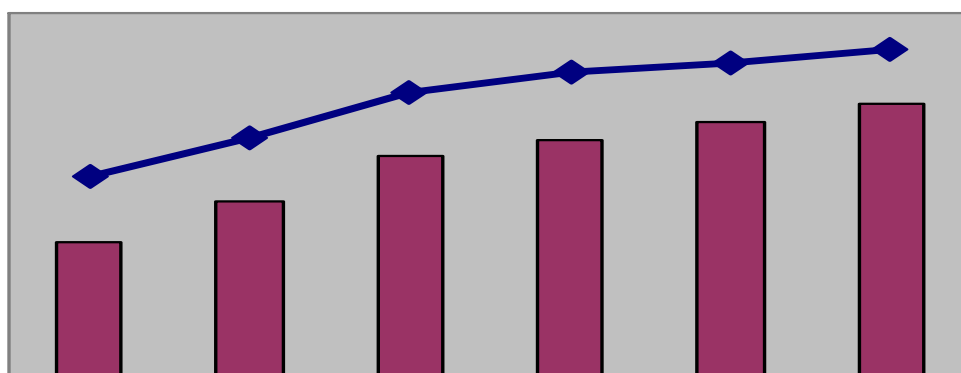


# MONTHLY FISCAL-MACRO UPDATE

JULY, 2009



**Prepared by:**  
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Issue-7, Year: 2009

As on September 25, 2009

**A. FISCAL SECTOR**

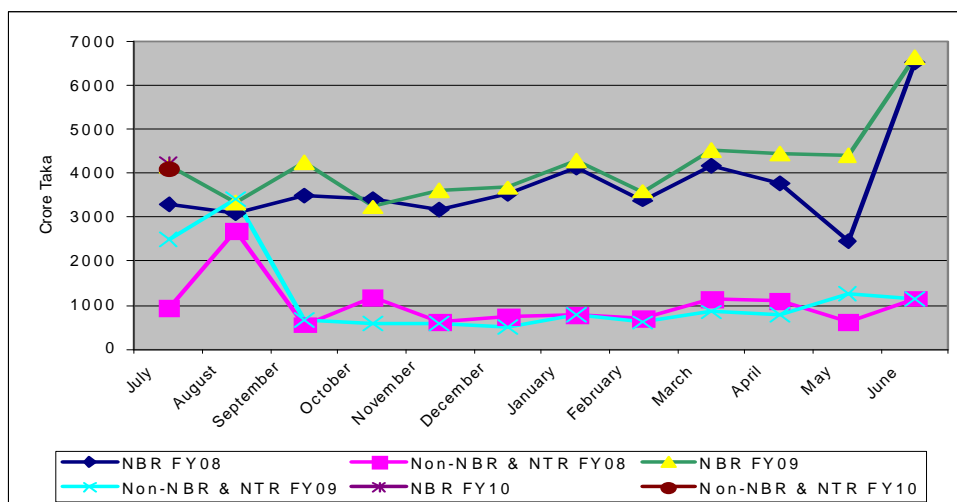
**a.1 Revenue Earnings**

(in crore Tk.)

Fiscal Year	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2007-08	45777.0	2313.0	10080.0	58170.0
2008-09	50205.1	2652.9	10989.3	63847.3
Growth (%)	9.6	14.7	9.0	9.7
2009-10				
July	4194.4	269.4	3837.7	8301.5
Growth over July FY 09	33.3%	4.1%	68.5%	23.9%

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

**Chart 1: Monthly Trend of Revenue earnings (FY08-FY10)**



- In July, FY10 growth in revenue (23.9%) continues.
- NBR Tax revenue growth up to July FY 10 is 33.3 percent.
- Non-NBR Tax revenue growth up to July FY 10 is 4.1 percent.
- Interest, fees, tolls mainly contributes growth (68.5%) in Non-Tax revenue.

**a.2 Grants**

(in crore Tk.)

2007-08	2008-09	Growth (%)	2009-10	
			July	Growth over July FY 09
2007.4	1273.5	-36.56	1.1	83.33%

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

**a.3 Government Expenditure**

(in crore Tk.)

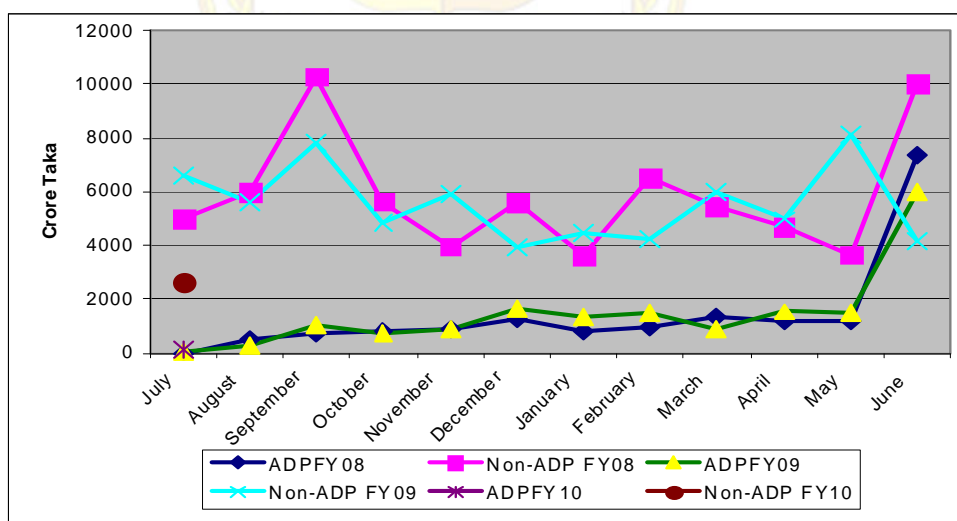
	2007-08	2008-09	Growth (%)	Growth over July FY09	
				July	Growth over July FY09
1. Non-Development	61965.7	64955.1	9.10	2793.9	1.95%
Interest	8072.2	10317.4	27.81	1128.19	-3.89%
Domestic	6910.5	9188.1	54.73	980.01	-5.90%
Foreign	1161.7	1129.3	-2.78	148.18	11.96%
Subsidies & Current Transfer	17760.6	20097.1	13.2	525.05	6.93%
2. ADP	18282.7	17559.9	-0.42	123.4	84.91%
3. Non-ADP FFW	449.7	145.1	-68.19	0.00	--
4. Net Outlay on Food A/C	1416.8	4912.9	124.52	45.4	-70.69%
5. Loans & Advances	10970.1	1832.6	-82.98	-123.7	86.43%
Total	89858.5	84236.5	-3.15	2782.8	1.89%

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. Figures in parentheses indicate growth over July-June, FY 08

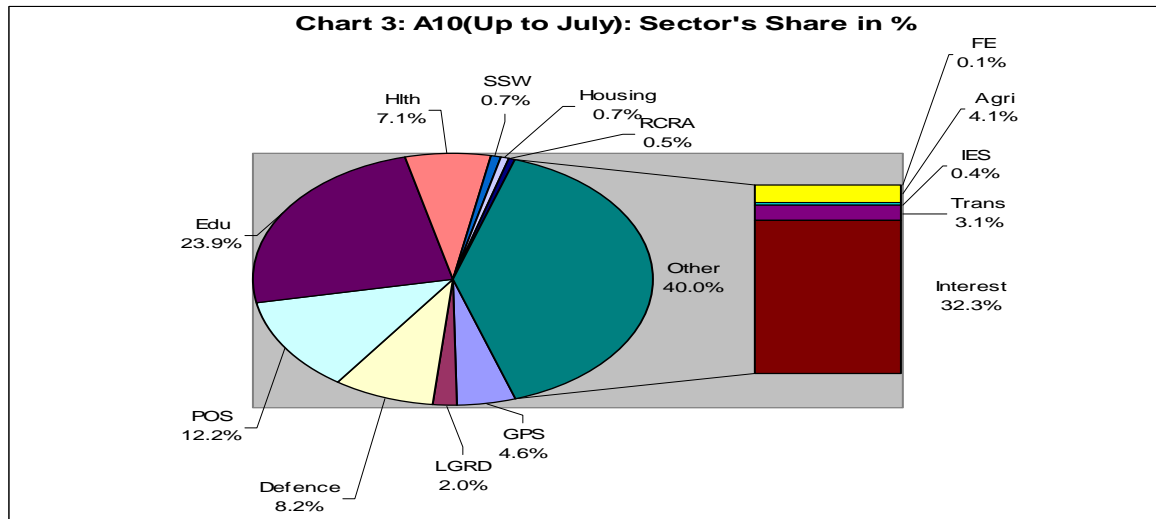
In July, FY 10,

- Non Development expenditure records a growth (growth: 1.95%), of which
  - Subsidies and transfer (growth: 6.93%)
  - Interest payments (growth: -3.89%).

**Chart 2: Monthly Trend of ADP and Non-ADP Expenditure (FY 08-FY10)**



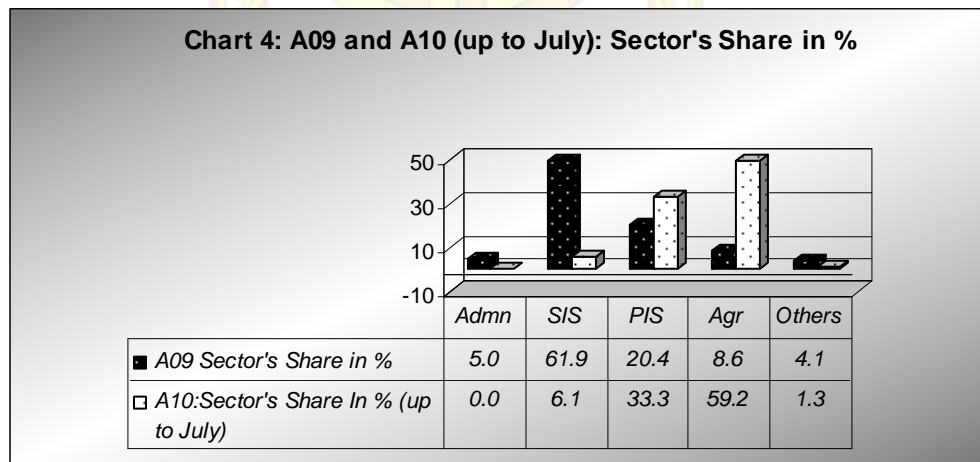
**a.3.1 Structure of Revenue Expenditure**



GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and Food, FE = Fuel and Energy, IES = Industries, Jute, Textiles, Commerce, Labor & Overseas, Trans = Transport and Communication

- Sector wise revenue expenditure shows that highest expenditure is in Interest payment (32.3%), Education (23.9%), and POS (12.2%).

**a.3.2 Structure of ADP Expenditure**



Admn = General Public Services, Defence, and Public Order and Safety, SIS = Social Infrastructure, covers Edu, health, Housing and SSW & LGRD. PIS = Physical Infrastructure, covers FE and Trans; and Others include RCRA and IES

- Sector wise ADP expenditure shows that, in FY 2008-09 highest share are in Agriculture (59.2%) and next highest expenditure is in Physical Infrastructure (33.3%).

**a.4 Budget Balance**

(in crore Tk.)

	Overall Balance	Overall Balance as % of GDP
2007-08	-26650.9 (including BPC) -19328.4 (excluding BPC)	-4.9(including BPC) -3.5(excluding BPC)
2008-09	-16364.3	-2.38
2009-10		
July	1603.3	0.23

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

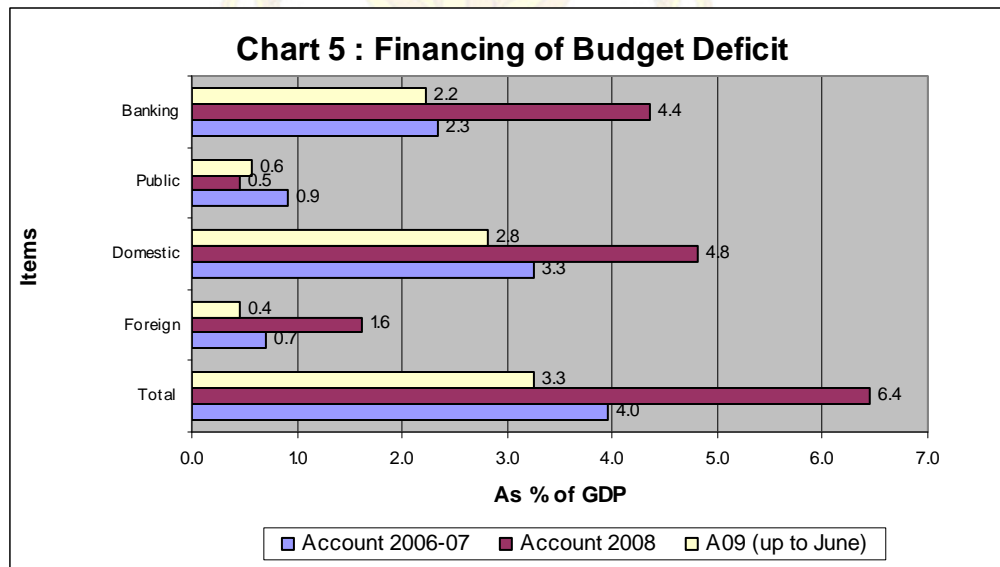
**a.5 Deficit Financing**

(in crore Tk.)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2007-08	7775.5	16349.3* 9026.7**	2526.1	26650.9* 19328.4**	4.9* 3.5**
2008-09	2757.9	9856.9	3749.5	16364.3	2.38
2009-10					
July	-348.0	1172.6	-2427.8	-1603.3	-0.23

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

\*including BPC \*\* excluding BPC



## MONTHLY FISCAL-MACRO UPDATE

### a.5 Net Sales of NSD Certificates

(in crore Tk.)

	Sales	Repayment	Net Sale	Outstanding at the end of period
2007-08	14105.79	11587.50	2518.29	46157.47
2008-09	16035.28	12401.96	3633.32	49790.79
Growth	13.68%	7.03%	44.28%	7.87%
2009-10				
July	1998.28	1083.70	914.58	50705.37
Growth over July FY09	43.80%	11.91%	117.12%	8.86%

Source: National Savings Directorate.

- In July FY10, the growth rate in net sale is 117.12 percent compared to the same month of the previous fiscal year.

## A. MONETARY SECTOR

### b.1 Monetary and credit development

(in crore Tk.)

	Outstanding Stock at the end of period				
	2007-08	2008-09	Growth (%)	2009-10 (July <sup>p</sup> )	Growth(%) over July, FY09
Net Foreign Asset	37845.40	47964.50	26.74	50494.40	33.42
Net Domestic Asset	210949.50	248535.40	17.82	247601.00	16.02
Domestic credit	248767.80	288552.30	15.99	290174.60	15.15
Public Sector	58632.00	70624.90	20.45	70624.50	18.04
Govt. (net)	46999.60	58185.20	23.80	57847.50	19.31
Other Public Sector	11632.40	12439.70	6.94	12777.00	12.61
Private Sector	190135.80	217927.40	14.62	219550.10	14.24
Broad Money	248794.90	296499.90	19.17	298095.40	18.64

Source: Bangladesh Bank. p. Provisional

- At the end of July, 2009 broad money growth stands to 18.64 percent.
- Growth in Net Foreign Asset is 33.42 percent.
- Share of Net Foreign Asset in M<sub>2</sub> is 16.18 percent.
- There has been higher growth in Govt. (net) (19.31%).
- Growth in private sector credit is 14.24 percent.

**b.2 Reserve money and money multiplier**

	Outstanding Stock at the end of period				
	2007-08	2008-09	Change	(July)	Change over July FY09
Reserve money	52789.60	69390.10	31.45%	67709.50	31.45
Reserve Money multiplier	4.71	4.27	-0.44	4.40	-0.38

Source: Bangladesh Bank.

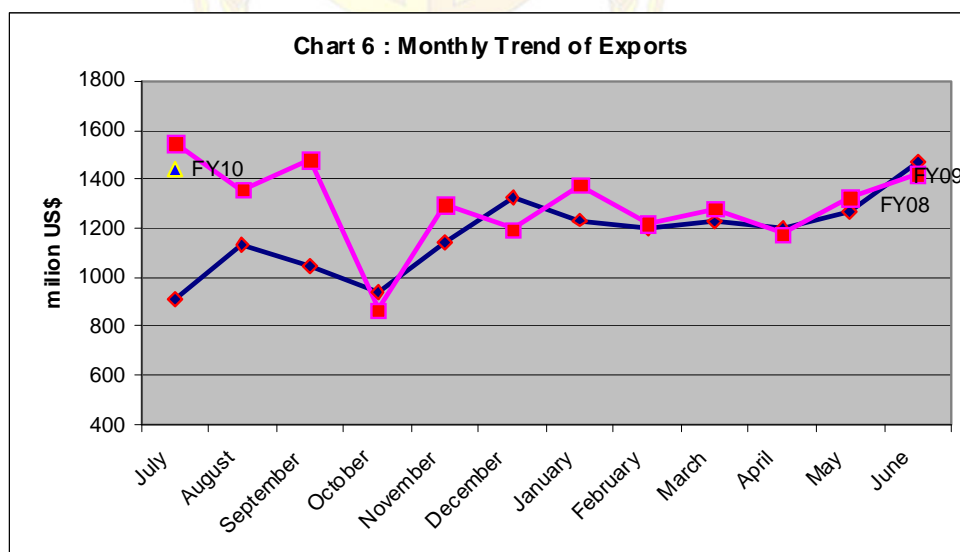
**B. EXTERNAL SECTOR**

**c.1 Export**

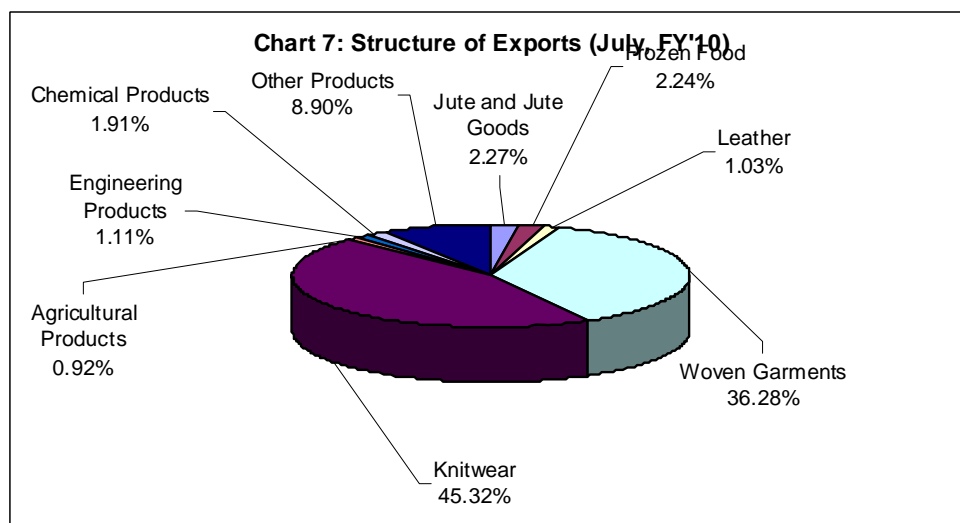
(in million US\$)

	2007-08	2008-09	2009-10 (July)
Export	14110.80	15565.19	1440.36
Growth (%)	15.87	10.31	-6.81

Source: Export Promotion Bureau. \*Growth over the same period of the previous fiscal year.



**c.1.1 Structure of Exports**



- In July FY10, export earnings slightly declined due to decrease in Woven Garments (4.66%), engineering products (18.84%), Frozen food (49.63%), Leather (22.74%) and Chemical products (31.16%).
- Exports of Knitwear and Footwear increased by 1.77 percent and 12.97 percent respectively.

**c.2 Imports (c&f)**

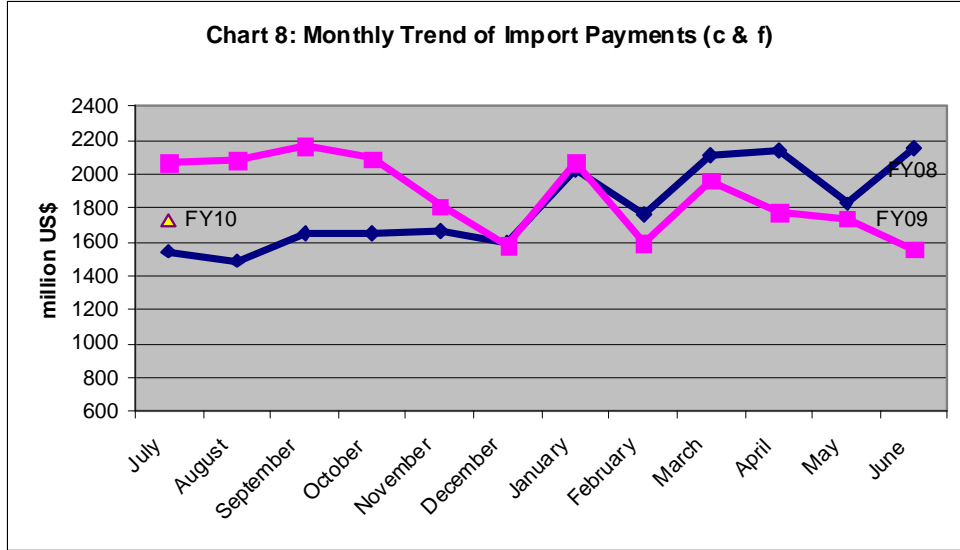
(in million US\$)

	2007-08	2008-09 <sup>p</sup>	2009-10 (July)
Import payments	21629.00	22507.10	1727.00
Growth (%)	26.07	4.06	-16.63
LCs Opened	24435.61	21802.74	2126.59
Growth (%)	40.02	-10.77	-8.80
LCs Settled	20372.60	21444.35	1672.57
Growth (%)	27.56	5.26	-14.35

Source: Bangladesh Bank.

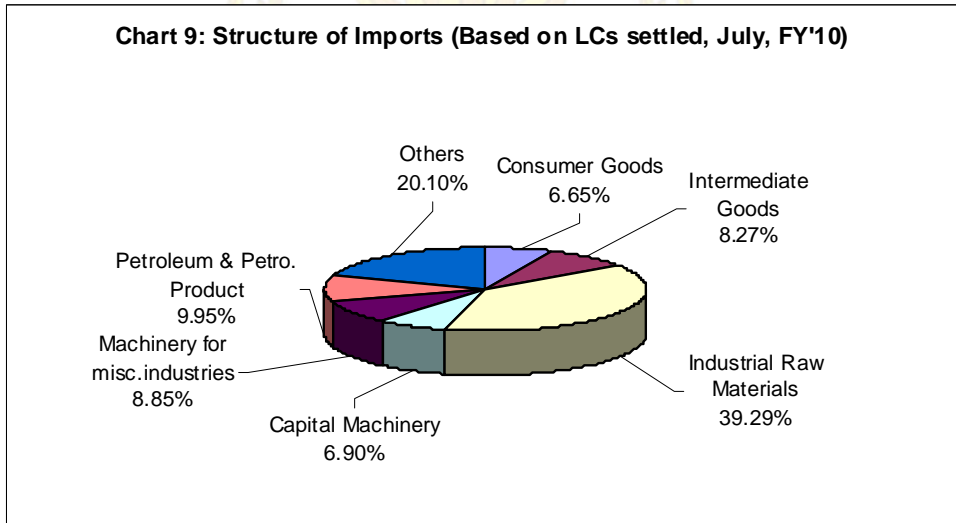
p-provisional ; Growth rate (in percent) over the same period of the previous fiscal year.





- In the fiscal year 2008-09, import payments increased by 4.06 percent compared to the previous fiscal year.
- But in July FY10 import payment decreased by 16.63 percent compared to July FY09.

**C.2.1 Structure of Imports (Based on LCs settled)**



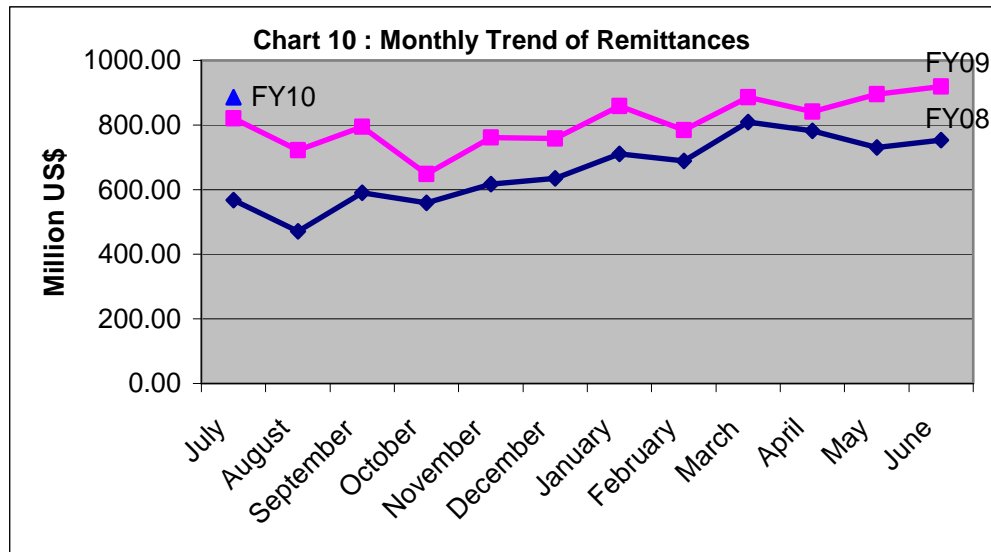
- In July, FY 10 import of consumer goods recorded a decrease of 17.01 percent.
- Import of intermediate goods increased by 11.93 percent.
- Import growth of industrial raw materials is -19.76 percent.
- Growth in capital machinery and machinery for misc. industry decreased by 17.63 percent.

c.3 Remittances

(in million US\$)

	2007-08	2008-09	2009-10 (July)
Remittances	7914.78	9689.26	885.38
Growth <sup>a</sup> (%)	32.39	22.42	7.93
As % of GDP	10.02	10.82	-
As % of Export	56.09	62.25	61.47

Source: Bangladesh Bank. p. provisional, - indicates data are not available

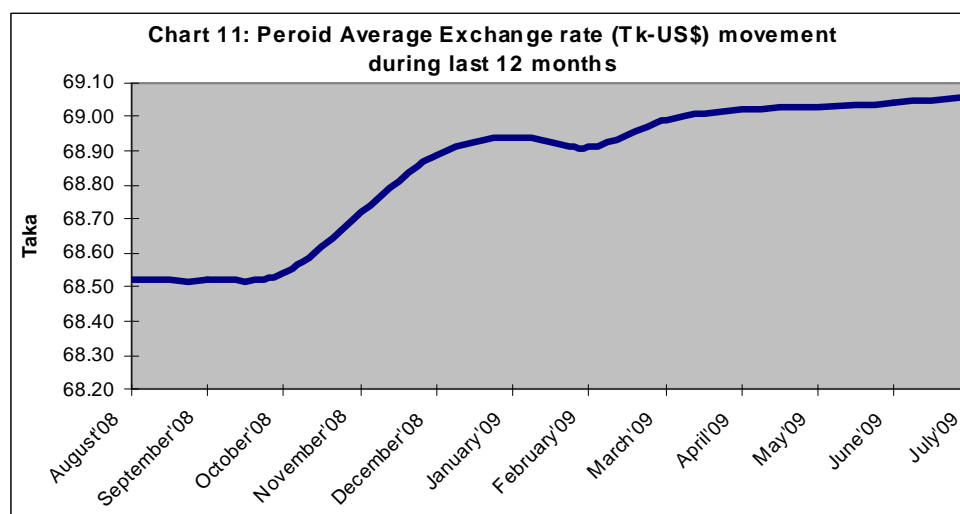


- In FY 09 remittances inflow records a robust growth of 22.42 percent.
- In FY09 remittances as percent of GDP and Export were 10.82 percent and 62.25 percent respectively which are relatively higher than previous fiscal year.
- In July FY10 remittances inflow records a growth of 27.93 percent.

c.4 Exchange Rate Movement

	Average	End of the period
2006-07	69.03	68.80
2007-08	68.60	68.52
2008-09	68.80	69.06
2009-10		
July	69.0602	69.0600

Source: Bangladesh Bank.



- Slight depreciation of taka at July, 2009 against US dollar compared to the same period of the previous year.

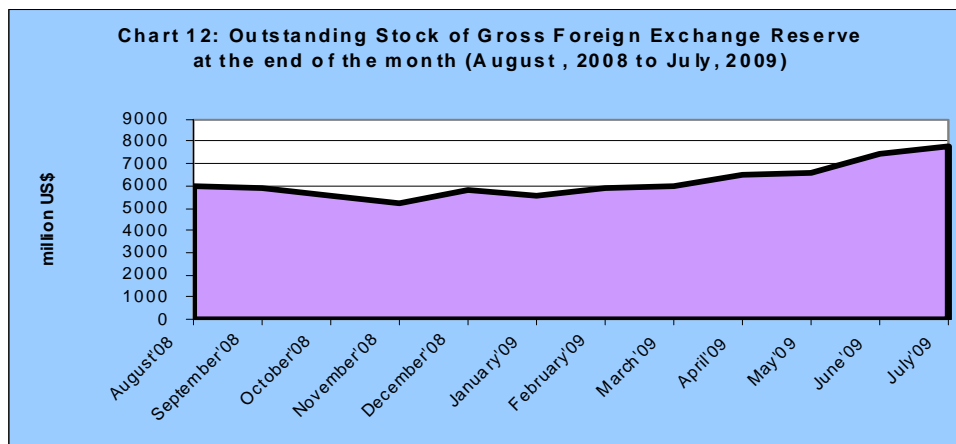
c.5 Foreign Exchange Reserve

(in million US\$)

	2007-08	2008-09	As on end of July, 2009
Reserve	6148.82	7470.96	7741.46
in month of import payment	3.41	3.98	4.48

Source: Bangladesh Bank.

- On the basis of import payment of July FY 10 the foreign exchange reserve (end July) is equivalent to 4.48 months import payments.

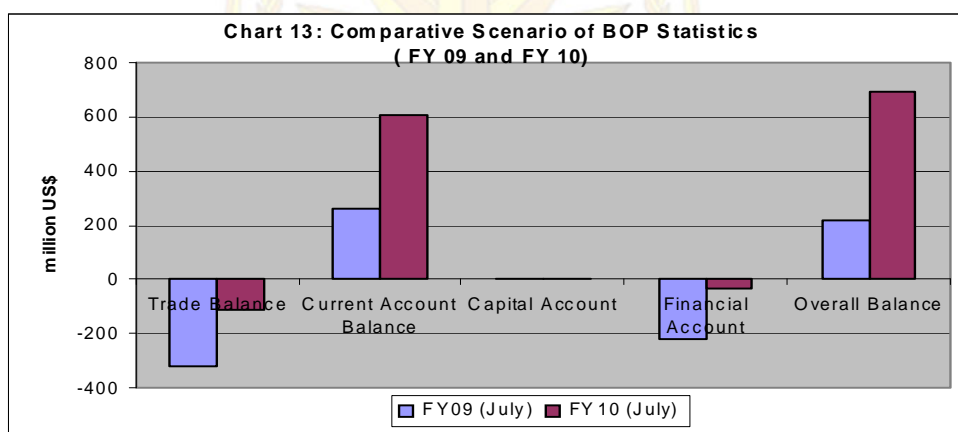


**c.6 Balance of Payments**

(in million US\$)

	2007-08	2008-09 <sup>p</sup>	2008-09 (July)	2009-10 (July)
Trade Balance	-5330	-4708	-320	-113
Current Account Balance	680	2536	264	609
Capital Account	576	451	1	2
Financial Account	-457	-808	-221	-32
Overall Balance	331	2058	217	694

Source: Bangladesh Bank. p- provisional



- Current account balance records a surplus of US\$ 2536 million in FY 09, which was a surplus of US\$ 680 million in the same period of the previous fiscal year.
- In July FY10, Current account balance records a surplus of US\$ 609 million in FY09, which was a surplus of US\$ 264 million in the same period of the previous fiscal year.

## A. REAL SECTOR

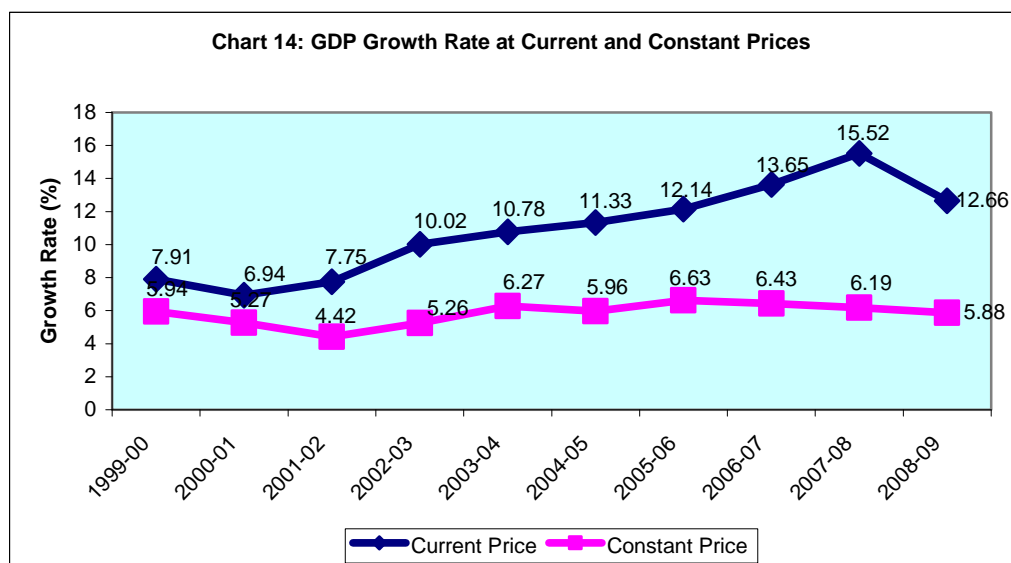
### d.1 Gross Domestic Product

(Crore Taka)

	2005-06	2006-07	2007-08	2008-09 <sup>P</sup>
GDP at constant prices	284673	302971	321726	340652
Growth (%)	6.63	6.43	6.19	5.88
Agriculture	4.94	4.56	3.20	4.63
Industry	9.74	8.38	6.78	5.93
Service	6.40	6.92	6.49	6.25
GDP at current prices	415728	472477	545822	614943
Growth (%)	12.14	13.65	15.52	12.66
GNI at current prices	442935	507752	594212	683231
Per capita GDP (Tk.)	29955	33607	38330	42638
Per capita GNI (Tk.)	31915	36116	41728	47373
Per capita GDP (US\$)	447	487	559	621
Per capita GNI (US\$)	476	523	608	690

Source: Bangladesh Bureau of Statistics. P- Provisional.

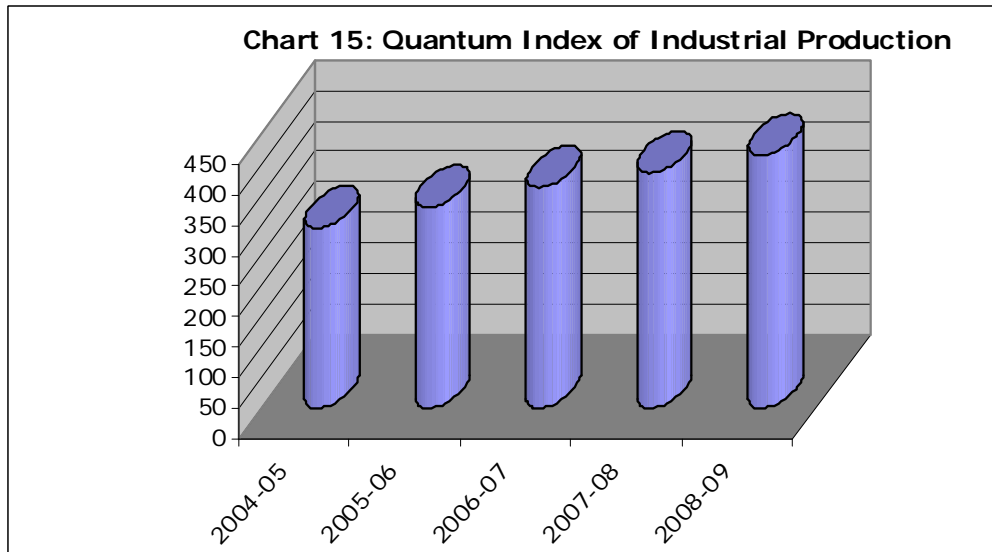
- Real GDP growth in FY 09 provisionally estimated to be 5.88 percent of which
  - Growth in Agriculture has been estimated at 4.63 percent
  - Growth in Industry is estimated 5.93 percent
  - Service sector growth is estimated at 6.25 percent.
- Per capita GDP in FY 09 exceeded US\$ 600 mark and reached to US\$ 621.



**d.2 Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry, Base: 1988-89=100)**

FY	Index	Growth Rate
2005-06	328.35	11.41%
2006-07	360.33	9.74%
2007-08	384.82	6.80%
2008-09 <sup>P</sup>		
June	445.12	4.00%
July- June (Average)	413.40	7.43%

Source: BBS

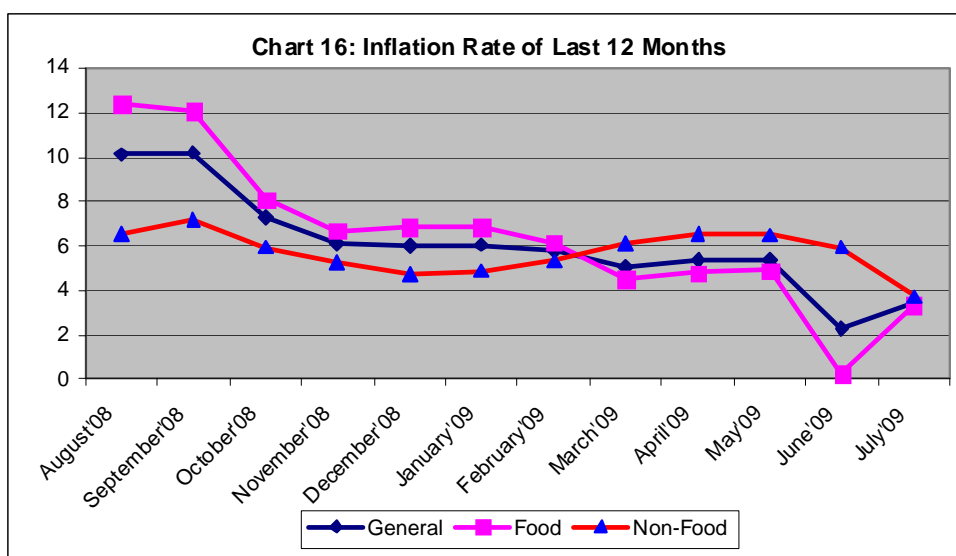


- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) is 9.74 percent in FY 07 which was 11.41 percent in FY 06.
- In FY 08, the average index is 384.82 which is 6.80 percent higher compared to the same period of FY 07.
- In FY 09, the average index is 413.40 which is 7.43 percent higher compared to the same period of FY 08.

d.3 Consumer Price Index and Inflation (National)

FY	CPI (General)	Point to Point Inflation		
		General	Food	Non-Food
2005-06	164.21	7.17	7.76	6.40
2006-07	176.06	7.22	8.12	5.90
2007-08	193.54	9.93	12.28	6.32
2008-09	206.43	6.66	9.82	4.16
2009-10				
July	214.01	3.46	3.34	3.74

Source: Bangladesh Bureau of Statistics.



- In FY08 the average rate of inflation recorded at 9.93 percent.
- There has been a decreasing trend since the second quarter of the FY 09. In June, 2009 the rate of inflation was 2.25 percent.
- In FY09 the average rate of inflation recorded at 6.66 percent. The food and non-food inflation were 9.82 percent and 4.16 percent respectively.
- In July FY10 the rate of inflation was 3.46 percent. The food and non-food inflation were 3.34 percent and 3.74 percent respectively.