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Economic and Financial Developments

Executive Summary

After the economic fallout from COVID-19, the Bangladesh economy had witnessed a broad-based recovery in H1FY21, with timely supports of coordinated fiscal and monetary policies, which strengthened further in Q2FY21, as reflected in sustained agricultural activities, rebound of industrial production and restoration of service sector activities. On the other hand, continued strong remittance inflows and strong consumer credit growth helped revitalize the domestic demand. Besides, the return of imports near to the pre-pandemic level also aided the momentum in domestic demand.

Headline CPI inflation (point-to-point) declined to a 47-months low of 5.29 percent in December 2020, after experiencing a sharp rise to 6.44 percent in October 2020, driven mainly by food inflation. Food inflation had spiked to 7.34 percent in October 2020 from 6.50 percent in September 2020 and then declined sharply to 5.34 percent in December 2020, while non-food inflation crept slowly up throughout Q2FY21. Twelve-month average headline CPI inflation moderated to 5.69 percent in December 2020 after nudging up to 5.77 percent in October 2020.

The Balance of Payment (BOP) surplus widened to USD 6.16 billion in H1FY21, aided by strong financial inflows, particularly medium and long term loans and trade credit. Despite a strong remittance inflow, current account surplus contracted mainly owing to a rise in trade deficit with faster recovery of imports than that of exports. Bangladesh Bank's net purchase of USD 5.29 billion from the foreign exchange market kept the nominal exchange rate of BDT against USD unchanged in H1FY21. Consequently, official foreign exchange reserves reached a new high of USD 43 billion at the end of Q2FY21, equivalent to eight-month import payment coverage.

Broad money (M2) grew by 14.23 percent in Q2FY21, which is close to the monetary program of BB, led mainly by a robust NFA growth. The growth of private sector credit is yet to accelerate in Q2FY21, despite existing low real lending rates. During this quarter, interest rates in the retail market continued descending with a notable rise in liquidity in the banking system.

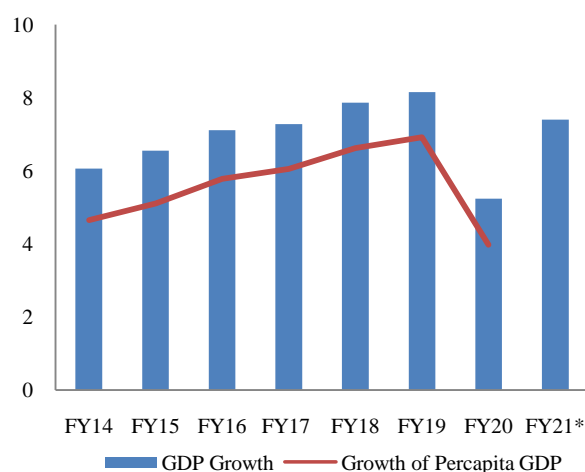
The overall performance of the banking sector reflected some signs of improvements by registering a decline in non-performing loans aided by moratorium facility, rise in capital adequacy, and enhanced provision maintained against classified loans. Favored by the low interest rates and ample liquidity in the banking sector, capital market rallied in Q2FY21, indicated by the noteworthy rise in share price indices, turnover, and market capitalization.

Looking forward, the rollout of vaccination program against COVID-19 throughout the country and reopening of businesses in export destination countries are likely to reinstate business confidence and thereby domestic and external demand in the second half of FY21. Besides, prevailing expansionary monetary policy and fiscal stimulus would accelerate the recovery pace in upcoming quarters and reinforce the attainment of a GDP growth close to the 7.4 percent, a revised target set for FY21. However, recent trend of the new infection rate, if it continues, might pose a downward risk to growth prospects. In addition, some inflationary pressures might build up in H2FY21 as global commodity price rises have pass-through effects on domestic markets. Therefore, continuation of ongoing policy supports with due vigilance is required to ensure the faster economic recovery along with employment generation and price stability.

I. Real Economy

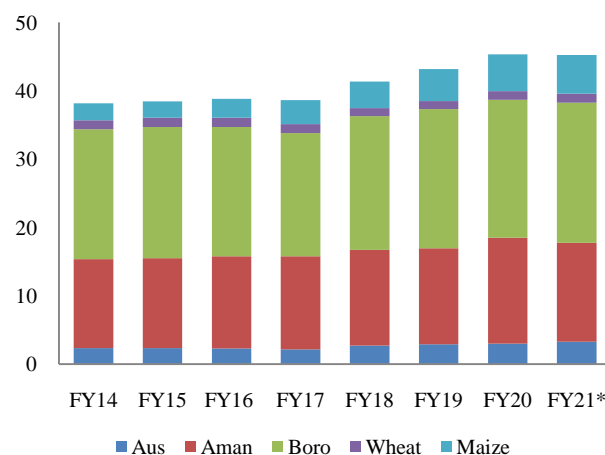
1.1 After an economic fallout from the COVID-19 pandemic which had impacted the GDP growth rate of FY20 to decelerate at 5.2 percent (Chart I.1), Bangladesh witnessed a broad-based economic recovery in Q1FY21 which strengthened further in Q2FY21, thanks to the timely and appropriate interventions by the government with a comprehensive stimulus package underpinned by expansionary fiscal and monetary policies. On the supply side, sustained activities in agriculture sector, resumption of industrial production backed by a turnaround of exports and construction activities nearing the levels of the pre-pandemic period, and restoration of service sector activities with increased mobility of people including a rush in domestic tourism destinations are suggestive of recovery in economic activities during this quarter. On the other hand, strong remittance inflows (registering growth rates of 48.6 percent in Q1FY21 and 27.47 percent in Q2FY21) and a significant growth in consumer credit (20.82 percent in this quarter) helped revitalize domestic demand. Besides, the bounce back of imports near to the pre-pandemic levels also indicated the rebound of domestic demand.

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



* Target for FY21 set by Ministry of Planning
Source: Bangladesh Bureau of Statistics (BBS).

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



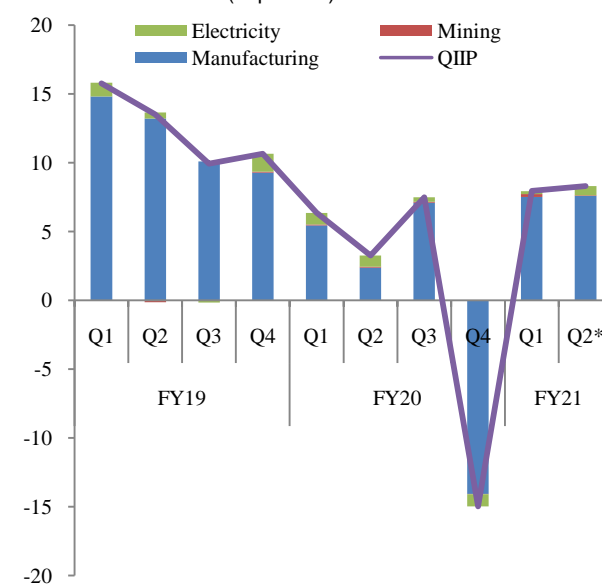
* Target for FY21 set by DAE
Source: Department of Agricultural Extension (DAE).

1.2 Activities in the agriculture sector were resilient to the onslaught of COVID-19, and remained firm in Q2FY21, benefitted by favorable weather condition and timely availability of adequate low-cost finance, among other supportive government policies. Production of crop and non-crop agricultural commodities maintained upward trend in Q2FY21. Among rice crops, the production of *aman* rice, one of the main crops harvested in Q2FY21, amounted to at 14.44 million metric ton (MMT) (Chart I.2), which was 1.65 percent higher than last year's production. Before the harvest of *aman*, *aus* rice grew by 3.25 MMT in this fiscal year – a rise of 19.23 percent compared to last year's production because of higher acreage. Although potato, onion, and winter vegetables, among other crops, were already

harvested, data on their production are yet to be available. Nonetheless, production of these crops appeared to be higher than that of last year, as suggested by their higher acreage according to the Department of Agricultural Extension (DAE) (Table I.4 in appendix) – an expected response to prevailing higher market prices of this crops. Apart from crops, fishing and poultry farming activities seemed to perform reasonably well as indicated by their sufficient supply and price movement patterns.

1.3 The outbreak of COVID-19 inflicted serious damage to the activities in the industry sector, as indicated by a downturn in industrial production by 14.98 percent in Q4FY20. However, timely policy responses and supports from both monetary and fiscal sides resumed the industry sector quickly on the recovery path in Q1FY21 which continued in Q2FY21, driven largely by manufacturing output and construction activities. Data available until November 2020 showed that large and medium scale manufacturing output grew by 8.33 percent in Q1FY21 and 8.26 percent in the first-two months of Q2FY21(Chart I.3), higher than pre-pandemic growth of 7.68 percent in Q3FY20 and 6.92 percent in Q2FY20. The growth momentum of manufacturing output in this period emerged mostly from manufacturing of leather and leather products (37.03 percent), textile (13.75 percent), pharmaceuticals (13.17 percent), and hygiene and safety related chemical products (10.02 percent) (Table I.1). Apart from manufacturing activities, strong growth rates in cement and steel production (9.15 percent and 19.95 percent, respectively) suggest that construction sector also regained momentum in this period, favored by government’s project implementation and prevailing low lending rates on the one hand, and allowing for investing undisclosed money in the real estate on the other.

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



*Based on data available for October and November 2020

Source: BB Staff's calculation based on BBS data

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

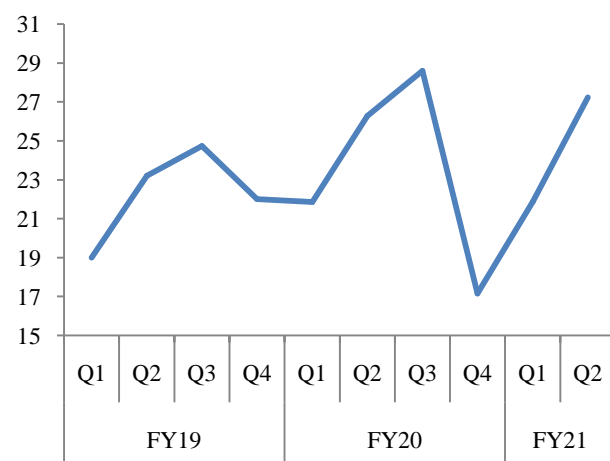
	Weight	FY19				FY20				FY21
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2*
General Index of Manufacturing	100	13.4	11.0	10.2	6.0	6.9	7.7	-16	8.3	8.3
Food products	10.8	7	8	10	17	11	17	5	-4	4
Beverage	0.3	-16	3	54	6	45	18	-50	11	7
Tobacco product	2.9	-28	-26	0	5	2	1	10	-11	-8
Textile	14.1	-2	2	7	16	22	17	2	17	14
Wearing apparel	34.8	20	12	7	-1	-9	-8	-50	3	-2.6
Leather and related product	4.4	40	14	6	2	-5	2	-1	63	37
Wood and product of wood and cork	0.3	5	5	6	7	8	5	5	5	32
Paper and paper products	0.3	1	1	1	1	8	5	10	14	2
Printing and recorded media	1.8	9	12	11	11	15	14	14	11	15
Coke and refined petroleum product	1.3	-2	-1	-1	6	-41	-51	-60	-6	45
Chemical and chemical product	3.7	27	34	29	-27	-4	-4	-3	43	10
Pharmaceuticals products	8.2	17	27	26	12	52	36	32	14	13
Rubber and plastic products	1.6	6	6	6	6	6	2	-14	-8	-7
Non-metallic mineral product	7.1	10	10	12	11	19	27	-6	5	9
Basic metal	3.2	1	-1	-1	1	4	4	-38	-15	7
Fabricated metal product	2.3	7	8	9	2	6	6	-13	47	52
Computer and electronic products	0.2	36	72	44	93	70	10	-65	-11	-15
Electrical equipment	0.7	20	-11	34	-1	-26	-8	-21	121	205
Machinery and equipments	0.2	18	11	19	25	20	24	7	3	3
Motor vehicles and trailers	0.1	215	119	-38	-36	-67	-51	-57	-61	-68
Transport equipment	0.7	-5	-2	1	11	22	4	-15	13	9
Furniture	0.9	0	5	0	1	-3	-1	-16	-16	-21

Source: BB Staff's calculation based on BBS data

*Based on data available for October and November 2020

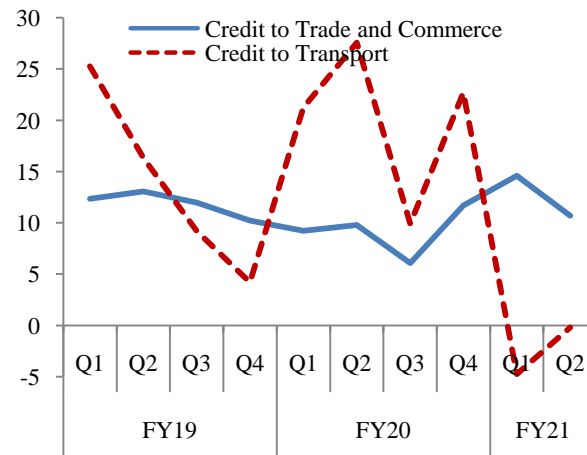
≤ -10 -10-5 -5-0 0-5 5-10 10-15 ≥ 15

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



Source: Chattogram Port Authority

Chart I.6: Growth of Credit to Trade and Commerce and Transport Activities (In percent)



Source: Bangladesh Bank

1.4 Activities in the service sector, which suffered most during the pandemic, continued rebounding in Q2FY21, although the full blown recovery is yet to be observed, as some proxy indicators (e.g., cargo handling through Chattogram port and credit growth to trade financing and other activities) suggest. Total cargo handled through Chattogram port returned to a positive growth of 3.62 percent in Q2 FY21 against

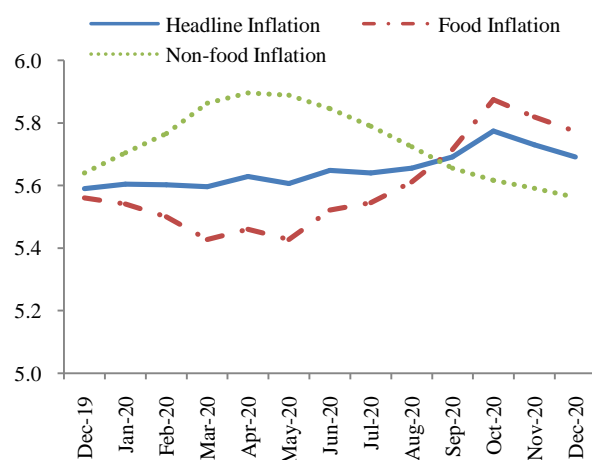
a decline of 22.00 percent in Q4 FY20. Among other indicators, bank credit to trade and commerce increased by 10.69 percent in Q2FY21 as compared to 9.80 percent growth in Q2FY20. However, credit to transport sector remained subdued, registering a decline of 0.2 percent in Q2FY21. Moreover, a rush of people to domestic tourism destinations in the winter season suggested a rebound of tourism, hotel and restaurant business during the period under review.

I.5 Looking ahead, the rollout of vaccines against COVID-19 throughout the country would potentially ease people's mobility, travelers' optimism and restore business confidence in the economy. With these favorable developments, existing expansionary monetary policy and fiscal supports would accelerate the recovery pace in the remaining quarters of the current fiscal year and reinforce the likelihood of attaining GDP growth close to the target of 7.4 percent for FY21. However, recent trend of the new infection rate, if it continues, might pose a downward risk to growth prospects. Therefore, a strong vigilance is required to implement stimulus packages and policy supports for the affected sectors, including CMSMEs, so that an inclusive economic recovery can be sustained with sufficient employment opportunities.

II. Price

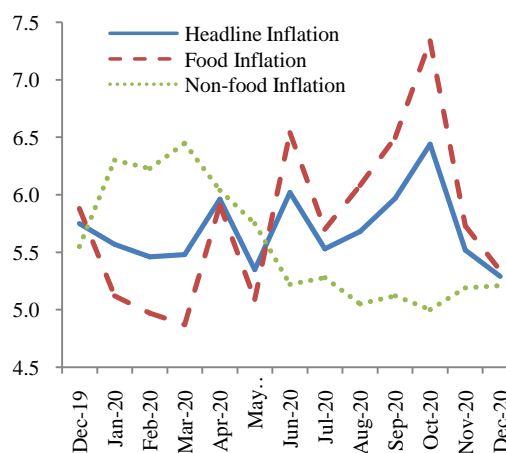
2.1 Headline CPI inflation (point-to-point), which had remained broadly stable during Q1FY21, witnessed a sharp rise from 5.97 percent in September 2020 to 6.44 percent in October 2020, but then declined gradually to 5.29 percent in December 2020, the lowest since February 2017 (Chart II.1). The recent drop in headline inflation during November and December, 2020 was mainly driven by decreasing food inflation, although non-food inflation crept up slowly. Similarly, 12-month average CPI inflation moderated to 5.69 percent in December 2020 after nudging up to 5.77 percent in October 2020 (Chart II.2).

Chart II.1: Point-to-point Headline CPI Inflation (In percent)



Source: Bangladesh Bureau of statistics

Chart II.2 12-Month Average Headline CPI Inflation (12-month average, in percent)



Source: Bangladesh Bureau of statistics

2.2 Food inflation (point-to-point), which had been on the rise since August 2020, picked up in October 2020, abated in November and December 2020. Although the food inflation spiked to 7.34 percent in October 2020 from 6.50 percent in September 2020, it sharply declined to 5.73 and 5.34 percent in November and December 2020, respectively (Chart II.1). The rise in food inflation in October 2020 was reflected in a steeper increase in price levels of food items (excluding tobacco and beverage) to 9.05 percent from 7.15 percent in September 2020 (Table II.1), originating mostly from upward movements in pre-winter vegetable prices, rice prices in the domestic market, and transport cost and agriculture wages (Table II.1). Besides, edible oil price witnessed a fresh surge in December 2020 in addition to a continuous rise in rice price during Q2FY21. However, prices of fish, eggs, fruits, non-rice cereals, and milk and milk products declined all through this quarter, which, in fact, contributed to ease of food inflation in November and December 2020.

Chart II.3: Point-to-Point Inflation Heat Map

	WEIGHTS	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Headline	100.00	5.5	6.0	5.4	6.0	5.5	5.7	6.0	6.4	5.5	5.3
Food, Beverage and Tobacco	56.18	4.9	5.9	5.1	6.5	5.7	6.1	6.5	7.3	5.7	5.3
1. Food	52.17	4.7	5.7	4.9	6.6	5.8	6.4	7.2	9.1	6.6	6.1
(a) Cereals	21.62	3.5	12.1	10.5	12.1	12.2	12.0	16.2	21.0	20.2	18.0
(i) Rice	20.31	3.4	12.5	10.8	12.9	13.0	12.7	17.2	22.6	21.7	19.4
(ii) Other Cereals	1.30	6.3	6.3	5.5	0.4	0.7	0.7	0.7	-3.4	-3.4	-4.2
(b) Pulses:	1.51	22.7	43.5	39.1	28.5	29.7	24.9	22.1	11.7	15.3	3.4
(c) Fish (fresh) & dry fish	6.98	-5.8	-7.1	-6.6	-8.9	-9.8	-10.3	-10.6	-19.9	-5.3	-8.3
(d) Eggs and Meat	4.94	5.0	4.1	5.1	4.6	6.1	5.4	4.2	3.9	5.5	4.2
(e) Vegetable	4.78	-4.9	-19.6	-16.2	4.7	1.4	15.4	18.8	39.3	26.2	15.2
(f) Fruits	1.85	10.9	7.0	-0.8	5.7	9.5	-3.5	-4.9	-3.6	-1.9	-0.7
(g) Spices	4.29	32.8	29.5	26.7	17.8	11.7	12.4	4.7	3.5	-23.1	-9.7
(h) Edible oils & fats	1.93	2.0	6.9	6.9	5.3	4.4	4.1	3.9	4.2	5.8	6.7
(i) Milk and milk products	2.05	8.1	2.9	1.4	2.3	-0.7	-1.7	-1.8	-1.3	-1.5	-0.4
(j) Miscellaneous food items	2.24	10.3	12.0	10.3	9.8	9.2	7.7	6.5	3.3	-4.0	-4.1
2. Beverage	1.34	2.1	2.0	2.0	2.0	-0.1	-0.2	-0.2	-0.2	0.0	0.0
3. Tobacco & Products	2.67	7.1	8.8	8.0	6.9	5.6	3.9	1.4	-8.0	-1.8	-1.7
Non-food	43.82	6.4	6.0	5.8	5.2	5.3	5.1	5.1	5.0	5.2	5.2
I. Clothing and Footwear	6.84	4.9	3.6	1.6	1.7	1.7	1.5	1.3	1.3	1.3	1.2
II. Rent, Fuel & Lighting	14.88	7.7	7.7	7.7	7.2	6.1	5.9	6.0	5.6	5.7	5.8
III. Household Furniture, operations and repairs	4.73	7.1	6.8	6.7	4.2	4.8	5.5	4.5	4.5	4.9	4.3
IV. Medical Care & Health Expenses	3.47	7.9	8.0	10.6	10.2	10.3	8.4	8.7	8.6	8.6	8.7
V. Transport and Communication	5.80	5.4	5.0	4.5	4.2	5.6	5.3	6.2	6.3	6.7	7.0
VI. Recreation & Educational Expenses	4.28	1.5	1.3	1.3	1.2	1.2	1.1	1.3	1.1	1.1	1.2
VII. Miscellaneous Goods & Services	3.82	9.0	8.4	8.4	7.9	9.5	8.8	9.3	9.4	9.7	10.1

Source: BB staff's calculation based on BBS data

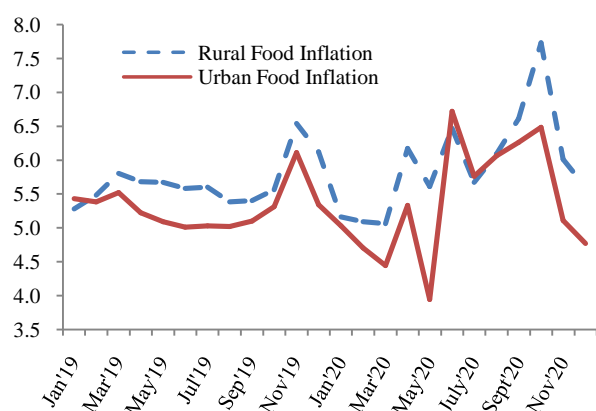
≥10 8-10 6-8 4-6 2-4 0-2 <0

2.3 Moreover, rural and urban food diverged significantly with rural food inflation remaining higher than urban inflation during this quarter. Rural food inflation excluding beverage and tobacco, declined to 5.6 percent in December 2020 from a recent high of 7.73 percent in October 2020, but was still significantly higher than the 4.77 percent urban food inflation in December 2020 (Chart II.3), reflecting the need for proper targeting of food stock availability and close monitoring of food prices in rural areas.

2.4 Maintaining a downward trend since April 2020, non-food inflation came down further to 5.0 percent in October 2020, and, thereafter, crept up slowly to 5.21 percent in December 2020 (Chart II.1). Among non-food items, clothing and footwear and recreation and educational expenses witnessed the least inflation during the pandemic period and still remained low because of subdued demand resulted from income loss. Moreover, rent, fuel and lighting costs which has the highest weight in non-food composition decreased marginally to 5.8 percent at the end of this quarter compared to the 6.0 percent

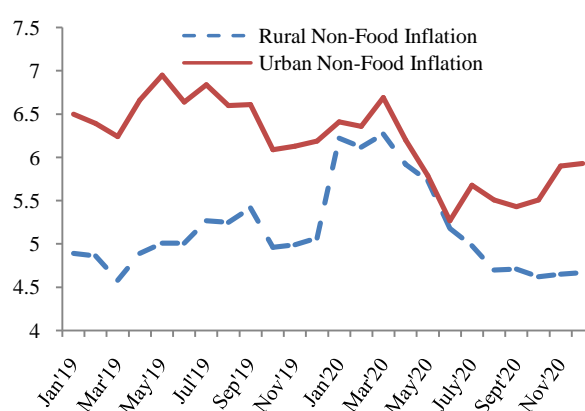
recorded at the end of previous quarter. However, costs of transport and communication increased more than 6.0 percent in last four months in a row and reached 7.0 percent in December 2020, reflecting increased costs for extra safety measures of social distancing taken to limit the spread of coronavirus. Similarly, a continued inflation of more than 8.0 percent can be observed in medical care and health expenses during this quarter, indicating shifting spending patterns in this sector. Moreover, wages of both agricultural and house servants and prices of some luxury items also increased in this quarter (Table II.1). Non-food inflation in urban area was higher than that of the rural area and the gap between the two was widening as urban areas experienced continued higher inflation in transport and communication, household furniture, operations and repairing costs compared to that of the rural areas (Chart II.4).

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



Source: Bangladesh Bureau of statistics

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



Source: Bangladesh Bureau of statistics

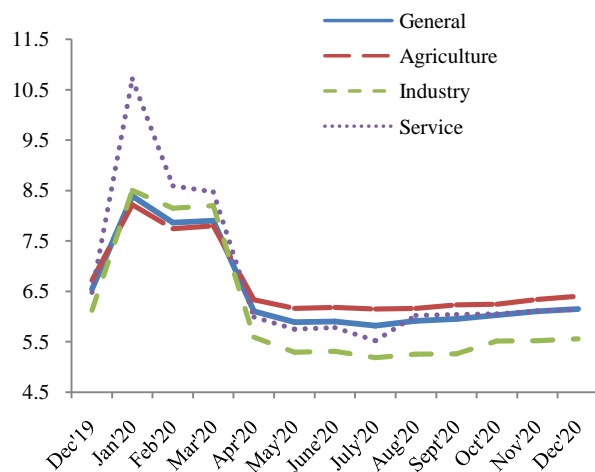
2.5 Nominal wage rate indices for all sectors declined sharply since the onset of the COVID-19 pandemic, mostly in April 2020, and remained almost flat until December 2020, with a slight upward bias lately. The growth of general wage rate increased to 6.15 percent in December 2020 from 5.95 percent in September 2020. The agriculture sector recorded the highest growth rate of 6.40 percent followed by service sector (6.14 percent) and industry sector (5.56 percent) (Chart II.5).

2.6 Inflation in major South Asian countries declined during October – December 2020. Inflation in India and Sri Lanka came down below 6.0 percent, while inflation in Pakistan decreased but remained as high as 8.0 percent in December 2020 (Chart II.6).

2.7 World commodity prices continued to gain momentum in Q2FY21, with the recovery of global economic activities. Energy prices continued to recover on the back of crude oil price (rose almost by 20 percent in December 2020 compared to that in September 2020) though still remained lower than the pre-pandemic levels. Non-energy and food prices continued to increase during the pandemic and reached the recent highs in December 2020. Non-energy and food price index increased by 11.37 and 13.08 percent in December 2020 respectively compared with September 2020 index, while energy prices, which was still below the pre-pandemic levels, rose significantly by 23.33 percent during September – December 2020

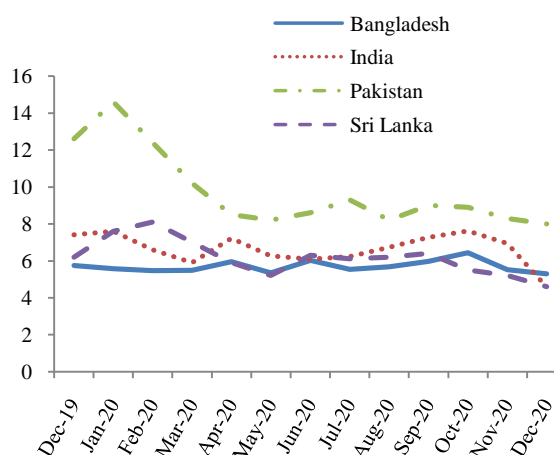
(Chart II.7). Among other food prices, soybean and rice price continued their upward trajectory during the pandemic period until December 2020 (Chart II.8).

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



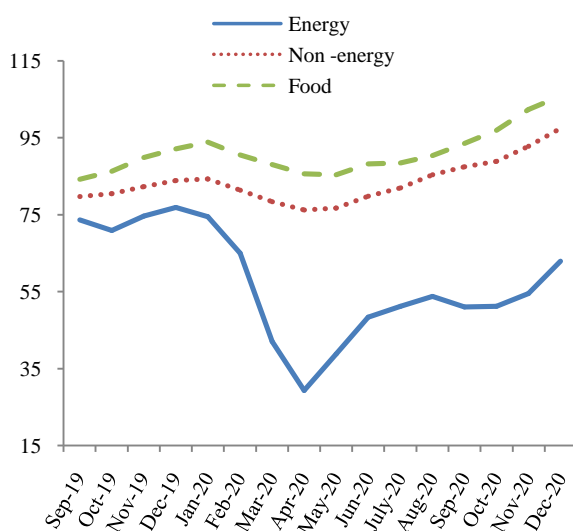
Source: Bangladesh Bureau of statistics

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



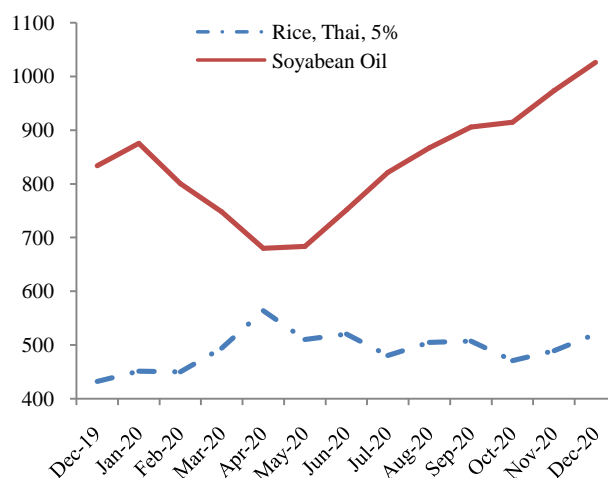
Sources: Central Banks and Statistics Department of respective countries

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



Source: World Bank

Chart II.9 World Commodity Price



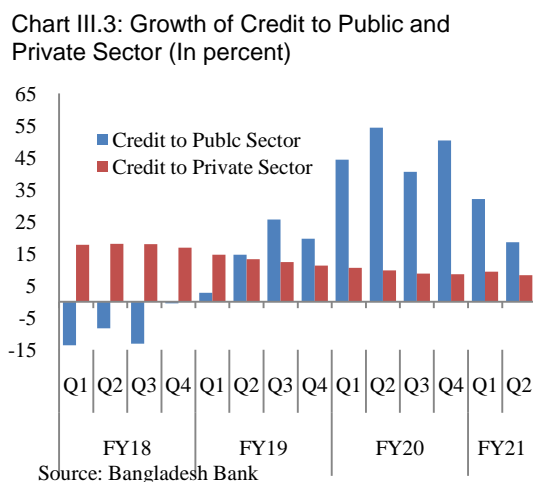
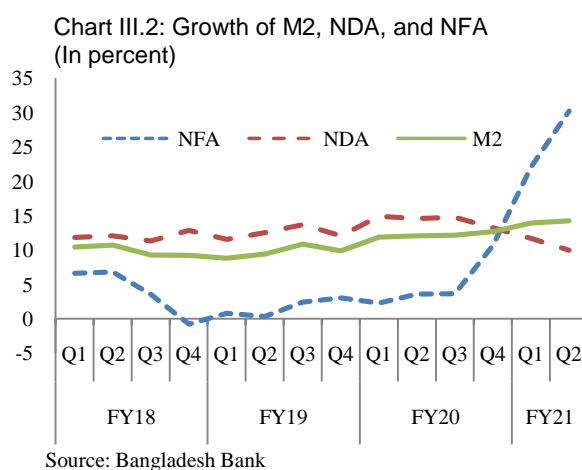
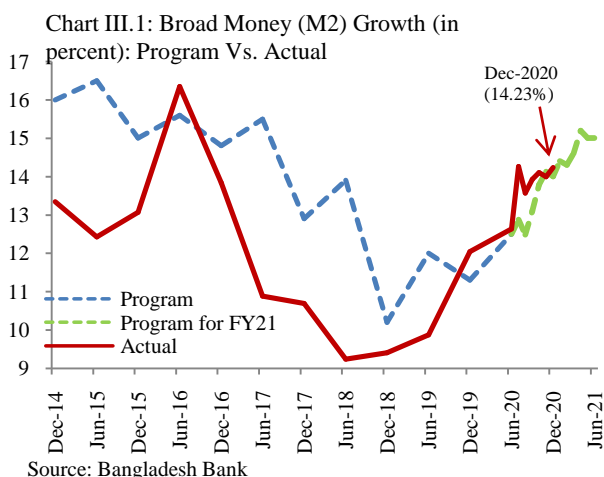
Source: World Bank

2.8 Looking ahead, continuous rise in world food inflation, especially rice price, may put some inflationary pressures on the domestic economy. Moreover, global soybean oil price rise might

significantly drive up domestic edible oil prices. Apart from this, continued easy monetary condition, which intended to rebound investment activities, but reflected huge excess liquidity because of weak demand might have implication on future inflation. With proper monitoring of supply chains, particularly for essential food items, while strengthening the domestic demand in the COVID affected and priority sectors without hurting the inflation rate, it is expected that inflation would remain below a tolerable level for the next two quarters of FY21.

III. Money and Credit Market

3.1 To limit the economic slowdown caused by the pandemic and to ensure faster recovery of economic growth, Bangladesh Bank (BB) has been pursuing an expansionary monetary policy by setting broad money (M2) growth targets of 14.00 and 15.00 percent for December 2020 and June 2021¹, respectively (Chart III.1). A surge in net foreign asset (NFA) kept M2 growing closely to its program path in Q2FY21. Although BB slashed its key policy rates in July 2020, weak private credit demand continued in Q2FY21 resulting a significant rise in excess liquidity in the banking system.



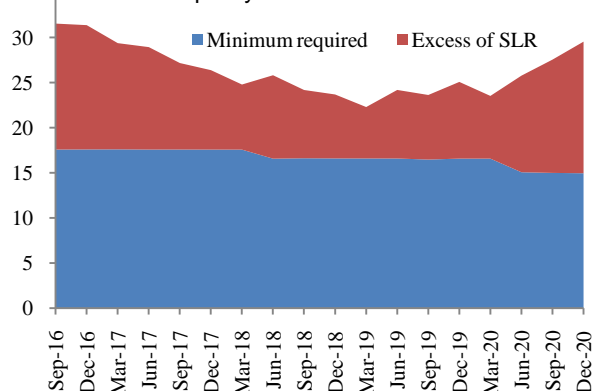
3.2 Led mainly by a robust NFA growth, M2 attained at 14.23 percent (y/y) growth in December 2020, which was very close to target. The December growth rate of M2 was considerably higher than

¹ Monetary Policy Statement, Fiscal Year 2020-21.

12.04 percent growth in December 2019 and 13.92 percent in September 2020 (Chart III.2). The NFA registered a higher-than-expected growth of 30.22 percent at the end of Q2FY21 (Chart III.2) mainly because of much higher inflows in financial account by 1233.3 percent and a high growth of remittance inflows by 27.47 percent amid pandemic-ridden global economic slowdown. On the other hand, the NDA growth further declined to 9.94 percent in Q2FY21 compared with 14.56 percent growth in Q2FY20 and 11.67 percent in Q1FY21, contributed mainly by continued deceleration in credit to both public and private sectors (Chart III.2). A growing momentum in government's revenue collection, a rise in borrowing through sales of national saving certificates, and a lower implementation of Annual Development Program (ADP) jointly contributed to reduce government's dependence on borrowing from banks for deficit financing. Consequently, the growth of credit to the public sector moderated to 21.94 percent at the end of Q2FY21 (Chart III.3) from 59.81 percent in Q2FY20 and 35.31 percent in Q1FY21. Despite BB's various policy supports and prevailing low real lending rates, the growth of credit to private sector further decelerated to 8.37 percent at the end of December 2020 (Chart III.3), remaining far below the programmed safe limit of 14.00 percent for December 2020, reflecting subdued loan demand relating to ongoing business slowdown because of COVID-19 situation in the country. In terms of economic purpose-wise distribution of private credit, the industry sector, and trade and commerce activity, which comprise around three-fourth of total private credit, registered 8.36 and 10.69 percent growth in December 2020, noticeably lower than 9.88 percent and 14.60 percent growth in September 2020, respectively.

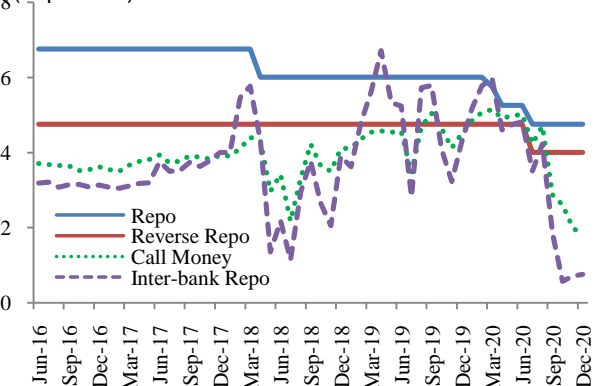
3.3 Driven by a large unsterilized growth in NFA, reserve money grew by 18.11 percent in Q2FY21, remaining well above the target of 15.50 percent set for December 2020. Among the components of reserve money, currency outside bank grew by 19.72 percent in December 2020, which was lower than 33.68 percent growth in July 2020 in the face of the pandemic. On the other hand, balances with the Bangladesh Bank rose significantly to 27.86 percent in December 2020, which mainly contributed to lowering the money multiplier to 4.86 in December 2020 from 5.08 in September 2020.

Chart III.4: Liquidity as a % of TDTL

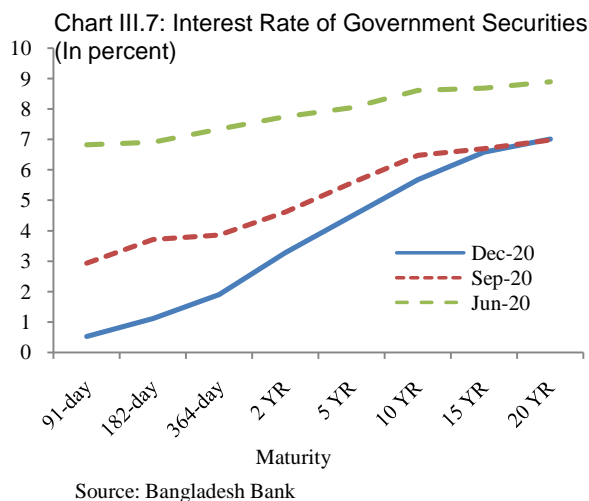
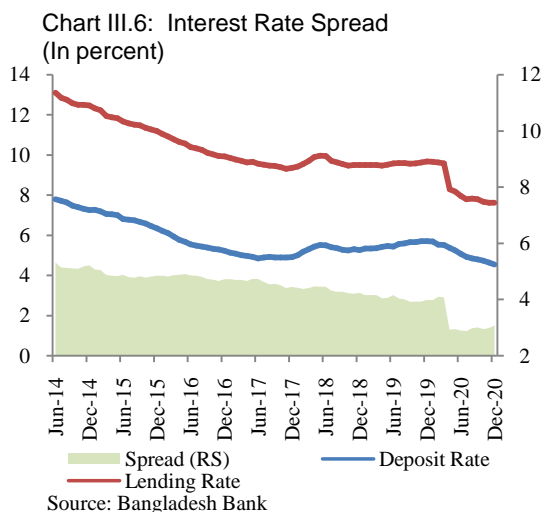


Source: Bangladesh Bank

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



Source: Bangladesh Bank



3.4 Bangladesh Bank's recent downward revision of policy rates, particularly the reduction of cash reserve ratio (CRR) by 1.50 percentage points led to a significant rise in liquidity in the banking system. The ratio of total liquid asset to total demand and time liabilities (TDTL) increased to 29.52 percent in Q2FY21 as compared to 27.52 percent in Q1FY21 (Chart III.4). Similarly, liquid asset in excess of SLR to TDTL rose to 14.58 percent from 12.55 percent during the same period. The impact of rise in the excess liquidity had already been resulted in a downward movement of interest rates in both wholesale and retail money markets. Moreover, prevailing low demand for private credit accentuated this pile-up of liquidity and lingered the downward movements of interest rates. Consequently, interest rate in the call money market further declined to 1.79 percent in December 2020 from 2.87 percent in September 2020 and 4.64 percent in December 2019 (Chart III.5). The weighted-average interest rate on lending declined to 7.61 percent from 7.79 percent in September 2020 and 9.68 percent in December 2019 (Chart III.6). Similarly, the weighted-average interest rate on deposit declined to 4.54 percent in December 2020 from 4.79 percent in September 2020 and 5.70 percent in December 2019.

3.5 Given the liquidity glut in the banking system, government's less dependency on bank borrowings for deficit financing in the face of a pickup in revenue collection and a rise in borrowing through selling of national saving certificates pushed yields on government securities (except 20-year treasury bond) down (Chart III.7). However, the fall was more pronounced in case of shorter term securities. The yields on 91-day, 182-day, and 364-day treasury bills declined by 0.53, 1.12, and 1.91 percent in December 2020 from 2.93, 3.71, and 3.86 percent in September 2020, respectively, while yield on 20-year treasury bond increased marginally to 7.01 percent from 6.98 percent during the same period.

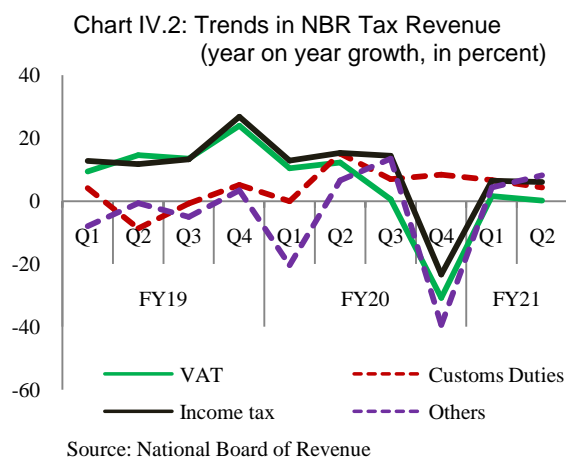
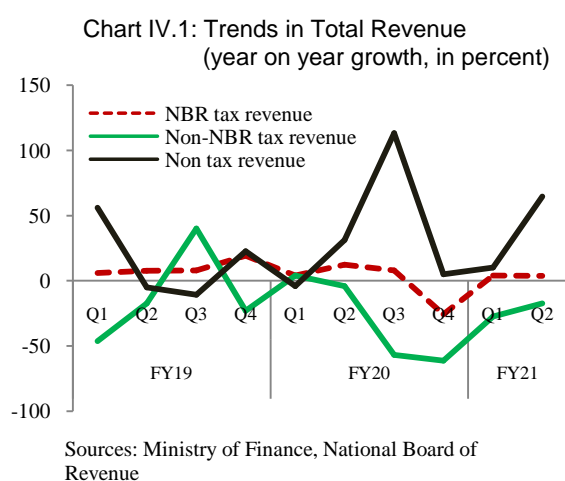
3.6 According to the revised monetary program, the BB will continue its expansionary monetary policy stance for FY21, with some adjustments in net foreign assets and net domestic assets, while

keeping the growth target of private sector credit unchanged at 14.8 percent. Looking forward, given the the acceleration of vaccination programs across the country, government and Bangladesh Bank policy responses to support recovery from the pandemic are likely to boost business confidence and private credit demand in the coming months. Therefore, it is imperative that supportive monetary policy stance should be continued for strengthening private sector activities affected by the COVID-19 pandemic until the economic recovery is fully achieved.

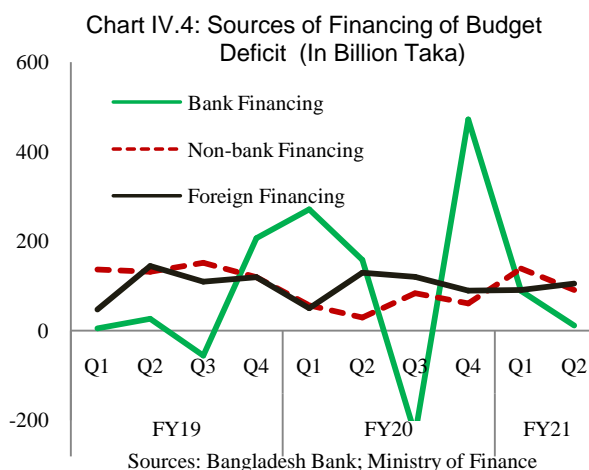
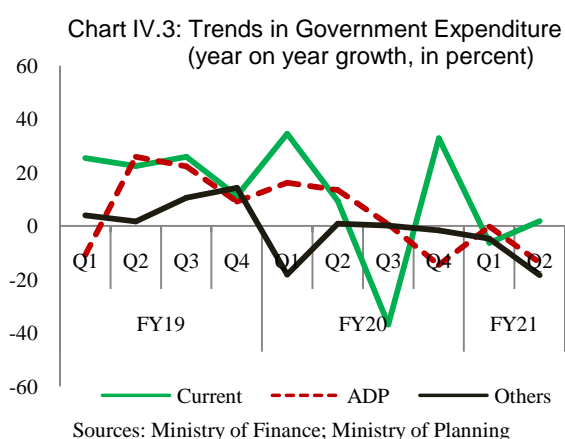
IV. Fiscal Sector

4.1 Fiscal performance resumed its pre-COVID-19 growth path in Q2FY21, as tax collections improved, growth in expenditure moderated and budget deficit narrowed with growing economic activities. The fiscal deficit has reduced in Q2FY21 as revenue collection increased and expenditure declined with economic recovery. In financing the budget deficit, government relied equally on domestic and foreign sources. Around 51 percent of deficit financing was met from the foreign sources and the rest came from domestic sources led by non-bank sources.

4.2 Reflecting the resumption of economic activity, total revenue collections improved in Q2FY21 compared to Q2FY20. During the second quarter of FY21, the overall revenue collection has increased by 8.0 percent compared to those in Q2FY20. In Q2FY21, NBR tax revenue collection rose by 3.8 percent to BDT 604.4 billion from Q2FY20 (Chart IV.I). The customs duties (4.3 percent) and income tax (6.0 percent) were the main drivers of NBR revenue collection (Chart IV.2). Total revenue collection during H1FY21 increased by 6.3 percent (y/y) to BDT 1315.4 billion which met only 34.8 percent of annual budget target (BDT 3780.0 billion) for FY21.



4.3 The consolidated fiscal spending weakened with slower growth in ADP expenditure and current expenditure in Q2FY21 (Chart IV.3). Total expenditure amounted to BDT 901.1 billion (2.8 percent of GDP) in Q2FY21. As a share of total expenditure, current expenditure increased by 1.8 percent to BDT 501.1 billion and ADP expenditure declined by 13.71 percent to BDT 339.7 billion in Q2FY21 compared to Q2FY20. During H1FY21, total fiscal expenditure decreased by 4.8 percent (y/y) stood at BDT 1840.4 billion which was about 32.4 percent of the annual budget target of BDT 5680.0 billion for FY21.



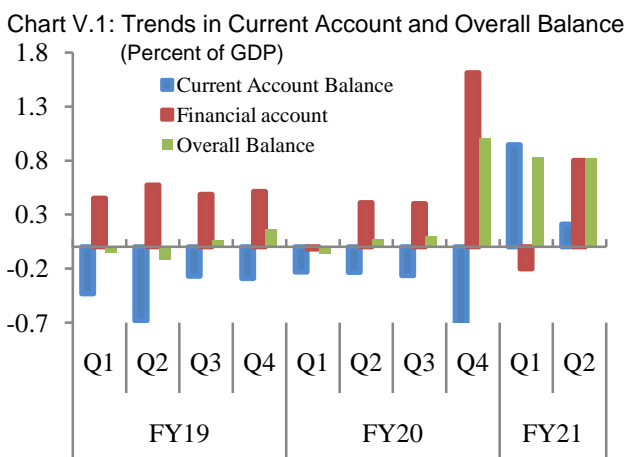
4.4 The fiscal deficit narrowed in Q2FY21 as revenue collection increased and expenditure decreased while the economic activities started picking up. The deficit reached BDT 207.1 billion during Q2FY21, which was about 34.7 percent lower than that in Q2FY20. In H1FY21, budget deficit amounted to BDT 525.1 billion which covered about 27.6 percent of projected deficits of BDT 1900.0 billion in the FY21 budget.

4.5 The total budget deficit financing relied almost equally on both domestic and foreign sources in Q2FY21. The total deficit financing of BDT 101.8 billion was met from domestic sources of which BDT 11.10 billion came from banking sources and BDT 90.70 billion came from non-bank sources. The foreign financing amounted to BDT 105.3 billion in Q2FY21 which was 18.7 percent lower than that in Q2FY20. Of the total budget deficit financing target for FY21, in H1FY21, non-bank financing constituted the largest share (91.8 percent of the total budget financing) while bank financing accounted for the remaining amount.

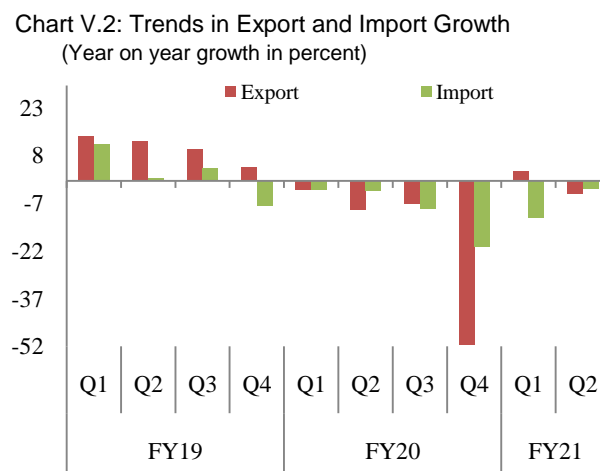
V. External Sector

5.1 Bangladesh maintained a balance of payment (BOP) surplus in the last three quarters amid the pandemic supported by higher financial inflows that exceeded trade deficit from a faster increase in import payments compared to that in export receipts. Despite the trade deficit, current account balance was still in surplus owing to sustained growth of remittances inflows (27.5 percent) during the quarter

under review. Large inflows of MLT loans, other long-term loans along with positive inflows of trade credit caused the financial account surplus in Q2FY21. In H1FY21, BOP registered the surplus of USD 6155 million compared to that of only USD 27 million in H1FY20, driven by strong growth in financial inflows (90.4 percent) and maintain surplus in current account.



Source: Bangladesh Bank



Source: Bangladesh Bank

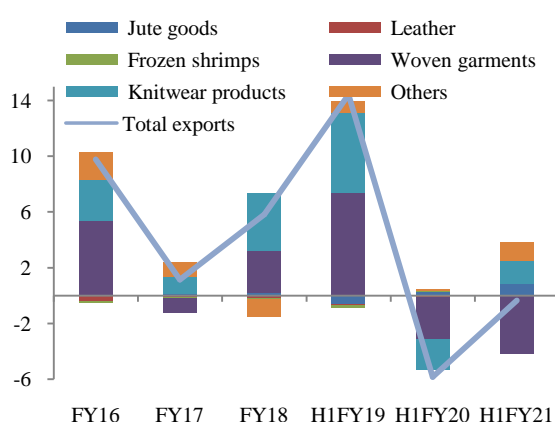
5.2 In Q2FY21, the BOP posted a surplus of USD 3057 million which is remarkably higher than that of USD 231 million in Q2FY20. The higher surplus in this quarter resulted from strong financial inflows despite widened negative trade balance. In Q2FY21, current account also maintained a surplus to USD 788 million from USD 3534 million in Q1FY21. Financial account witnessed a large inflow of USD 3 billion in Q2FY21 compared to 225 million in Q2FY20, reflecting significant inflows of other investments USD 2616 million including noticeable inflows of MLT loans, other long-term loans and trade credit. During this quarter, foreign grants and loans declined by 12.8 percent, with more than 50 percent fall in foreign grants and 10.4 percent fall in loans. Moreover, the net foreign financing experienced negative growth -17.4 percent (y/y) following the high payment of foreign loans during the quarter under review. But supported by 10.25 percent growth of grants and loans, the net foreign financing grew by 11.77 percent in H1FY21 compared with that in H1FY20. In H1FY21 the inflows of grants and MLT loans grew by 10.25 percent to USD 2991 million from USD 2731 million in H1FY20.

5.3 After a precipitous fall in Q4FY20, exports turned around a positive growth (3.0) in Q1FY21 and it turned into negative again (-3.9 percent) in Q2FY21. The growth performances during the quarter mainly driven by 14.61 percent fall in the exports of woven garments which accounted for about 36 percent share of total exports. The substantial decline in woven garment exports may be attributed to depressed demand in the USA (- 21.41 percent) and Europe (-9.96 percent) following the second wave of COVID-19. Conversely, total knitwear exports posted a positive growth (0.67 percent) as knitwear exports to the USA increased significantly (17.70 percent) during this quarter. In the first half of FY21 (H1FY21) too, export growth was negative (-0.4 percent) since exports of primary commodities and manufactured commodities decreased by 1.2 percent and 0.30 percent respectively. Among the manufactured commodities, export of jute and jute goods, and knitwear garments grew by 30.6 percent

and 3.9 percent respectively although the export of woven garments decreased by 10.2 percent during H1FY21

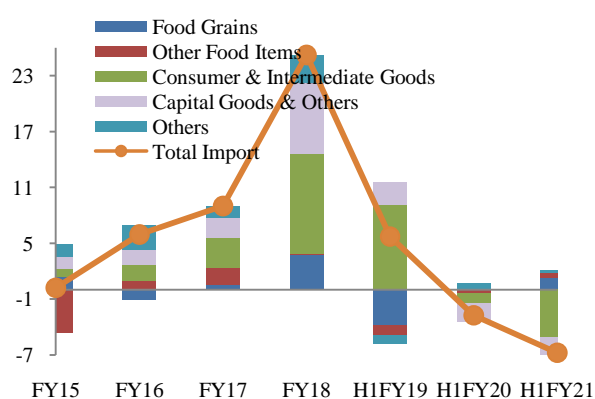
5.4 Import payments continued to increase in Q2FY21, rising from (-) 11.5 percent growth in Q1FY21 to (-) 2.30 percent growth in Q2FY21. There was a mixed picture in commodity wise import payment during the quarter. Imports of food grains grew notably (46.2 percent), especially rice, and other food items (7.89 percent), and spices, pulses and sugar, partially offsetting the high negative import growth. On the other hand, Import of consumer and intermediate goods as well as imports of capital goods posted negative import growth of 2.3 percent and 7.1 percent in Q2FY21, respectively.

Chart V.3 : Decomposition of Export Growth



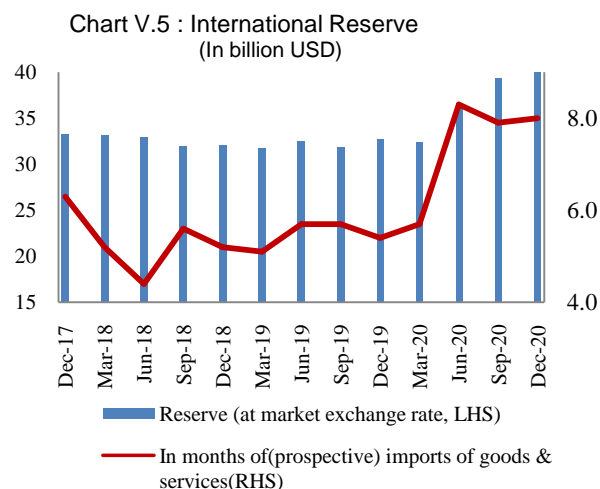
Source: Bangladesh Bank

Chart V.4 : Decomposition of Import Growth

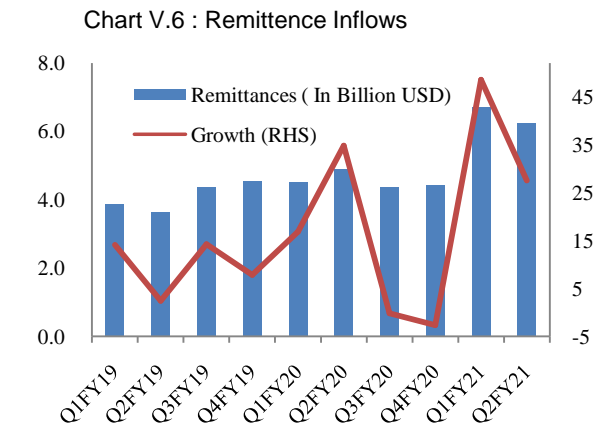


Source: Bangladesh Bank

5.5 After a record 48.6 percent growth in Q1FY21, remittance inflows continued a rising trend and registered a 27.5 percent growth with USD 6500 million in Q2FY21. During this quarter, about 22.45 percent of all remittance inflows originated the Gulf region (an area constituting more than 50 percent of total remittances inflows to Bangladesh), in particular, 44.27 percent of the remittances came from Saudi Arabia. During H1FY21 Bangladesh received USD 12.81 billion remittances compared to USD 9.30 billion in H1FY20, a growth of 37.8 percent, which was the highest ever recorded in recent history. Moreover, robust remittance inflows from the USA, Europe and Asia-Pacific regions also contributed to record remittance growth. Upward trend in remittance inflows during the quarter may also be attributed to the drastic fall in the opportunities for the unofficial channels to transfer money and various attractive incentives provided by the government and Bangladesh Bank (such as, allowing banks to provide cash incentives without verifying remitters for the amount of more than USD 5000 in a single transaction).

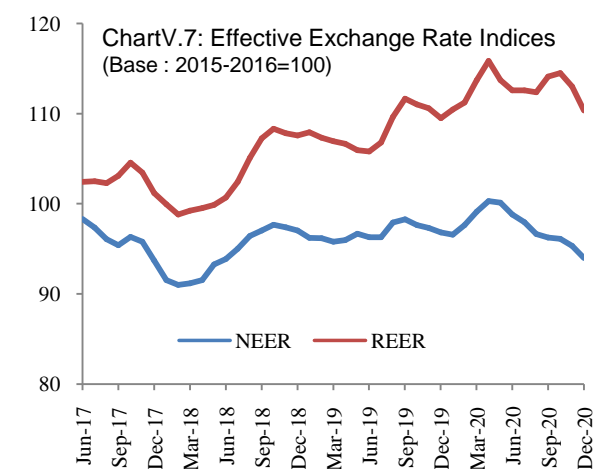


Source: Bangladesh Bank

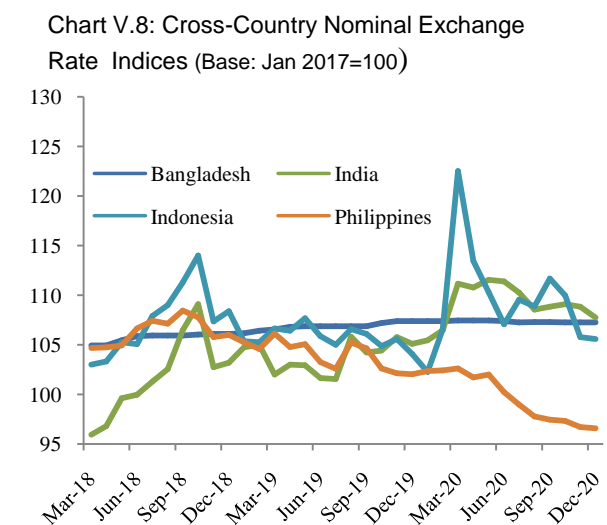


Source: Bangladesh Bank

5.6 The exchange rate of USD/BDT remained broadly stable with 0.11 percent appreciation of the Bangladeshi Taka against the US dollar during Q2FY21. Despite higher import payments, higher remittance inflows and strong financial inflows resulted in a record foreign exchange reserve of USD 43 billion at the end of December 2020 which could meet the nearly 8.0 months of the country's import payments. To reduce appreciation pressure on the exchange rate of Bangladeshi Taka against the US dollar, Bangladesh Bank intervened in the foreign exchange market with a purchase of USD 5,291million during H1FY21. Besides, the exchange rate of BDT against major currencies, the NEER index depreciated by 3.02 percent (y/y) at the end of Q2FY21 whereas the REER index appreciated slightly by 0.78 percent (y/y).



Source: Bangladesh Bank



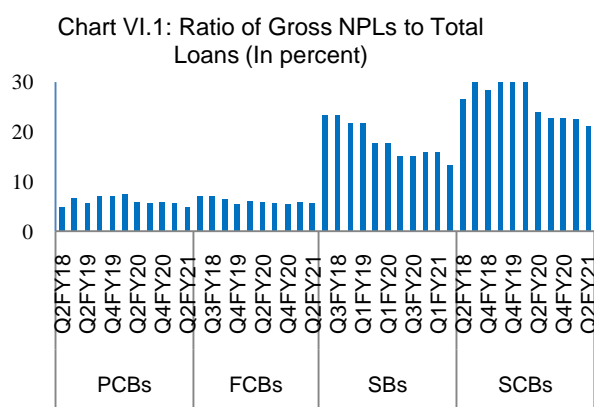
Source: International Financial Statistics

5.7 With increasing expectations of a faster end to the COVID-19 pandemic, countries across the world approved several vaccines and launched vaccination programs. The pace of effective rollout of the program among people and efficacy of the vaccines will determine how fast, strong and broad-based global economic recovery will be. Obviously, vaccination is restoring consumer and business confidence which is likely to boost reinvigorate economic activities.

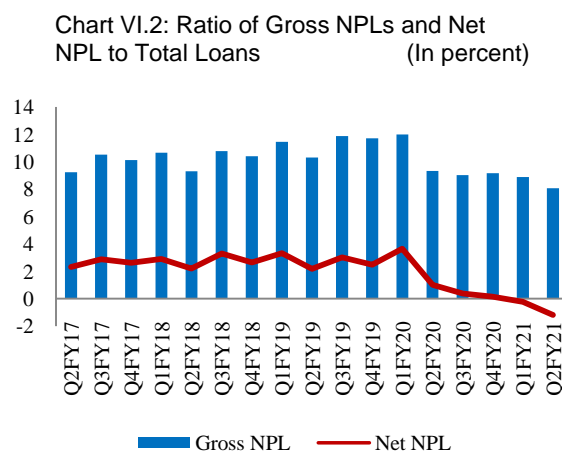
5.8 Looking ahead, the availability of COVID-19 vaccine and the resumption of business activities in major export destinations are expected to increase export earnings in the near-term. Likewise, import payments are also likely to bounce back to the pre-pandemic level following the restoration of domestic demand, partially aided by large infrastructure projects. Winding up expansionary monetary and fiscal policy and accompanying fiscal stimulus packages have to be phased out in a judicious manner. But downward risks may arise from delay and unequal access to vaccines across countries resulting in a protracted recovery from pandemic-induced economic slowdown. Given the positive outlook for recovery in global economic activities across advanced, emerging and developing economies, monetary and fiscal policy responses of Bangladesh needs to fine-tuned to return to a sustainable economic growth trajectory duly balancing domestic economic capacity and potential with a diversified export basket and resilient supply chain network.

VI. Banking Sector

6.1 The banking sector's performances continued its resilience in Q2FY21 since the end of June 2020, as reflected by a fall in non-performing loans (NPLs), a moderation in capital adequacy and profitability, an improvement in liquidity condition, and betterment in provision maintaining. The overall NPL of the banking sector dropped further at the end of Q2FY21, facilitated by both state-owned commercial banks (SCBs) and private commercial banks (PCBs).



Source: Bangladesh Bank



Source: Bangladesh Bank

6.2 The ratio of overall NPL to total loans of the banking industry contracted to 8.06 percent (with OBU it was 7.66 percent) at the end of Q2FY21 from that of 8.88 percent at the end of Q1FY21, and 9.32 percent at the end of Q2FY20. The development partly accounted for loan moratorium facility, loan rescheduling, and loan write-off spree amid the COVID-19 pandemic. The gross NPL ratio for SCBs declined further from 22.46 percent in Q1FY21 to 21.03 percent in Q2FY21. Likewise, the gross NPL for PCBs also fell to 4.82 percent at the end of Q2FY21 from 5.56 percent at the end of Q1FY21 (Chart VI.1). Also, the system-wide net NPLs ratio of the banking industry witnessed another improvement, dropping to -1.2 percent at end-Q2FY21 from -0.22 percent at the end of Q1FY21 (Table VI.2 and Chart VI.2). Hence, the lower NPLs ratio led to an improvement in provision maintained against classified loans in Q2FY21 (Table VI.1, and Chart VI.1).

6.3 The overall capitalization of the banking system remained broadly stable although the capital to risk-weighted asset ratio (CRAR) moderated marginally at the end of Q2FY21 compared with that of Q1FY21. The CRAR of the banking sector slightly fell from 11.94 percent in Q1FY21 to 11.64 percent in Q2FY21, mostly attributed to SCBs. The CRAR of SCBs declined from 8.25 percent in Q1FY21 to 4.34 percent in Q2FY21, reflected by a large fall in Tier-1 capital. Meanwhile, the CRAR for PCBs edged up to 13.96 percent in Q2FY21 from 13.29 percent in Q1FY21. Likewise, the CRAR of FCBs also posted an improvement, increasing from 25.59 percent in Q1FY21 to 28.24 percent in Q2FY21 (Table VI.3).

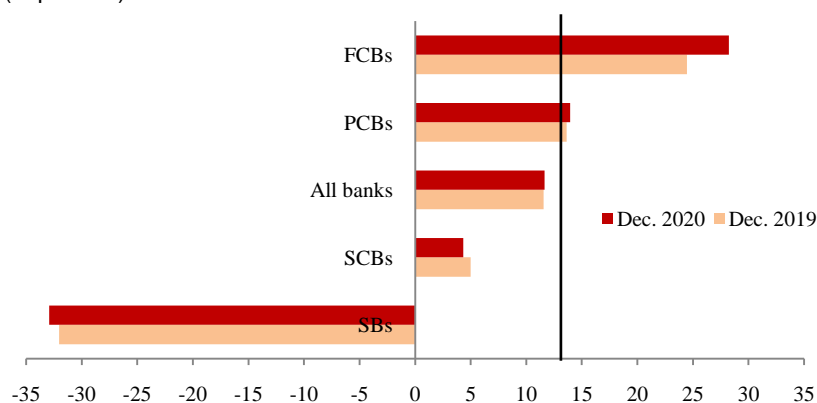
Table 6.1: Comparative Position of Classified Loan and Provision Maintained

(In billion BDT)

Quarter	Items	SCBs	SBs	PCBs	FCBs	All Banks
Q2 FY20	Total classified loan	439.9	40.6	441.7	21.0	943.3
	Required provision	275.5	21.1	300.6	16.0	613.2
	Provision maintained	197.4	22.5	309.3	17.5	546.6
	Excess(+)/shortfall(-)	-78.1	1.4	8.7	1.5	-66.6
Q3FY20	Total classified loan	428.7	40.5	435.1	20.8	925.1
	Required provision	262.7	21.1	305.2	16.0	604.9
	Provision maintained	202.1	22.5	326.3	17.9	568.8
	Excess(+)/shortfall(-)	-60.6	1.4	21.1	1.9	-36.2
Q4FY20	Total classified loan	429.4	45.2	465.9	20.6	961.2
	Required provision	276.9	23.9	337.5	15.7	654.0
	Provision maintained	216.9	25.3	347.8	19.0	609.0
	Excess(+)/shortfall(-)	-59.9	1.4	10.2	3.3	-45.0
Q1FY21	Total classified loan	428.3	45.2	450.4	20.5	944.4
	Required provision	265.2	23.9	332.4	14.9	636.4
	Provision maintained	210.0	25.3	356.1	18.6	610.0
	Excess(+)/shortfall(-)	-55.2	1.4	23.7	3.7	-26.4
Q2FY21	Total classified loan	422.7	40.6	399.2	20.3	882.8
	Required provision	290.6	25.3	308.9	14.2	639.0
	Provision maintained	241.3	23.7	354.8	17.9	637.7
	Excess(+)/shortfall(-)	-49.2	-1.7	46.0	3.7	-1.3

Source: Bangladesh Bank

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



Source: Bangladesh Bank

6.4 Banking sector witnessed a modest profit moderation in 2020 compared with that of 2019 as reflected in the Return on Assets (RoA) and Return on Equity (RoE), partly due to the COVID-19 pandemic. The RoA and RoE in the banking sector moderated, partly driven by regulatory forbearance not to transfer all interest receipts from loans to income account directly during moratorium era, one percent additional provision for uncollected loans and advances and reduced interest rates of loans and prevailing excess liquidity in the banking system. In 2020, RoA and RoE of the banking sector dropped to 0.25 percent and 4.28 percent compare to that of 0.43 percent and 6.83 percent respectively in 2019. The RoA and RoE of SCBs significantly declined to -1.07 percent and -29.57 percent at the end of 2020, from -0.61 percent and -13.68 percent respectively in 2019. The RoA and RoE of PCBs also declined slightly to 0.70 percent and 10.22 percent in 2020 from 0.77 percent and 11.16 percent respectively in 2019 (Table VI.4).

6.5 The bank's deposits growth maintained a rising trend for the last three consecutive quarters and reached 13.1 percent (y/y) at the end of Q2FY21 driven by SCBs compared with 12.4 percent growth in the previous quarter. However, the growth in advances decelerated from 9.6 percent at the end of Q1FY21 to 8.2 percent at the end of Q2FY21. Consequently, advance deposit ratio (ADR) declined to 72.7 percent at the end of Q2FY21 from 74.0 percent in Q1FY21 (Table 6.2, Chart VI.5).

6.6 In Q2FY21, banking sector witnessed a huge surplus of liquidity because of weak demand for loans originated from COVID-19 pandemic. The excess liquidity- the excess of CRR and SLR as a percent of total demand and time liabilities (TDTL)- edged up to 14.6 percent at the end of Q2FY21 from 12.6 percent at the end of Q1FY21 (Table 6.3, Chart VI.6).

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

Bank groups	Year-on- year growth of deposit, % (excluding interbank)*		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Dec. 20	Sep. 20	Dec. 20	Sep. 20	Dec. 20	Sep. 20
SCBs	17.2	10.9	7.8	8.4	56.6	59.1
PCBs	11.8	13.2	8.5	10.3	79.8	80.5
FCBs	11.6	11.0	-2.2	-0.2	54.0	53.9
SBs	11.5	8.3	13.7	11.1	76.1	77.0
All	13.1	12.4	8.2	9.6	72.7	74.0

Source: Bangladesh Bank. *Adjusted deposits growth for ADR

Chart VI.5: Advance Deposit Ratio (In percent)

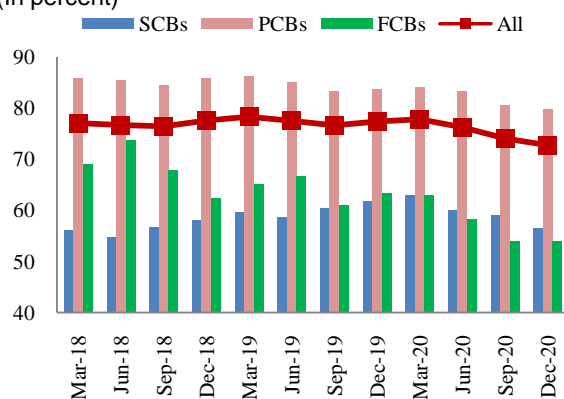


Chart VI.6: Excess of SLR as % of TDTL

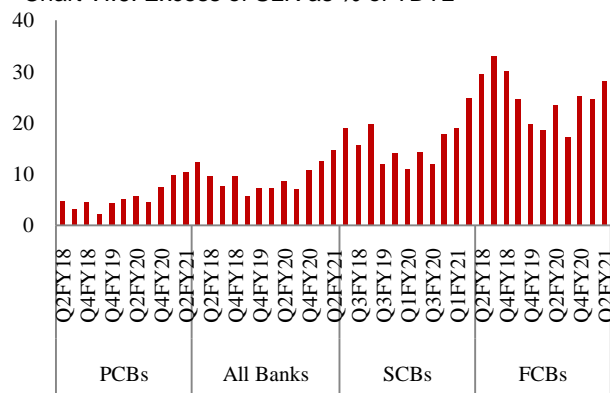


Table 6.3: Liquidity Position of the Scheduled Banks

(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- December, 2020						
SCBs	135.5	246.6	111.1	436.4	1272.8	836.4
SBs*	13.2	13.9	0.7	0.0	0.0	0.0
PCBs (other than Islamic)	255.7	342.1	86.4	836.2	1533.4	697.2
Private Banks (Islamic)	121.6	332.7	211.1	168.2	459.8	291.6
FCBs	27.9	66.2	38.4	101.5	323.5	221.9
All	553.9	1001.6	447.6	1542.3	3589.5	2047.2
As of end- September, 2020						
SCBs	129.5	179.3	50.7	417.0	1028.4	611.4
SBs*	12.8	12.5	0.1	0.0	0.0	0.0
PCBs (other than Islamic)	248.1	254.7	8.9	811.8	1520.5	708.7
Private Banks (Islamic)	113.5	249.1	135.6	156.8	332.2	175.4
FCBs	28.8	50.6	23.0	105.0	306.1	201.1
All	532.7	746.2	218.2	1490.7	3187.2	1696.6

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.

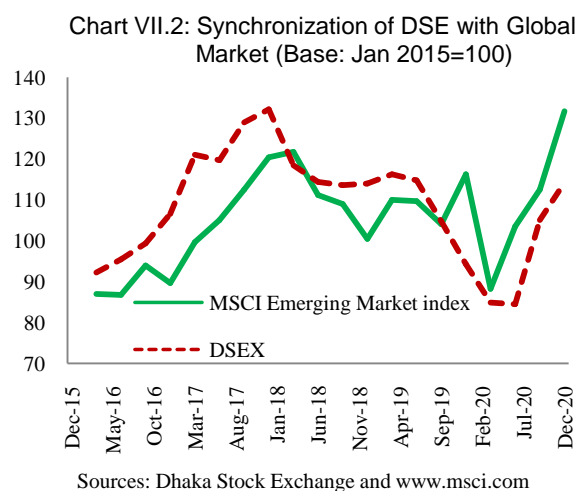
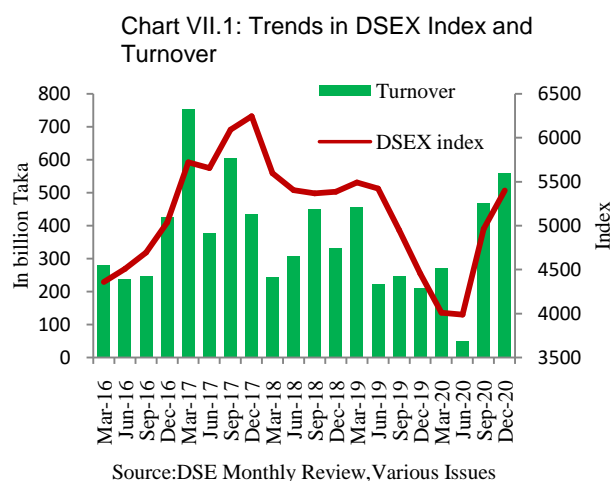
According to circular No. MPD-03, April 09, 2020, CRR revised to 4.0 percent from 5.0 percent effective from April 15, 2020

6.7 The loan moratorium facility ended in December 2020 which might expose the banking sector to a sudden hike in NPLs in coming quarters. But the overall banking health in near-term depends on demand for credit along with the pace of domestic demand and economic recovery. However, it is expected that repayment extension for the term loan, efforts from both government and Bangladesh bank for proper utilization of stimulus packages, rollout of COVID-19 vaccination programs throughout the country and recent dividend policy for listed banks could help strong resiliency in the banking industry.

VII. Capital Market

7.1 The robust performance in the capital market which started in June 2020 continued in Q2FY21, as evidenced by strong growth in price indices, buoyant turnover, expansion in market capitalization, and issued capital. The easy monetary condition, the expectation of normalcy in the business activities as COVID-19 situation improved with the beginning of vaccination and several positive initiatives from Bangladesh Security and Exchange Commission (BSEC) helped the vibrant activities in the capital market during the H1FY21. The associations between the movements in the DSE indices and global equity market index were persistent as a result of expansionary monetary policy and restoring business

confidence. The Market capitalization of DSE has risen to the highest level (BDT 3933.7 billion) in history of Capital market of Bangladesh. Market capitalization rose to 38.2 percent at the end of Q2FY21 from that of Q2FY20 (Table VII.5). This growth attributed partly because of newly listed Robi Axiata limited with DSE, the biggest ever IPO.



7.2 The DSE broad index (DSEX) and DSE-30 maintained upward trend in Q2FY21 as like Q1FY21. The DSEX index jumped by 8.8 percent in Q2FY21 from Q1FY21 and 21.3 percent from Q2FY20. The DSE-30 index grew by 15.8 percent from Q1FY21 and 29.9 percent from Q2FY20 (Chart VII.1 and Table VII.1). Sector-wise indices² show that food and allied sector reached the highest (3058.2) while Textile sector remained at the lowest level (152.6) in Q2FY21 (Chart-VII.4).

7.3 The overall price-earnings (PE) ratio of the DSE increased significantly in Q2FY21 from the level of Q1FY21. The average price earnings ratios surged to 16.53 in Q2FY21 from 13.51 in Q1FY21. Sector-wise PE data show that banking sector's PE score occupied the lowest position while that of the engineering sector the highest position in Q2FY21 (Chart VII.3).

² Sector wise index= (Sector wise market capitalization/ Sector wise paid-up capital)*100

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

Sector	Share of Total M.cap Dec-20	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Bank	14.5	9.1	9.3	8.3	8.2	7.8	6.6	6.7	7.9	8.1
Financial Institutions	4.8	14.0	15.4	14.7	13.2	17.3	14.8	15.9	22.6	24.7
Engineering	12.7	15.5	14.4	14.6	12.8	11.3	10.2	10.1	14.5	35.3
Food & Allied	7.8	26.7	32.9	25.1	21.2	17.5	16.4	17.4	21.2	23.5
Fuel & Power	10.9	14.9	15.4	14.7	13.0	10.6	9.5	9.5	11.6	11.9
Textile	2.8	18.0	16.8	16.8	12.8	12.8	12.2	11.7	14.3	17.9
Pharmaceuticals	15.4	18.6	19.4	19.1	18.5	15.3	14.6	15.2	17.8	19.6
Service & Real Estate	0.5	15.6	15.6	15.4	13.2	13.0	12.6	12.6	15.6	21.4
Cement	2.3	35.9	35.5	28.6	24.9	21.0	22.5	20.8	23.0	29.8
IT	0.7	23.8	23.1	24.4	22.5	22.6	19.2	19.2	23.6	25.1
Tannery	0.5	19.0	19.0	20.3	17.2	14.0	12.7	12.7	20.2	24.9
Insurance	4.1	11.7	13.9	14.4	15.4	15.2	12.1	12.2	21.5	26.0
Telecommunication	16.5	18.6	21.0	14.6	14.1	11.2	9.4	9.6	13.3	18.3
Miscellaneous	3.6	25.8	30.7	27.1	25.1	19.9	18.9	18.9	20.6	34.4

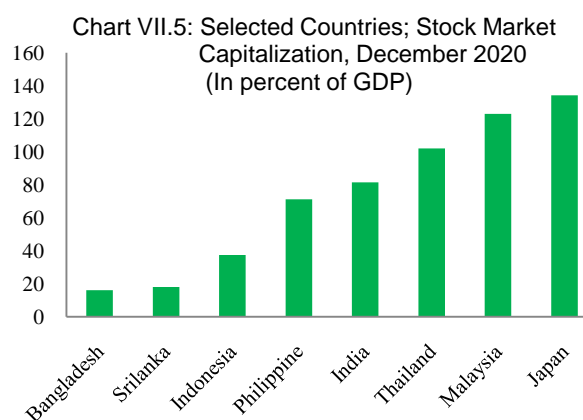
Sources: DSE Monthly Review, Various Issues



7.4 The increasing trend in turnover and issued capital in DSE continued in Q2FY21. The value of issued equity and debt increased by 8.3 percent in Q2FY21 from Q1FY21 and four new companies were listed in the capital market and one company were re-listed from OTC market during Q2FY21. Thus the number of listed securities rose to 376 at the end of Q2FY21. Total turnover value up by 19.5 percent in Q2FY21 compared to the previous quarter (Chart VII.1). Market liquidity as measured by the Turnover Velocity Ratio (TVR)³ increased to 57.0 percent in Q2FY21 from 54.1 percent in Q1FY21.



Source: DSE Monthly Review, December 2020



Source : DSE Monthly Review, December 2020

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

Table 7.1: Selected Countries: Price Earnings Ratio, Dividend Yield and Market Capitalization to GDP ratio of December 2020

Country	Price Earnings Ratio	Dividend Yield	M. Cap to GDP
Bangladesh	14.75	3.39	16.03
India	26.08	1.05	81.39
Sri Lanka	11.45	2.80	18.10
Thailand	28.84	3.32	102.05
Hong Kong	17.55	2.18	1728.70
China	18.37	-	44.12

Source: DSE monthly Review, December 2020

7.5 Cross-country data on price earnings (PE) ratios as of December 2020 show that Bangladesh has moderate PE ratio among the South and East Asian countries while dividend yield of Bangladesh is the highest among these countries (Table 7.1). Market capitalization of as percent of GDP in Bangladesh rebounded sharply to 16.03 percent in Q2FY21 from 11.5 percent in Q1FY21.

7.6 The BSEC has taken several investor friendly initiatives e.g. attempt to create an investor protection fund by collecting unclaimed dividend from listed companies, faster approval process of IPO to enhance the market capitalization, to bring transparency and trust in the trading system updated surveillance software, and starting implementation holding of two percent of total capital for individual director and 30 percent of total capital for all sponsors director of the company which restored the investors' confidence in the capital market. In addition, Bangladesh Bank undertook several policy measures under the stimulus packages of the government to boost liquidity in the market which greased the uptrend activities in the capital market during H1FY21. The expectation of improving the COVID-19 situations owing to the beginning of vaccination along with easy monetary condition the uptrend performances of the market are likely continue in near future.

Policy Notes

Policy Note PN 2101

Changing Currency Holding Patterns during COVID-19 Pandemic in Bangladesh⁴

Abstract

The main objective of this policy note is to analyze the factors associated with the cash holding or the currency demand of households during the COVID-19 pandemic. The level of economic activities (measured by GDP), inflation, the interest rate on deposits, digital payments innovation, and seasonal factors influence cash holding pattern but the household perception of panic and uncertainty originated from the COVID-19 heightened more cash holding despite increasing digital payments. The currency deposit ratio (CDR) rose to 17 percent in the middle of 2020 and came down to a pre-covid-19 pandemic level in December 2020 due to the disappearance of household uncertainty with gradual economic recovery and rollout of vaccination throughout the country.

I. Introduction

Currency in circulation (CIC) issued by Bangladesh Bank (BB) increased sharply by 22.13 percent in FY20 compared to 9.97 percent growth in FY19. Currency outside of Banks (COB) holding by the household or broadly, currency demand also rose by 24.52 percent in FY20 from 9.49 percent growth in FY19. This higher growth in COB and CIC stemmed mainly from unexpected behavior by the household sector and sluggish economic activities in the face of the COVID-19 pandemic. Generally, currency holding or cash demand depends on many factors viz. level of overall economic activities, the trend of inflation, movements of interest rate on the asset, payment system innovation, precautionary motive, and seasonal factors. During the COVID-19 pandemic, the cash holding pattern changed abnormally owing to panic or uncertainty that surpassed all other important drivers of currency demand.

The ongoing COVID-19 pandemic that started at the end of 2019 has left many upsetting instances around the globe and it affected almost all sectors of the economy of Bangladesh (real sector, financial sector, health sector, etc). Among different sectors of the economy of Bangladesh, the banking sector witnessed sluggishness in terms of regular banking activities and interruption of deposit and lending actions were disturbed. Both the print media and the electronic media argued that people were holding more cash than its usual trend since the beginning of nationwide lockdown triggered by the COVID-19 pandemic. Against this backdrop, the main objective of the note is to analyze the factors which influence currency holding behavior of the household during the covid-19 pandemic.

⁴ The authors are Dr. Md. Ezazul Islam, General Manager and Md. Rashel Hasan, Joint Director, Chief Economist's Unit. The views expressed are authors own and do not reflect those that of Bangladesh Bank. The authours would like to thank Dr. Habibur Rahman, Executive Director for upgrading the quality of the Note.

II. Factors of Currency holding or Cash Demand behavior and COVID-19

Nominal GDP growth, inflation, the interest rate on deposits plays an important role for currency holding or cash demand for transaction purpose. During FY10-FY19, nominal GDP grew on average by 13.69 percent, CoB 16.06 percent, CIC 16.10 percent, inflation 7.0 percent, and deposit interest rate 6.61 percent. The movements of these variables over time were quite consistent, however changed abnormally in FY20. Despite falling nominal GDP in FY20, currency holding increased substantially although inflation inched up and deposit interest rate declined slightly (Table-1). This is quite an unusual and very short-run phenomenon powered by household uncertainty and perception in face of the COVID-19 pandemic.

Table-1: Yearly growth of GDP, CoB, Inflation and interest Rate (%)

	CIC	COB	NGDP	Inflation	Interest Rate on Deposits
FY10	27.93	28.04	13.11	7.31	6.01
FY11	19.94	18.71	14.83	8.80	7.27
FY12	7.22	6.61	15.22	10.62	8.18
FY13	16.14	15.64	13.62	6.78	8.54
FY14	13.42	13.85	12.07	7.35	7.97
FY15	14.82	14.34	12.81	6.40	6.80
FY16	34.79	38.81	14.32	5.92	5.54
FY17	14.33	12.66	14.02	5.44	4.84
FY18	2.43	2.46	13.90	5.78	5.50
FY19	9.97	9.49	12.98	5.48	5.43
FY20	22.13	24.52	9.99	5.65	5.06

Source: Bangladesh Bank and BBS

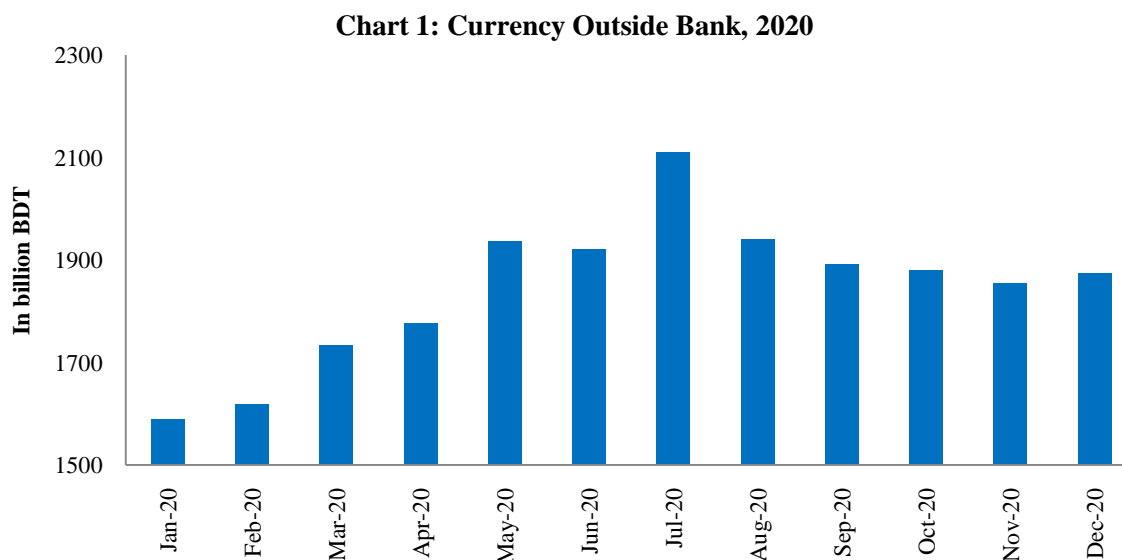
The short-run dynamics of household behaviors regarding cash holding are given in Table-2. Currency holdings and currency circulation growth started to rise in March 2020 when a nationwide lockdown was imposed to check the spread of virus infection. During the nationwide lockdown businesses, shopping centers, hotel and restaurant and many others institutions were shutdown and many employees temporarily lost their jobs. Consequently, industrial production dipped to (-) 24.75 percent (y/y) in May 2020. Deposit growth started to decline slowly since January 2020 and continued its downward trend up to July 2020. Afterward, deposit growth started to rise with recovering economic activities and declining household's perception of uncertainty.

If we examine the currency outside banks data for the whole calendar year of 2020, we may notice that at the end of February 2020, COB was BDT 1618 billion and suddenly kept edging up to reach as high as BDT 2110 billion at the end of July 2020 (COB grew 30.4 percent). Nevertheless, COB was going down since August 2020 and reached to BDT 1874 billion at the end of December 2020 (chart 1).

Table-2: Monthly Growth (y/y) in Monetary Stocks, Inflation, Deposit and Industrial production (In percent)

	M1	M2	RM	COB	CIC	TDTL	Inflation	Deposit	QIIP	Interest on Deposit (%)
Dec-19	8.02	12.04	6.93	8.23	8.57	12.58	5.75	12.38	13.73	5.70
Jan-20	8.46	12.39	9.29	9.84	10.17	12.75	5.57	12.90	10.37	5.69
Feb-20	9.89	12.57	10.69	10.86	10.25	12.82	5.46	12.76	8.91	5.53
Mar-20	15.59	12.16	21.25	19.84	20.32	11.07	5.48	11.29	3.09	5.51
Apr-20	17.25	13.25	12.93	22.70	21.99	11.91	5.96	11.90	-23.47	5.37
May-20	15.85	12.15	10.00	17.71	17.43	11.28	5.35	11.36	-24.75	5.24
Jun-20	20.11	12.64	15.56	24.52	22.13	10.92	6.02	10.61	4.42	5.06
Jul-20	24.51	14.26	19.86	33.68	30.30	11.40	5.53	10.89	9.24	5.02
Aug-20	19.07	13.57	12.19	17.45	17.59	12.98	5.68	12.44	5.29	4.95
Sep-20	20.21	13.92	13.61	19.82	18.18	13.07	5.97	13.06	9.16	4.79
Oct-20	20.03	14.10	15.19	21.46	20.78	13.07	6.44	12.86	6.59	4.73
Nov-20	20.80	13.99	20.68	19.44	19.53	13.28	5.52	13.02	10.02	4.64
Dec-20	21.91	14.23	21.18	19.72	18.11	13.48	5.29	13.15		4.54

Source: Authors calculation based on data available on Economic Trend, BB and BBS



Was this cash holding phenomenon in 2020 significantly different from other calendar years? In order to answer that question we examined data on currency holding by the household for the last five years. The payment habits of the household can be determined by currency-deposit ratio (Dornbusch et al

2011). The CDR reflects how much currency is held by households relative to the total demand and time liabilities⁵. The chart 2 represents currency-deposit ratio (in percent) over the period of 2016-2020. The time series data on currency deposit ratio shows that there are seasonalities in currency holding during the biggest Muslim festivals, Eid-ul-Fitr and Eid-ul-Azha. During these two festivals, CDR shoots up as people's need to meet up festival expenditures (exception for the year 2020). In 2020, Eid-ul Fitr was celebrated on 25th of May 2020 when the country was under stick lockdown measures with very few shopping centres opened in a limited fashion.

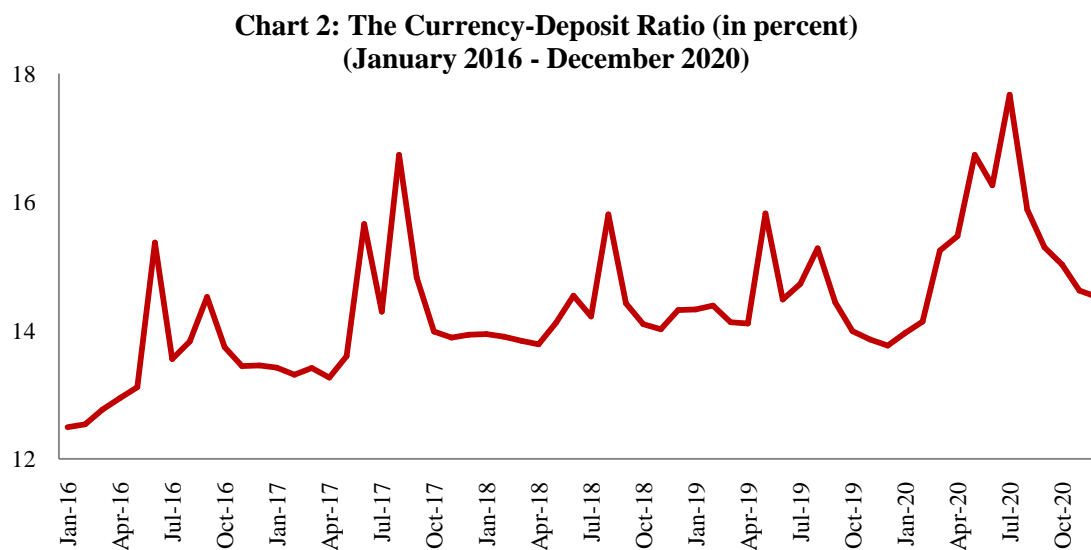


Table 3 : Descriptive Statistics of CDR

Year	Bangladesh			India		
	CDR (mean)	Min	Max	CDR (mean)	Min	Max
2016	13.5	12.5	15.4	14.5	7.0	16.3
2017	14.2	13.3	16.7	12.3	8.7	14.0
2018	14.3	13.8	15.8	14.9	14.1	15.5
2019	14.4	13.8	15.8	15.6	15.3	15.9
2016 to 2019	14.1	12.5	16.7	14.3	7.0	16.3
2020	15.4	14.0	17.7	16.8	15.7	17.4

Sources: Bangladesh Bank & Reserve Bank of India

Moreover, CDR for the year 2020 is much higher compare to other years. The currency outside bank as a percent of total demand and time liabilities was 15.4 percent in 2020; whereas it was 14.1 percent in 2019 (table 3). The currency holding was increased in a higher rate to the overall deposit that turned the CDR much higher in 2020 compare to other calendar years (1.3 percentage points increased in 2020 from 2019).

⁵ The currency-deposit ratio = currency outside bank / total demand and time liabilities

This higher increase in currency holding was mainly driven by transaction and precautionary motives. Due to the COVID-19 pandemic and nationwide lockdown, people got puzzled and considering future uncertainty related to the COVID-19 situation, people preferred to hold cash in hand to make payment for daily necessary items and medical emergency. Moreover, banking service was limited, not all bank branches was opened which also made people to hold currencies in liquid form. Table 3 also highlighted currency-deposit ratio for India in the face of COVID-19. Time series data on currency-deposit ratio for India shows that currency holding was 15.4 percent in 2020, much higher than last five year average of 14.1 percent.

The COB plays an important role in the money supply process. The ratio of COB –Narrow money (M1) and COB-Broad money (M2) indicate that demand for cash holding of a household maintained a steady trend during FY10-FY19 except for FY20 (Table-4). A general notion is that households always hold minimum cash for the transaction and precautionary purpose and they deposited their excess cash to the bank to earn interest income which is reflected in the CDR ratio. The movements of CDR influence money creation through money multipliers.

Table-4: Trend in Currency-GDP Ratio and Currency-Money supply Ratio (%)

	CIC/GDP	Cob/GDP	CIC/RM	CoB/M1	CoB/M2
FY10	6.33	5.79	68.07	52.46	12.71
FY11	6.61	5.98	67.45	53.15	12.44
FY12	6.15	5.54	66.35	53.24	11.30
FY13	6.29	5.63	67.00	54.65	11.19
FY14	6.36	5.72	65.82	54.30	10.98
FY15	6.48	5.80	66.10	54.68	11.17
FY16	7.64	7.04	68.48	57.47	13.32
FY17	7.66	6.96	67.33	57.29	13.54
FY18	6.88	6.26	66.29	55.28	12.70
FY19	6.70	6.07	69.21	56.45	12.65
FY20	7.44	6.87	73.15	58.52	13.98

Sources: BB and BBS

On the other hand, digital payments increased rapidly during the last five years. The main mode of the digital platform is card transaction (debit and credit) and mobile banking under the digital payments system. Monthly data indicate that on average about BDT 621.93 billion transactions were made monthly during the year 2020 through digital payments platform dominated by MFS. Data shows that more than 70 percent transaction is done by MFS. Despite the increasing use of digital payments, a large section of rural households and poor household in urban area preferred cash to digital payment mode.

III. Conclusion

The note analyzed the factors and consequences of the cash holding pattern in the face of the COVID-19 pandemic. The main findings of this analysis are that currency demand or cash holding increased abnormally during the middle of 2020 which is reflected in the growth of CIC, COB and CDR.

Although the cash holding pattern is influenced by economic fundamentals and seasonal factors, household's perception of panic and uncertainty during the COVID-19 had also played a major role. Cash holding measured by CDR fall to a pre-covid-19 pandemic level in December 2020 because household perception changed and uncertainty started to disappear as the economy began to resume and mass vaccination was rolled out throughout the country.

Policy Note: PN 2102

Introduction of Sovereign Investment *ṣukūk* in Bangladesh and Liquidity Management by Islamic Banks⁶

Abstract

The first sovereign investment ṣukūk⁷ in Bangladesh for implementing a project titled 'Safe Water Supply for the Whole Country' got huge response and was over-subscribed, which signals that investing in ṣukūk is a potential sector in the financial market of the country. This note explains the structure of the maiden ṣukūk in order to understand further scopes of developing such types of ṣukūk in the country, considering huge excess liquidity in Islamic banking sector. The note also finds that excess liquidity of Islamic banking sector remains a concern and issuing ṣukūk can help them purchase the Shariah-compliant securities for maintaining their statutory liquidity ratio (SLR) with the Bangladesh Bank as well as investing in government's development projects. Moreover, asset backed ṣukūk with ijārah, muḍārabah or mushārah contracts can be considered to introduce more sovereign investment ṣukūk which can be used for implementing Sharī'ah-compliant government development projects. The note also recommends that there is a need for supportive policies to the investors for encouraging the investment in ṣukūk.

I. Introduction

Bangladesh issued first sovereign investment *ṣukūk* for raising funds aiming at implementing a project titled 'Safe Water Supply for the Whole Country' on 28 December 2020. The maiden *ṣukūk* was over-subscribed by nearly four times, signaling that investing in such *ṣukūk* is a new potential avenue for the financial markets of Bangladesh. Likewise the growing share of Islamic banking in Bangladesh, the huge oversubscription of this maiden *ṣukūk* reflected investors' interest to Islamic financial products of capital market. Besides, the issuance of such *ṣukūk* provides a scope for the government of Bangladesh to explore for financing its Sharī'ah-compliant projects.

Moreover, current huge excess liquidity with Islamic banks is exerting adverse effects since the Islamic banks cannot invest in interest-bearing government securities because of non-Sharī'ah-compliance issues. The newly issued *ṣukūk* also offers an avenue of investing the excess liquid assets into such Sharī'ah-compliant securities. Against this backdrop, this policy note explains the structure of the maiden *ṣukūk* in order to delve further scopes of developing such types of *ṣukūk* in the country, considering huge excess liquidity in Islamic banking sector.

⁶ This note has been prepared jointly by Dr. Md. Salim Al Mamun, Deputy General Manager, Chief Economist's Unit and Md. Gulzare Nabi, Deputy General Manager, Research Department in Bangladesh Bank. The authors are grateful to Dr. Md. Habibur Rahman, Executive Director (Research), and Dr. Md. Ezazul Islam, General Manager, Chief Economist's Unit, Bangladesh Bank, for providing valuable suggestions. Views expressed in this paper are authors' own and do not necessarily reflect that those of Bangladesh Bank. Comments can be sent to: salim.mamun@bb.org.bd

⁷ *Ṣukūk* is the plural of Arabic word *sakk*. In Arabic language, *ṣukūk* mean 'legal instrument', 'deed' or 'check'. In Islamic financial concept, *ṣukūk* refer to Sharī'ah-compliant financing instruments, which differ from conventional bonds in terms of structure, rate, legal rights and the underlying contracts, among others. Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) defines that *ṣukūk* are the certificates of equal value representing undivided shares in ownership of tangible assets, usufructs and services, or equity of a given project or equity of a special investment activity.

II. The newly issued *Ṣukūk* and its Structure

The government planned to raise BDT 80 billion through issuing *ṣukūk* for implementation of a five-year 'Safe Water Supply to the Whole Country' project which began in January, 2021⁸. Three parties, which are originator, special purpose vehicle (SPV) and investors, are involved in the operations of the *ṣukūk*. Bangladesh Bank (BB) acts as a SPV on behalf of Ministry of Finance, the originator of the Sharī'ah-compliant *ṣukūk*, arranged first auction of BDT 40 billion *ijārah ṣukūk* on 28 December 2020, with a 5-year maturity period. The first auction got responses from 37 institutions — both conventional and Sharī'ah-compliant financial institutions and two individuals — and was over-subscribed to BDT 151.53 billion. There are two tranches, with BDT 40 billion in each tranche. The BB will arrange the next auction for the remaining tranche of BDT 40 billion on 28 June 2021.

The underlying contract of such *ṣukūk* is based on *ijārah* in nature. The existing and future asset including usufruct under the project "Safe Water Supply to the Whole Country" of the government are the *ṣukūk* asset to be leased to the *ṣukūk* investors. Rental rates of the *ṣukūk* will be transferred to the investors in the form of coupon payments. According to the guidelines on the investment criteria of the new *ṣukūk*, investors will receive 4.69 percent as rental rate on their investment in such *ṣukūk*, which will be paid by the BB on behalf of the government on a half-yearly basis. The BB has fixed the rate based on the latest rate on Bangladesh Government Islamic Investment Bond (GIIB) which paid 3.69 percent as profit in 2019 and accordingly, the BB added just 1 percent to the rate of the maiden *ṣukūk*. A single investor must invest at least BDT 10,000 in such *ṣukūk*, without any upper limit. The Department of Public Health Engineering (DPHE) is implementing the project funded by the *ṣukūk* issuance and is going to complete the project by 30 June 2025.

III. Implication of the newly Issued *Ṣukūk* on the financial sector

The overwhelming response for that *ṣukūk* may be attributed to existence of excess liquidity surplus of Islamic banks. Since Islamic banks cannot invest their excess funds in interest bearing securities and since there are only limited available Sharī'ah-compliant securities, that *ṣukūk* has given a scope to assist the Islamic banks in managing their liquidity to some extent. Not only such *ṣukūk* is mopping up the excess liquid assets from the Islamic banks, but also government is implementing its project by introducing such *ṣukūk*, which will, in fact, help resource mobilization and fiscal management.

Further, Islamic banks of Bangladesh have to maintain their statutory liquidity ratio (SLR) with the BB, but the government securities to purchase for maintaining the SLR are mostly not Sharī'ah-compliant. Currently, Islamic banks are required to maintain at least 5.5 percent of their total demand and time liabilities, excluding inter-bank items, effective from 1 February 2014, which remained unchanged till date. On the other hand, conventional banks are required to maintain 13.0 percent of their total demand and time liabilities. Lower requirement for the Islamic banks is because of the lack of available Sharī'ah-compliant government securities for them, but may raise an issue of market perfection between Islamic

⁸ Government of Bangladesh and Bangladesh Bank (2019). Prospectus – The offer of *ijārah ṣukūk* – Safe water for the whole country. (https://www.bb.org.bd/mediaroom/notice/ṣukūk_prospectus.pdf)

and conventional banks. Issuance of more sovereign *ṣukūk* instruments by which the banks will have broader space to maintain SLR will help rationalize the requirement for Islamic banks in future.

However, in the financial sector, Bangladesh Government Islamic Investment Bond (GIIB), so far, is the only approved Shari‘ah-compliant security other than the newly issued *ṣukūk* in order to maintain the SLR by the Islamic banks. But the limitation of the GIIB is that the government cannot borrow money from GIIB fund as the fund must be used in the Shari‘ah-compliant projects, and there is no mechanism to do so. Therefore, in return, the Islamic banks with liquidity shortfall borrow funds from this pool of GIIB which was collected earlier through selling of the GIIB securities. Here, *muḍārabah* principle is the underlying contract followed for such financing by the security holders and Islamic banks avail this fund at a provisional rate of profit on its *muḍārabah* short notice deposit accounts, with an adjustment after finalization of accounts and rate of profit of the concerned Islamic banks. However, still a significant balance (= sale – financing) remained always idle in government account without incurring any benefit, indicating that there is a scope of financing this balance in Shari‘ah-compliant ways. Table 1 shows the trend of sale, financing and net balance over the periods during FY10-FY20.

Table 1: Bangladesh Government Islamic Investment Bond

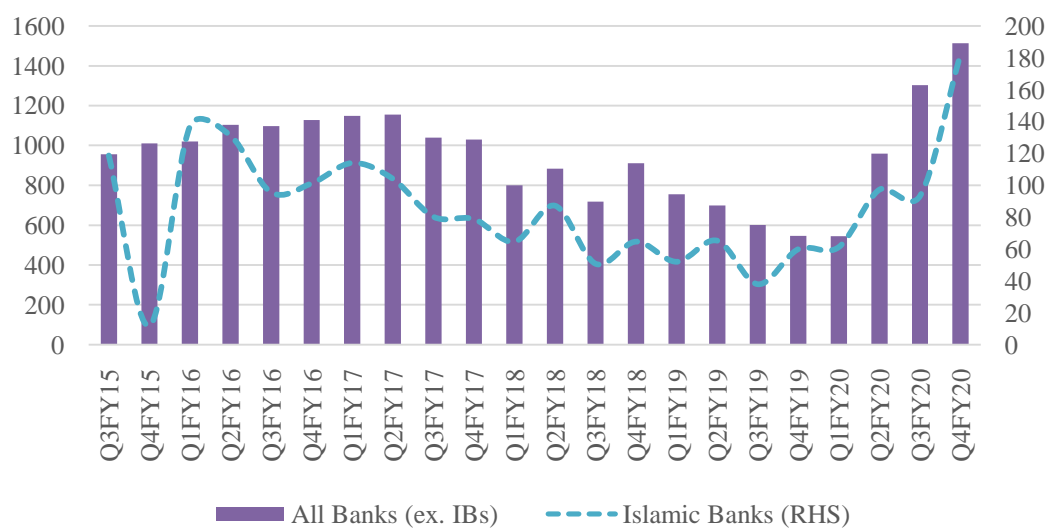
(Billion BDT)			
Fiscal Year	Sale	Financing	Net Balance
FY10	23.40	15.40	8.00
FY11	25.30	22.80	2.50
FY12	31.48	31.26	0.22
FY13	107.13	67.78	39.35
FY14	121.34	24.37	96.96
FY15	135.84	25.40	110.44
FY16	122.94	37.80	85.95
FY17	84.01	54.70	29.31
FY18	92.95	81.20	11.75
FY19	107.11	84.80	22.31
FY20	131.88	67.82	64.06

Source: Various Annual Reports, Bangladesh Bank

IV. Excess Liquidity status of Islamic banks and scope for investing in *ṣukūk*

Excess liquid assets of Islamic banks have been increasing gradually overtime with some ups and down as evident in Chart 1. At the end of Q4FY20, the total amount of excess liquid assets of Islamic banks hit record at BDT 183 billion, while conventional banks’ excess liquid assets accumulated to BDT 1514 billion at the end of same quarter. Lower investment or financing in case of both Islamic and conventional banks reflected in slower private sector credit growth in the wake of COVID-19 situation expanded the excess liquid assets in the recent periods. However, while conventional banks have broader scopes of investing their excess liquid assets in treasury bills and bonds, Islamic banks have only two options - the GIIB or newly issued *ṣukūk*.

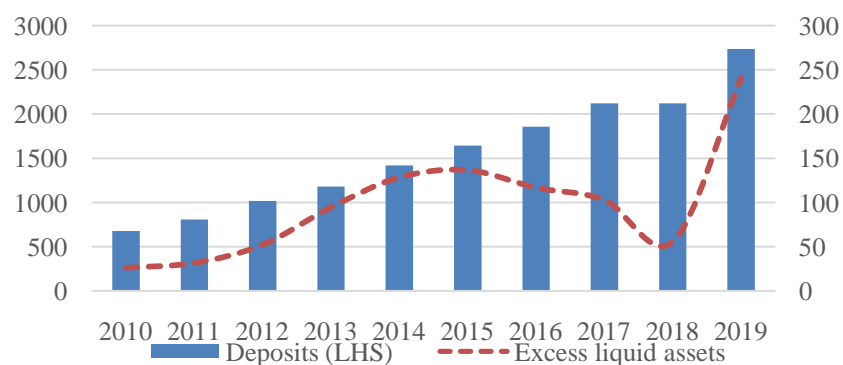
Chart 1: Excess liquid assets of conventional banks (excluding Islamic) and Islamic banks (in billion BDT)



Source: Bangladesh Bank

Chart 2 also shows an overall positive relationship between deposits and excess liquid assets of Islamic banks over the years but 2016, 2017 and 2018. During 2016-2018, the Islamic banks had granted aggressive investments reflected in investment - deposit ratios, which were close to 90 percent or more. Since Islamic banks have historical excess liquidity experience with an absence of available sovereign Sharī'ah-compliant securities, they have a tendency to make over-investments which, sometimes, remains a concern for bank's resilience against any adverse situation. The BB, at that time, took some special measures for Islamic banks to reduce the investment-deposit ratio. The excess liquid assets escalated again in 2019 stood at BDT 240.5 billion, while total deposits of Islamic banks increased too. This implies that innovative securities for Islamic financial system are critical to absorb the excess liquidity of Islamic banks.

Chart 2: Total deposits and excess liquid of Islamic banking (in billion BDT)

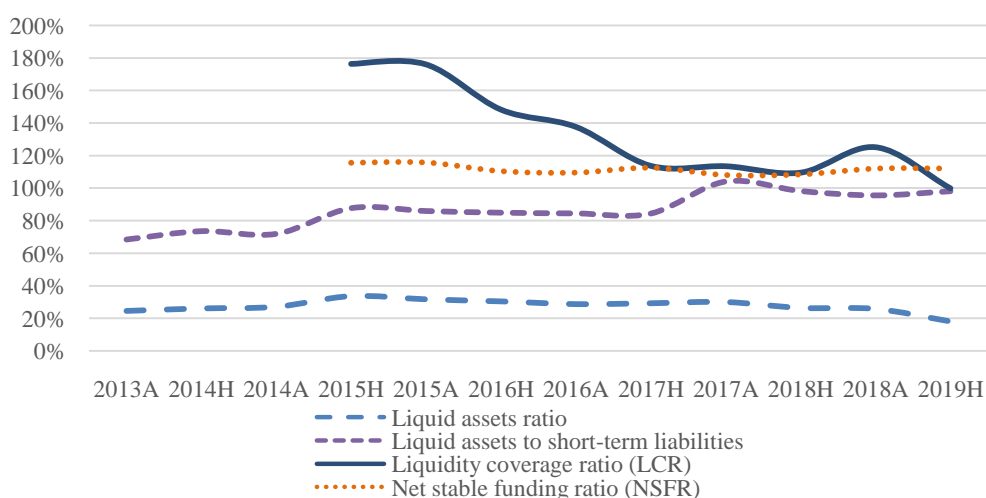


Source: Various Annual Reports, Bangladesh Bank

V. Liquidity indicators of Islamic banks

Liquidity indicators indicate the capability of Islamic banking sector to its short-term financial obligations. Chart 3 shows that the liquid asset ratio calculated by taking liquid assets as numerator and total assets as denominator maintained always more than 20 percent except 2019H, reflecting available liquidity to meet expected and unexpected demands for cash. Liquid assets to short-term liabilities calculated by taking liquid assets as the numerator and short-term liabilities as the denominator show an upward trend and reached 98.1 percent in 2019H, indicating available adequacy to meet short-term withdrawals of funds without facing liquidity problems.

Chart 3: Liquidity of Islamic banks



Source: Prudential and Structural Islamic Financial Indicators (PSIFIs), Islamic Financial Services Board.

Basel Committee on Banking Supervision (BCBS)⁹ developed a global liquidity indicator, the liquidity coverage ratio (LCR), to understand the capacity of high-quality liquid assets against possibility of cash outflows over the next 30 calendar days. The LCR maintained near about 100 percent during the reported periods indicates that Islamic banking sector in Bangladesh has sufficient liquidity against any financial crisis. BCBS developed another liquidity indicator, net stable funding ratio (NSFR), which is ratio of amount of available stable funding (ASF) to the amount of required stable funding (RSF), intending to encourage banks to develop access to medium- and long-term funding. According to BCBS guidelines, the ratio must be more than 100 percent and Islamic banking sector of Bangladesh maintained the ratio well above 100 percent during the reported periods, which indicates that Islamic banks have sufficient sources of funds over a one-year time horizon under the conditions of financial stress.

⁹ Basel Committee on Banking Supervision (2014). Liquidity coverage ratio disclosure standards. Basel: BCBS.

VI. Possible underlying contracts for issuing new *ṣukūk* in Bangladesh

Ṣukūk can be developed based on different underlying Sharī'ah-compliant contracts, such as partnership, lease, agency and sale contracts. In the context of Bangladesh's financing systems, the following three major contracts can be considered for issuing new *ṣukūk*.

***Ijārah ṣukūk* for medium- and long-term government financing:** This is one of the most common *ṣukūk* issuance, especially for project finance. The newly issued *ṣukūk* on safe water corresponds to *ijārah* contract. *Ijārah ṣukūk* is a leasing structure coupled with a right available to the lessee to purchase the asset at the end of the lease period. The rental rates of return on those *ṣukūk* can be fixed or floating depending on the agreement. The cash flow from the lease including rental payments and principal repayments are passed through to investors in the form of coupon and principal payments. Like the newly issued *ṣukūk*, *ijārah ṣukūk* provides an efficient medium to long-term mode of financing for Bangladesh economy. The major benefit of the *ijārah* contract is that government as a lessee can lease an asset only for a certain period of time, paying rent against the asset. Even the period is long, the *ṣukūk* holders, on the other hand, can sell the certificates, if needed.

***Muḍārabah ṣukūk* for investing in government's Sharī'ah-compliant projects:** This is an agreement made between two parties, where one party provides the capital (*rab-al-maal*) and the other is an entrepreneur (*muḍārib*). The contract enables the entrepreneur to carry out business projects on a profit-sharing basis, according to pre-determined ratios agreed earlier. In the case of losses, the losses are borne by the provider of the funds only. Currently, GIIB certificates are being operated under *muḍārabah* contract. Government can find the way to issue more *muḍārabah ṣukūk* in the market. However, unlike GIIB, it is important to find out way how *muḍārabah* fund can be utilized for government's Sharī'ah-compliant projects.

***Mushārahah ṣukūk* for developing PPP projects:** This is very similar to the *muḍārabah* contract and is widely used in equity financing. The structure of *mushārahah* requires both parties to provide financing to the projects. In case of losses, both parties will lose in proportion to the size of their investment. Government's public private partnership (PPP) projects can be considered under *mushārahah ṣukūk* for raising required financing for infrastructure development.

VII. Conclusion

The maiden *ṣukūk* has drawn huge response from investors as it was over-subscribed, indicating that government can be benefitted further by introducing such types of *ṣukūk*. To continue GDP growth rates to high levels as targeted by the government, the economy needs to implement huge infrastructure development projects in which policymakers need to consider on how *ṣukūk* instruments can be used in government Sharī'ah-compliant projects.

Excess liquidity of Islamic banking sector remains a concern and issuing *ṣukūk* can help them purchase the Sharī'ah-compliant securities for maintaining their SLR as well as for contributing to economic development of the country. At this stage, this note finds that asset backed *ṣukūk* with *ijārah*, *muḍārabah* or *mushārahah* contracts can be initiated against other Sharī'ah-compliant government projects.

Moreover, there is a need for supportive policies for encouraging the investment in *ṣukūk*. For instance, current tax structure of a 5 percent source tax on profit may discourage investors from parking their funds in Sharī'ah-compliant securities. To make the Sharī'ah-compliant securities more attractive, tax authority may take appropriate measures, treating *ṣukūk* on how they can be exempted from taxes.

Tables

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

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

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

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

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

Source: Bangladesh Bureau of Statistics

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

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

Source: Bangladesh Bureau of Statistics

Table I.4 : Crop-wise Agricultural Production

Crops	Actual / Target for FY 20		Actual / Target for FY 21	
	Area	Production	Area	Production
	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)
Aus	11.3	30.1	13.05*	32.84*
Aman	58.8	155.0	56.26*	144.38*
Boro	47.5	201.8	32.2	205.8
Total Rice	117.7	387.0	101.3	361.9
Wheat	3.4	12.5	3.4	13.0
Maize	5.5	54.0	5.3	56.9
Total Cereal	126.7	453.4	8.7	69.9
Jute	6.7	68.2	76.82*	77.25*
Potato	4.6	109.2	4.9	113.7
Vegetables	9.0	184.9	9.3	197.1
Moong	2.6	3.4	0.6	3.5
Mosur	1.9	2.6	1.8	2.7
Gram	0.6	0.7	0.0	0.1
Mustard	5.7	7.5	5.8	8.0
Onion	2.4	25.6	2.4	29.6

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

* = Actual

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

	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Manufacturing	386.5	370.9	392.2	391.6	391.4	393.8	402.4	420.7	421.7	330.51	435.9	449.7
Mining	182.6	183.5	175.5	181.3	190.0	186.5	189.0	183.1	186.9	187.13	206.3	170.7
Electricity	289.8	298.4	261.3	254.2	345.0	305.9	370.3	281.1	269.1	303.12	381.0	281.03
Growth in Percent												
Manufacturing	12.1	13.8	13.4	11.0	10.2	1.9	8.5	7.3	7.7	-15.5	9.8	8.3
Mining	-1.9	-2.1	-5.8	-1.6	2.0	2.2	3.0	4.4	3.1	-1.5	9.8	2.3
Electricity	7.0	2.3	7.2	-2.0	19.4	5.6	24.1	7.5	5.9	-12.1	2.0	11.0

Source : Bangladesh Bureau of Statistics ; * = October 2020

Tables I.6 : Quantum Index of Medium and Large-scale Manufacturing Industries by Major Industries (Base: 2005-06)											
	FY19					FY20				FY21	
	Weight	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂ *
General Index	100.0	379.6	392.2	391.6	391.2	402.4	420.7	421.7	330.5	435.9	429.2
Food products	10.8	498.8	562.3	529.3	553.8	581.2	625.1	617.0	581.8	555.6	607.6
Beverages	0.3	315.4	158.3	214.6	402.7	335.3	228.8	254.1	203.0	371.1	333.1
Tobacco products	2.9	134.2	139.0	140.3	140.9	141.1	142.0	141.7	154.4	126.3	138.8
Textile	14.1	183.1	201.4	201.3	212.8	212.4	245.5	235.4	217.4	247.7	258.8
Wearing apparel	34.8	424.9	461.1	459.0	427.2	420.3	417.7	422.2	214.6	434.1	376.3
Leather and related products	4.4	326.7	401.0	340.4	326.2	334.4	382.7	346.3	323.2	545.5	505.7
Wood and products of wood and cork	0.3	349.4	353.3	358.5	364.6	373.7	380.8	375.2	382.3	391.9	489.7
Paper and paper products	0.3	186.9	187.3	187.8	188.4	189.1	201.7	197.7	207.0	215.6	197.8
Printing and reproduction of recorded media	1.8	172.4	175.7	181.4	186.0	190.7	201.9	206.6	211.9	211.4	234.7
Coke and refined petroleum products	1.3	109.2	109.8	109.9	110.0	115.6	65.2	53.8	43.8	108.2	118.1
Chemicals and chemical products	3.7	153.4	135.5	130.4	115.7	111.8	130.6	124.7	111.8	159.4	166.7
Pharmaceuticals and medicinal chemical	8.2	749.8	580.1	650.8	701.0	839.0	879.7	884.6	928.8	957.2	988.5
Rubber and plastic products	1.6	434.3	438.1	445.4	450.7	462.5	465.1	455.5	385.5	424.1	422.5
Other non-metallic mineral products	7.1	413.5	421.0	435.7	457.6	457.1	501.2	551.9	428.8	481.9	525.5
Basic metal	3.2	187.5	187.2	186.8	186.7	188.8	194.7	194.8	116.3	161.2	180.6
Fabricated metal products	2.3	292.0	296.3	298.8	302.7	299.3	312.8	317.2	263.9	439.8	468.4
Computer, electronic and optical product	0.2	195.6	191.8	268.1	328.8	377.2	325.2	293.7	114.3	334.0	286.2
Electrical equipment	0.7	245.8	382.0	289.1	423.3	242.6	282.8	265.4	336.4	534.9	516.4
Machinery and equipment	0.2	599.2	624.4	641.3	699.0	747.9	752.0	794.9	746.1	767.2	751.7
Motor vehicles and trailers	0.1	682.2	886.6	556.7	330.9	438.9	290.0	270.6	142.6	169.8	67.15
Other transport equipment	0.7	559.4	584.4	612.3	618.7	620.5	714.0	637.8	527.9	702.1	749.0
Furniture	0.9	193.0	199.1	191.1	192.2	194.4	193.2	189.0	160.7	163.3	143.2

Source : Bangladesh Bureau of Statistics ; * = October 2020

Table I.7 : Cargo Handled by Chattogram Port (In Thousands Metric Tons)												
	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Quantity												
Export	6,849	1,748	1,771	1,751	1,580	6,645	1,820	1,803	1,826	1,197	1719	1835
Import	83,021	18,154	21,442	22,984	20,440	87,275	20,052	24,479	26,781	15,963	20160	25399
Total	88,969	19,002	23,213	24,735	22,020	93,921	21,872	26,283	28,607	17,160	21879	27234
Growth in percent												
Export	-2.1	2.0	-3.1	-0.9	-6.6	-3.0	4.1	1.8	4.3	-24.3	-5.5	1.8
Import	6.4	8.7	5.5	12.5	-0.8	5.1	10.5	14.2	16.5	-21.9	0.5	3.8
Total	4.6	3.2	4.8	11.5	-1.2	5.6	15.1	13.2	15.7	-22.1	0.0	3.6

Source: Chattogram Port Authority.

Table I.8 : Trends in Private Sector Credit												
(In billionTaka)												
Institutions	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding												
Banks	10,100	9,188	9,588	9,797	10,100	10,973	10,167	10,532	10,666	10,973	11,131	11,413
Non-banks	670	650	668	681	670	673	668	677	676	673	667	675
Microfinance institutions	636	573	603	624	636	614	640	679	419	614	600	642
Total	11,406	10,410	10,859	11,102	11,406	12,260	11,474	11,889	11,761	12,260	12,398	12,731
Growth in percent ¹												
Banks	11.3	14.7	13.2	12.4	11.3	8.6	10.7	9.8	8.9	8.6	9.5	8.4
Non-banks	4.1	9.0	11.0	8.0	4.1	0.4	2.8	1.4	-0.7	0.4	-0.1	-0.3
Microfinance institutions	11.4	23.0	8.5	9.8	11.4	-3.5	11.7	12.7	-32.8	-3.5	-6.2	-5.4
Total	10.8	14.7	12.8	12.0	10.8	7.5	10.2	9.5	5.9	7.5	8.0	7.1

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

¹ Quarterly growth rate refers to growth over the same quarter of the previous year.

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

Sectors	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding												
a. Agriculture	429	387	392	410	429	460	415	422	431	460	459	479
<i>Crops</i>	393	354	357	376	393	423	380	385	392	423	418	433
<i>Others</i>	36	33	34	35	36	37	35	37	39	37	41	46
b. Industry	3,851	3,509	3,663	3,741	3,851	4,343	3,989	4,150	4,315	4,347	4,383	4,497
<i>Term Loan</i>	1,909	1,584	1,752	1,774	1,909	2,156	1,937	2,012	2,121	2,154	2,145	2,228
<i>Working capital financing</i>	1,942	1,924	1,911	1,968	1,942	2,188	2,053	2,138	2,194	2,193	2,238	2,269
c. Construction	901	799	850	855	901	920	911	890	923	920	920	927
d. Transport	72	71	67	72	72	88	86	86	79	87	85	86
e. Trade & Commerce	3,121	2,844	2,957	3,061	3,121	3,486	3,106	3,247	3,248	3,484	3,560	3,594
f. Other	260	215	250	261	260	293	268	290	284	293	268	277
Institutional loan												
g. Consumer finance	686	599	648	631	686	665	648	709	682	665	723	857
h. Miscellaneous	53	44	47	46	53	36	33	33	40	36	37	39
Grand Total :	9,374	8,467	8,875	9,078	9,374	10,291	9,456	9,827	10,002	10,291	10,434	10,756
	Growth in percent											
a. Agriculture	6.1		7.1	1.7	4.9	6.1	7.2	7.3	7.7	5.1	7.2	10.5
<i>Crops</i>	3.8		5.5	0.1	3.2	3.8	7.7	7.3	7.8	4.5	7.7	10.0
<i>Others</i>	38.7		28.2	22.3	29.2	38.7	2.1	7.1	7.4	12.0	1.9	16.0
b. Industry	13.3		17.6	15.4	16.1	13.3	12.8	13.7	13.3	15.3	12.9	9.9
<i>Term Loan</i>	20.2		14.6	18.9	22.1	20.2	12.9	22.2	14.9	19.6	12.8	10.8
<i>Working capital financing</i>	7.2		20.2	12.4	11.3	7.2	12.6	6.7	11.9	11.5	12.9	9.0
c. Construction	15.8		20.1	22.6	16.6	15.8	2.1	14.0	4.7	8.0	2.0	1.0
d. Transport	4.2		25.3	16.3	9.2	4.2	22.7	21.3	27.6	9.9	21.8	-1.5
e. Trade & Commerce	10.2		12.3	13.1	12.0	10.2	11.7	9.2	9.8	6.1	11.6	14.6
f. Other	24.3		23.8	40.0	28.3	24.3	12.6	24.8	15.9	8.7	12.7	0.1
Institutional loan												
g. Consumer finance	13.0		5.9	-6.5	4.3	13.0	-3.1	8.2	9.4	8.1	-3.1	11.6
h. Miscellaneous	20.6		38.6	81.8	32.3	20.6	-31.8	-24.2	-19.9	-12.0	-31.9	10.9
Grand Total :	12.4		14.9	13.4	13.6	12.4	9.8	11.7	10.7	10.2	9.8	10.3

Source: Statistics department, Bangladesh Bank.

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

	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Programme/Target (July-June)	218.0	218.0	218.0	218.0	218.0	241.25	241.2	241.2	241.2	241.2	262.9	262.92
Total disbursement	236.2	34.9	67.4	60.3	73.5	227.5	35.5	72.5	61.2	58.3	46.84	73.94
Crop	118.8	16.9	36.8	30.0	35.1	114.0	16.9	38.6	31.6	26.9	24.8	41.8
Irrigation	1.6	0.2	0.5	0.5	0.3	1.3	0.1	0.5	0.4	0.3	0.5	0.8
Agricultural equipment	1.6	0.3	0.5	0.3	0.5	1.4	0.3	0.4	0.4	0.3	0.3	0.5
Live-stock	32.5	5.6	8.6	8.1	10.2	31.7	5.9	10.0	8.1	7.7	7.5	9.6
Fisheries	26.8	4.5	7.3	7.0	8.0	26.1	4.8	7.6	6.8	6.8	5.0	7.8
Grain storage & marketing	1.2	0.1	0.3	0.2	0.6	1.3	0.2	0.4	0.4	0.4	0.3	0.4
Poverty alleviation	19.5	2.6	5.2	6.5	5.1	20.9	3.0	5.3	4.8	7.7	3.7	4.5
Others	34.3	4.8	8.1	7.8	13.7	30.9	4.3	9.7	8.7	8.2	4.6	8.6
Total recovery	237.3	45.1	68.9	56.2	67.2	212.5	43.7	71.3	54.4	43.0	62.8	78.1
Total overdue	66.9	72.4	66.8	63.7	66.9	60.6	67.0	64.0	60.8	60.6	69.5	65.7
Outstanding	429.7	396.2	401.1	409.2	429.7	455.9	422.3	430.3	440.4	455.9	440.4	440.89
Overdue as percent of outstanding	17.8	18.3	16.7	15.6	15.6	13.3	15.9	14.9	13.8	13.3	15.8	14.91
Growth in percent ¹												
Total disbursement	10.4	-17.5	3.3	10.5	41.9	-3.7	1.7	7.6	1.5	-20.7	31.8	2.0
Total recovery	10.9	-1.2	23.7	6.8	12.0	-10.5	-3.0	3.5	-3.2	-36.0	-70.5	78.6

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	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
1. Total disbursement	976.5	221.5	251.5	258.9	244.5	815.2	243.5	282.5	244.4	44.7	218.3	296.3
i) Grameen Bank	251.4	58.5	66.2	65.72	60.9	205.0	60.4	67.4	64.3	12.9	52.5	58.3
ii) BRAC	396.1	86.5	102.2	105.0	102.5	330.1	103.6	120.6	89.3	16.5	92.5	144.9
iii) ASA	324.7	75.6	82.1	87.0	80.0	275.2	78.1	92.9	89.2	15.0	71.9	91.6
iv) Proshika	4.3	0.9	1.0	1.2	1.2	4.9	1.4	1.6	1.7	0.2	1.5	1.5
2. Total recovery	964.7	229.4	244.1	245.1	246.0	824.8	260.5	271.4	236.5	56.5	236.9	280.9
i) Grameen Bank	245.1	60.3	63.1	62.4	59.3	204.9	64.2	65.4	62.2	13.2	60.0	61.1
ii) BRAC	398.9	91.3	97.0	102.6	108.0	343.7	113.6	118.8	90.8	20.6	105.3	135.6
iii) ASA	316.4	76.9	83.0	79.0	77.5	270.8	81.2	85.6	81.8	22.2	69.9	82.6
iv) Proshika	4.2	0.9	1.0	1.1	1.2	5.4	1.4	1.7	1.7	0.6	1.7	1.6
3. Loans outstanding	635.6	572.6	602.8	624.4	635.6	613.7	639.6	679.2	419.4	613.7	599.9	642.3
4. Loans overdue	11.7	8.9	11.1	11.5	11.7	13.1	12.2	12.3	11.0	13.1	12.6	24.5
5. Overdue as percent of outstanding	1.8	1.5	1.8	1.8	1.8	2.1	1.9	1.8	2.6	2.1	2.1	3.8

Source : Grameen Bank, BRAC, ASA and Proshika

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

	FY19					FY20					FY21
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Disbursement											
SOBs	27.1	7.0	6.8	6.7	6.6	75.2	29.1	23.0	10.2	12.9	10.9
PCBs	615.4	139.3	173.5	119.7	182.8	579.6	168.8	195.6	117.8	97.4	127.6
Foreign banks	27.6	5.1	5.6	5.3	11.6	41.9	7.5	9.7	17.2	7.5	6.6
Specialized banks	9.7	0.3	4.3	1.2	3.9	2.6	0.4	0.2	0.3	1.8	1.7
Non-bank financial institutions	128.7	39.4	52.3	19.6	17.4	43.3	13.9	13.6	14.0	1.8	7.7
Total	808.5	191.1	242.6	152.5	222.3	742.6	219.7	242.1	159.5	121.3	154.6
Recovery											
SOBs	56.6	18.0	19.4	10.4	8.8	57.0	17.2	21.8	11.5	6.4	5.6
PCBs	606.9	120.8	132.2	153.6	200.2	554.7	163.8	176.4	134.6	79.9	80.4
Foreign banks	14.8	3.5	2.8	3.3	5.2	21.3	7.5	4.3	5.1	4.4	10.5
Specialized banks	7.1	0.3	2.0	1.6	3.3	2.2	0.3	0.7	0.8	0.3	0.5
Non-bank financial institutions	80.3	21.2	22.5	17.9	18.7	62.0	19.0	18.2	14.0	10.8	16.2
Total	765.7	163.8	178.9	184.7	238.3	697.2	207.9	221.5	166.0	101.9	113.2
Outstanding											
SOBs	473.2	437.2	414.7	301.2	473.2	559.4	459.6	496.1	528.0	559.4	497.9
PCBs	1,583.8	1,378.2	1,454.2	1,389.0	1,583.8	1,812.3	1,621.9	1,718.5	1,740.7	1,812.3	1,874.8
Foreign banks	66.9	34.7	39.9	44.6	66.9	84.2	70.4	71.7	80.7	84.2	76.9
Specialized banks	16.2	12.7	15.2	15.2	16.2	18.1	16.1	16.9	16.7	18.1	18.7
Non-bank financial institutions	298.2	272.1	283.3	288.0	298.2	299.5	305.3	290.0	301.1	299.5	274.5
Total :	2,438.3	2,134.9	2,207.4	2,037.9	2,438.3	2,773.5	2,473.4	2,593.1	2,667.4	2,773.5	2,742.8
Growth in Percent ¹											
Disbursement											
SOBs	2.8	-30.9	24.7	-9.6	93.1	177.8	319.2	237.0	52.6	94.7	-62.6
PCBs	16.4	16.8	23.5	-4.5	27.2	-5.8	21.1	12.7	-1.6	-46.7	-24.4
Foreign banks	30.5	139.0	-7.1	-36.1	144.9	51.6	45.4	73.3	225.7	-35.5	-11.5
Specialized banks	-7.6	-91.3	199.8	-59.8	25.8	-72.9	54.7	-95.3	-78.0	-55.2	349.6
Non-bank financial institutions	6.6	69.8	105.8	-23.9	-62.6	-66.4	-64.8	-74.0	-28.7	-89.8	-44.2
All Banks and NBFIs	14.2	21.2	35.6	-10.2	10.4	-8.2	15.0	-0.2	4.6	-45.4	-29.6
Recovery											
SOBs	1.1	144.7	47.6	-36.7	-53.8	0.7	-4.2	12.3	11.1	-27.1	-67.6
PCBs	10.0	-4.1	-10.9	20.7	33.5	-8.6	35.6	33.4	-12.4	-60.1	-50.9
Foreign banks	11.1	17.0	-39.9	9.7	94.3	44.3	117.0	55.1	53.6	-15.7	40.2
Specialized banks	-40.6	-87.5	-13.2	-73.2	106.4	-69.6	3.5	-63.6	-46.1	-90.6	50.8
Non-bank financial institutions	16.7	28.9	25.9	39.5	-13.5	-22.8	-10.4	-19.1	-21.8	-42.1	-14.8
All Banks and NBFIs	9.1	5.6	-4.0	11.8	22.1	-8.9	26.9	23.8	-10.1	-57.2	-45.5
Outstanding											
SOBs	15.0	27.3	13.9	-18.9	15.0	18.2	5.1	19.6	75.3	18.2	8.3
PCBs	21.4	19.4	21.1	11.8	21.4	14.4	17.7	18.2	25.3	14.4	15.6
Foreign banks	104.3	52.1	63.5	45.4	104.3	25.9	103.0	79.5	81.1	25.9	9.2
Specialized banks	29.2	-19.8	0.1	21.1	29.2	11.3	26.9	11.5	9.9	11.3	15.9
Non-bank financial institutions	11.6	22.4	15.6	12.0	11.6	0.5	12.2	2.4	4.5	0.5	-10.1
All Banks and NBFIs	20.2	21.4	19.3	6.5	20.2	13.7	15.9	17.5	30.9	13.7	10.9

Source: SME & Special Programmes Department Bangladesh Bank

¹ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table II.1 : Trend in Inflation						
(Base: 2005-06=100)						
Period	General	Food	Non-food	General	Food	Non-food
12 Month point to point			12 Month Average			
2019						
January	5.42	5.33	5.57	5.51	6.02	4.71
February	5.47	5.44	5.51	5.49	5.87	4.89
March	5.55	5.72	5.29	5.48	5.76	5.03
April	5.58	5.54	5.64	5.47	5.64	5.21
May	5.63	5.49	5.84	5.48	5.55	5.35
June	5.52	5.40	5.71	5.47	5.51	5.42
July	5.62	5.42	5.94	5.48	5.45	5.54
August	5.49	5.27	5.82	5.48	5.39	5.63
September	5.54	5.30	5.92	5.49	5.38	5.67
October	5.47	5.49	5.45	5.50	5.42	5.64
November	6.05	6.41	5.47	5.56	5.51	5.63
December	5.75	5.88	5.55	5.59	5.56	5.64
2020						
January	5.57	5.12	6.30	5.60	5.54	5.70
February	5.46	4.97	6.23	5.60	5.50	5.77
March	5.48	4.87	6.45	5.60	5.43	5.86
April	5.96	5.91	6.04	5.63	5.46	5.90
May	5.35	5.09	5.75	5.61	5.43	5.89
June	6.02	6.54	5.22	5.65	5.52	5.85
July	5.53	5.70	5.28	5.64	5.54	5.79
August	5.68	6.08	5.05	5.65	5.61	5.72
September	5.97	6.50	5.12	5.69	5.71	5.66
October	6.44	7.34	5.00	5.77	5.87	5.62
November	5.52	5.73	5.19	5.73	5.82	5.59
December	5.29	5.34	5.21	5.69	5.77	5.56

Source: Bangladesh Bureau of Statistics (BBS)

Note: Food includes food, beverage & tobacco.

Table II.2 : International Commodity Prices

	FY19				FY20				FY21	
	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Rice (US\$/M.T)	402.66	404.66	408.00	414.00	424.33	425.67	465.00	531.33	497.33	493.33
Wheat (US\$/M.T)	208.80	212.60	212.60	206.70	201.13	224.69	238.36	210.70	213.79	248.11
Soyabean oil (US\$/M.T)	765.44	736.49	756.98	740.00	773.54	788.77	807.93	705.01	864.64	971.55
Sugar (US cents/pound)	0.25	0.29	0.28	0.28	0.27	0.28	0.30	0.24	0.28	0.31
Crude Petroleum (Dubai) (US\$/Barrel)	74.00	66.80	63.36	67.00	60.89	61.43	50.67	31.66	42.48	43.86

Source: World Bank

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

Country	FY19					FY20				FY21		
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Bangladesh	5.5	5.4	5.4	5.6	5.5	6.02	5.5	5.8	5.5	6.0	6.0	5.3
India(CPI NS)	3.2	3.7	2.2	2.9	3.2	6.1	4.0	7.4	5.9	6.1	6.7	4.6
Pakistan	8.9	5.1	6.2	9.4	8.9	8.6	12.4	12.6	10.2	8.6	9.0	8.0
Sri Lanka (NCPI)	2.1	0.9	0.4	2.9	2.1	6.3	5.0	6.2	7.0	6.3	6.4	4.6

Source: Central banks and Statistics Departments of respective countries.

Note: Quarterly data indicate end quarter data

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

	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding												
1. Net foreign assets of BB	2,572	2,517	2,477	2,514	2,572	2,860	2,546	2,591	2,631	2,860	3,136	3,412
2. Net domestic assets of BB	-110	-232	-130	-263	110	-16	-74	-82	98	-16	-328	-371
a) Claims on public sector	336	128	234	141	336	447	314	370	248	447	148	41
i) Claims on govt. (net)	312	104	211	118	312	421	289	344	222	421	122	13
ii) Claims on other public sector	24	24	24	24	24	26	25	26	26	26	26	28
b) Claim on private sector	48	50	50	48	48	53	48	49	49	53	50	53
c) Claims on banks	54	50	59	69	52	138	63	59	372	138	101	161
d) Other items (net)	-547	-461	-473	-522	-547	-653	-499	-560	-570	-653	-627	-627
3. Currency issued	1,704	1,555	1,584	1,595	1,704	2,081	1,739	1,719	1,919	2,081	2,056	2,031
i) Currency outside banks	1,543	1,410	1,447	1,446	1,543	1,921	1,579	1,566	1,733	1,921	1,892	1,875
ii) Cash in tills	161	145	137	149	161	160	160	153	186	160	164	156
4. Deposits of banks with BB	758	730	763	656	758	764	732	790	810	764	752	1,010
5. Reserve money (RM)	2,462	2,285	2,347	2,251	2,462	2,845	2,472	2,509	2,729	2,845	2,808	3,041
6. Money multiplier (M2/RM)	5.0	4.9	4.9	5.2	5.0	4.8	5.1	5.2	4.8	4.8	5.08	4.86
Growth in percent												
1. Net foreign assets of BB	1.6	0.4	-2.3	-0.6	1.6	11.2	1.1	4.6	4.7	11.2	23.2	31.7
2. Net domestic assets of BB	43.6	34.6	64.3	35.3	43.6	85.9	68.1	37.1	137.3	85.9	-342.0	-352.7
a) Claims on public sector	34.6	44.7	105.6	14.9	34.6	33.1	145.0	58.0	75.5	33.1	-52.9	-88.8
i) Claims on govt. (net)	38.2	56.2	128.0	16.8	38.2	35.0	176.7	63.4	88.8	35.0	-57.8	-96.2
ii) Claims on other public sector	0.5	9.9	9.9	6.5	0.5	7.2	5.0	9.4	9.5	7.2	4.2	9.3
b) Claim on private sector	-7.3	3.4	-0.2	-2.9	-7.3	11.5	-3.7	-2.2	1.5	11.5	4.6	9.5
c) Claims on Banks	-3.8	-5.1	19.1	37.1	-3.8	155.5	25.7	-0.2	436.0	155.5	61.0	175.8
3. Currency issued	10.0	7.9	12.6	13.8	10.0	22.1	11.8	8.6	20.3	22.1	18.2	18.1
4. Deposits of banks with BB	-3.8	2.6	0.0	-9.0	-3.8	0.8	0.4	3.5	23.5	0.8	2.7	27.9
5. Reserve money (RM)	5.3	6.1	8.1	6.0	5.3	15.6	8.2	6.9	21.2	15.6	13.6	21.2

Source: Statistics Department, Bangladesh Bank.

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

	FY19					FY20					FY21	
	FY19	Q1	Q2	Q3	Q4	FY20	Q1	Q2	Q3	Q4	Q1	Q2
Outstanding												
1. Net foreign assets	2,724	2,652	2,647	2,695	2,726	2,973	2,713	2,741	2,792	2,973	3,312	3,570
2. Net domestic assets	9,472	8,537	8,906	8,991	9,470	10,764	9,806	10,203	10,314	10,764	10,950	11,217
a) Domestic credit	11,469	10,341	10,803	10,963	11,459	13,076	11,832	12,406	12,305	13,076	13,330	13,636
Credit to public sector	1,366	1,153	1,215	1,166	1,366	2,104	1,665	1,874	1,639	2,104	2,199	2,223
Credit to govt. (net)	1,133	957	982	925	1,133	1,812	1,408	1,569	1,338	1,812	1,905	1,913
Credit to other public sector	234	196	233	241	234	292	257	306	301	292	294	310
Credit to private sector	10,103	9,187	9,588	9,797	10,100	10,973	10,167	10,532	10,666	10,973	11,131	11,413
b) Other items (net)	-1,997	-1,804	-1,897	-1,972	-1,985	-2,312	-2,026	-2,203	-1,991	-2,312	-2,379	-2,419
3. Narrow Money	2,733	2,449	2,555	2,517	2,733	3,283	2,708	2,759	2,910	3,283	3,255	3,364
a) Currency outside banks	1,543	1,410	1,447	1,446	1,543	1,921	1,579	1,566	1,733	1,921	1,892	1,875
b) Demand deposits	1,190	1,039	1,108	1,071	1,190	1,361	1,129	1,194	1,176	1,361	1,363	1,489
4. Time deposits	9,463	8,740	8,999	9,169	9,463	10,455	9,811	10,185	10,197	10,455	11,007	11,423
5. Broad money	12,196	11,189	11,553	11,686	12,196	13,737	12,519	12,944	13,107	13,737	14,262	14,787
Growth in percent												
1. Net foreign assets	3.0	0.8	0.3	2.4	3.1	9.2	2.3	3.6	3.6	9.2	22.1	30.2
2. Net domestic assets	12.0	11.5	12.5	13.7	12.0	13.6	14.9	14.6	14.7	13.6	11.7	9.9
a) Domestic credit	12.3	13.2	13.4	13.7	12.2	14.0	14.4	14.8	12.2	14.0	12.7	9.9
Credit to public sector	19.8	2.9	15.1	25.7	19.8	54.0	44.4	54.3	40.6	54.0	32.0	18.6
Credit to govt. (net)	19.4	1.3	12.5	24.0	19.4	59.9	47.1	59.8	44.6	59.9	35.3	21.9
Credit to other public sector	21.6	11.0	27.6	32.2	21.6	25.1	31.1	31.3	25.3	25.1	14.1	1.3
Credit to private sector	11.3	14.7	13.2	12.4	11.3	8.6	10.7	9.8	8.9	8.6	9.5	8.4
3. Narrow money	7.2	5.9	9.3	11.7	7.2	20.1	10.6	8.0	15.6	20.1	20.2	21.9
4. Time deposits	10.7	9.6	9.4	10.6	10.7	10.5	12.3	13.2	11.2	10.5	12.2	12.2
5. Broad money	9.9	8.8	9.4	10.9	9.9	12.6	11.9	12.0	12.2	12.6	13.9	14.2

Source: Statistics Department, Bangladesh Bank.

Table III.3: Interest Rates Developments

Instruments	Sep.18	Dec.18	Mar. 19	Jun. 19	Sep.19	Dec.19	Mar.20	Jun.20	Sep.20	Dec.20
T - Bills										
14 - day		3.12	....	6.30	....	7.52	...	...	...
91 - day	2.23	2.18	3.48	6.78	7.78	7.01	7.09	6.83	2.93	0.53
182 - day	3.41	2.96	3.67	6.91	8.36	7.61	7.47	6.91	3.71	1.12
364 - day	3.54	3.40	4.28	7.06	8.55	8.04	7.51	7.35	3.86	1.91
BGTB										
2 - year	4.07	4.33	5.27	7.41	8.57	8.16	7.79	7.75	4.61	3.28
5 - year	5.34	5.35	6.35	8.05	9.13	8.93	8.05	8.05	5.57	4.48
10 - year	6.95	7.53	7.54	8.42	9.26	9.2	8.47	8.62	6.48	5.68
15-year	7.09	7.69	7.75	8.77	9.50	9.3	8.69	8.69	6.70	6.58
20-year	7.94	8.42	8.37	9.08	9.74	9.4	8.99	8.90	6.98	7.01
Repo										
1-3 day	6.00	6.00	6.00	6.00	6.00	6	5.75	5.25	4.75	4.75
Reverse Repo										
1-3 day	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.00	4.00
Bangladesh Banks Bills										
07-Day	0.02	0.02	...	...	....	....	...	...	...
14-Day	...	0.02	...	...	....	....	...	...	...
30-Day	...	...	...	...	....	....	...	...	...
Call Money Rate	4.22	4.09	4.54	4.55	5.04	4.50	5.14	5.01	2.87	1.79
Lending Rate										
All Banks	9.54	9.49	9.50	9.58	9.72	9.80	9.5	8.03	8.04	7.82
SOBs	6.77	6.75	6.65	6.60	6.56	6.76	6.73	6.45	6.49	6.26
SPBs	8.96	7.56	7.54	7.68	7.71	7.67	7.85	7.79	7.68	7.59
PCBs	10.27	10.27	10.30	10.80	10.57	10.64	10.28	8.43	8.45	8.25
FCBs	9.08	8.90	8.92	9.37	9.66	9.79	9.52	8.03	7.87	7.26
Deposits Rate										
All Banks	5.27	5.26	5.35	5.43	5.75	5.75	5.44	5.02	4.89	4.56
SOBs	4.33	4.37	4.38	4.28	4.57	4.54	4.5	4.27	4.48	4.44
SPBs	5.67	5.77	5.70	5.70	6.46	5.60	5.66	5.64	5.71	5.62
PCBs	5.84	5.82	5.96	6.08	6.40	6.42	5.99	5.49	5.22	4.78
FCBs	2.26	2.30	2.23	2.46	2.32	2.31	2.15	1.87	1.72	1.32
NSD Certificate										
3 - year	11.04	11.04	11.04	11.04	11.04	11.04	11.04	11.04	11.04	11.04
5 - year	11.28	11.28	11.28	11.28	11.28	11.28	11.28	11.76	11.76	11.76

Source: Monetary Policy Department and Statistics Department, Bangladesh Bank
 ... = No auction

Table III.4: Outstanding Stocks of Bangladesh Bank Bills, Treasury Bills, Bonds and NSD Certificates (In billion Taka)									
Instruments	Dec.18	Mar. 19	Jun. 19	Sep.19	Dec.19	Mar. 20	Jun. 20	Sep.20	Dec.20
Bangladesh Banks Bills									
07-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
T - Bills									
14 - day	30.0	0.0	20.0	0.0	30.0	0.0	0.0	0.0	0.0
91 - day	79.0	88.0	148	204.0	147.0	122.00	122.0	165.0	156.0
182 - day	63.0	54.0	112	189.0	198.0	177.00	185.0	185.0	156.0
364 - day	109.0	142.0	174	241.0	311.0	362.00	355.0	332.0	279.0
Sub Total	251.0	284.0	454.0	634.0	686.0	661.0	662.0	682.0	591.0
BGTB									
2 - year	130.0	120.0	145.0	177.0	212.0	254.0	302.0	357.0	382.00
5 - year	301.7	303.7	309.7	326.7	355.7	387.0	461.5	510.0	558.50
10 - year	527.6	530.6	557.6	579.1	615.8	651.8	723.2	772.7	805.65
15-year	258.7	266.7	282.7	298.7	317.7	327.2	350.2	359.7	384.16
20-year	228.9	236.9	252.9	268.9	287.9	294.4	326.4	335.9	359.87
Sub Total	1,446.9	1,457.9	1,547.9	1650.4	1789.0	1914.3	2163.2	2335.2	2490.2
NSD Certificate	2627.6	2,779.8	2,877.5	2924.0	2931.4	2989.1	3021.3	3138.0	3226.21
Total	4325.5	4,521.6	4,879.4	5208.4	5406.4	5564.4	5846.5	6155.2	6307.4

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

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

	FY20							FY21		
	Budget	Revised Budget	FY20 ^P	Q1 ^E	Q2 ^E	Q3 ^E	Q4 ^E	Budget	Q1 ^E	Q2 ^E
Revenue	3778.1	3480.69	2550.32	594.75	642.79	703.25	609.53	3780	621.4	694.0
a) NBR Tax revenue	3256	3005	2184.07	480.17	582.24	598.82	522.84	3300	499.9	604.4
i) VAT	1230.67	1098.46	842.69	203.09	239.05	218.59	181.96	1251.62	206.2	239.4
ii) Customs duties	365.52	337.33	261.13	58.9	66.1	65.57	70.56	378.62	62.8	68.9
iii) Income tax	1139.12	1028.94	721.8	149.13	172.26	199.06	201.35	1039.45	158.8	182.7
iv) Others	520.69	540.27	358.45	69.05	104.83	115.6	68.97	630.31	72.0	113.4
b) Non- NBR tax revenue	145	125.67	39.5	12.4	12.38	9.93	4.79	150	9.0	10.2
c) Non- tax revenue	377.1	350.02	326.75	102.18	48.17	94.5	81.9	330	112.5	79.4
Expenditure	5231.9	5015.77	3837.98	972.27	959.96	674.82	1230.93	5680	939.3	901.1
a) Current	2779.34	2749.07	1954.15	743.53	492.37	265.12	453.13	3111.9	713.6	501.1
b) ADP	2027.21	1929.21	1618.54	173.44	393.7	339.9	711.5	2146.11	173.0	339.7
c) Others	425.35	337.49	265.29	55.3	73.89	69.8	66.3	421.99	52.7	60.3
Budget Deficit	-1453.8	-1535.08	-1287.66	-377.52	-317.17	28.43	-621.4	-1900	-318.0	-207.1
Financing	1453.8	1535.08	1287.66	377.52	317.17	-28.43	621.4	1900	318.0	207.1
a) Domestic financing	773.64	973.45	898.89	327.5	187.67	-148.19	531.91	1099.83	227.3	101.8
i) Bank financing	473.64	824.21	669.08	271.15	158.22	-231.79	471.5	849.8	88.5	11.1
ii) Non-bank financing	300	149.24	229.81	56.35	29.45	83.6	60.41	250.03	138.8	90.7
b) Foreign financing*	680.16	561.63	388.77	50.02	129.5	119.76	89.49	800.17	90.7	105.3
In Percentage of GDP										
Revenue	13.5	12.4	9.1	2.1	2.3	2.5	2.2	11.9	2.0	2.2
a) NBR Tax revenue	11.6	10.7	7.8	1.7	2.1	2.1	1.9	10.4	1.6	1.9
i) VAT	4.4	3.9	3.0	0.7	0.9	0.8	0.7	3.9	0.7	0.8
ii) Customs duties	1.3	1.2	0.9	0.2	0.2	0.2	0.3	1.2	0.2	0.2
iii) Income tax	4.1	3.7	2.6	0.5	0.6	0.7	0.7	3.3	0.5	0.6
iv) Others	1.9	1.9	1.3	0.2	0.4	0.4	0.2	2.0	0.2	0.4
b) Non-NBR tax revenue	0.5	0.4	0.1	0.0	0.0	0.0	0.0	0.5	0.0	0.0
c) Non tax revenue	1.3	1.3	1.2	0.4	0.2	0.3	0.3	1.0	0.4	0.3
Expenditure	18.7	17.9	13.7	3.5	3.4	2.4	4.4	17.9	3.0	2.8
a) Current	9.9	9.8	7.0	2.7	1.8	0.9	1.6	9.8	2.2	1.6
b) ADP	7.2	6.9	5.8	0.6	1.4	1.2	2.5	6.8	0.5	1.1
c) Others	1.5	1.2	0.9	0.2	0.3	0.2	0.2	1.3	0.2	0.2
Budget Deficit	-5.2	-5.5	-4.6	-1.4	-1.1	0.1	-2.2	-6.0	-1.0	-0.7
Financing	5.2	5.5	4.6	1.4	1.1	-0.1	2.2	6.0	1.0	0.7
a) Domestic financing	2.8	3.5	3.2	1.2	0.7	-0.5	1.9	3.5	0.7	0.3
i) Bank financing	1.7	2.9	2.4	1.0	0.6	-0.8	1.7	2.7	0.3	0.0
ii) Non-bank financing	1.1	0.5	0.8	0.2	0.1	0.3	0.2	0.8	0.4	0.3
b) Foreign financing	2.4	2.0	1.4	0.2	0.5	0.4	0.3	2.5	0.3	0.3
Memorandum item										
GDP at current market price	27963.8	27963.8	27963.8	27963.8	27963.8	27963.8	27963.8	31718.0	31718.0	31718.0

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

* = include grants, E=Estimates

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

	(in million USD)											
	FY19 ^R			FY20 ^P			FY21 ^P			FY22 ^P		
	FY19 ^R	Q1 ^R	Q2 ^R	Q3 ^R	Q4 ^R	FY20 ^P	Q1 ^R	Q2 ^P	Q3 ^P	Q4 ^P	Q1 ^P	Q2 ^P
Current Account Balance	-5,102	-1,316	-2,072	-824	-890	-4,849	-715	-824	-871	-2,439	3,534	788
Trade balance	-	-3,852	-3,948	-4,401	-3,634	-	-3,840	-4,382	-3,856	-5,783	-2,039	-4,426
Export f.o.b.	39,604	9,747	10,276	10,143	9,438	32,830	9,417	9,427	9,408	4,578	9,697	9,064
Import f.o.b.	55,439	13,599	14,224	14,544	13,072	50,691	13,257	13,809	13,264	10,361	11,736	13,490
Services	-3,177	-761	-863	-782	-771	-2,987	-876	-1,099	-1,009	-3	-585	-260
Credit	7,153	1,597	1,881	1,824	1,851	6,770	1,664	1,868	1,514	1,724	1,508	2,261
Debit	10,330	2,358	2,744	2,606	2,622	9,757	2,540	2,967	2,523	1,727	2,093	2,521
Primary Income	-2,993	-647	-1,048	-118	-1,180	-2,776	-620	-411	-479	-1,266	-667	-962
Credit	192	35	51	51	55	172	80	18	42	32	48	15
Debit	3,185	682	1,099	169	1,235	2,948	700	429	521	1,298	715	977
Secondary Income	16,903	3,944	3,787	4,477	4,695	18,775	4,621	5,068	4,473	4,613	6,825	6,436
Official Transfers	41	10	6	4	21	19	2	8	2	7	9	10
Private Transfers	16,862	3,934	3,781	4,473	4,674	18,756	4,619	5,060	4,471	4,606	6,816	6,426
Of which : workers' remittances	16,196	3,869	3,514	4,318	4,495	18,014	4,457	4,839	4,317	4,401	6,643	6,168
Capital & Financial Account	6,146	1,367	1,740	1,476	1,563	7,914	959	326	1,322	5,307	-756	3,044
Capital account	239	58	76	54	51	256	28	101	36	91	43	44
Capital transfers	239	58	76	54	51	256	28	101	36	91	43	44
Financial account	5,907	1,309	1,664	1,422	1,512	7,658	931	225	1,286	5,216	-799	3,000
Foreign direct investment (Gross Inflows)	4,946	1,032	1,609	1,332	973	3,242	717	971	804	750	540	1,013
Of which: FDI net inflow*	2,628	599	726	877	426	1,510	170	413	447	480	68	387
Portfolio investment	172	29	43	75	25	276	36	1	-23	262	-154	-3
Of which : workers' remittances	224	62	50	56	56	191	62	50	50	29	70	64
Other investment	3,108	681	895	470	1,062	5,872	725	-189	862	4,474	-713	2,616
Medium and long-term (MLT) loans	6,263	928	1,807	1,579	1,949	6,996	901	1,673	1,631	2,791	1,385	1,500
MLT amortization payments	1,202	330	263	338	271	1,257	343	290	340	284	376	304
Other long term loans	302	284	172	225	-379	438	131	58	99	150	-20	413
Other short term loans	272	638	-66	181	-481	931	53	535	-56	399	-11	173
Trade credit	-2,716	-483	-569	-1,467	-197	-966	470	-1,859	-606	1,029	-571	822
DMBs and NBDCs	189	-356	-186	290	441	-270	-487	-306	134	389	-1,120	12
Assets	367	250	295	4	-182	-242	224	111	105	-682	417	-260
Liabilities	556	-106	109	294	259	-512	-263	-195	239	-293	-703	-248
Net Errors & Omissions	-865	-209	-23	-465	-168	590	-448	729	-133	442	320	-775
Overall Balance	179	-158	-355	187	505	3,655	-204	231	318	3,310	3,098	3,057
Reserve Assets	-179	158	355	-187	-505	-3,655	204	-231	-318	-3,310	-3,098	-3,057
Bangladesh Bank	-179	158	355	-187	-505	-3,655	204	-231	-318	-3,310	-3,098	-3,057
Assets	-155	-896	221	-376	896	3,250	-760	676	-236	3,570	3,014	3,606
Liabilities	-334	-738	576	-563	391	-405	-556	445	-554	260	-84	549
Memorandum Items												
Gross official reserves	32,550	31,958	32,016	31,753	32,717	36,037	31,832	32,689	32,570	36,037	39,314	43,164
In months of imports of goods & services	6.0	6.0	5.7	5.6	6.2	7.2	6.0	5.8	6.2	8.9	8.5	8.1
In months of prospective imports	6.5	5.6	5.2	5.1	5.7	6.4	6.9	5.4	5.7	8.3	7.9	8.0
Export growth (in percent) ¹	9.1	14.0	12.5	10.0	3.4	-17.1	-3.4	-8.3	-7.2	-51.5	3.0	-3.9
Import growth (in percent) ¹	1.8	11.5	0.8	4.0	-7.7	-8.6	-2.5	-2.9	-8.8	-20.7	-11.5	-2.3
Remittances growth (in percent) ¹	9.6	15.9	0.6	14.2	7.8	10.9	16.8	34.8	-0.2	-2.7	48.6	27.5

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

¹Quarterly growth rate refers growth over the same quarter of the previous year.

Table V.2: Trends in the Commodity Composition of Exports (In million USD)											
Items	FY19					FY20				FY21	
	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁ ^P	Q ₂ ^P
1. Raw jute	33	33	30	17	130	33	55	29	12	41	44
2. Jute goods	184	171	177	171	752	188	236	234	95	266	317
3. Tea	1	1	1	1	3	1	1	1	1	1	1
4. Leather	41	49	44	30	98	31	35	23	10	24	31
5. Frozen shrimps and fish	125	133	92	75	408	111	150	99	49	124	137
6. Woven garments	3,985	4,447	4,718	4,094	14,041	3,887	3,931	4,331	1,892	3663	3357
7. Knitwear products	4,207	4,446	4,148	4,088	13,908	4,170	4,036	3,749	1,954	4464	4063
8. Fertilizer	0	0	0	0	0	0	0	0	0.00	0	0
9. Terry towels	13	17	12	8	37	11	10	9	7	9	10
10. Others	1,352	1,261	1,181	1,148	4,296	1,217	1,201	1,196	683	1305	1378
Total exports	9,941	10,559	10,403	9,632	33,674	9,648	9,654	9,672	4,700	9897	9337
Of which: exports from EPZ	1,445	1,515	1,523	1,546	4,944	1,427	1,497	1,477	542	1283	1271
Total exports (adjusted)	9,747	10,416	10,276	9,505	32,830	9,484	9,360	9,408	4,578	9,697	9,064

Source : Export Promotion Bureau, Bangladesh ; P= Provisional

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

	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂ ^P
Exports of RMG	34,133	8,192	8,893	8,867	8,182	27,949	8,058	7,967	8,080	3,846	8,126	7,419
European Countries	22,008	5,284	5,677	5,780	5,267	17,890	5,097	5,102	5,248	2,444	5,219	4,871
USA	6,134	1,484	1,608	1,506	1,535	5,147	1,491	1,488	1,397	770	1,580	1,320
Other Countries	5,991	1,423	1,608	1,580	1,380	4,912	1,470	1,377	1,435	631	1,328	1,228
Woven Garments	17,245	3,985	4,447	4,718	4,094	14,041	3,887	3,931	4,331	1,892	3,663	3,357
European Countries	9,566	2,171	2,384	2,766	2,245	7,733	2,061	2,091	2,533	1,049	1,967	1,883
USA	4,619	1,097	1,217	1,162	1,143	3,773	1,085	1,104	1,060	524	1,049	868
Other Countries	3,060	717	847	790	705	2,535	742	736	739	318	647	607
Knitwear Products	16,889	4,207	4,446	4,148	4,088	13,908	4,170	4,036	3,749	1,954	4,464	4,063
European Countries	12,442	3,113	3,293	3,014	3,022	10,157	3,037	3,011	2,715	1,395	3,252	2,989
USA	1,515	387	392	344	392	1,374	406	384	338	246	532	452
Other Countries	2,931	706	761	790	674	2,378	728	640	697	313	680	622
Growth in percent												
Exports of RMG	11.5	14.7	16.6	10.0	5.2	-18.1	-1.6	-10.4	-8.9	-53.0	0.9	-6.9
European Countries	9.9	11.2	9.0	7.2	12.9	-18.7	-3.5	-10.1	-9.2	-53.6	2.4	-4.5
USA	14.6	13.6	24.3	13.3	7.9	-16.1	0.5	-7.5	-7.2	-49.8	6.0	-11.3
Other Countries	14.2	31.3	42.5	18.0	-18.5	-18.0	3.3	-14.4	-9.2	-54.3	-9.7	-10.8
Woven Garments	11.8	17.3	17.6	8.8	4.6	-18.6	-2.4	-11.6	-8.2	-53.8	-5.8	-14.6
European Countries	8.1	11.6	5.9	5.5	10.5	-19.2	-5.1	-12.3	-8.4	-53.3	-4.5	-10.0
USA	16.1	16.8	28.9	12.5	7.6	-18.3	-1.1	-9.3	-8.8	-54.2	-3.4	-21.4
Other Countries	17.7	39.6	44.7	16.0	-13.8	-17.2	3.4	-13.1	-6.5	-54.9	-12.7	-17.6
Knitwear Products	11.2	12.3	15.5	11.3	5.7	-17.6	-0.9	-9.2	-9.6	-52.2	7.0	0.7
European Countries	11.4	10.8	11.4	8.7	14.8	-18.4	-2.5	-8.6	-9.9	-53.9	7.1	-0.7
USA	10.2	5.3	11.9	16.0	8.7	-9.3	4.8	-1.9	-1.9	-37.1	31.1	17.7
Other Countries	10.8	23.8	40.2	20.1	-23.0	-18.9	3.1	-15.9	-11.8	-53.6	-6.6	-2.9

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

P= Provisional

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

	Export target for 2020-21	Strategic Target for July-December 2020-21	Export Performance for July-December 2020-21	Export Performance for July-December 2019-20	% Change of export performance over Export target	% Change of export performance July-December 2020-21 Over July-December 2019-20
All Products (A+B)	41,000	19,676	19,233	19,302	-2.2	-0.4
A. Primary Commodities:	1,644	789	805	814	2.0	-1.2
Frozen & Live Fish	574	275	280	291	1.6	-3.7
Agricultural Products	1,070	514	525	524	2.2	0.2
B. Manufactured Commodities:	39,356	18,887	18,429	18,488	-2.4	-0.3
Cement salt stone etc.	10	5	4	5	-21.0	-24.7
Ores, Slag and Ash	25	12	11	9	-11.3	16.8
Petroleum bi Products	50	24	10	13	-56.8	-18.9
Chemical products	245	117.58	127.97	109.78	8.8	16.6
Plastic, Melamine Products	123	59	53	57	-10.3	-6.8
Rubber	34	16	16	15	-2.5	8.9
Leather & Leather products (including leather footwear)	920	442	446	476	1.0	-6.2
Wood and Wood Products	4	2	1	1	-29.8	-2.5
Handicrafts	28	13	17	11	23.4	48.7
Pulp	0	0	0	0	0.0	0.0
Paper and Paper Products	94	45	34	46	-25.0	-26.5
Printed Materials	1	0	1	0	42.1	54.3
Silk	0	0	0	0	-60.0	-55.6
Wool and woolen Products	0	0	0	0	-100.0	-100.0
Cotton and Cotton Products	161	77	74	81	-4.5	-8.8
Jute and Jute Goods	1,167	560	668	512	19.3	30.6
Man Made Filaments and Staple Fibers	135	65	62	61	-4.5	1.3
Carpet	30	14	18	12	27.6	59.3
Specialized Textiles	143	69	63	66	-8.5	-4.6
Knitwear	16,700	8,014	8,526	8,206	6.4	3.9
Woven Garments	17,085	8,199	7,019	7,818	-14.4	-10.2
Home Textile	960	460	547	370	19.0	47.9
Other Footwear (excluding leather footwear)	380	182	171	157	-6.0	9.1
Headgear/Cap	230	110	101	113	-8.7	-10.8
Umbrella Waking Sticks	0	0	0	0	0.0	0.0
Wigs and Human Hair	40	19	22	15	16.9	53.5
Building Materials	2	1	0	1	-34.7	-46.6
Ceramic Products	35	17	15	18	-10.2	-16.3
Glass and Glass ware	5	2	5	2	93.3	186.4
Engineering Products	362	174	265	168	52.3	57.5
Ships, boats & floating structures	18	9	0	0	-99.2	-58.8
Other Manufactured Products	370	178	152	146	-14.7	3.6

Source: Export Promotion Bureau, Bangladesh.

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

Items	FY19					FY20				FY21	
	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
A. Food Grains	344	370	480	357	1,672	286	472	590	324	450	690
1. Rice	43	27	32	13	22	3	11	3	5	3	239
2. Wheat	301	343	448	344	1,651	283	461	587	319	447	451
B. Other Food Items	807	810	1,036	863	3,705	740	789	1,218	959	824	852
3. Milk & cream	85	63	113	101	341	78	69	98	97	73	63
4. Spices	96	58	83	91	351	92	75	102	82	138	85
5. Edible oil	401	467	449	340	1,617	328	398	481	410	325	414
6. Pulses (all sorts)	69	74	155	172	662	116	88	211	246	113	105
7. Sugar	157	149	237	160	733	125	159	325	123	175	186
C. Consumer & Intermediate Goods	8,356	8,813	8,432	8,007	31,913	8,300	8,511	8,037	7,065	7,423	7,909
8. Clinker	189	263	307	235	879	206	262	282	129	198	242
9. Crude petroleum	87	117	110	101	731	216	180	120	214	124	220
10. POL	1,146	1,098	1,103	1,215	4,627	1,160	829	1,097	1,541	1,386	1,023
11. Oil seeds	186	111	242	258	1,183	212	208	394	369	260	229
12. Chemicals	631	627	616	598	2,533	660	659	620	595	728	678
13. Pharmaceutical products	60	58	67	61	294	78	92	68	55	70	83
14. Fertilizer	308	604	302	87	1,035	349	396	231	60	207	444
15. Dyeing and tanning materials	206	192	184	197	697	189	190	188	131	188	201
16. Plastics and rubber articles thereof	708	709	647	694	2,610	722	724	647	517	621	658
17. Raw cotton	870	791	778	643	2,961	777	748	837	599	609	612
18. Yarn	658	590	625	572	1,901	460	484	555	403	521	443
19. Textile and articles thereof	1,741	1,987	1,759	1,798	6,380	1,569	2,009	1,541	1,261	1,361	1,655
20. Staple fibre	297	338	310	283	1,086	283	320	284	199	195	255
21. Iron, steel & other base metals	1,270	1,327	1,384	1,265	4,997	1,421	1,410	1,173	993	956	1,168
D. Capital Goods & Others	3,668	3,609	3,890	3,435	11,109	3,429	3,242	2,681	1,758	2,632	2,926
22. Capital machinery	1,384	1,379	1,580	1,070	3,581	1,116	1,038	861	566	811	715
23. Others Capital goods	2,284	2,230	2,310	2,365	7,528	2,313	2,204	1,820	1,191	1,821	2,211
E. Others n.i.e	1,523	1,770	1,879	1,464	6,386	1,570	1,912	1,809	1,095	1,357	2,207
Grand Total c.i.f.(A+B+C+D+E)	14,698	15,373	15,718	14,126	54,785	14,324	14,926	14,335	11,200	12,687	14,583
Of which Import by EPZ	993	1,037	1,060	942	3,488	885	1,048	909	646	695	859
Grand Total f.o.b.(adjusted)	13,599	14,224	14,544	13,072	50,691	13,252	13,814	13,264	10,361	11,736	13,490

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

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

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

Source: Foreign Exchange Operation Department, Bangladesh Bank.

*= up to November 2020

Table V.7: Country-wise Workers' Remittances (In million USD)												
Countries	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Gulf Region	9,674	2,287	2,119	2,579	2,690	10,557	2,670	2,779	2,456	2,653	3,824	3,403
1. Saudi Arabia	3,110	727	696	818	869	4,015	947	1,007	916	1,144	1,614	1,453
2. UAE	2,540	607	544	714	675	2,473	625	715	564	569	751	622
3. Qatar	1,024	251	229	254	290	1,020	285	276	249	209	347	328
4. Oman	1,066	262	220	277	308	1,240	319	308	269	344	486	384
5. Kuwait	1,463	317	317	402	427	1,372	378	368	347	279	466	473
6. Bahrain	470	123	112	114	121	437	117	104	109	107	160	144
Euro Region	1,236	266	263	364	344	1,418	352	412	346	307	531	521
7. UK	1,176	255	249	345	327	1,365	338	398	333	296	516	504
8. Germany	61	11	14	18	17	53	14	15	13	11	15	17
Asia Pacific Region	1,615	392	356	418	449	1,738	440	461	451	386	818	718
9. Singapore	368	89	76	95	108	457	108	125	117	108	189	156
10. Japan	50	9	10	18	12	49	14	12	11	12	21	23
11. Malaysia	1,198	294	270	305	328	1,231	319	324	322	266	607	540
Rest of the World	3,894	925	888	1,013	1,068	4,492	1,057	1,236	1,114	1,085	1,540	1,591
12. USA	1,843	446	419	468	510	2,403	490	612	610	691	815	831
13. Others n.i.e.	2,051	478	469	545	558	2,089	567	625	504	393	725	759
Total	16,420	3,869	3,627	4,374	4,551	18,205	4,519	4,889	4,367	4,430	6,713	6,232

Source : Statistics Department, Bangladesh Bank.

Table V.8 Exchange Rate Movements (Taka per Currencies)								
Period	US Dollar		U.K. Pound Sterling		EURO		Japanese Yen	
	Period Average	End Period	Period Average	End Period	Period Average	End Period	Period Average	End Period
2018-19								
July	83.75	83.75	110.40	109.99	97.90	98.04	0.75	0.75
August	83.75	83.75	107.86	109.10	96.74	98.05	0.75	0.75
September	83.75	83.75	109.22	109.13	97.58	97.23	0.75	0.74
October	83.82	83.85	109.23	106.54	96.33	95.12	0.74	0.74
November	83.87	83.90	108.22	107.35	95.34	95.59	0.74	0.74
December	83.90	83.90	106.36	106.61	95.33	95.96	0.75	0.76
January	83.94	83.95	108.17	110.11	95.89	96.36	0.77	0.77
February	84.04	84.15	109.26	111.51	95.43	95.83	0.76	0.76
March	84.21	84.25	111.12	109.80	95.27	94.51	0.76	0.76
April	84.33	84.45	109.91	109.26	94.77	94.47	0.76	0.76
May	84.49	84.50	108.67	106.70	94.52	94.06	0.77	0.77
June	84.50	84.50	107.05	107.27	95.30	96.08	0.78	0.78
2019-20								
July	84.50	84.50	105.49	102.68	94.82	94.26	0.78	0.78
August	84.50	84.50	102.76	103.18	94.03	93.60	0.79	0.80
September	84.50	84.50	104.30	103.84	93.03	92.43	0.79	0.78
October	84.67	84.75	106.96	109.35	93.54	94.50	0.78	0.78
November	84.78	84.90	109.20	109.63	93.73	93.47	0.78	0.78
December	84.90	84.90	111.05	111.34	94.25	95.08	0.78	0.78
January	84.90	84.90	111.08	111.18	94.30	93.66	0.78	0.78
February	84.95	84.95	110.33	109.46	92.71	93.44	0.77	0.78
March	84.95	84.95	104.48	99.89	93.60	91.65	0.79	0.76
April	84.95	84.95	104.93	103.90	91.99	91.89	0.79	0.79
May	84.95	84.95	104.48	108.88	92.34	94.29	0.79	0.79
June	84.92	84.90	104.38	104.41	95.54	95.44	0.79	0.79
2020-21								
July	84.81	84.80	107.26	110.21	97.05	100.00	0.79	0.81
August	84.84	84.83	111.29	113.26	100.29	100.98	0.80	0.81
September	84.80	84.84	110.07	109.13	100.01	99.64	0.80	0.80
October	84.80	84.80	110.13	110.09	99.87	99.60	0.81	0.81
November	84.80	84.80	111.89	112.92	100.27	101.45	0.81	0.81
December	84.80	84.80	113.86	115.54	103.09	104.28	0.82	0.82

Source : Statistics Department, Bangladesh Bank.

Table V.9 Trends in Foreign Aid (In million USD)												
	FY19 ^R					FY20 ^P				FY21 ^P		
	FY19	Q ₁ ^R	Q ₂ ^R	Q ₃ ^R	Q ₄ ^R	FY20	Q ₁ ^R	Q ₂ ^P	Q ₃ ^P	Q ₄ ^P	Q ₁ ^P	Q ₂ ^P
a. Grants (i+ii)	280	69	81	58	72	276	31	109	39	98	52	54
i) Food Aid	23	6	0	0	17	0	0	0	0	0	6	7
ii) Project Aid	257	63	81	58	55	276	31	109	39	98	46	47
b. Loans (MLT)	6,263	928	1,807	1,579	1,949	6,996	900	1,673	1,631	2,792	1,385	1,500
A. Total (a+b)	6,543	997	1,888	1,637	2,021	7,272	931	1,782	1,669	2,890	1,437	1,554
B. Amortization(1+2)	1,594	443	304	464	382	1,726	495	349	507	375	508	392
1) Principal	1,202	330	240	330	303	1,270	352	278	344	297	352	310
2) Interest	391	114	64	135	79	457	144	72	163	78	157	82
C. Net Foreign Financing (A-1)	5,340	667	1,648	1,307	1,718	6,002	579	1,504	1,326	2,593	1,086	1,243

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	2018				2019				2020		
	Sep	Dec.	Mar	Jun	Sep	Dec	Mar.	Jun	Sep	Dec	
State Owned Commercial Banks	31.2	30.0	32.2	31.6	31.5	23.9	22.8	22.73	22.5	20.9	21.03
Specialized Banks	21.7	19.5	19.5	17.8	17.8	15.1	15.1	15.92	15.92	13.32	13.32
Private Commercial Banks	6.7	5.5	7.1	7.1	7.43	5.8	5.6	5.86	5.56	4.66	4.82
Foreign Commercial Banks	7.1	6.5	6.2	5.5	6.0	5.7	5.6	5.49	5.86	3.46	5.68
All Banks	11.5	10.3	11.9	11.7	12.0	9.3	9.0	9.16	8.88	7.66	8.06

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	2018				2019				2020		
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
State Owned Commercial Banks	11.7	14.3	11.3	11.2	8.7	15.2	6.3	4.6	3.2	2.9	0.0
Specialised Banks	7.4	7.4	5.7	5.7	4.6	4.6	3.0	3.0	2.7	2.7	-1.3
Private Commercial Banks	0.8	1.1	0.4	1.5	1.5	1.5	-0.1	-0.6	-0.5	-0.9	-0.5
Foreign Commercial Banks	0.8	1.1	0.7	0.6	0.1	0.2	0.2	0.0	-0.4	-0.4	-0.6
All Banks	2.7	3.3	2.2	3.0	2.5	3.7	1.0	0.4	0.2	-0.2	-1.2

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	2018				2019				2020			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
State Owned Commercial Banks	2.9	2.0	6.1	1.9	6.9	8.5	7.7	4.99	4.59	6.9	8.3	4.3
Specialized banks	-33.7	-31.9	-14.0	-31.7	-31.7	-31.2	-31.6	-32.02	-33.5	-36.5	-33.7	-32.9
Private Commercial Banks	12.1	12.2	12.2	12.8	12.7	12.7	12.9	13.62	13.49	13.3	13.3	14.0
Foreign Commercial Banks	24.6	23.0	26.7	26.0	28.0	28.7	25.1	24.45	24.66	24.4	25.6	28.2
All Banks	10.1	10.0	10.9	10.5	11.4	11.7	11.7	11.57	11.35	11.6	11.9	11.6

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)					
	2017	2018	2019	2020			2017	2018	2019	2020		
				June	Sep	Dec				June	Sep	Dec
State Owned Commercial Banks	0.2	-1.3	-0.6	0.0	-0.01	-1.07	3.5	-29.6	-13.7	0.8	-0.2	-29.57
Specialized Banks	-3.5	-2.8	-3.3	-5.1	-3.5	-3.01	-17.2	-13.5	-17.0	-22.9	-15.5	-13.85
Private Commercial Banks	0.9	0.8	0.8	0.6	0.6	0.70	12.0	11.0	11.2	8.5	9.0	10.22
Foreign Commercial Banks	2.2	2.2	2.3	2.2	2.2	2.13	11.3	12.4	13.4	13.8	12.7	13.10
All Banks	0.7	0.3	0.4	0.4	0.45	0.25	9.6	3.9	6.8	6.7	7.22	4.28

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

Table VII.1 : Indicators of Capital Market Developments

	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Number of listed securities ¹	363	354	357	360	363	368.0	365	366	368.0	368.0	371.0	376
Issued equity and debt (billion Taka)	720	680	694	699	720	751.2	731	746	748.8	751.2	763.4	826.7
Market capitalization (billion Taka)	3,437	3,299	3,321	3,565	3,437	2576.3	3,175	2,845	2574.6	2576.3	3467.7	3933.7
Turnover (billion Taka)	1,460	450	331	455	223	780.4	248	211	271.5	49.2	468.8	560.4
DSE broad index	5,422	5,369	5,386	5,492	5,422	3989.1	4,948	4,453	4008.3	3989.1	4963.3	5402.1
DSE -30 index	1,929	1,890	1,881	1,967	1,929	1341.0	1,760	1,512	1330.8	1341.0	1696.0	1964
Growth in percent												
Number of listed securities	3.4	3.2	2.6	3.2	3.4	1.4	3.1	2.5	2.2	1.4	1.6	2.7
Issued equity and debt	7.3	8.0	7.5	7.7	7.3	4.3	7.5	7.5	7.1	4.3	4.5	10.8
Market capitalization	5.3	-6.2	-9.5	5.9	5.3	-25.0	-3.8	-14.3	-27.8	-25.0	9.2	38.2
Turnover	-8.2	-25.6	-23.6	86.1	-27.4	-46.5	-44.8	-36.2	-40.4	-78.0	88.7	165.2
DSE broad index	0.3	-11.9	-13.8	-1.9	0.3	-26.4	-7.8	-17.3	-27.0	-26.4	0.3	21.3
DSE -30 index	-1.6	-13.2	-17.6	-6.6	-1.6	-30.5	-6.9	-19.6	-32.3	-30.5	-3.6	29.9

Source: Dhaka Stock Exchange

¹Include debenture but exclude govt. bond.**Table VII.2 Group-wise Market Capitalization of Dhaka Stock Exchange**
(In billion Taka)

Name of Group	FY19					FY20					FY21	
	FY19	Q ₁	Q ₂	Q ₃	Q ₄	FY20	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Banks	593.0	561.6	583.1	596.6	593.0	449.1	564.4	539.6	456.4	449.1	552.4	572.9
Financial Institutions	181.8	193.3	191.5	189.9	181.8	125.4	157.1	144.7	123.7	125.4	181.1	190.3
Mutual Funds	35.6	34.9	34.5	34.9	35.6	29.5	33.1	30.7	29.5	29.5	40.2	41.9
Engineering	202.6	201.4	190.7	190.3	202.6	131.9	180.5	147.9	131.9	131.9	385.3	501.7
Food & Allied Product	314.4	262.3	276.7	340.1	314.4	208.4	266.2	222.1	208.2	208.4	254.9	305.5
Fuel and Power	480.0	450.6	432.2	500.1	480.0	365.3	424.7	386.6	363.7	365.3	446.9	430.9
Jute Industry	4.0	1.5	4.7	4.4	4.0	1.8	3.4	2.5	1.7	1.8	2.3	2.9
Textile Industry	140.1	129.7	141.7	133.5	140.1	95.9	107.1	105.7	99.1	95.9	117.8	111.8
Pharmaceuticals and Chemicals	528.3	489.9	508.8	530.7	528.3	467.5	520.5	473.2	458.1	467.5	564.5	608.6
Paper and Printing	14.5	22.3	17.4	14.5	14.5	9.6	11.3	10.0	9.6	9.6	15.3	15.6
Services and Real Estate	17.8	19.2	18.0	18.1	17.8	13.0	15.3	13.5	13.1	13.0	16.1	18.8
Cement Industry	90.5	114.4	102.0	100.9	90.5	71.9	78.6	68.9	73.6	71.9	79.6	88.9
Insurance	109.2	100.8	103.1	10.1	109.2	91.5	112.9	113.4	91.0	91.5	139.7	160.0
Telecommunication	514.2	513.0	511.4	578.4	514.2	336.7	496.0	401.4	335.6	336.7	467.1	652.2
Miscellaneous	207.3	200.8	202.4	318.6	207.3	178.2	200.6	182.0	175.0	178.2	200.1	241.0
Corporate Bond	2.9	2.8	2.8	2.9	2.9	3.9	2.8	2.8	3.8	3.9	3.9	4.1
Total Market Capitalization	3,436.2	3,298.6	3,320.8	3,564.1	3,436.2	2,579.6	3,174.5	2,844.9	2,574.0	2,579.6	3,463.3	3,946.9

Source : Dhaka Stock Exchange.

ANNEXURE

Major Policy Announcements: October-December, 2020

BRPD Circular Letter No. 50 October 01, 2020 To include all industries of BEZA/BEPZA/Hi-Tech Park under stimulus packages declared by the Government owing to the breakout of Novel Coronavirus (COVID-19).	The government declared financial incentives of the stimulus packages implemented by or under-implementation by banks and financial institutions shall also be admissible to the industrial organizations of type “A”, “B” and “C” located in Bangladesh Economic Zone Authority (BEZA), Bangladesh Export Processing Zone Authority (BEPZA) and Hi-Tech Park.
PSD Circular Letter No. 12 October 15, 2020 Informing Customers about Type and Charges/tariff rates of Mobile Financial Services (MFS).	To inform customers properly Mobile Financial Services (MFS) are advised to display information on the type of service offered, the amount of applicable service charge/tariffs and if applicable, the schedule of charges and Frequently Asked Question (FAQ) on their website and applications for the information of the customer, before offering any type of service for delivery. In case of any change in the type of service and service charge/tariffs, the MFS providers have to inform the changes to the customer by advance notification. To avert confusions related to service charge/tariffs, MFS providers shall have to circulate the issues in the mass media (Newspaper, the Dailies, Radio, Television, YouTube etc.) and social media (Facebook, Instagram, LinkedIn etc.).
BRPD Circular Letter No. 51 October 18, 2020 Financial stimulus packages to mitigate probable economic impacts owing to the breakout of Novel Coronavirus (COVID-19)	Concerned banks should apply to Accounts and Budgeting Department of Bangladesh Bank for interest/profit subsidies with a permission letter from Banking Regulations and Policy Department of Bangladesh Bank after charging interest/profit on the loan/investment under stimulus packages and realizing, borrowers/investors share of the interest/profit within next twelve (12) working days following the end of the corresponding quarter,
BRPD Circular Letter No. 52 October 20, 2020 Loan Classification and Provisioning	Banks have to maintain 2% General Provision against unclassified loans of all categories under Consumer Financing excluding House Finance. In case of House Finance, the required rate of General Provision will remain same (i.e. 1%) as before.
DMD Circular No. 05 October 21, 2020 Guidelines on Issue and Management of Sukuk by Government under Shariah-based Investment Contract	A Shariah Advisory Committee shall be formed by Bangladesh Bank in association with Bangladesh Bank, Finance Division and Shariah specialists- having adequate experience and knowledge on Islamic trade laws, business and financial services- for the management of Sukuk. The tenure and of number members of the said committee shall be fixed by Bangladesh Bank. Government may appoint Bangladesh Bank or any other institution as Special Purpose Vehicle (SVP) and/or trustee for the purpose of issuing Sukuk. Appointed institution (s) shall make an agreement with the government in order to act as Special Purpose Vehicle (SVP)/ trustee. Sukuk shall be issued as domestic credit in Bangladeshi Taka and Finance Division shall act as originator on behalf of the government for issuing Sukuk. Both resident and non-resident entity shall be eligible for making investment in Sukuk on condition that they have to give consent

	<p>to embrace the share of profit or loss (if any) as depicted in prospectus. Non-resident individual (s) or institutional investor(s) are allowed to make investment in Sukuk through their Non-Resident Foreign Currency Deposit Account or Non-Resident Investor's Taka Account operated in their own name with any bank operating in Bangladesh. Profit and principal on maturity of their investment in Sukuk shall be repatriated in foreign currency after deducting necessary fees and/or taxes.</p> <p>As per prospectus, SVP shall issue, re-issue or shelf-issue at face value either through private placement or auction. Investment Dealer (s) including banks and financial institutions are allowed to place bid at the auction of Sukuk. Individual and institutional investors shall have to conduct all their investment-related procedure by the investment dealer, bank and financial institutions.</p> <p>At the meantime, bid shall be placed at face value as multiples of BDT 10,000 (ten thousand) at Sukuk auction. The settlements of the funds and securities of Sukuk against the bid shall have to be accomplished in T+1 period, the immediate next day of the auction. The SVP is authorized to impose upper-limit on SIID-based individual bid at any auction.</p> <p>Profit against Sukuk shall be paid on quarterly, half-yearly or annual basis while the principal value shall be paid on maturity.</p>
<p>PSD Circular No. 07 October 22, 2020 Launching Interoperable transactions among banks and MFS providers through National Payment Switch Bangladesh (NPSB)</p>	<p>Banks and MFS providers that successfully completed Pilot Testing through National Payment Switch Bangladesh (NPSB) shall start launching live transactions through NPSB from October 27, 2020 and those that failed such shall have to start from March 31, 2021.</p> <p>For fund transfer from one MFS provider to another MFS provider (p2p), the receiving MFS provider shall pay 0.80 percent fee on the consolidated amount transacted to the sending MFS provider. For both transactions, from bank account to MFS account and MFS account to bank account, concerned MFS provider shall pay 0.45 percent fee on the consolidated amount transacted to the related bank.</p> <p>No additional charges other than transaction fee existing at participating banks and MFS receiving level are allowed for Interoperable transactions.</p>
<p>FEPD Circular No. 47 October 28, 2020 Interest rate on borrowing from Export Development Fund (EDF).</p>	<p>Interest rate on EDF loans has been reduced at 1.75 percent pa, chargeable to eligible borrowers; for disbursements until March 31, 2021. In accordance with the decision, ADs shall make interest payments to Bangladesh Bank at 0.75 percent pa; the remainder 1.00 percent pa as before will be retained by ADs as their interest income.</p>
<p>BRPD Circular Letter No. 53 October 29, 2020 Enhancement of working capital facilities under stimulus packages for industrial and service sector companies affected by the outbreak of the Novel Corona virus (COVID-19)</p>	<p>Working capital facilities under stimulus packages for adversely affected industrial and service sector institutions have been enhanced to BDT 400 billion from previous BDT 330 billion. The enhanced BDT 70 billion shall be admissible for the type "A", "B" and "C" industrial institutions located in Bangladesh Economic Zone Authority (BEZA), Bangladesh Export Processing Zone Authority (BEPZA) and Bangladesh Hi-</p>

	Tech Park Authority as working capital loan/investment. The rate of interest of the said loan/investment shall be 9 percent, of which 4.50 percent of interest shall be subsidized by the government and the rest shall be borne by the borrower.
FID Circular Letter No. 02 November 09, 2020 Refinance Scheme for the COVID-19 affected low income professionals, farmers and holders of small and marginal businesses	Under this scheme, a microcredit institution is allowed to avail of financing facility from a maximum of 3 (three) different banks. In case of availing financing facility from more than one bank within the stipulated limit, the microcredit institution shall have to submit a declaration on the availed financing facility from the first, if applicable from the first and second, bank to the finally financing bank.
FEPD Circular Letter No. 39 November 17, 2020 Repatriation of balances held in foreign currency accounts.	Head offices/principle offices of all Authorized Dealers banks in Bangladesh have been advised to instruct all their Authorized Dealer (AD) branches to facilitate repatriation of fund, without creating any obstacle, out of balances held in the respective foreign currency accounts of accountholders opened and maintained under general authorization.
FEPD Circular No. 49 November 18, 2020 Relaxation of foreign exchange regulations for trade transactions - extended facilities	Extended period for realization of export proceeds up to 210 days for exports of readymade garments and textile goods shall equally be applicable for all sectors, depending on the necessity, till March 31, 2021.
FEPD Circular No. 51 November 19, 2020 Outward remittances on account of software maintenance/support fees.	<p>General authorization has to be accorded to ADs to effect remittances on account of software maintenance/support fees. Accordingly, ADs shall no longer need to seek a first time approval from Bangladesh Bank. ADs shall, while effecting remittances, observe the following instructions:</p> <ul style="list-style-type: none"> (a) ADs shall have to be ensured of the concerned software having legitimate license; (b) ADs shall obtain valid agreements for the maintenance/support services executed with foreign service providers. (c) Remittance requests from the remitters shall be supported by invoices; (d) Remitters shall have to make an undertaking to the effect that they have not remitted the payments from other ADs and shall not do the same in future, and they will bring back the remitted amount or its parts in case of non-receipt or partial receipt of services. (e) Regulations regarding payments of tax at source, value added taxes and other levies applicable on the payments need to be complied with. <p>In the context of subsequent payments, ADs shall observe relevant instructions as noted above and certificates from service recipients regarding satisfactory use of services against earlier payments.</p> <p>The above facilities shall equally be applicable to banks having approval from their own competent authorities and industrial enterprises operating in domestic processing areas of EZs having sales in Taka. However, in case of the availability of foreign</p>

	<p>exchange out of legitimate sources in the respective foreign currency accounts of concerned customers of EZs, ADs shall first use such balances before utilization of their own sources by conversion of Taka fund.</p> <p>The transactions under the above authorization shall be executed by an AD designated by remitters who can change the AD as per mutual understanding. In case of change, designated AD shall forward the remittance files direct to new designated AD with intimation to Bangladesh Bank.</p> <p>As usual, ADs shall observe due diligence with regards to customers' KYC and AML/CFT standards, reporting routine to Bangladesh Bank and so on.</p>
<p>FEPD Circular No. 50 November 19, 2020 Remittance against current account transactions.</p>	<p>Legitimate other current account payments like audit fee, certification fee, commissioning fee, testing fee, valuation fee, etc. have been included for the industrial enterprises producing for local markets and service sector industries to remit through their nominated Authorize Dealers (ADs) up to one percent of annual sales as declared in their previous year's income tax return on account of costs of training and consultancy services as per relevant contracts with the foreign trainer/consultant. However, this will exclude payments which require permission from competent authorities without limiting to paragraph 25, chapter 10 of GFET. ADs shall, while undertaking the transactions, satisfy themselves to the effect that regulations regarding deductions and payments of taxes at source, value added taxes and other levies applicable on the payments have duly been complied with. This facility and other permissible remittances will be mutually exclusive.</p> <p>The above facilities shall equally be applicable to industrial enterprises operating in domestic processing areas of EZs having sales in Taka. However, in case of the availability of foreign exchange in the respective foreign currency accounts, out of legitimate sources, of concerned customers, ADs will first use such balances before utilization of their own sources by conversion of Taka fund.</p> <p>As usual, ADs shall observe due diligence with regards to customers' KYC and AML/CFT standards, reporting routine to Bangladesh Bank and so on.</p>
<p>SMEDP-2 Circular Letter No. 01 November 23, 2020 Reduction of Interest Rate under Second Small and Medium Sized Enterprise Development Project (SMEDP2).</p>	<p>The rate of interest at participating bank and financial institution level under the refinance fund of Second Small and Medium Sized Enterprise Development Project (SMEDP2) has been re-fixed at 2 (two) percent and at customer level maximum 6 (six) percent. The re-fixed rate of interest shall come into effect from 18 November 2020.</p>
<p>SMESPD Circular Letter No. 16 November 26, 2020 Special loan/investment facility of BDT 20,000 crore provided to CMSME sector affected by Novel Corona Virus (COVID-19) pandemic.</p>	<p>The proportional rate of annual loan/investment in the Business (Trading) sub-sector by the banks and financial institutions under the package has been scaled up to 35 (thirty five) percent from that of previous 30 (thirty) percent. If the annual loan/investment in the said sub-sector by the banks and financial institutions exceeds 30 (thirty) percent, no way above 35 (thirty five) percent, the annual loan/investment in the Production and</p>

	<p>Service subsector by the banks and financial institutions shall recede proportionately. But the annual aggregate loan/investment in Production and Service subsector cannot be less than 65 (sixty five) percent. The sanctioned limit of loan/investment (working capital) in Production, Service and Business (Trading) sub-sector of the existing customer shall be determined through banker-customer relationship under the concerned bank's loan/investment policy. But the said limit must not be higher than the previous year working capital loan/investment. The implementation deadline for the loan/investment disbursement target under the package has been reset till December 31, 2020.</p>
<p>FEPD Circular Letter No. 40 December 02, 2020 Cash incentive against wage earners' remittances sent through legal channels</p>	<p>To avail of 2 (two) percent cash incentive against remittance above USD 5000 (five thousand) or BDT 5,00,000 (five lac) sent through legal channels, the beneficiary shall submit necessary documents to the branch of remittance provider bank.</p> <p>The remittance provider bank shall scrutinize the documents on its own and send confirmation to the remittance collecting bank within fastest possible time in order to release the cash incentive amount. Upon confirmation, the remittance collecting bank shall release the cash incentive amount to the remittance provider bank. If the remittance collecting bank and remittance provider bank is the same entity, remittance collecting bank itself shall collect and scrutinize the documents submitted by the beneficiary.</p>
<p>BRPD Circular Letter No. 56 December 10, 2020 Loan Classification.</p>	<p>To transfer the accrued interest/profit, except cash recoveries, of loans/investments that remained unclassified because of the moratorium facility which allowed deferred payment facility for the payment/adjustment of the installment(s) of those loans/investments - from 01 January 2020 to 31 December 2020- to income account, following directives have to be followed:</p> <p>Accrued interest/profit during the moratorium period for the outstanding balance of the loans/investments of BDT 10 crore or above has been allowed to be transferred to income account on approval of the board of directors of the corresponding bank including the observation of management authority (with rationale) and recommendation of audit committee, for that of BDT 5 crore to less than 10 crore, on approval of the chief executive/managing director of the corresponding bank including the recommendation of the head of the branch and for that of less than 5 crore, on approval of the controlling authority including the recommendation of the head of the branch. If not transferred to income account on the aforementioned consideration, the said interest/profit shall have to be transferred as interest suspense.</p> <p>In order to maintain specific and general provision for loans/investments, actual provision will have to be maintained after the calculation of required provision following proper norms regarding loan/investment classification and provisioning. For the final account at end-December 2020, banks shall have to maintain additional 1 (one) percent general provision against all</p>

	SMA and unclassified loans/investments along with the regular specific and general provision and be showed as “Special General Provision-COVID-19” on the banks’ balance sheet. The Special General Provision-COVID-19 is not allowed to be transferred to any other account until further notice from the Bangladesh Bank.
DMD Circular Letter No. 10 December 20, 2020 Amendment of Sanchaypatra Rules & Policy	The upper limit of total investment in Five-Year Bangladesh Sanchaypatra, Three-Month Profit-Based Sanchaypatra, and Paribar Sanchaypatra has been refixed at maximum 50 (fifty) lac in individual name and 1 (one) crore in joint names.
DMD Circular Letter No. 09 December 21, 2020 (December 20, 2020 as per date on circular) Amendment of NRB Bond Rules	The upper limit of total investment in Wage Earner Development Bond, U.S Dollar Premium Bond and U.S Dollar Investment Bond has been set at BDT 1 (one) crore equivalent foreign currency.
FEPD Circular No. 52 December 21, 2020 Business-to-Consumer export through sales orders received on internet.	ADs are permitted to allow exports of each sales on e-Commerce website up to USD 500 or equivalent under cash on delivery/payment on shipment terms subject to: (a) ADs shall have counterparty arrangements with foreign payment service providers to realize the payments by debiting their foreign currency accounts or Taka accounts maintained with ADs in terms of paragraph 1(i), chapter 13 and paragraph 8(b), chapter 14 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1. (b) Overdraft facilities will be allowed for the accounts so maintained in Bangladesh provided that ADs shall have payment guarantees, from banks acceptable to them, for the adequate amounts based on the transaction flows.
BRPD Circular No. 19 December 27, 2020 Providing Loan and Credit Card Facilities to IT Freelancers having virtual ID Card.	Scheduled banks operating in Bangladesh have been advised to grant loan and credit card facility to the virtual ID card-holder IT Freelancers subject to the compliance of existing banking rules and regulations to help develop the potential freelancing sector.
ACD Circular Letter No. 03 December 29, 2020 Refinance scheme of 5000 crore taka for providing working capital in agriculture sector due to break-out of Novel Corona virus.	The deadline of the loan disbursement at the customer level by the banks under the refinance scheme has been extended till 31 March 2021.
BRPD Circular Letter No. 59 December 30, 2020 Loan Classification	Loan/investment-classification status of rescheduled/one exit facility availed loans/investments that occupied on 01 January 2020 cannot be declassified till 31 December 2020 even if the standard degrades. By the time, however, if classification status of a loan/investment upgrades, that loan/investment can be classified following proper norms. The payable installment(s) of the existing term loans (including short term agricultural loan and micro credit) on 01 January 2020 shall be treated as deferred for the stated period. The size and number of installment(s) shall have to be reset from January/2021. At the time of re-fixing number of installment(s), the equal number of installments shall be added to the number

	<p>that remained overdue during 01 January 2020 to 31 December 2020. The borrowers are not allowed to be marked as defaulter even if any installment(s) remains overdue during the mentioned period.</p> <p>The tenure/adjustment date of all the existing continuous and demand loans/investments on 01 January 2020 and all the demand-natured loans/investments created within 01 January 2020 to 30 September 2020 shall increase to next 12 months from the existing expiry or till 31 December, whichever appears first.</p> <p>Attributable interest/profit, except cash recoveries, of rescheduled, restructured and one time exit availed loans/investments is not allowed to be transferred to income account. No penal interest or additional fee is allowed to charge for the time period.</p> <p>If any borrower does not feel the necessity of availing of the aforementioned provisions, his loan/investment may be settled following previous payment schedule or based on the banker-customer relationship.</p> <p>Reasonable rebate facilities can be offered to those borrowers who are reluctant to get the facility and voluntarily desires to settle the term/ demand/continuous loans with the banks.</p>
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