills							
07-Day	…	…	…	…	…	…	1.28
14-Day	…	…	…	…	…	…	1.51
30-Day	…	…	…	…	…	…	1.89
Call Money Rate	**5.14**	**5.01**	**2.87**	**1.79**	**1.82**	**2.25**	**1.90**
Lending Rate							
All Banks	9.5	8.03	8.04	7.69	7.57	7.43	7.40
State Owned Banks	6.73	6.45	6.49	6.18	6.21	6.20	6.30
Private Banks	10.24	8.41	8.43	8.06	7.91	7.74	7.68
(a) Domestic	10.28	8.43	8.45	8.10	7.96	7.81	7.75
(b) Foreign	9.52	8.03	7.87	7.26	6.70	6.17	5.88
Specialized Banks	7.85	7.79	7.68	7.59	7.59	7.24	7.19
Islamic Banks	10.13	8.97	9.18	8.49	8.14	8.02	8.01
Deposits Rate							
All Banks	5.44	5.02	4.89	4.56	4.39	4.14	4.09
State Owned Banks	4.5	4.27	4.48	4.43	5.43	4.32	4.24
Private Banks	5.75	5.26	5.00	4.57	4.32	4.02	3.99
(a) Domestic	5.99	5.49	5.22	4.78	4.53	4.22	4.18
(b) Foreign	2.15	1.87	1.72	1.37	1.16	0.92	0.87
Specialized Banks	5.66	5.64	5.71	5.43	4.48	5.62	5.47
Islamic Banks	6.07	5.86	5.62	5.14	4.87	4.56	4.48
National Savings Certificate[@]							
5 – year Bangladesh Sanchayapatra[1]	11.28	11.28	11.28	11.28	11.28	11.28	9.30-11.28
3 – year Sanchayapatra (Tin Mas Antar Munafa Vittik)[2]	11.04	11.04	11.04	11.04	11.04	11.04	9.00-11.04
5 – year Pensioner Sanchayapatra[3]	11.76	11.76	11.76	11.76	11.76	11.76	9.75-11.76
5 – year Paribar Sanchayapatra[4]	11.52	11.52	11.52	11.52	11.52	11.52	9.50-11.52

Sources: Monetary Policy Department and Statistics Department, Bangladesh Bank; Department of National Savings; … = No auction.
P = Provisional.

Note: Revised interest rates for NSC were effective from 21 September 2021.
[1]The interest rates are 11.28%, 10.30% & 9.30% for upto Tk 15 lac, 15+ lac to 30 lac, & above 30 lac respectively.
[2]The interest rates are 11.04%, 10.0% & 9.0% for upto Tk 15 lac, 15+ lac to 30 lac, & above 30 lac respectively.
[3]The interest rates are 11.76%, 10.75% & 9.75% for upto Tk 15 lac, 15+ lac to 30 lac & above 30 lac respectively.
[4]The interest rates are 11.52%, 10.50% & 9.50% for upto Tk 15 lac, 15+ lac to 30 lac & above 30 lac respectively.

Table III.4: Outstanding Stocks of Bangladesh Bank Bills, Treasury Bills, Bonds and NSD Certificates

(In billion Taka)

Instruments	Dec.19	Mar.20	Jun.20	Sep.20	Dec.20	Mar.21	Jun.21	Sep.21
Bangladesh Banks Bills								
07-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0
30-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	95.0
Sub Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**102.0**
T - Bills								
14 - day	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
91 - day	147.0	122.0	122.0	165.0	156.0	127.0	112.5	142.9
182 - day	198.0	177.0	185.0	185.0	156.0	105.0	121.0	162.3
364 - day	311.0	362.0	355.0	332.0	279.0	248.5	287.5	272.5
Sub Total	**686.0**	**661.0**	**662.0**	**682.0**	**591.0**	**480.5**	**521.0**	**577.6**
BGTB								
2 - year	212.0	254.0	302.0	357.0	382.0	397.0	440.0	430.0
5 - year	355.7	387.0	461.5	510.0	558.5	573.5	566.5	597.0
10 - year	615.8	651.8	723.2	772.7	805.7	825.7	865.7	911.7
15-year	317.7	327.2	350.2	359.7	384.2	388.2	416.2	429.7
20-year	287.9	294.4	326.4	335.9	359.9	363.9	385.9	397.3
Sub Total	**1789.0**	**1914.3**	**2163.2**	**2335.2**	**2490.2**	**2548.2**	**2674.2**	**2765.6**
National Savings Certificate	2931.4	2989.1	3021.3	3138.0	3226.2	3353.4	3440.9	3526.5
Total	**5406.4**	**5564.4**	**5846.5**	**6155.2**	**6307.4**	**6382.1**	**6636.1**	**6869.7**

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

Table IV.1: Government Fiscal Operations

(In billion Taka)

	FY20		FY21						FY22	
	Revised Budget	Actual	Revised Budget	FY21^P	Q_1	Q_2	Q_3	Q_4^P	Budget	Q_1^P
Revenue	3,481	2,659	3,515	2,997	621	677	791	908	3,890	737
a) NBR Tax revenue	3,005	2,160	3,010	2,599	500	605	678	816	3,300	584
i) VAT	1,098	810	1,152	1,021	206	239	259	316	1,277	241
ii) Customs duties	337	238	372	305	63	69	83	90	380	77
iii) Income tax	1,029	754	960	849	159	183	214	293	1,050	179
iv) Others	540	358	526	425	72	113	123	117	593	87
b) Non-NBR tax revenue	126	59	150	63	17	19	15	11	160	23
c) Non-tax revenue*	350	439	355	335	104	53	98	80	430	131
Expenditure	5,016	4,202	5,390	4,310	941	887	877	1,605	6,037	1,013
a) Current*	2,749	2,361	3,025	2,354	716	487	454	698	3,288	762
b) ADP	1,929	1,618	1,976	1,721	173	340	365	843	2,253	196
c) Others*	337	222	388	236	53	60	58	64	495	56
Budget Deficit	-1,535	-1,522	-1,874	-1,313	-320	-210	-86	-698	-2,147	-276
Financing	1,535	1,522	1,874	1,313	320	210	86	698	2,147	276
a) Domestic financing	973	1,080	1,150	839	227	102	-8	518	1,135	147
i) Bank financing	824	793	797	398	89	11	-130	428	765	60
ii) Non-bank financing	149	288	353	441	139	91	122	90	370	87
b) Foreign financing**	562	441	724	474	93	108	93	180	1,012	129
				In Percentage of GDP						
Revenue	12.71	9.71	11.67	9.95	2.06	2.25	2.63	3.01	11.26	2.13
a) NBR Tax revenue	10.97	7.89	10.00	8.63	1.66	2.01	2.25	2.71	9.55	1.69
i) VAT	4.01	2.96	3.83	3.39	0.68	0.80	0.86	1.05	3.70	0.70
ii) Customs duties	1.23	0.87	1.24	1.01	0.21	0.23	0.28	0.30	1.10	0.22
iii) Income tax	3.76	2.75	3.19	2.82	0.53	0.61	0.71	0.97	3.04	0.52
iv) Others	1.97	1.31	1.75	1.41	0.24	0.38	0.41	0.39	1.72	0.25
b) Non-NBR tax revenue	0.46	0.22	0.50	0.21	0.06	0.06	0.05	0.04	0.46	0.07
c) Non tax revenue	1.28	1.60	1.18	1.11	0.35	0.17	0.33	0.27	1.24	0.38
Expenditure	18.31	15.34	17.90	14.31	3.13	2.94	2.91	5.33	17.47	2.93
a) Current	10.04	8.62	10.05	7.82	2.38	1.62	1.51	2.32	9.51	2.20
b) ADP	7.04	5.91	6.56	5.71	0.57	1.13	1.21	2.80	6.52	0.57
c) Others	1.23	0.81	1.29	0.78	0.18	0.20	0.19	0.21	1.43	0.16
Budget Deficit	-5.60	-5.56	-6.22	-4.36	-1.06	-0.70	-0.28	-2.32	-6.21	-0.80
Financing	5.60	5.56	6.22	4.36	1.06	0.70	0.28	2.32	6.21	0.80
a) Domestic financing	3.55	3.94	3.82	2.79	0.75	0.34	-0.03	1.72	3.28	0.43
i) Bank financing	3.01	2.89	2.65	1.32	0.29	0.04	-0.43	1.42	2.21	0.17
ii) Non-bank financing	0.54	1.05	1.17	1.46	0.46	0.30	0.40	0.30	1.07	0.25
b) Foreign financing	2.05	1.61	2.40	1.57	0.31	0.36	0.31	0.60	2.93	0.37
Memorandum item										
GDP at current market price	27393	27393	30111	30111	30111	30111	30111	30111	34560	34560

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

*=Estimated, * *= Grants included; P = Provisional.

Table V.1: Balance of Payments

(In million Taka)

			FY20^P			FY21^P				FY22^P
	FY20	FY21^P	Q_2	Q_3	Q_4	Q_1^P	Q_2^{RP}	Q_3^P	Q_4^P	Q_1^P
Current Account Balance	**-4,724**	**-3,808**	**-927**	**-984**	**-2,073**	**3,481**	**621**	**-4023**	**-3887**	**-2314**
Trade balance	-17,858	-22,799	-4,383	-3,855	-5,780	-2,040	-4,425	-8032	-8302	-6503
Export f.o.b.	32,832	37,882	9,427	9,408	4,580	9,696	9,065	9509	9612	10818
Import f.o.b.	50,690	60,681	13,810	13,263	10,360	11,736	13,490	17541	17914	17321
Services	-2,578	-3,008	-780	-704	-218	-532	-526	-899	-1051	-652
Credit	6,716	7,396	1,868	1,813	1,371	1,610	1,972	1855	1959	2074
Debit	9,294	10,404	2,648	2,517	1,589	2,142	2,498	2754	3010	2726
Primary Income	-3,070	-3,363	-833	-901	-691	-777	-858	-872	-856	-725
Credit	174	203	41	35	43	33	30	71	69	96
Debit	3,244	3,566	874	936	734	810	888	943	925	821
Secondary Income	18,782	25,362	5,069	4,476	4,616	6,825	6,430	5780	6322	5566
Official Transfers	19	33	8	5	4	10	9	3	11	7
Private Transfers	18,763	25,329	5,061	4,471	4,612	6,820	6,421	5777	6311	5559
Of which : workers' remittances	18,205	24,778	4,889	4,367	4,430	6,713	6,232	5653	6180	5408
Capital & Financial Account	**8,065**	**13,301**	**1,210**	**1,512**	**4,384**	**-712**	**2,989**	**5135**	**5889**	**1993**
Capital account	256	221	106	65	57	50	37	38	96	68
Capital transfers	256	221	106	65	57	50	37	38	96	68
Financial account	7,809	13,080	1,104	1,447	4,327	-510	2,700	5097	5793	1925
Foreign direct investment (Gross Inflows)	3,233	3,501	971	804	742	777	776	1127	821	847
Of which: FDI net inflow	1,271	1,771	413	447	241	227	228	861	455	339
Portfolio investment	44	-269	1	2	5	-154	-3	-72	-40	-61
Of which : workers' remittances	191	211	50	65	14	70	64	40	37	32
Other investment	6,494	11,578	690	998	4,081	-583	2,475	4308	5378	1647
Medium and long-term (MLT) loans	6,996	6,726	1,673	1,725	2,697	1,384	1,501	1342	2499	1863
MLT amortization payments	1,257	1,417	290	348	276	376	304	387	350	424
Other long term loans	499	1,595	68	135	165	123	261	468	743	215
Other short term loans	1,142	2,068	-149	1,106	132	-18	154	867	1065	195
Trade credit	-616	3,052	-608	-1,517	1,039	-576	851	1875	902	-416
DMBs and NBDCs	-270	-446	-4	-103	324	-1,120	12	143	519	214
Assets	-242	312	-191	342	-617	417	-260	21	134	551
Liabilities	-512	-134	-195	239	-293	-703	-248	164	653	765
Net Errors & Omissions	-172	-219	-52	69	234	77	-301	-277	282	-489
Overall Balance	**3,169**	**9,274**	**231**	**597**	**2,545**	**3,098**	**3,057**	**835**	**2284**	**-810**
Reserve Assets	**-3,169**	**-9,274**	**-231**	**-597**	**-2,545**	**-3,098**	**-3,057**	**-835**	**-2284**	**810**
Bangladesh Bank	-3,169	-9,274	-231	-597	-2,545	-3,098	-3,057	-835	-2284	810
Assets	3,250	9,924	676	43	3,291	3,014	3,606	435	2869	-29
Liabilities	81	650	445	-554	746	-84	549	-400	585	781
Memorandum Items										
Gross official reserves	36,037	46,391	32,689	32,570	36,037	39,314	43,167	43441	46,391	46200
In months of imports of goods & services	6.1	6.9	6.1	4.8	5.2	5.9	8.0	5.9	6.1	6.3
In months of prospective imports	6.6	7.5	6.7	5.2	5.6	6.3	8.7	6.2	6.5	6.7
Export growth (in percent)	-17.10	15.38	-8.26	-7.25	-51.47	2.96	-3.84	1.07	109.87	11.57
Import growth (in percent)	-8.57	19.71	-2.91	-8.81	-20.75	-11.47	-2.32	32.26	72.92	47.59
Remittances growth (in percent)	12.03	35.84	36.21	1.33	-2.35	48.07	27.48	28.45	39.90	-19.80

Source: Statistics Department, Bangladesh Bank.

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

Table V.2: Trends in the Commodity Composition of Exports

(In million Taka)

Items			FY20			FY21				FY22
	FY20	FY21	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1. Raw jute	129.9	138.2	56.0	29.5	11.8	41.2	43.8	30.1	23.1	39.5
2. Jute goods	752.5	1,023.3	235.6	235.0	94.0	266.4	316.8	255.3	184.8	172.8
3. Tea	3.1	3.6	0.8	0.9	0.0	1.2	1.1	0.9	0.4	0.4
4. Leather	98.3	119.1	35.1	23.0	9.0	23.8	30.9	28.6	35.9	32.0
5. Frozen shrimps and fish	407.9	444.4	149.6	99.3	48.5	123.7	137.2	80.0	103.5	145.0
6. Woven garments	14,041.2	14,496.7	3,930.9	4,331.0	1,892.0	3,662.7	3,356.7	3,814.4	3,663.0	3,895.3
7. Knitwear products	13,908.0	16,960.0	4,035.6	3,748.8	1,953.0	4,463.7	4,062.5	4,128.0	4,305.9	5,164.2
8. Fertilizer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Terry towels	36.7	34.8	10.3	9.1	6.7	8.9	10.1	9.7	6.1	12.0
10. Others	4,297.0	5,538.2	1,200.0	1,195.8	684.0	1,305.3	1,377.6	1,357.9	1,497.4	1,560.9
Total exports	**33,674**	**38,758**	**9,654**	**9,672**	**4,700**	**9,897**	**9,337**	**9,705**	**9,820**	**11,022**
Of which: exports from EPZ	4,944	5,306	1,497	1,477	543	1,283	1,271	1,278	1,474	1,531
Total exports (adjusted)	**32,832**	**37,882**	**9,427**	**9,408**	**4,580**	**9,696**	**9,065**	**9,509**	**9,612**	**10,818**

Source: Export Promotion Bureau, Bangladesh.

Table V.3: Major Destination-wise RMG Related Exports

(In million USD)

			FY20			FY21				FY22
	FY20	FY21	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Exports of RMG	**27,949**	**31457**	**7,967**	**8,080**	**3,846**	**8,126**	**7,419**	**7942**	**7969**	**9059**
European Countries	17,890	20297	5,102	5,248	2,444	5,219	4,871	5149	5058	5604
USA	5,147	5946	1,488	1,397	770	1,580	1,320	1407	1639	1912
Other Countries	4,913	5214	1,377	1,435	631	1,328	1,228	1387	1272	1543
Woven Garments	**14,041**	**14497**	**3,931**	**4,331**	**1,892**	**3,663**	**3,357**	**3814**	**3663**	**3895**
European Countries	7,733	8116	2,091	2,533	1,049	1,967	1,883	2253	2014	2011
USA	3,773	3888	1,104	1,060	524	1,049	868	928	1044	1171
Other Countries	2,535	2493	736	739	318	647	607	634	605	713
Knitwear Products	**13,908**	**16960**	**4,036**	**3,749**	**1,954**	**4,464**	**4,063**	**4128**	**4306**	**5164**
European Countries	10,157	12181	3,011	2,715	1,395	3,252	2,989	2896	3044	3593
USA	1,374	2059	384	338	246	532	452	480	595	741
Other Countries	2,378	2720	640	697	313	680	622	752	666	830
					Growth in percent(y-o-y)					
Exports of RMG	**-18.12**	**12.55**	**-10.42**	**-8.87**	**-53.00**	**0.85**	**-6.87**	**-1.70**	**107.22**	**11.48**
European Countries	-18.71	13.45	-10.13	-9.22	-53.60	2.39	-4.52	-1.88	106.96	7.39
USA	-16.10	15.54	-7.47	-7.24	-49.81	5.99	-11.31	0.72	112.78	21.03
Other Countries	-18.01	6.13	-14.40	-9.18	-54.26	-9.66	-10.79	-3.40	101.50	16.20
Woven Garments	**-18.58**	**3.24**	**-11.62**	**-8.21**	**-53.79**	**-5.78**	**-14.61**	**-11.93**	**93.60**	**6.35**
European Countries	-19.15	4.94	-12.28	-8.43	-53.26	-4.54	-9.96	-11.05	91.88	2.26
USA	-18.32	3.04	-9.28	-8.81	-54.15	-3.38	-21.41	-12.45	99.15	11.69
Other Countries	-17.16	-1.64	-13.09	-6.53	-54.86	-12.71	-17.62	-14.18	90.16	10.13
Knitwear Products	**-17.65**	**21.94**	**-9.23**	**-9.63**	**-52.21**	**7.04**	**0.67**	**10.12**	**120.42**	**15.69**
European Countries	-18.37	19.93	-8.57	-9.94	-53.85	7.09	-0.74	6.69	118.31	10.50
USA	-9.31	49.88	-1.86	-1.95	-37.15	31.05	17.70	42.06	141.81	39.45
Other Countries	-18.89	14.41	-15.86	-11.80	-53.61	-6.54	-2.93	8.00	112.99	21.98

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

Table V.4: Export Performance for July-September, 2021-22

(In million USD)

	Export for 2020-21	Proposed Export Target for 2021-22	Strategic Target for July-Sep. 2021-22	Export Performance for July-Sep. 2021-22	Export Performance for July-Sep. 2020-21	% Change of export performance over Export Target	% Change of export performance July-Sep. 2021-22 Over July-Sep. 2020-21
All Products (A+B)	**38,758.3**	**43,500.0**	**10,433.0**	**11,022.0**	**9,896.8**	**5.65**	**11.37**
A. Primary Commodities:	**1,505.5**	**1,617.2**	**387.9**	**497.1**	**403.1**	**28.17**	**23.33**
Frozen & Live Fish	477.4	508.0	121.8	152.6	131.6	25.25	15.96
Agricultural Products	1,028.1	1,109.2	266.0	344.5	271.5	29.50	26.90
B. Manufactured Commodities:	**37,252.8**	**41,882.8**	**10,045.1**	**10,524.8**	**9,493.7**	**4.78**	**10.86**
Cement salt stone etc.	7.3	8.0	1.9	1.6	1.8	-17.19	-12.15
Ores, Slag and Ash	29.3	35.9	8.6	9.2	5.7	6.63	60.60
Petroleum bi Products	23.3	25.7	6.2	6.6	5.0	6.33	32.06
Chemical products	280.6	302.9	72.6	90.2	61.9	24.16	45.66
Plastic, Melamine Products	115.3	127.0	30.5	30.8	26.2	0.95	17.50
Rubber	34.2	40.5	9.7	9.6	6.3	-1.44	51.66
Leather & Leather products (including leather footwear)	941.7	1,031.0	247.3	271.3	225.2	9.73	20.52
Wood and Wood Products	4.3	5.4	1.3	0.4	0.2	-71.54	105.56
Handicrafts	34.0	39.0	9.4	8.9	8.0	-4.49	11.63
Pulp	0.03	0.04	0.01	0.0	0.0	-100.00	---
Paper and Paper Products	71.4	73.0	17.5	16.7	16.4	-4.51	1.95
Printed Materials	0.9	1.1	0.3	0.4	0.2	33.33	89.47
Silk	0.6	1.0	0.2	0.1	0.03	-58.33	233.33
Wool and woolen Products	0.3	0.4	0.1	0.1	0.0	12.50	0.00
Cotton and Cotton Products	154.3	175.0	42.0	42.7	34.0	1.81	25.68
Jute and Jute Goods	1,161.5	1,420.0	340.6	212.3	307.6	-37.67	-30.97
Man Made Filaments and Staple Fibers	119.4	130.0	31.2	29.1	32.9	-6.83	-11.76
Carpet	33.5	45.0	10.8	7.8	8.8	-27.34	-10.50
Specialized Textiles	130.9	150.0	36.0	38.1	29.5	5.98	29.08
Knitwear	16,960.0	19,515.0	4,680.5	5,164.2	4,463.7	10.33	15.69
Woven Garments	14,496.7	15,629.0	3,748.4	3,895.3	3,662.7	3.92	6.35
Home Textile	1,132.0	1,370.0	328.6	279.2	252.4	-15.02	10.65
Other Footwear (excluding leather footwear)	344.5	400.0	95.9	92.6	102.0	-3.45	-9.22
Headgear/Cap	226.4	250.0	60.0	70.7	43.7	17.90	61.65
Umbrella Waking Sticks	0.02	0.01	0.0	0.04	0.0	0.00	0.00
Wigs and Human Hair	57.1	64.0	15.4	19.2	9.3	24.82	106.91
Building Materials	0.9	1.0	0.2	0.1	0.3	-75.00	-76.00
Ceramic Products	31.1	35.0	8.4	9.9	8.2	18.47	21.22
Glass and Glass ware	7.9	10.0	2.4	3.4	1.3	42.08	156.39
Engineering Products	529.0	644.8	154.6	118.9	111.1	-23.11	7.04
Ships, boats & floating structures	0.2	0.2	0.05	0.02	0.05	-60.00	-60.00
Other Manufactured Products	324.2	353.0	84.7	95.5	69.5	12.83	37.48

Source: Export Promotion Bureau, Bangladesh.

Table V.5: Trends in the Commodity Composition of Imports

(In million USD)

			FY20			FY21				FY22
	FY20	FY21	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
A. Food Grains	**1,672**	**2,681**	**472**	**590**	**325**	**450**	**689**	**762**	**780**	**541**
1. Rice	22	851	11	3	5	3	239	289	320	232
2. Wheat	1,650	1,830	461	587	319	447	451	473	460	309
B. Other Food Items	**3,705**	**4,155**	**790**	**1,218**	**957**	**824**	**852**	**1,192**	**1,288**	**1,160**
3. Milk & cream	341	344	69	99	96	73	63	112	97	112
4. Spices	351	404	75	102	82	138	85	90	92	87
5. Edible oil	1,617	1,926	398	481	410	325	414	505	682	576
6. Pulses (all sorts)	662	681	89	211	246	113	105	272	192	182
7. Sugar	733	800	160	325	123	175	186	213	226	203
C. Consumer & Intermediate Goods	**31,913**	**38,307**	**8,511**	**8,037**	**7,065**	**7,423**	**7,909**	**11,557**	**11,418**	**11,481**
8. Clinker	879	1,048	262	282	129	198	242	295	314	242
9. Crude petroleum	731	2,616	180	120	214	124	220	2,142	131	254
10. POL	4,627	6,369	829	1,097	1,541	1,386	1,023	1,724	2,237	1,361
11. Oil seeds	1,183	1,406	208	394	369	260	229	372	545	293
12. Chemicals	2,533	2,974	659	620	595	728	678	740	829	853
13. Pharmaceutical products	294	363	92	68	55	70	83	105	106	259
14. Fertilizer	1,035	1,360	396	231	60	207	444	433	276	762
15. Dyeing and tanning materials	697	855	190	188	131	188	201	226	240	236
16. Plastics and rubber articles thereof	2,610	3,168	724	647	517	621	658	895	994	950
17. Raw cotton	2,961	3,186	748	837	599	609	612	920	1,045	1,040
18. Yarn	1,901	2,436	484	555	403	521	443	559	914	1,254
19. Textile and articles thereof	6,380	6,553	2,009	1,541	1,261	1,361	1,655	1,486	2,051	2,000
20. Staple fibre	1,086	1,040	320	284	199	195	255	283	306	310
21. Iron, steel & other base metals	4,997	4,933	1,410	1,173	993	956	1,168	1,378	1,431	1,669
D. Capital Goods & Others	**11,109**	**13,012**	**3,242**	**2,681**	**1,758**	**2,632**	**2,926**	**3,492**	**3,962**	**3,690**
22. Capital machinery	3,581	3,825	1,038	861	566	811	715	1,104	1,194	1,167
23. Others Capital goods	7,528	9,187	2,204	1,820	1,191	1,821	2,211	2,388	2,767	2,524
E. Others	**6,386**	**7,440**	**1,915**	**1,808**	**1,094**	**1,357**	**2,206**	**1,960**	**1,917**	**1,848**
Grand Total c.i.f.(A+B+C+D+E)	**54,785**	**65,595**	**14,926**	**14,335**	**11,200**	**12,687**	**14,583**	**18,961**	**19,365**	**18,720**
Of which Import by EPZ	3,488	3,489	1,048	908	647	695	859	868	1,067	1,105
Grand Total f.o.b.(adjusted)	**50,690**	**60,681**	**13,810**	**13,263**	**10,360**	**11,736**	**13,490**	**17,541**	**17,914**	**17,321**

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

Table V.6: Sector wise comparative statement of the Opening and Settlement of Import LCs

(In million USD)

Items						FY21					FY22	
	FY21		Q_1		Q_2		Q_3		Q_4		Q_1	
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement
Consumer goods	7,813	6,807	1,631	1,473	1,570	1,557	2,747	1,808	1,864	1,970	2,565	1,999
Intermediate goods	6,144	5,315	1,041	871	1,437	1,232	1,818	1,454	1,848	1,758	1,758	1,518
Industrial raw materials	24,419	20,226	4,637	4,320	5,779	4,650	6,493	5,425	7,510	5,831	7,384	6,473
Capital machinery	5,703	3,742	1,195	823	1,043	859	1,057	1,018	2,407	1,041	1,395	935
Machinery for misc. industries	3,720	3,302	899	660	876	832	969	868	976	943	1,414	932
Petroleum and petroleum products	4,408	4,290	710	788	1,042	957	1,250	1,173	1,406	1,372	1,736	1,405
Others	14,832	13,575	3,188	2,567	3,644	3,442	3,866	3,647	4,133	3,919	4,167	3,788
Total	**67,037**	**57,256**	**13,300**	**11,501**	**15,391**	**13,529**	**18,201**	**15,392**	**20,145**	**16,834**	**20,419**	**17,050**
of which back to back	8,999	7,506	1,907	1,761	1,965	1,779	2,400	1,859	2,728	2,107	3,168	2,567
						Growth in percent						
Consumer goods	25.19	18.73	10.74	28.76	-3.84	-0.24	56.79	8.20	34.80	45.01	57.3	35.8
Intermediate goods	20.59	3.91	-14.43	-23.57	5.76	-10.01	21.18	12.35	81.27	34.00	69.0	74.2
Industrial raw materials	21.13	11.01	-6.96	-7.32	11.80	0.83	18.64	12.20	65.65	41.83	59.2	49.8
Capital machinery	15.50	-12.39	45.24	-38.95	-44.42	-34.20	-25.04	5.06	191.16	60.70	16.8	13.7
Machinery for misc. industries	22.43	11.25	2.85	-15.69	19.39	3.55	12.32	11.98	71.83	55.21	57.3	41.3
Petroleum and petroleum products	-7.99	-5.14	-49.78	-24.76	30.41	-0.11	-26.51	-22.48	60.24	36.66	144.7	78.3
Others	25.28	9.26	-4.32	-20.11	11.28	-5.77	35.57	20.45	73.66	54.84	30.7	47.6
Total	**19.50**	**7.52**	**-8.90**	**-13.75**	**7.18**	**-5.14**	**17.04**	**9.28**	**73.83**	**45.47**	**53.5**	**48.2**
of which back to back	13.99	0.43	-17.31	-13.78	-6.70	-8.88	20.09	-5.18	83.69	38.75	66.2	45.8

Source: Foreign Exchange Operation Department, Bangladesh Bank.

Table V.7: Country-wise Workers' Remittances

(In million USD)

Countries				FY20			FY21			FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Gulf Region	**10,557**	**13,611**	**2,779**	**2,456**	**2,653**	**3,824**	**3,403**	**3,044**	**3,341**	**2,976**
1. Saudi Arabia	4,015	5,721	1,007	916	1,144	1,614	1,453	1,290	1,364	1,304
2. UAE	2,473	2,440	715	564	569	752	622	506	561	446
3. Qatar	1,020	1,450	276	249	209	347	328	342	434	356
4. Oman	1,241	1,536	308	269	345	486	384	301	365	292
5. Kuwait	1,372	1,887	368	347	279	466	473	472	475	442
6. Bahrain	437	578	104	109	107	160	144	132	142	136
Euro Region	**1,418**	**2,091**	**412**	**346**	**307**	**531**	**521**	**513**	**525**	**471**
7. UK	1,365	2,024	398	333	296	516	504	496	508	452
8. Germany	53	67	15	13	11	15	17	17	18	19
Asia Pacific Region	**1,738**	**2,707**	**461**	**451**	**386**	**818**	**718**	**569**	**602**	**421**
9. Singapore	457	625	125	117	108	189	156	137	143	112
10. Japan	49	80	12	11	12	21	23	18	18	18
11. Malaysia	1,231	2,002	324	322	266	607	540	414	441	291
Rest of the World	**4,492**	**6,369**	**1,236**	**1,114**	**1,085**	**1,540**	**1,591**	**1,527**	**1,712**	**1,541**
12. USA	2,403	3,462	612	610	691	815	831	843	973	858
13. Others	2,089	2,907	625	504	393	725	759	684	739	683
Total	**18,205**	**24,778**	**4,889**	**4,367**	**4,430**	**6,713**	**6,232**	**5,654**	**6,179**	**5,408**

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
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
April	84.80	84.80	117.32	118.16	101.35	102.82	0.78	0.78
May	84.80	84.80	119.28	120.32	102.93	103.38	0.78	0.77
June	84.81	84.81	119.03	117.36	102.27	100.90	0.77	0.77
2021 -22								
July	84.80	84.81	117.20	117.88	100.25	100.44	0.77	0.77
August	84.95	85.20	117.32	117.24	100.03	100.51	0.77	0.78
September	85.26	85.50	117.16	114.80	100.40	99.15	0.77	0.76

Source: Statistics Department, Bangladesh Bank.

Table V.9: Trends in Foreign Aid

(In million USD)

			FY20			$FY21^P$				$FY22^P$
	FY20	$FY21^R$	Q_2	Q_3	Q_4	Q_1^R	Q_2^P	Q_3^P	Q_4^P	Q_1^P
a. Grants (i+ii)	276	254	113	70	62	60	46	42	106	75
i) Food Aid	0	16	0	0	0	6	7	0	3	2
ii) Project Aid	276	237	113	70	62	54	39	42	103	73
b. Loans (MLT)	6,996	6,726	1,674	1,725	2,697	1,384	1,501	1,342	2,499	1,863
A. Total (a+b)	7,272	6,980	1,787	1,795	2,759	1,445	1,546	1,383	2,605	1,938
B. Amortization(1+2)	1,726	1,900	348	507	376	508	392	547	453	594
1) Principal	1,270	1,413	277	344	297	352	310	380	372	420
2) Interest	457	487	71	163	79	157	82	167	82	174
C. Net Foreign Financing (A -1)	6,002	5,566	1,510	1,451	2,462	1,093	1,236	1,004	2,233	1,518

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		
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
State Owned Commercial Banks	31.58	31.50	23.86	22.82	22.73	22.46	20.90	20.91	20.62	20.07
Specialized Banks	17.82	17.81	15.13	15.10	15.92	15.92	13.32	13.36	11.44	11.44
Private Commercial Banks	7.13	7.43	5.78	5.63	5.86	5.56	4.66	5.13	5.44	5.47
Foreign Commercial Banks	5.48	6.01	5.74	5.59	5.49	5.86	3.46	4.13	3.91	4.12
All Banks	**11.69**	**11.99**	**9.32**	**9.03**	**9.16**	**8.88**	**7.66**	**8.07**	**8.18**	**8.12**

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		
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
State Owned Commercial Banks	8.67	15.18	6.32	4.57	3.21	2.93	0.00	2.67	2.48	2.45
Specialized Banks	4.57	4.58	3.00	2.98	2.70	2.70	1.32	1.22	-0.61	-0.65
Private Commercial Banks	1.45	1.45	-0.07	-0.55	-0.52	-0.94	-1.54	-1.29	-1.17	-1.18
Foreign Commercial Banks	0.12	0.22	0.19	-0.02	-0.41	-0.38	-0.56	-0.29	-0.38	-0.38
All Banks	**2.53**	**3.66**	**1.02**	**0.39**	**0.15**	**-0.22**	**-1.18**	**-0.48**	**-0.47**	**-0.55**

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		
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
State Owned Commercial Bank	8.53	7.74	4.99	4.59	6.93	8.25	4.34	6.49	6.82	6.25
Specialized banks	-31.23	-31.55	-32.02	-33.50	-36.54	-33.73	-32.92	-31.86	-32.16	-34.31
Private Commercial Banks	12.70	12.87	13.62	13.49	13.31	13.29	13.96	13.44	13.26	13.09
Foreign Commercial Banks	28.68	25.07	24.45	24.66	24.35	25.59	28.24	28.04	28.46	27.10
All Banks	**11.74**	**11.65**	**11.57**	**11.35**	**11.63**	**11.94**	**11.64**	**11.67**	**11.57**	**11.22**

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

Table VI.4: Profitability Ratios by Type of Banks

(In percent)

Type of Banks	Return on Asset (ROA)*					Return on Equity (ROE)*				
	2020		2021			2020		2021		
	Sep.	Dec.	Mar.	Jun.	Sep.	Sep.	Dec.	Mar.	Jun.	Sep.
State Owned Commercial Banks	-0.01	-1.07	-0.03	0.13	-0.01	-0.18	-29.57	-0.62	2.94	-0.14
Specialized Banks	-3.50	-3.01	-2.89	-3.20	-3.47	-15.47	-13.85	-13.17	-14.41	-15.41
Private Commercial Banks	0.60	0.70	0.61	0.68	0.66	8.96	10.22	8.87	10.12	10.01
Foreign Commercial Banks	2.15	2.13	1.46	1.48	1.31	12.69	13.10	9.08	9.26	8.40
All Banks	**0.45**	**0.25**	**0.42**	**0.50**	**0.44**	**7.22**	**4.28**	**6.70**	**8.26**	**7.42**

Source: Department of Off- site supervision, Bangladesh Bank; *=All are annualized except the quarter of December.

Table VII.1: Indicators of Capital Market Developments										
				FY20			FY21			FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Number of listed securities[1]	368	388	366	368	368	371	376	382	388	390
Issued equity and debt (billion Taka)	751.2	848.8	746.2	748.8	751.2	763.4	826.7	836.0	848.8	862.5
Market capitalization (billion Taka)	2576.3	4588.4	2845.5	2574.6	2576.3	3467.7	3933.7	4031.0	4588.4	5266.8
Turnover (billion Taka)	780.4	2547.0	211.3	271.5	49.2	468.8	560.4	628.8	889.0	1191.3
DSE broad index	3989.1	6150.5	4452.9	4008.3	3989.1	4963.3	5402.1	5278.2	6150.5	7329.0
DSE-30 index	1341.0	2208.4	1512.4	1330.8	1341.0	1696.0	1964.0	1994.4	2208.4	2710.5
				Growth in percent (y-o-y)						
Issued equity and debt	4.34	12.99	7.48	7.13	4.34	4.49	10.80	11.65	12.99	12.98
Market capitalization	-25.04	78.10	-14.32	-27.77	-25.04	9.22	38.20	56.57	78.10	51.88
Turnover	-46.53	226.38	-36.17	-40.37	-77.98	88.72	165.20	131.65	1,706.8	154.13
DSE broad index	-26.42	54.18	-17.32	-27.01	-26.42	0.32	21.30	31.68	54.18	47.66
DSE-30 index	-30.49	64.68	-19.59	-32.35	-30.49	-3.63	29.90	49.86	64.68	59.82

Source: Dhaka Stock Exchange.
[1]Include debenture but exclude govt. bond.

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

Name of Group				FY20			FY21			FY22
	FY20	FY21	Q_2	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Banks	449.1	679.6	539.6	456.4	449.1	552.4	572.9	562.8	679.6	725.3
Financial Institutions	125.4	212.0	144.7	123.7	125.4	181.1	190.3	168.0	212.0	285.4
Mutual Funds	29.5	46.2	30.7	29.5	29.5	40.2	41.9	36.3	46.2	45.3
Engineering	131.9	603.9	147.9	131.9	131.9	385.3	501.7	523.4	603.9	642.7
Food & Allied Product	208.4	385.7	222.1	208.2	208.4	254.9	305.5	375.0	385.7	460.9
Fuel and Power	365.3	465.9	386.6	363.7	365.3	446.9	430.9	442.6	465.9	561.0
Jute Industry	1.8	2.0	2.5	1.7	1.8	2.3	2.9	2.1	2.0	2.3
Textile Industry	95.9	147.4	105.7	99.1	95.9	117.8	111.8	103.7	147.4	185.4
Pharmaceuticals and Chemicals	467.5	638.3	473.2	458.1	467.5	564.5	608.6	591.2	638.3	764.4
Paper and Printing	9.6	15.1	10.0	9.6	9.6	15.3	15.6	14.7	15.1	23.4
Services and Real Estate	13.0	20.9	13.5	13.1	13.0	16.1	18.8	17.0	20.9	30.9
Cement Industry	71.9	119.4	68.9	73.6	71.9	79.6	88.9	90.8	119.4	166.8
Insurance	91.5	222.7	113.4	91.0	91.5	139.7	160.0	137.4	222.7	225.4
Telecommunication	336.7	730.6	401.4	335.6	336.7	467.1	652.2	702.6	730.6	765.2
Miscellaneous	178.2	298.3	182.0	175.0	178.2	200.1	241.0	261.8	298.3	380.6
Corporate Bond	3.9	4.1	2.8	3.8	3.9	3.9	4.1	4.0	4.1	4.1
Total Market Capitalization	**2,580**	**4,588**	**2,845**	**2,574**	**2,580**	**3,463**	**3,947**	**4,033**	**4,588**	**5,269**

Source: Dhaka Stock Exchange.

ANNEXURE

ACD Circular No. 02 September 14, 2021 Policy regarding formation and operation of refinance scheme of BDT 3000 (three thousand) crore for agriculture sector to combat financial crisis emerged from COVID-19 pandemic	Bangladesh Bank (BB) formed a refinance scheme titled "Special Incentive-based Refinance Scheme in Agricultural Sector (Phase II)" of BDT 3000 (three thousand) crore with its own fund, in continuation of the previously adopted incentive packages, amid the fallout of COVID-19 pandemic. The aim and objective of the scheme is to provide low-interest loans to various sectors of agricultural for a more dynamic and vibrant agricultural sector and for combating financial crisis stemmed from the COVID-19 fallout. The refinance facility is available till 30 June 2022. Interested banks shall have to sign a Participation Agreement with the Agricultural Credit Department of BB to avail of the refinancing facility. Banks have been allowed to disburse additional 20 (twenty) percent of the Sanction Limit, maximum BDT 10 (ten) crore, to the existing pandemic-hit farmers/borrowers in the sectors included in the Agricultural and Rural Credit Policy. The maximum limit of loan to the fresh borrowers/farmers shall be fixed after scrutiny following the Agricultural and Rural Credit Policy of the respective banks. Banks have been permitted to provide maximum BDT 2 (two) lac collateral-free loan to the small, marginal and landless sharecroppers for harvesting cash crops. Loans to cattle breeding and bull fattening against personal guarantee shall have to be prioritized at the household level. Credit financing received under the refinance scheme must not be used to adjust previous loans. Default farmers/borrowers shall not be eligible for loans under the scheme. Participating banks under the scheme shall get refinancing facility at 1% interest/profit from BB. The rate of interest at the farmers' level shall be maximum 4% simple interest/profit rate, equally applicable for existing and new borrowers. Banks have been authorized to provide loans in seed crop, cash crop, vegetables, tuber crops, floriculture, pomiculture, pisciculture, poultry and livestock agricultural and irrigation equipment, seed production sectors included in Agricultural and Rural Credit Policy. Banks shall have to disburse minimum 30% of the refinancing fund in crops and harvesting sector. Participating banks shall repay the interest-principal of the refinancing to BB within 18 (eighteen) months of receiving refinancing facility (12 months + 6 months grace period). The expiry of the loans in crop sector at farmers' level shall be maximum 12 (twelve) months, for the remaining sectors maximum 18 (eighteen) months including 3 (three) months grace period. In case of proven misuses of the fund, BB shall realize one-time 2% additional interest/profit with the regular/fixed rate on the misused amount. If refinancing is availed without disbursing loans or interest charges exceed the 4% interest rate

	at farmers' level, BB shall charge one-time 1% additional interest rate beside applicable bank rate (4%) on the refinanced loans.
ACD Circular No. 01 July 29, 2021 Agricultural & Rural Credit Policy and Program for the Fiscal Year 2021-2022.	BB formulated "Agricultural & Rural Credit Policy and Program for the Fiscal Year 2021-2022" in line with the agricultural and agro-friendly policies of the government adopting the fundamentals of Agricultural & Rural Credit Policy and Program for the Fiscal Year 2020-2021. The fundamental objective of the policy is to develop a sustainable agricultural system supportive of farmer-friendly agenda and poverty alleviation. BB set a target to disburse BDT 28,391 (twenty eight thousand three hundred ninety one) crore in the sector in FY 2021-2022 to attain the objective. The policy underscores allocation of more loans to 3 (three) core sectors of agriculture-crops (minimum 60% of the target), fisheries (minimum 10% of the target) and livestock (minimum 10% of the target). It also prioritizes to settle loan application for crops and harvesting sector within maximum 10 (ten) working days. It allows no CIB report for fresh sanction or renewal up to BDT 2.5 lac loans in crops and harvesting sector. The policy basically aims to ensure easy access to unit or group based agro-credit to authentic small and marginal farmers, the landless, the sharecroppers, 10-Tk account holders etc.. In this connection, it targets women, the helpless, the poor, the educated enthusiastic farmer-entrepreneurs and the disabled to access to agro-credit on priority basis. The applicable rate of interest for agricultural credit shall be fixed by respective banks at their own. But the rate must not exceed the maximum limit of 8% set by BB while loans for producing pulses, oil seed, spices and corns are allowed at 4% concessional interest rate to the concerned farmers. Loans are permitted for crops harvesting to the maximum of 15 bighas (5 acres or 2 hectors) as per policy norms to a single farmer only against crops hypothecation or without collateral. The collateral condition for sanctioning loans for harvesting from more than 5 acres of land is be set by the authority of the respective banks based on bank-customer relation. The policy allows following sector/sub-sectors to access to agricultural credit for the fiscal year 2021-2022: Crops/Harvesting (paddy, wheat, pulses, oil seed etc), fisheries, livestock, agro-machinery, irrigation machinery, seed production, storing and marketing of crops, poverty alleviation and income-generating activities etc.. However, the policy does not include agro-industries for availing loans under the policy norms.
BRPD Circular No. 22 September 20, 2021 Policy for Non-Banking Asset	Non-Banking Asset (NBA) is generated from the acquisition of ownership of the collateral/mortgaged properties through legal channels by the banks against their sanctioned loans that become default. Assets earned against the claims or payment of the receivables by banks must be shown as NBA in the balance sheet

(NBA).	of a bank company. The NBA policy directs banks to ensure the physical possession of the assets by completing registration and mutation through required legal mechanism within the quickest possible time after being entitled to ownership of those assets by the court. And following the physical possession, the assets so obtained through adjustments of the loan of the borrower must be included as NBA in the balance sheet. The assessment of the NBA must be prudentially done by a three-member officials/executives committee expert in the field along with a valuation farm or professional body. Of the two valuations, the lower value has to be considered as the market value. Before adjusting NBA against loans, banks shall have to fix the total dues (all dues including un-charged interest) and calculate the total outstanding with - uncharged interest, if not otherwise mentioned in courts directives. In this case, un-charged interest shall have to be transferred to Interest Suspense Account. If the market value of the NBA is higher than or equal to the outstanding loan, the outstanding loan shall be adjusted by debiting the equal amount of NBA, the remaining amount, if any, shall not be included in the balance sheet. In opposite case where the market value of the NBA falls short to the outstanding loan, the loan equal to the market value shall have to be adjusted by debiting NBA and the unadjusted loan balance shall have to be shown in bank's balance sheet. Interest suspense maintained against such assets and loans has not been allowed to be transferred to income account unless the interest suspense recovered in cash. If interest suspense is totally adjusted, then the amount so maintained shall be transferred as Interest Suspense against NBA and be shown as liability in the balance sheet. And if unadjusted, the total unadjusted interest suspense shall have to be maintained as Interest Suspense Account after deducting specific provision. Likewise, Specific Provision maintained against such loans can never be transferred to income account unless the provision recovered in cash. If provision is thoroughly adjusted, Specific Provision so maintained against such loans shall have to be transferred as Provision against NBA and be shown as liabilities in the balance sheet. If unadjusted, total unadjusted provision shall have to be maintained as Specific Provision after deducting Interest Suspense. Before adjusting NBA against write-off loans, banks shall have to determine the total dues including un-charged interest, if not otherwise mentioned in courts directives. If the asset value equalizes or exceeds to total dues of write-off loans, sum equal to total dues shall have to be debited from NBA and the same be credited to Provision against NBA. If the asset value lags behind to total dues of write-off loans, sum equal to market value of the asset shall be debited from NBA and the same be credited to Provision against NBA. The unadjusted amount of the total dues shall have to be maintained separately.

	If the loans/write-off loans are thoroughly adjusted against Non-Banking Asset, the borrowers shall have to be exempted from all debt obligations and they cannot be shown as defaulter in CIB report. As NBA is acquired against the claims or payment of receivables of loans, these assets so acquired are not allowed to be held by the banks beyond the permitted time as per article 10 of Bank Company Act, 1991. That's why banks shall have to move to sell the asset as early as possible. However, if necessary, banks are allowed to use the asset (full/partial) to run own banking operation. If the sales value of the asset is higher than or equal to the external value, such account shall have to be adjusted against the sales proceeds. And the surplus amount, Interest Suspense against NBA or Provision against NBA, if any, shall have to be transferred to Retained Earnings Account and are not allowed to be transferred to current-year income account anyway. In case, sales value of NBA deficits to external value, the loan account shall have to be adjusted with the equal amount of sales proceeds and the loss, incurred from sales, shall have to adjusted from the maintained Interest Suspense against NBA or Provision against NBA, if any, against such assets. If Interest Suspense against NBA or Provision against NBA even fails to totally adjust the loan account, banks shall have to adjust it by Loss on Sale of NBA account and the loss shall be shown in current-year Profit-Loss account. The outstanding balance of Interest Suspense against NBA or Provision against NBA after adjusting the sales loss shall have to be transferred to Retained Earnings Account and is barred from transferring to current-year income account anyway. To use any portion of NBA to conduct own banking operation by the bank company, NBA shall have to be transferred to Fixed Assets of the bank, on approval of the board of directors of the bank showing proper cause and rationale. In this case, Interest Suspense against NBA or Provision against NBA, if any, shall have to be moved to Retained Earnings Account and is prohibited from transferring to current-year income account anyway. In this regard, the excess amount- the surplus of market value of NBA and external value- must be transferred to Revaluation Reserve for Asset account. After including NBA in bank's balance sheet, sector-wise NBA shall have to be displayed in the Financial Statements of the bank company mentioning the date of acquisition of the NBA. Besides, income generating and non-generating Non-Banking Assets shall have to be shown separately.
BRPD Circular No. 21 September 16, 2021 Arbitrary Termination of Bank	Considering the significant role of bankers in implementing the stimulus packages during the COVID-19-driven environment, and to bolster the working spirit of the bankers in this transitional period, scheduled banks operating in Bangladesh have been directed-

<table>
<tr><td>Employees.</td><td>a) Not to sack officials-staffs without any specific and proven allegations
b) Not to dismiss or force to resign officials-staffs only because of failure to achieve targets or inefficiency during the pandemic
c) To move to reappoint officials-staffs, upon application, who were terminated or forced to resign from the office without any specific and proven charges from 01 April 2021 to 15 September 2021</td></tr>
<tr><td>BRPD Circular No. 20

September 02, 2021

Mapping of External Credit Assessment Institutions' (ECAIs) Rating scales with Bangladesh Bank (BB) Rating Grade</td><td>In addition to rating of SME clients, The Bangladesh Rating Agency Limited (BDRAL) has been recognized as a full-fledged ECAI in addition to existing 07 (Seven) rating agencies (i.e., CRISL, CRAB, NCRL, ECRL, ACRSL, WASO and ACRL). All the scheduled banks operating in Bangladesh may nominate any one or more of the rating agency (ies) for their own and counterparty credit rating for the purpose of calculating RWA against credit risk as per RBCA Guidelines.

In this regard, rating scales of BDRAL have been mapped with BB rating grades as given below:

<table>
<tr><th colspan="2">Long Term</th><th colspan="2">Short Term</th></tr>
<tr><th>BB’s Rating Grade</th><th>Equivalent Notch/Notation of BDRAL</th><th>BB’s Rating Grade</th><th>Equivalent Notch/Notation of BDRA</th></tr>
<tr><td rowspan="2">1</td><td>AAA</td><td rowspan="2">S1</td><td rowspan="2">ST-1</td></tr>
<tr><td>AA+, AA, AA-</td></tr>
<tr><td>2</td><td>A+, A, A-</td><td>S2</td><td>ST-2</td></tr>
<tr><td>3</td><td>BBB+, BBB, BBB-</td><td>S3</td><td>ST-3</td></tr>
<tr><td>4</td><td>BB+, BB, BB-</td><td>S4</td><td>ST-4</td></tr>
<tr><td>5</td><td>B+, B, B-, CCC+, CCC, CCC-, CC</td><td>S5</td><td>ST-5</td></tr>
<tr><td>6</td><td>C, D</td><td>S6</td><td>S6T-</td></tr>
</table></td></tr>
<tr><td>BRPD Circular No. 19

August 26, 2021

Loan Classification</td><td>As the adverse impacts of the second wave of coronavirus has lingered, scheduled banks operating in Bangladesh have been directed not to classify loans/investments into adverse categories provided that minimum 25 (twenty five) percent of the payable installments from January/2021 to December/2021 is repaid within last working day of December/2021 to attain desired investment, employment and export trade by maintaining the current dynamics of economic activities and bringing normalcy in private sector credit/investment momentum. In this connection, the remaining amount of the payable installments till December/2021 shall have to be payable within next 1 (one) year of the current expiry. Besides, other installments must be repaid on regular basis.

Loan recovery till to date shall be considered as recovery for the period for complying with the aforementioned instruction. Necessary directives on the transfer of imposed interest to income account and maintenance of provision against such loans will be given later.</td></tr>
</table>

<table>
<tr>
<td>BRPD Circular No. 18
August 18, 2021
Implementation of Basel III in Bangladesh</td>
<td>Basel III accord defines the Leverage ratio as the ratio of total Tier-1 Capital to total Asset exposure. Despite implementation of Basel III accord thoroughly in the banking sector of the country since 2019, Leverage ratio of the banking system didn't grow proportionately to that of Capital to risk-weighted Asset Adequacy ratio as expected. An increase in the Leverage ratio to the desired level would decrease Bangladesh's import payments in foreign trade and enhance macroeconomic stability. Moreover, an increased leverage ratio would improve the quality of capital banks are required to maintain and increase banks risk-bearing capacity against unexpected loss. Under the consequence, scheduled banks operating in Bangladesh have been directed to enhance the Leverage ratio from 3 percent in 2023 to 4 percent in 2026 by raising 0.25 percent yearly assuming 2022 as preparation year.
<table>
<tr><th></th><th>Year 2022</th><th>Year 2023</th><th>Year 2024</th><th>Year 2025</th><th>Year 2026</th></tr>
<tr><td>Leverage ratio</td><td>Preparation year</td><td>3.25%</td><td>3.50%</td><td>3.75%</td><td>4.00%</td></tr>
</table>
</td>
</tr>
<tr>
<td>BRPD Circular No. 17
August 08, 2021
Rationalization of Rate of Interest/Profit on Deposit</td>
<td>In order to protect the interests of the depositors and to prevent the imbalance of assets-liabilities in the banking sector, the following instructions, with immediate effect, have been given in setting interest/profit rates on 3-month and above term deposits:
The rate of interest on term deposits- individual term deposit and any sum of term deposit formed with a view to settling payment/dues of Provident Fund, Post-retirement benefit etc. of the officials/staffs of different public and private organizations- must not be fixed lower than the rate of inflation.

In case of fixing interest/profit rate of a specific month on the mentioned deposits, the rate of inflation of immediate last 3 (three) months (12-month-based-average inflation rate published at the website of Bangladesh Bank) shall be considered.

Interest/Profit Rate on Loans/Investments as per BRPD Circular No. 03/2020 shall remain unchanged at 9%.</td>
</tr>
<tr>
<td>BRPD Circular Letter No. 40
July 29, 2021
Financial stimulus package to mitigate probable economic impact due to breakout of Novel Coronavirus (COVID-19).</td>
<td>BRPD Circular No-08 dated 12 April 2020 and BRPD Circular Letter No-33 dated 25 June 2020 permit pandemic-hit industrial and service sector institutions to avail maximum 30% loan/investment of sanctioned limit as working capital based on outstanding balance 31 December 2019. Institutions which availed partial benefit in the first term- till 30 June 2021- of the financial stimulus package shall get the remaining amount as working capital loan from 1 July 2021 assuming 31 December 2019 as base year and which didn't receive any benefit yet shall avail benefit of working capital loan from the fiscal year 2021-2022 assuming 31 December 2020 as base year.</td>
</tr>
<tr>
<td>BRPD Circular Letter No. 39</td>
<td>Pandemic-hit industrial and service sector institutions which didn't get benefit of the financial stimulus packages previously shall be given priority in providing</td>
</tr>
</table>

July 28, 2021 Financial stimulus package to mitigate probable economic impact due to breakout of Novel Corona Virus (COVID-19)	the facility in fiscal year 2021-2022. Scheduled banks operating in Bangladesh should attempt toensure the facility to a larger number of the industry sector rather than concentrating on a few beneficiaries.
BRPD Circular No. 16 July15, 2021 Working capital loans/ investments of BDT 1000 (one thousand) crore at 4% interest rate to pay salaries-allowances for the workers of Hotel/Motel/Theme park of tourism sector through banking channel	The Honorable Prime Minister announced BDT 1 (one) thousand crore financial stimulus package as working capital loan at 4% interest rate through the banking channel to pay salary/wages and allowances of the low-income earning staffs of hotels/motels/theme parks in tourism industry affected by the persistent transmission of coronavirus. Under the package, scheduled banks shall offer working capital loan, with a tenure of 1 (one) year, from their own fund to the pandemic-hit owners of hotels/motels/theme parks of the industry on banker-customer relationship. The rate of interest of the package shall be 8%, of which 4% shall be borne by the beneficiary institution and the remaining 4% shall be subsidized by the government. Banks are allowed to get 50% refinancing facility of the disbursed loan/investment from BB. The rate of interest against the refinance shall be 4% with a term of 1 (one) year from the date of availing the refinancing facility.
BRPD Circular No. 14 July 12, 2021 Prudential Regulations for Consumer Financing	Under consumer financing, the credit-margin ratio for consumer credit for purchasing digital equipments (laptop/mobile/computer/tab etc.) has been allowed to estimate at 70:30 instead that of existing 30:70 to facilitate digital academic activities ahead of the coronavirus pandemic.
DMD Circular Letter No. 05 September 28, 2021 Reduction of Commission rate on the sale of 5 (five) Savings Instruments	The existing rate of commission on the sales of 5 (five) savings schemes- 5-year term Bangladesh savings certificate, 3-month profit bearing savings certificate, pensioners savings certificate, family savings certificate, term deposit at Post Office Savings Bank- has been reduced to 0.05% or BDT 500 against each registration, whichever is lower.
DMD Circular Letter No. 04 September 29, 2021 Regarding notification on the re-fixation of savings instruments' profit rate.	The rate of profit for an accumulated investment of BDT 15,00,000, BDT 15,00,001 to BDT 30,00,000 and above BDT 30,00,000 on various savings tools has been re-fixed at 11.28%, 10.30% and 9.30% respectively for 5-year Bangladesh savings certificate; 11.04%, 10.00% and 9.00% respectively for 3-month profit bearing savings certificate; 11.76%, 10.75% and 9.75% respectively for pensioners savings certificate; 11.52%, 10.50% and 9.50% respectively for family savings certificate; 11.28%, 10.30% and 9.30% respectively for term deposit at Post Office Savings Bank account. The rate of profit for an accumulated investment of BDT 15,00,000, BDT

	15,00,001 to BDT 30,00,000 , BDT 30,00,001 to 50,00,000 and above BDT 50,00,000 on Wage earner development bond has been reduced to 12.00%, 11.00%, 10.00% and 9.00% respectively. The rate of profit on general deposit at Post Office Savings Bank account, U.S Dollar premium bond and U.S Dollar investment bond remained unchanged at 7.50%, 7.50% and 6.50% respectively irrespective of the amount of investment. The previous rate of return on 5-year term Bangladesh savings certificate, 3-month profit bearing savings certificate, pensioners savings certificate, family savings certificate, term deposit at Post Office Savings Bank account and wage earner development bond was 11.28%, 11.04%, 11.76%, 11.52%, 11.28% and 12.00% respectively irrespective of investment size. Savings tools purchased prior to the announcement of this notification shall enjoy the-then prevailing rate of yield until expiry or maturity. The existing rate is applicable for the re-investment and fresh investment in savings tools. In all cases, the rate of profit/interest is a simple profit/interest rate.
DFIM Circular No. 09 September 14, 2021 Master Circular on Loan/Lease/Investment Rescheduling for Financial Institutions	Financial institutions operating in Bangladesh have been allowed to reschedule only the classified loans/leases/investments (sub-standard, doubtful, bad/loss). They must have a policy, approved by the board of director, on rescheduling in compliance with this circular where the terms and conditions of rescheduling must be specified. Before rescheduling any loan/lease/investment, the credit committee of the FIs shall explain the rationale of rescheduling in written report. The board of directors must be ensured of the proper use of the loan and the capacity of the borrower to repay installments or liabilities before undertaking any decision on rescheduling. FIs shall decide if to reschedule within 1 (one) month after crediting down payment, not to be shown as installments or recovery, to the bank account of FIs. The interest of rescheduled loans/leases/investments and pre-rescheduled interest suspense are not allowed to be transferred to income account unless truly recovered. If not already maintained required provision prior to rescheduling, provision shall be maintained based on the classification prior to rescheduling. In case of rescheduling term loans/leases/investments, repayment period for sub-standard classified loans has been allowed to be extended by maximum 48 (forty eight) months from the expiry date or payment of last installment in first phase of rescheduling, maximum 36 (thirty six) months in second phase and maximum 24 (twenty four) months in third phase; for that of doubtful and bad/loss classified loans maximum 36 (thirty six) months from the expiry date or payment of last installment in first phase of rescheduling, 24 (twenty four) months in second phase and 18 (eighteen) months in third phase. Rescheduled loans/leases/installments have been allowed to be repaid in monthly

	or quarterly installment basis. Overdue installments equal to six monthly installments or two quarterly installments must be classified as bad/loss category and be reported to FICL and CIB. If rescheduled violating BB policy norms, such loans have been barred from rescheduling in next phase under this circular. In case of rescheduling short- term loans/leases/investments equal to or below one year, repayment period for such loans has been allowed to be extended by maximum 12 (twelve) months from the expiry date or payment of last installment in first phase of rescheduling, maximum 6 (six) months in second phase and third phase respectively. FIs have been directed to realize minimum 15% amount of the installments of first phase expiry or 10% of the total overdue, whichever is lower; minimum 30% amount of the installments of second phase expiry or 20% of the total overdue, whichever is lower and minimum 50% amount of the installments of third phase expiry or 30% of the total overdue, whichever is lower, for rescheduling any loan/lease/investment. A borrower shall be regarded as habitual defaulter if he/she fails to repay loan/lease/investment even after third phase of rescheduling. No loan/investment is allowed to be rescheduled more than three times.
DFIM Circular No. 07 August 17, 2021 Release of the fund of Loan/Lease/Investment of Financial Institutions	The fund of approved loan/lease/investment to a borrower must be released to the bank account of the authentic borrower and the proper filing of banks statement of so released fund must be ensured. In case of FIs run under Islami Shariah basis, investment approved by the board has been allowed to be released to the bank account of authentic supplier after collecting consent letter from the customer and must be preserved in files.
DFIM Circular No. 06 August 02, 2021 Ensuring proper use of the loan provided under government announced financial stimulus packages to mitigate probable economic impact emerged from the breakout of Novel Corona Virus (COVID-19)	Financial institutions operating in Bangladesh have been advised to regularly monitor the effective implementation of the financial stimulus packages announced by the government of Bangladesh and the Bangladesh Bank for ensuring proper uses of the packages. They have also been instructed to audit and ensure the productive uses of the fund disbursed under the stimulus packages through internal Audit Department.
FID Circular No. 01 September 05, 2021 Refinance Scheme for the	Bangladesh bank reconstructed a refinance scheme titled “Refinance Scheme for marginal/landless farmers, low-earningprofessionals, school-banking account holder and small businessmen of 10/50/100-Tk-account holder” to escalate

marginal/landless farmers, low-earning professionals, school-banking account holder and small businessmen of 10/50/100-Tk-account holder	financial inclusion agenda ahead of ongoing COVID-19 pandemic. The size of the fund has been enhanced to BDT 500 crore, to be financed by BB from its own source, from previous BDT 200 crore. The tenure of the scheme is 5 (five) years, to be extended if needed and is revolving. However, default borrower and borrowers who have already availed loan facility from other scheme under interest subsidy announced by the government/BB but remained unadjusted are not eligible for accessing loan facility under the scheme. Individual borrower is entitled to get maximum BDT 5 (five) lac Tk as loan under the scheme. For that of 2-5 member group-based borrower, maximum BDT 20 lac, each availing maximum BDT 4 (four) lac. Bangladesh Bank shall charge 1% profit/interest on refinance to the financing bank. The rate of interest to be charged by the bank at the customer level shall be maximum 7% on diminishing-balance base. No security collateral is required to access loans under the scheme other than personal guarantee of two individuals. For loan above BDT 3 (three) lac, credit guarantee scheme facility is allowed to be given to the borrower. The term of the loan is maximum 3 (three) years plus 6 months grace period.
FEPD Circular No. 31 September 27. 2021 Displaying poster containing security features of original notes and ensuring uses of fake note detector machine by Licensed Money Changers	All Licensed Money Changers operating in Bangladesh have been advised to download the poster on ways to identify original notes from the BB website, print required number Panaflex of size 18″ X 14.5″ and display in a visible place to prevent the circulation of fake notes. They have also been instructed to ensure the use of fake-note detector machine in their institutions.
FEPD Circular No. 30 September 23, 2021 Release of foreign exchange for private travel abroad - flexibility	To bring flexibility in releasing foreign exchange for private travel, it has been decided that: (a) ADs may endorse/set travel entitlements on relevant passports to concerned Bangladeshi nationals in international cards for multiple years up to their validity, subject to compliance with the following instructions: (i) Yearly use shall not exceed the limit. (ii) Unused quota shall not be brought forward to following years. (iii) Bangladesh nationals proceeding abroad for employment/immigration or study purpose will not be eligible to avail this facility. Multiple endorsements should be discontinued for such individuals. (iv) Supplementary cardholders may avail this facility against their own travel entitlement with endorsement on own passports. (b) The time limit for annual travel quota will be counted from January 01 to

	December 31. If the travel involves subsequent year, travel entitlement will be counted for the particular year to which the transaction date relates. In that case, post facto endorsement will be required for the subsequent year unless multiple years' endorsement facility has been used; particularly under international cards. Reporting to Bangladesh Bank for such cases will be based on transactions date. (c) In case of exceeding the quota limit endorsed through international cards, without availing the facility as noted above, while on travel abroad, for unavoidable but bonafide grounds acceptable to ADs, the excess amounts may be adjusted in the following ways: (i) By debit to RFCD accounts of relevant travelers; (ii) Excess amount not exceeding USD 500 or equivalent may be adjusted against travel quota of the following year without prior approval from Bangladesh Bank if option (i) is not possible to be executed. ADs shall have adequate arrangements including monitoring mechanism to implement the above decisions meticulously.
FEPD Circular No. 29 September 20, 2021 Export subsidy/ Cash incentive against export for the fiscal year 2021-2022	The government enlisted 42 products, including 4 new, to be shipped abroad from July 01, 2021 to June 30, 2022 for providing cash incentive/ cash subsidy ranging between 1% and 20% in the current fiscal year 2021-2022 to promote export trade of Bangladesh. Type-C industries (under 100% local ownership) producing footwear and bags, and agro-processing products located in Bangladesh Economic Zones, Type-C industries manufacturing software, ITES and hardware located in Bangladesh Hi-Tech Park, introduction of new products and exploration of new market oriented Type-C industries in garments sector located in Bangladesh Export Processing Zones and Type-C industries in garments sector oriented for exporting in the EEU, the USA and the Canada located in Bangladesh Export Processing Zones and Bangladesh Economic Zones shall keep enjoying special assistance. For that of Type-A (under 100% local ownership) and Type-B (local-foreign joint ownership) industries located in specialized zones producing agro-processing products for exports, 4% export subsidy shall be applicable. All other industries, except those mentioned, manufacturing other listed products operating in specialized zones shall receive 1% cash incentives against their exports. Individual-level freelancers exporting software and ITES service shall be awarded with 4% export subsidy subject to compliance of some pre-fixed conditions. Export subsidy against the exports of 4 newly listed products, namely- locally produced tea, bicycles and its parts, MS Steel products and cement sheet, shall enjoy 4% export subsidy against export in the current fiscal year 2021-2022. The products like float glass sheet, opal glassware, cast iron and aluminum shall be

	considered for cash incentives under light-engineering products. Besides, consumer electronics including hi-tech products (compressor) and HCFC-free refrigerator shall get the same privilege under electronics, electrical home and kitchen appliance sector. Cash assistance/export subsidy/export incentive shall be admissible provided minimum 30% local value-addition to the export oriented manufacturing products.
FEPD Circular No. 24 July 01, 2021 Issuance of permission as permissible importers favoring gold refineries permitted by the Ministry of Commerce to import raw gold (ore) and partial refined-gold (dore) under the Foreign Exchange Regulatory Act, 1947.	Bangladesh Bank shall issue permission for the import of raw gold (ore) and partial refined-gold (dore) to refineries permitted by the Ministry of Commerce under the Foreign Exchange Regulatory Act, 1947 in line with the Gold Policy-2018 (amendment)-2021. Permissible importers-applicant refineries- shall meet the following eligibilities: a) Permission from the Ministry of Commerce as gold refinery or for establishing gold refinery b) Unit ownership, joint ownership or registered limited company of Bangladeshi resident c) Necessary arrangements in the gold refinery regarding preservation of the raw gold (ore) and partial refined-gold (dore) d) Financial consistency (capital/net asset, working capital etc.) set by the Ministry of Commerce and logistic supports so as to report to BB e) Update license/ registration/certification under existing laws in the country f) Valid/legitimate member of government approved business organization. The importers/refineries shall have to apply to the General Manager of the Foreign Exchange Policy Department of BB with some necessary documents including a letter of approval from the Ministry of Commerce as a gold refinery, updated trade license, TIN, VAT registration, BIN and membership documents from respective trade bodies, tax documents, income certification, bank solvency report etc.. Approval will be issued to the eligible applicants as permissible raw gold importers for a period of five years.
SMESPD Circular No. 09 September 09, 2021 Implementation of the integrated instructions on effectiveness of special loans & advances provided to CMSME sector affected by the COVID-19	The implementation of the second phase of financial stimulus package of BDT 20 (twenty) thousand crore announced by the honorable Prime Minister in the COVID-19 pandemic-hit CMSME sector is underway. To facilitate the effective and productive implementation of the said package, following directives have been issued: The annual target of scheduled banks/financial institutions under CMSME stimulus package-to be disbursed as both working capital and term loan- shall be fixed upon the previous year's net loan/investment outstanding in CMSME, excluding classified loan/investment, and implementation rate of the package in

	previous year. However. BB may decrease/increase the target if required. Of the allocated target in this sector, minimum 70% of the fund shall have to be disbursed in Cottage, Micro and Small sector and maximum 30% in Medium-scale industry. And of the 70% fund in CMS sector, minimum 65% shall have to be loaned /invested in production and service sub-sector combined, and maximum 35% in trading sub-sector. Besides, maximum 30% allocation in Medium-scale industry shall have to be fully attained in production and service sub-sector combined. Under the package, minimum 8% of the annual total loan/investment shall have to be favored to the women entrepreneurs. The deadline of the package shall be June 30, 2022. Entrepreneurs shall enjoy interest subsidy from the government for maximum one year from the day of availing loan. Defaulters and borrowers whose loan rescheduled 3 (three) times after being classified as bad/loss are not allowed to avail of loan under this package. Banks/FIs shall fix the limit of loan/investment to the affected borrower under their self-consideration. For the existing borrower, the limit must not exceed the limit of previous year. And those who could not avail the full limit in previous year are permitted to be availed the remaining portion this year. Loan/investment received under this package must not be used to adjust previous loan/investment. The fund is not allowed to be used for business expansion or operation of new business as well. The rate of interest/profit under this package is maximum 9%; maximum 4% of which shall be repaid by the borrower as installment within the next 10 (ten) working days at the end of every quarter and the rest 5% be subsidized by the government to the banks/FIs to be claimed or admissible quarterly (March, June, September and December).
SMESPD Circular No. 08 August 17, 2021 Incentive facility against loans & advances provided to women entrepreneurs in CMSME sector	Bangladesh Bank set a target of disbursing minimum 15% of the net loan/investment outstanding of CMSME sector to the women entrepreneurs by 2024 to promote economic growth, establish equity-based society and ensure empowerment of women. In continuation to this effort, BB announced to provide 2% incentive, 1% each to women entrepreneurs and banks/FIs to encourage timely repayment/adjustment of loan and investment in this sector.. The title of the incentive is "Cash Incentive Facility against loan/investment to Women Entrepreneurs in CMSME Sector". The incentive shall be funded by BB from its own source. The facility shall be offered as loans/investments to the women entrepreneurs in CMSME sector from July 01, 2021 to December 31, 2024. The fund to be received as incentives from BB shall have to be credited to the bank account of the respective women entrepreneur by the banks/FIs within 5 (five) working days of the receipt. However, the fund so received must not be used to adjust/repay other loan/investment.

SMESPD Circular No. 07 August 05, 2021 Regarding Policy of Credit Guarantee Scheme for Cottage, Micro and Small Enterprises (CMSE)	Scheduled banks and financial institutions operating in Bangladesh have been instructed to preserve minimum 10% of their Portfolio Guarantee Limit for women entrepreneurs to promote collateral-free loan to them in Cottage, Micro and Small Enterprises sector and to attain the objective of disbursing minimum 15% of the net loan/investment outstanding of CMSME sector to the women entrepreneurs by 2024 set by BB.

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

Website : www.bb.org.bd

Published by G.M. Abul Kalam Azad, General Manager, Department of Communications and Publications, Bangladesh Bank, Head Office, Dhaka, Bangladesh. website : www.bb.org.bd, Printed by Al-Kawser Printers, 167 Motijheel C/A, Dhaka-1000.

DCP-02-2022-300 Price : Tk. 50.00; US$: 5.00