

January 2024



Monthly Report on Fiscal-Macro Position

Prepared By: Tawhid Ilahi, Deputy Secretary

Guided By:

Dr. Ziaul Abedin, Additional Secretary

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Executive Summary

The January 2024 issue of the report on the Fiscal-Macro position contains relevant data and analysis on the movement of major macroeconomic variables in the current month compared to the same period of the previous year. An overview of the report is given below:

Fiscal Sector

Revenue collection after January FY24 demonstrated uptrend as Tax revenue increase by 12.27 percent and non-tax revenue increased by 21.93 percent than that of July-January FY23. The overall increase in revenue is 13.37 percent on July-January FY24 compared to that of January FY23. Total operating expenses increased by 13.55 percent to Tk. 191,087.59 crore in July-January FY24 compared to Tk. 168,292.08 crore in July-January FY23. However, the ADP implementation in July-January FY24 increased by 30.61 percent compared to that of July-January FY23. Overall government expenditure increased by 12.35 percent in July-January FY24 compared to that of July-January FY23¹.

Monetary Sector

Broad money (M2) increased by 8.65 percent at the end of January FY24 compared to that of January FY23. Of the sources of broad money, Net Domestic Asset (NDA) increased by 13.84 percent while Net Foreign Asset decreased by 15.12 percent. Reserve money decreased by 1.54 percent at the end of January 2024 compared to that of January 2023. Money multiplier rose to 5.48 at the end of January 2023 from 4.92 at the end of June 2023.

External Sector

In January FY24, total exports continued to grow above the strategic target. Export increased by 2.52 percent after January FY24 compared to the export after January FY23. Imports decreased by 18.30 percent after January FY24 compared to that of July-January FY23. LCs settlement decreased by 15.45 percent after January FY24 compared to that of July-January FY23. Workers' remittances after January FY24 increased by 3.65 percent to USD 12,906.76 million against USD 12,452.72 million after January FY23. The trade deficit gap narrowed in July-January of FY24 compared to the same period of the previous fiscal year. The current account surplus became US\$ 3148 million compared to a deficit of US\$ -4648 million for the same period of the previous fiscal year. The overall deficit stood at US\$ 4.6 billion at the end of January FY24 compared to a 7.3 billion US\$ deficit in the same time of the previous year. Gross foreign exchange reserves stood at USD 25.11 billion in January FY24 which was sufficient to pay import liability of 4.5 months, considering the average of the previous 12 months' imports.

Real Sector

The industrial production of Large Scale, SMME Scale and Cottage Scale increased 12.70 percent, 11.38 percent and 5.67 percent respectively during January 2023. Point to point inflation increased to 9.86 percent in January FY24 from 9.41 percent of November FY24. On twelve-month average basis inflation rose to 9.59 percent in January FY24 from 9.48 percent in November FY24, which is 3.59 percentage point higher than the target of 6.0 percent for FY24.

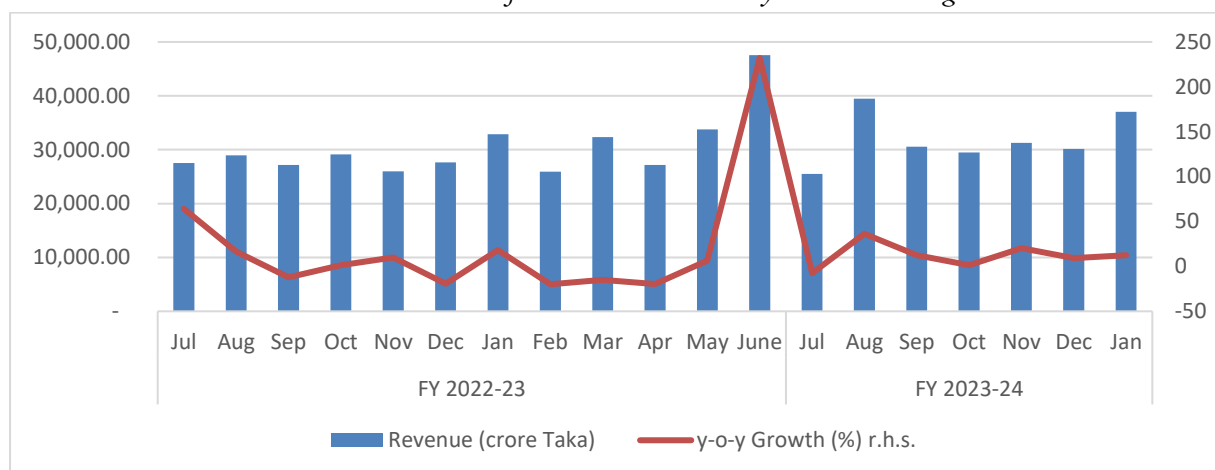
¹ Fiscal sector data collected from iBAS on 8 April 2024

1. FISCAL SECTOR

1.1 Revenue Earnings

Revenue collection after January FY24 demonstrated uptrend as Tax revenue increase by 12.27 percent and non-tax revenue increased by 21.93 percent than that of July-January FY23. The overall increase in revenue is 13.37 percent on July-January FY24 compared to that of January FY23.

Chart 1.1: Trend of Government's monthly revenue earnings



Source: Integrated Budgeting & Accounting System (iBAS++), Finance Division;

Table 1.1: Revenue Earnings (crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2023-24 (July-Jan)	191,501.67	4,626.45	196,128.12	27,466.68	223,594.81
2022-23 (July-Jan)	170,051.66	4,640.12	174,691.79	22,527.13	197,218.92
Growth (%)	12.61	(0.29)	12.27	21.93	13.37
2022-23 (Actual)	319,729.46	7,994.46	327,723.92	38,932.95	366,656.87
2021-22 (Actual)	292,917.36	6,704.42	299,621.78	35,590.62	335,212.40
Growth (%)	9.15	19.24	9.38	9.39	9.38

Source: Integrated Budgeting & Accounting System (iBAS++), Finance Division.

1.2 Government Expenditure

Total operating expenses increased by 13.55 percent to Tk. 191,087.59 crore in July-January FY24 compared to Tk. 168,292.08 crore in July-January FY23. However, the ADP implementation in July-January FY24 increased by 30.61 percent compared to that of July-January FY23. The case of overall development expenditure increased by 29.70 percent than that of previous year. Overall government expenditure increased by 12.35 percent in July-January FY24 compared to that of July-January FY23. According to the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning, the execution rate of ADP is 27.11 percent.

Table 1.2: Government Expenditure (Crore taka)

	2023-24 (July-Jan)	2022-23 (July-Jan)	Growth (%) (July-Jan)	2022-23	2021-22	Yearly Growth (%)
a1. Operating Recurrent Expenditure	187,234.85	163,888.17	14.25	357,097.75	308,680.89	15.69
Pay and Allowances	36,174.26	33,852.96	6.86	63,850.26	63,319.00	0.84
Use of Goods and Services	17,058.64	12,174.72	40.12	33,871.45	32,248.12	5.03
Interest Payment	60,554.87	48,107.04	25.88	92,107.48	77,778.95	18.42
<i>Domestic</i>	51,212.55	44,533.25	15.00	82,670.05	73,225.29	12.90
<i>Foreign</i>	9,342.32	3,573.79	161.41	9,437.43	4,553.66	107.25
Subsidies and Transfer	73,447.09	69,753.45	5.30	167,268.56	135,334.81	23.60
a2. Operating Capital Expenditure	3,852.74	4,403.91	-12.52	12,765.92	18,011.79	-29.12
a) Total Operating Expenditure (a1+a2)	191,087.59	168,292.08	13.55	369,863.67	326,692.68	13.21
b) Outlay for Food Accounts	2,892.26	9,124.39	-68.30	1,013.46	2,436.89	-58.41
c) Loans and Advances-Net	-3,229.96	-987.10	227.22	-2,178.41	-5,104.65	-57.32
d) Development Expenditure	55,833.43	43,047.22	29.70	205,151.43	195,294.98	5.05
<i>Of which ADP</i>	52,492.33	40,188.63	30.61	191,920.59	186,181.94	3.08
Total Expenditure (a+b+c+d)	246,583.32	219,476.60	12.35	573,850.15	519,319.90	10.50
Total Expenditure (as % of GDP)	29.36	29.66	-0.30	12.93	13.08	-0.15
Memo Item: GDP	5,039,314.00	4,439,273.00	13.52	4,439,273.00	3,971,716.00	11.77

Source: Finance Division and Latest BBS Publications with the new base 2015-16. * Projected GDP for FY2023-24.

1.3 Budget Deficit

The budget deficit (including grants) after January 2024 is Tk 22096.58 crore which is 0.44 percent of the projected GDP for FY24. For the same period of the previous Fiscal Year, the overall budget deficit had been taka 22256.24 crore which was -0.50 percent of GDP of that year.

Table 1.3: Budget Balance (Crore taka)

Year	Overall Balance	Overall Balance as % of GDP	GDP
2023-24 (July-Jan)	-22096.58	-0.44	5,039,314.00
2022-23 (July-Jan)	-22256.24	-0.50	4,439,273.00
2022-23	-204,441.46	-4.61	4,439,273.00
2021-22	-181,785.68	-4.79	3,971,716.00

Source: Integrated Budgeting & Accounting System (iBAS++), Finance Division;

1.4 Deficit Financing

The government arranged its financing requirement from the banking system in the second month of the fiscal year to repay the non-bank borrowing loans undertaken in the past. Therefore, the Government has financed its budget deficit predominantly from the bank in January FY24.

Table 1.4: Deficit financing (Crore taka, Excluding Grants)

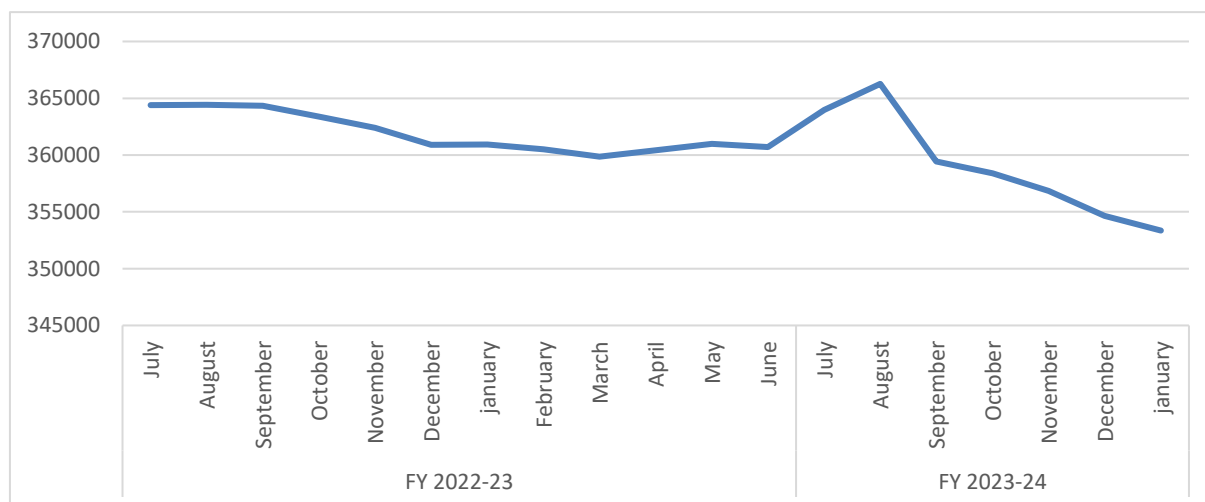
Period	External (Net)	Domestic			Total Financing	Financing as % of GDP
		Bank	Non-Bank	Total		
2023-24 (July-Jan)	12,711.57	23,626.71	-14,735.22	8,891.48	21,603.05	0.43
2022-23 (July-Jan)	8,763.58	34,306.47	-21,320.41	12,986.06	21,749.65	0.49
2022-23	79,155.82	118,025.05	6,330.56	124,355.61	203,511.42	4.58
2021-22	65,066.48	75,532.53	40,199.25	115,731.78	180,798.25	4.55
Target in 2023-24	102,490.15	132,395.00	23,000	155,395	257,885	5.12
Financing composition		External (Net)	Domestic		Total Financing	
			Bank	Non-Bank	Total	
2023-24 (July-Jan)		58.84%	109.37%	68.21%	41.16%	
2022-23 (July-Jan)		40.29%	157.73%	98.03%	59.71%	
2022-23		38.90%	57.99%	3.11%	61.10%	
2021-22		35.99%	41.78%	22.23%	64.01%	
Target in 2023-24		39.74%	51.34%	8.92%	60.26%	

Source: Integrated Budgeting & Accounting System (iBAS++), Finance Division (Self Calculation for Financing composition)

1.4.1 National Savings Certificates (NSCs)

NSCs sales increased by 1.02 percent for July-January FY24 compared to that of July-January FY23. The net sale of NSCs during July- January of FY24 decreased by 139.47 percent compared to the same period of the previous year. The outstanding stock of NSCs stands at taka 353,354.69 crore at the end of January FY24 which is 2.10 percent lower compared to that of January FY23.

Chart 1.2: Trend of monthly stock of NSC (crore Taka)



Source: Major Economic Indicators, Bangladesh Bank, Growth calculated over the same period of the previous year

Table 1.5 Net Sale and Repayment of NSCs (Crore taka)

Period	Sale	Repayment (Principal)	Net Sale	Outstanding at the end of the period
2023-24 (July-Jan)	49,254.46	56604.81	-7,350.35	353,354.69
2022-23 (July-Jan)	48,756.78	51826.21	-3,069.43	360,931.54
Growth (%)	1.02	9.22	139.47	-2.10
2022-23	80,858.63	84,154.56	-3,295.93	360,714.20
2021-22	108,070.53	88,154.78	19,915.75	364,010.13
Growth (%)	-25.18	-4.54	-116.55	-0.91

Source: Bangladesh Bank; *-Growth calculated over the same month of the previous year.

2. MONETARY SECTOR

2.1 Monetary and Credit Development

Broad money (M2) increased by 8.65 percent at the end of January FY24 compared to that of January FY23. Of the sources of broad money, Net Domestic Asset (NDA) increased by 13.84 percent while Net Foreign Asset decreased by 15.12 percent. Despite strong public sector credit growth, government borrowing from the banking system contributed to the less than expected credit growth in the private sector. Broad money growth in January FY24 was 0.83 percent compared to that of June FY23.

Table 2.1: Monetary and Credit Development

Items	Outstanding stock			% Changes in	
	at the end of the period			Outstanding stock	
	Jan-24	Jan-23	Jun-23	Jan-24 over Jan-23	Jan-24 over June-23
A. Net Foreign Assets (NFA)	2,667.89	3,143.05	3,167.28	-15.12	-15.77
B. Net Domestic Asset (NDA)	16,360.91	14,371.36	15,704.40	13.84	4.18
a. Domestic Credit	19,834.28	17,731.79	19,267.69	11.86	2.94
Public Sector	4,154.85	3,471.53	4,325.15	19.68	-3.94
Govt. (Net)	3,677.44	3,035.89	3,873.50	21.13	-5.06
Other Public	477.42	435.64	451.65	9.59	5.71
Private sector	15,679.43	14,260.26	14,942.55	9.95	4.93
b. Other Items (Net)	-3,473.37	-3,360.44	-3,563.30	3.36	-2.52
C. Broad Money (A+B)	19,028.80	17,514.41	18,871.68	8.65	0.83

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve Money Development

Reserve money decreased by 1.54 percent at the end of January 2024 compared to that of January 2023. Money multiplier rose to 5.48 at the end of January 2023 from 4.92 at the end of June 2023, resulting from a decrease of reserve deposit ratio. However, the rise of currency deposit ratio had offset the rise of multiplier to some extent.

Table 2.2: Reserve money and money multiplier (Billion BDT)

Items	Outstanding Stock at the end of the period			Changes in Outstanding Stock	
	Jan-24	Jan-23	Jun-23	Jan-24 over Jan-23	Jan-24 over June-23
Reserve money	3,474	3,528	3,836	-1.54%	-9.44%
Money multiplier	5.48	4.96	4.92	0.51	0.56

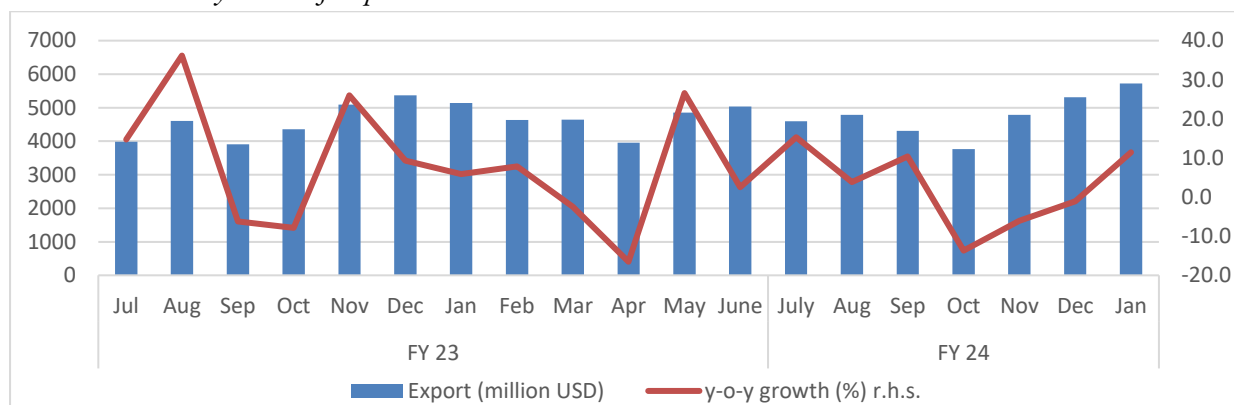
Source: Major Economic Indicators, Bangladesh Bank

3. EXTERNAL SECTOR

3.1 Exports

In January FY24, total exports continued to grow above the strategic target. Export increased by 2.52 percent after January FY24 compared to the export after January FY23. This higher growth in export is due to strong rebound in demand for apparels in the major export destinations of Bangladesh, as the economies are recovering from the shock of the Covid-19 pandemic.

Chart 3.1: Monthly Trend of Exports



Source: Export Promotion Bureau, *Growth over the same period of the previous year

Table 3.1: Export Performance (Million US\$)

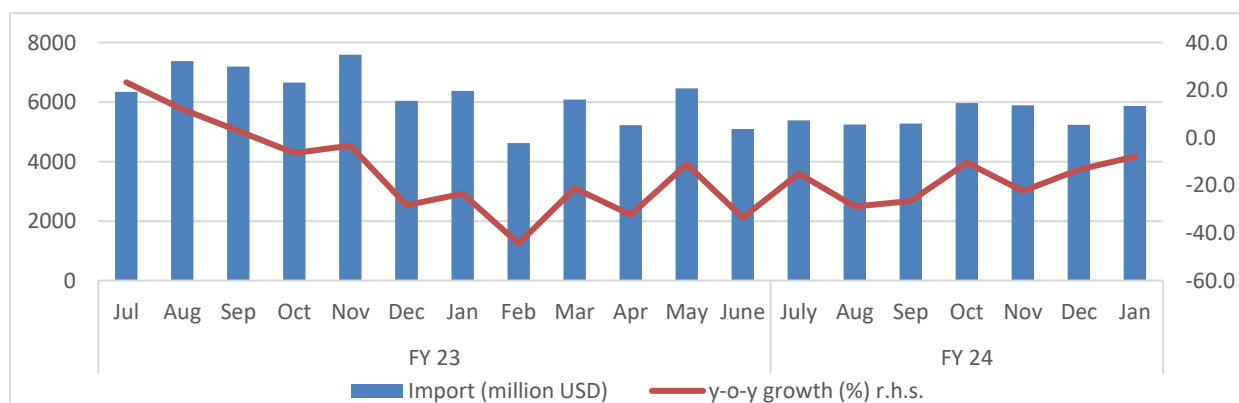
	2023-24	2022-23	2022-23	2021-22
	(July-Jan)	(July-Jan)		
Export	33,264.71	32,447.49	55,558.14	52,082.66
Growth*(%)	2.52	10.58	6.67	34.38

Source: Export Promotion Bureau, *Growth over the same period of the previous year;

3.2 Imports (C & F)

Imports decreased by 18.30 percent after January FY24 compared to that of July-January FY23. Import showing down trend due to some tuff monitoring measures taken by Bangladesh Bank. The trend is also seen in the fact that LCs settlement deceased by 15.45 percent after January FY24 compared to that of July-January FY23. Due to various measures of the government to curtail import, Letter of Credit (LC) opening started to decreased and on a year-on year basis it was 1.62 percent lower in January FY24 than the same period of the previous FY.

Chart 3.2: Monthly Trend of Import Payments



Source: Bangladesh Bank, *Growth over the same period of the previous year;

Table 3.2: Import Scenario (Million US\$)

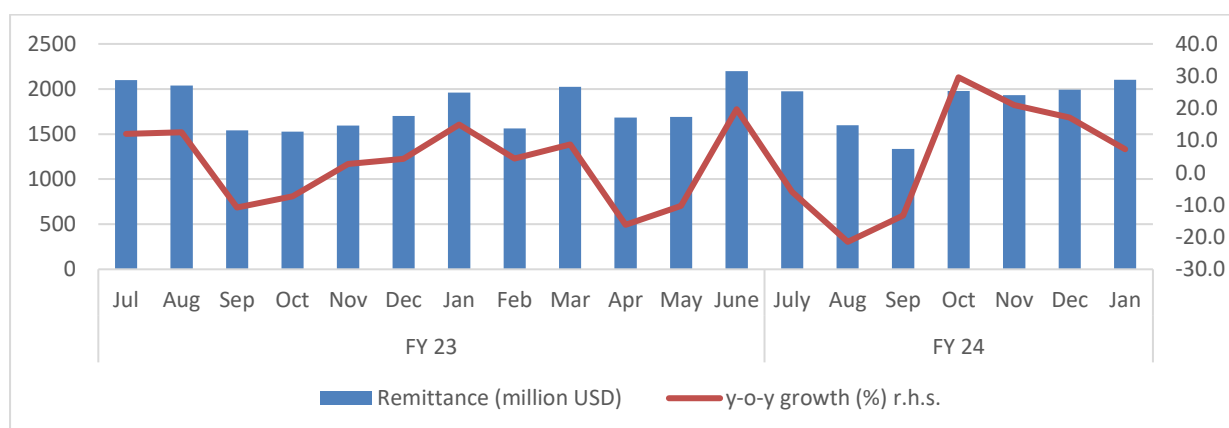
Period	2023-24	2022-23	2022-23	2021-22
	(July-Jan)	(July-Jan)		
Import payments	38,860.50	47,564.10	75,059.70	89,162.00
Growth (%)	-18.30		-15.82	35.93
LCs Opened	39,548.79	40,201.00	67,832.90	92,234.69
Growth (%)	-1.62		-26.46	57.11
LCs Settled	39,711.63	46,970.00	72,856.21	83,681.73
Growth (%)	-15.45	-	-12.94	45.96

Source: Bangladesh Bank, *Growth over the same period of the previous year;

3.3 Remittances

Workers' remittances after January FY24 increased by 3.65 percent to USD 12,906.76 million against USD 12,452.72 million after January FY23. Various initiatives of the Government to incentivize remittance inflow such as 2.5 percent cash incentive, easing the rules on the furnishing of documents and depreciation of exchange rate (BDT/USD) might have worked on the overseas migrants to send remittances through legal channel. The rising number of labour migration in FY22 may also have a positive impact on inward remittances.

Chart 3.3: Monthly Trend of Remittance



Source: Bangladesh Bank, *Growth over the same period of the previous year;

Table 3.3: Remittance Performance (Million US\$)

	2023-24 (July-Jan)	2022-23 (July-Jan)	2022-23	2021-22
Remittances	12,906.76	12,452.72	21,612.07	21,031.68
As % of Export	38.80	38.38	38.90	40.38
As % of GDP	37.06	32.36	4.21	4.49
Growth (%)	3.65	4.91	2.76	-14.75

Source: Bangladesh Bank;

3.4 Balance of Payments (BOP)

The trade deficit gap narrowed in July-January of FY24 compared to the same period of the previous fiscal year as the import is put under stern monitoring by the Bangladesh Bank. The current account surplus became US\$ 3148 million compared to a deficit of US\$ -4648 million for the same period of the previous fiscal year. But due to negative growth in the financial account the overall deficit stood at US\$ 4.6 billion at the end of January FY24 compared to a 7.3 billion US\$ deficit in the same time of the previous year.

Table 3.4: Balance of Payments (Million US\$)

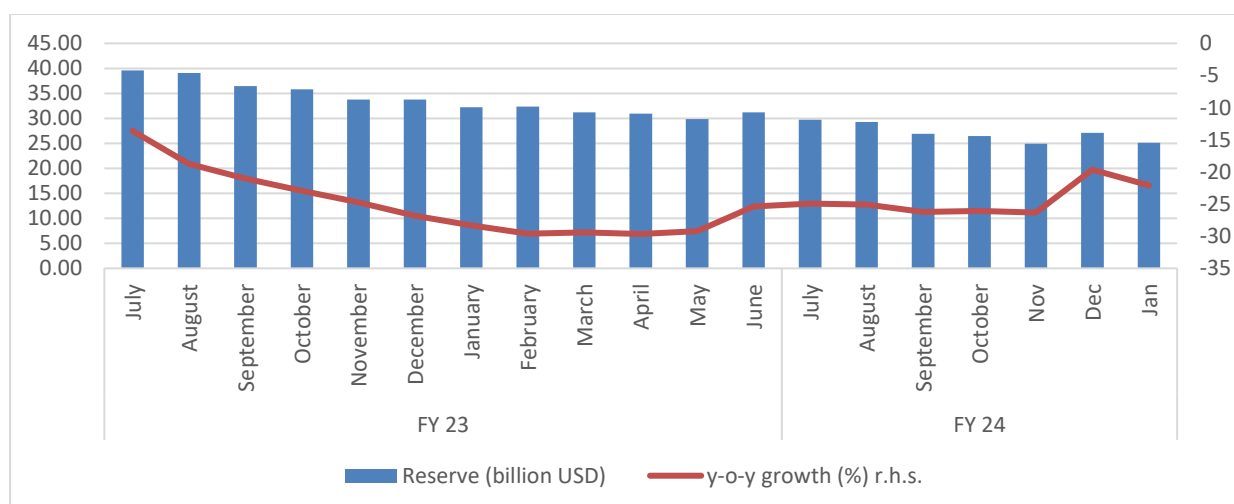
	2023-24	2022-23	2022-23	2021-22
	July-Jan	July-Jan		
Trade Bal.	-4628	-13396	-17155	-33250
Curr. A/C	3148	-4648	-3334	-18,639
Cap. A/C	162	174	473	181
Fin. A/C	-7,354	-812	-2142	15,458
E & O	-640	-2,102	-3220	-3,656
Over. Bal.	-4,684	-7,387	-8222	-6,656

Source: Bangladesh Bank;

3.5 External Reserve

Gross foreign exchange reserves stood at USD 25.11 billion in January FY24 which was sufficient to pay import liability of 4.5 months, considering the average of the previous 12 months' imports.

Chart 3.4: Foreign Exchange Reserve (End of the month)

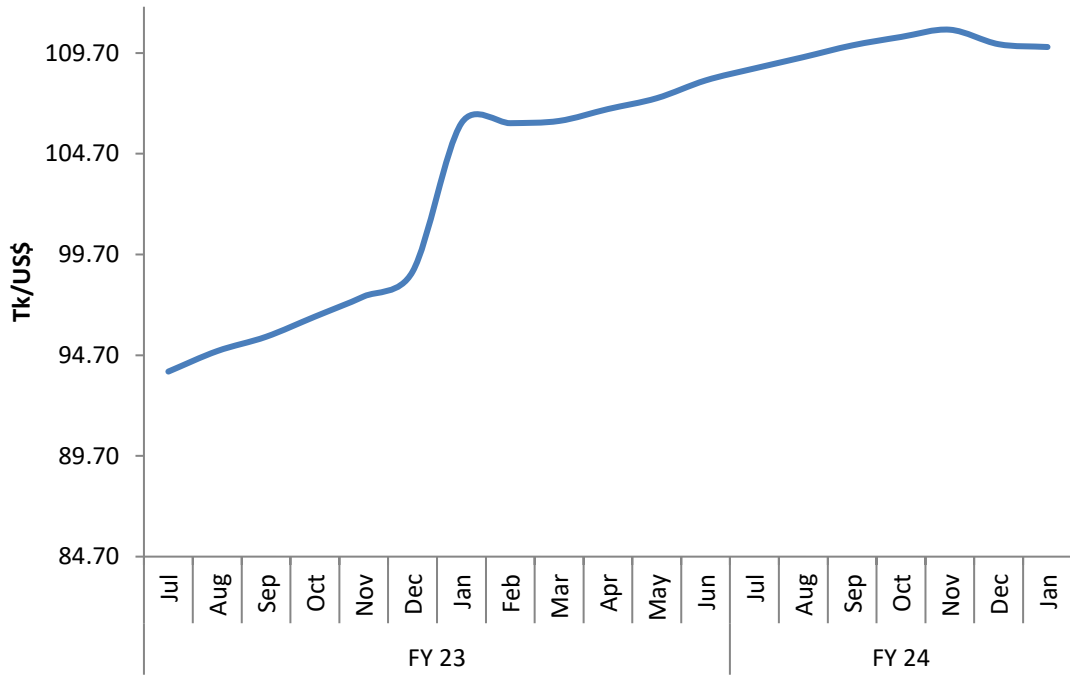


Source: Bangladesh Bank

3.6 Exchange Rate Movements

Exchange rate of Bangladesh Taka, against USD, depreciated by 1.49 percent during July-January of FY24 compared to the July-January of FY23. To contain the persistent foreign exchange pressure during FY23, Bangladesh Bank as well as the government took various policy measures; aided by steady inflow of remittances and lower import payments.

Chart 3.5: Exchange Rate Movement (Taka/US\$)



Source: Bangladesh Bank;

4. REAL SECTOR

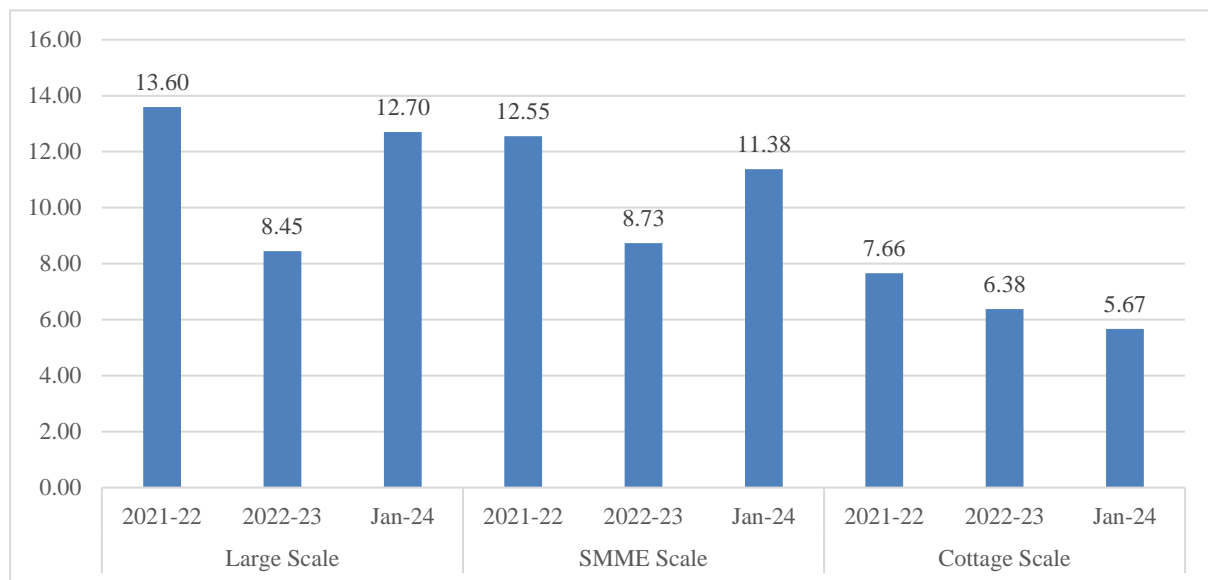
4.1 Industrial Production

The industrial production of Large Scale, SMME Scale and Cottage Scale increased 12.70 percent, 11.38 percent and 5.67 percent respectively during January 2023.

Table 4.1: Industrial Production Statistics, January 2023 (Base: 2005-06=100)

	Monthly Index			2022-23	2021-22
	Jan-24	Jan-23	Change	Change	Change
Large Scale	244.36	216.82	12.70	8.45	13.60
SMME Scale	233.15	209.33	11.38	8.73	12.55
Cottage Scale	200.22	189.47	5.67	6.38	7.66

Chart 4.1: Industrial Production Statistics, January 2023 (Base: 2005-06=100)



Source: BBS

4.2 CPI Inflation

Point to point inflation increased to 9.86 percent in January FY24 from 9.41 percent of December FY24 where food inflation decreased from 9.58 to 9.56 percent, non-food inflation increased from 8.52 to 9.42 percent. On twelve-month average basis inflation rose to 9.59 percent in January FY24 from 9.48 percent in December FY24, which is 3.59 percentage point higher than the target of 6.0 percent for FY24.

Table 4.3: CPI Inflation (National) (Base 2005-06)

Fiscal Year	Twelve-Month Average Basis			Point to Point Basis		
	General	Food	Non-Food	General	Food	Non-Food
2021-22						
December	6.55	5.30	5.93	6.05	5.46	7.00
January	5.62	5.33	6.06	5.86	5.6	6.26
February	5.69	5.4	6.13	6.17	6.22	6.10
March	5.75	5.47	6.19	6.22	6.34	6.04
April	5.81	5.53	6.26	6.29	6.23	6.39
May	5.99	5.81	6.27	7.42	8.3	6.08
June	6.15	6.05	6.31	7.56	8.37	6.33
2022-23						
July	6.33	6.31	6.35	7.48	8.19	6.39
August	6.66	6.71	6.58	9.52	9.94	8.85
Sep	6.96	7.04	6.84	9.1	9.08	9.13
Oct	7.23	7.32	7.1	8.91	8.5	9.58
Nov	7.48	7.55	7.37	8.85	8.14	9.98
Dec	7.70	7.75	7.62	8.71	7.91	9.96
Jan	7.92	7.92	7.92	8.57	7.76	9.84
Feb	8.14	8.08	8.23	8.78	8.13	9.82
March	8.39	8.31	8.53	9.33	9.09	9.72
April	8.64	8.52	8.81	9.24	8.84	9.72
May	8.8	8.6	9.1	9.94	9.2	10.0
June	9.0	8.7	9.4	9.74	9.7	9.6
2023-24						
July	9.2	8.84	9.64	9.69	9.76	9.47
August	9.24	9.08	9.55	9.92	12.54	7.95
September	9.29	9.37	9.44	9.63	12.37	7.82
October	9.37	9.73	9.33	9.93	12.56	8.3
November	9.42	9.95	9.17	9.49	10.76	8.16
December	9.48	10.08	9.05	9.41	9.58	8.52
January	9.59	10.22	9.02	9.86	9.56	9.42

Source: Bangladesh Bank

4.3 GDP Growth Outlook

The latest publication of the Bangladesh Bureau of Statistics (BBS) (with the new base 2015-16) shows that GDP grew by 5.78 percent in FY23. With this growth, per capita GNI rose to US\$ 2,749 at the end of FY23. According to the Medium-Term Macroeconomic Policy Statement (FY24 to FY26), the growth target for FY24 is 7.50 percent.