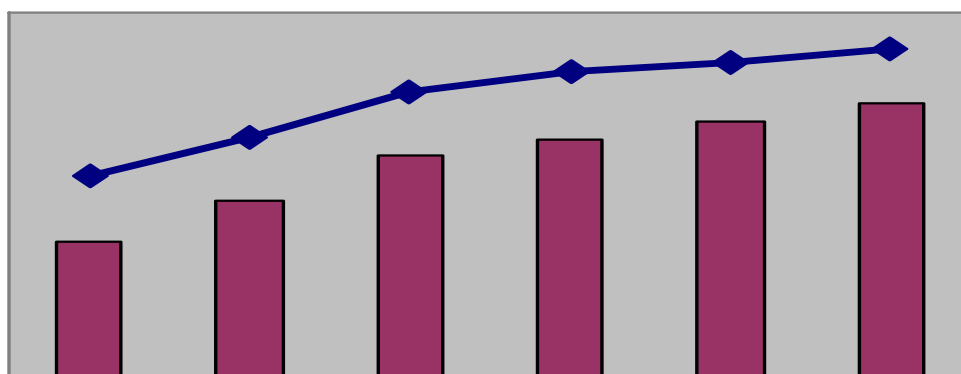


# MONTHLY FISCAL-MACRO UPDATE

September, 2010



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**Finance Division**

**Ministry of Finance**

Issue-09, Year: 2010

As on November 03, 2010

**A. FISCAL SECTOR**

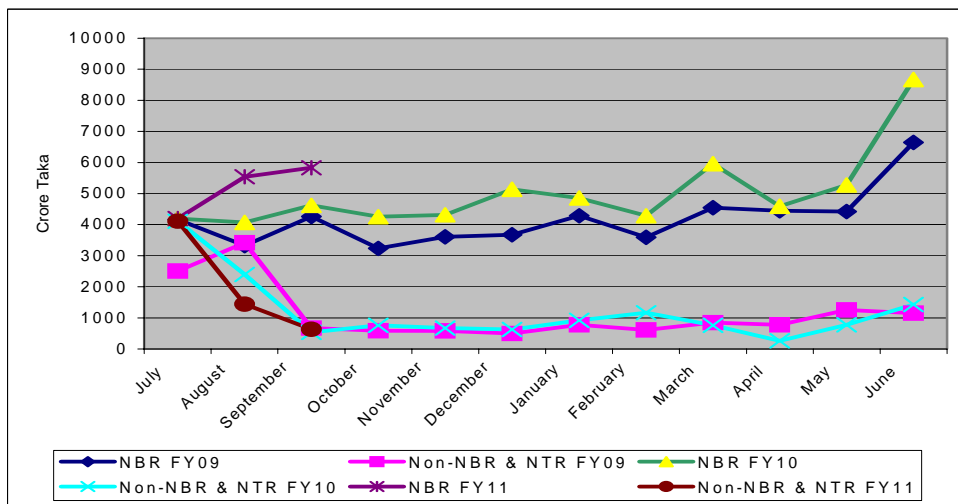
**a.1 Revenue Earnings**

(Taka in crore)

Fiscal Year	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2008-09	50205.1	2652.9	10989.3	63847.3
2009-10	59741.6	2742.7	13184.8	75669.3
Growth (%)	19.0	3.4	12.7	17.2
2010-11				
September	5826.4	204.3	426.8	6455.5
July-September	16225.4	718.2	4798.6	21742.2
(Growth over July-Sept. FY '10)	(26.3%)	(11.8%)	(-25.0%)	(9.33%)

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

**Chart 1: Monthly Trend of Revenue earnings (FY09-FY11)**



- Up to September FY11 growth of total revenue was 9.3 percent.
- NBR Tax revenue growth stood at 26.3 percent.
- Non-NBR Tax revenue increased by 11.8 percent
- Dividend, Interest, fees, tolls are the main components of Non-Tax revenue which decreased by 25 percent due to fall in dividend and fees.

**a.2 Grants**

(Taka in crore)

2008-09	2009-10	Growth (%)	2010-11		
			September	July- September	Growth over July- Sept. FY 10 (%)
2131.3	3647.3	85.2	56.0	92.7	103.5

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

## MONTHLY FISCAL-MACRO UPDATE

### a.3 Government Expenditure

(Taka in crore)

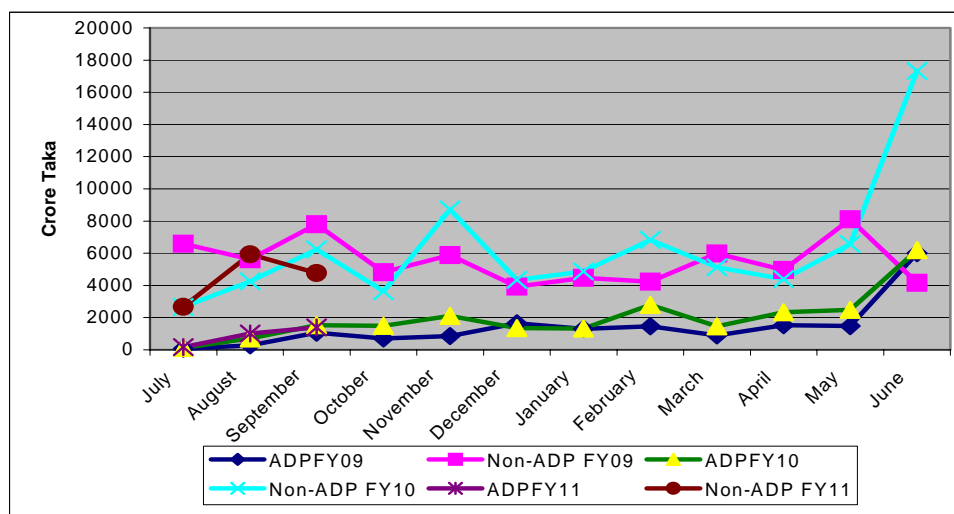
	2008-09	2009-10 <sup>P</sup>	Growth (%)	2010-11 <sup>P</sup>	
				September	July-September
1. Non-Development	64955.1	66073.5	9.10	5061.5	12927.5 (8.4%)
Interest	10317.4	13204.4	27.81	1326.2	3250.1 (-6.6%)
Domestic	9188.1	1963.5	54.73	1251.8	3040.6 (-4.8%)
Foreign	1129.3	1240.9	-2.78	74.4	210.0 (-27.0%)
Subsidies & Current Transfer	20097.1	22792.2	13.2	1422.2	4194.0 (21.4%)
2. ADP	17559.9	24060.9	-0.42	1392.0	2577.0 (8.7%)
3. Development Program Financed from Rev. Budget	378.35	727.4	-2.57	29.8	34.5 (2.3%)
4. Non-ADP FFW	145.1	72.8	-68.19	-	-
5. Net Outlay on Food A/C	4912.9	2707.9	124.52	296.2	1124.2(-2.1%)
6. Loans & Advances	1832.6	941.9	-82.98	-22.7	-37.6 (-133.5%)
Total**	84236.5	95276.7	-3.15	6511.4	21835.0 (9.5%)

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. Figures in parentheses indicate growth over July, FY 10. \*\* excludes non-ADP projects, structural adjustment

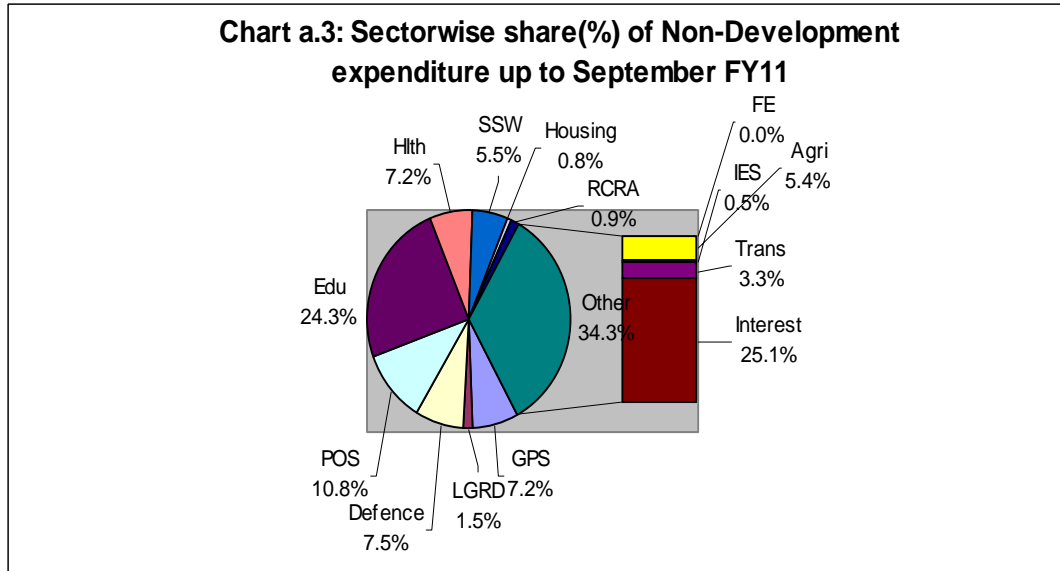
Up to September FY 11,

- Current expenditure records a growth (growth: 8.4%), of which
  - Subsidies and transfer (growth: 21.4%)
  - Interest payments (growth: -6.6%).

**Chart 2: Monthly Trend of ADP and Non-ADP Expenditure (FY 09-FY11)**



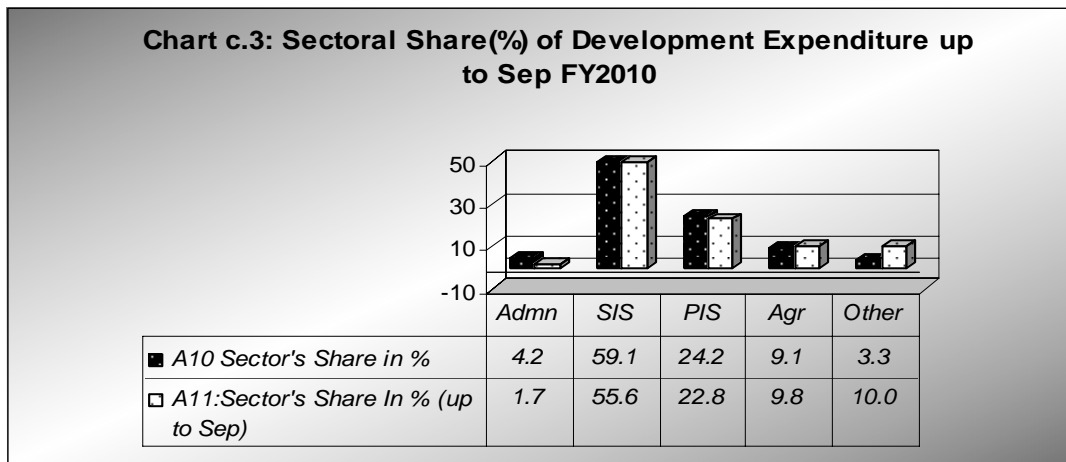
**a.3.1 Structure of Revenue Expenditure**



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 (25.1%), Education (24.3%), and Public order and safety (10.8%).

**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, up to September highest share are in Social Infrastructure (55.6%) and next highest expenditure is in Physical Infrastructure (22.8%).

**a.4 Budget Balance**

(Taka in crore)

	Overall Balance	Overall Balance as % of GDP
2008-09	-16364.3	-2.38
2009-10	-20750.9	-3.02
September*	-330.2	0.04
Up to September*	-5040.8	0.65

Source: Integrated Budgeting & Accounting System (IBAS), Finance Division. \* excluding grants

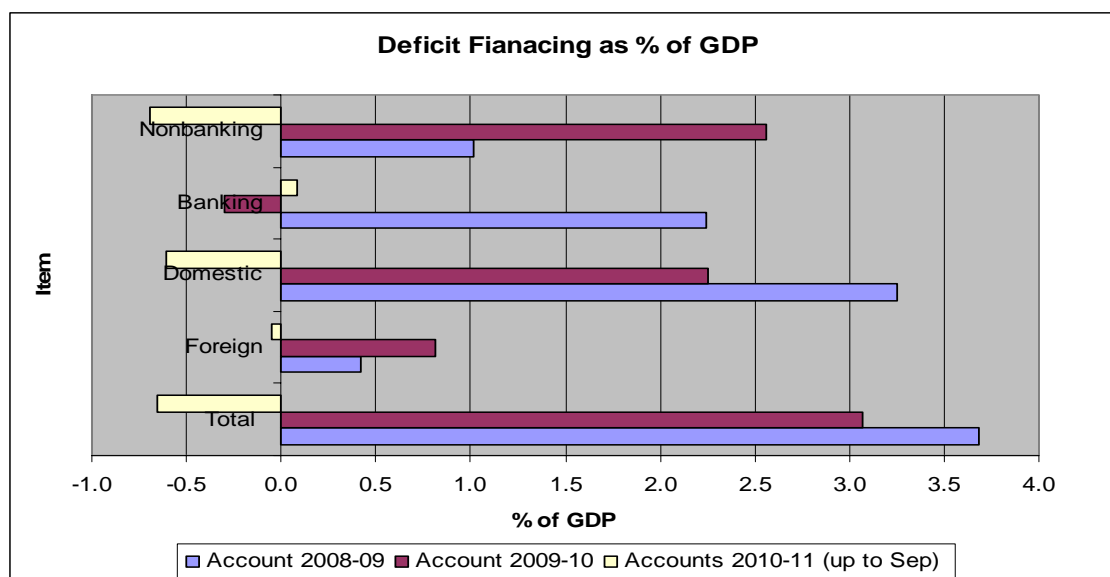
**a.5 Deficit Financing**

(Taka in crore)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2008-09	2757.9	9856.9	3749.5	16364.3	2.38
2009-10	5594.4	-2092.5	17669.3	23760.4	3.3
2010-11					
September	-189.8	-392.6	868.5	286.1	0.09
Up to September	-358.6	675.4	-5441.2	-5124.3	-0.21

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

\*including BPC \*\* excluding BPC



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### a.5 Net Sales of NSD Certificates

(Taka in crore)

	Sales	Repayment	Net Sale	Outstanding at the end of period
2008-09	16035.28	12401.96	3633.32	49790.79
2009-10 <sup>P</sup>	25553.69	13963.05	11590.64	61381.42
Growth	-6.73%	+5.83%	-39.68%	+5.77%
2010-11				
September	1444.50	1109.76	334.74	62814.66
July-September	4797.41	3364.18	1433.23	62814.66
Growth over July-Sept. FY10	(-21.03%)	(3.03%)	(-48.99%)	(19.42%)

Source: National Savings Directorate.

- Up to September of FY11, the growth rate in net sale is -48.99 percent compared to the same period of the previous fiscal year.

## A. MONETARY SECTOR

### b.1 Monetary and credit development

(Taka in crore)

	Outstanding Stock at the end of period				
	2008-09	2009-10 <sup>P</sup>	Growth (%)	2010-11 September <sup>P</sup>	Growth(%) over September, FY10
Net Foreign Asset	47964.50	67066.90	41.31	71092.40	27.28
Net Domestic Asset	248535.40	295964.30	18.84	308003.60	20.22
Domestic credit	288552.30	340176.00	17.89	356498.90	20.33
Public Sector	70624.90	69415.30	-1.71	69256.20	-195.0
Govt. (net)	58185.20	54392.30	-6.52	53643.40	-5.08
Other Public Sector	12439.70	15023.00	20.77	15612.80	20.66
Private Sector	217927.40	270760.70	24.24	287242.70	26.65
Broad Money	296499.90	363031.20	22.44	379096.00	21.46

Source: Bangladesh Bank. p. Provisional

- At the end of September FY11, broad money growth stands to 21.46 percent.
- Growth in Net Foreign Asset is 27.28 percent.
- Share of Net Foreign Asset in M<sub>2</sub> is 18.75 percent.
- Negative growth in Govt. (net) (-5.08%)
- Growth in private sector credit is 26.65 percent.

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

	Outstanding Stock at the end of period				
	2008-09	2009-10	Change	2010-11 (September <sup>P</sup> )	Change over September '09
Reserve money	69390.10	80510.30	41.53%	82369.10	7767.60
Reserve Money multiplier	4.27	4.51	0.24	4.60	0.42

Source: Bangladesh Bank.

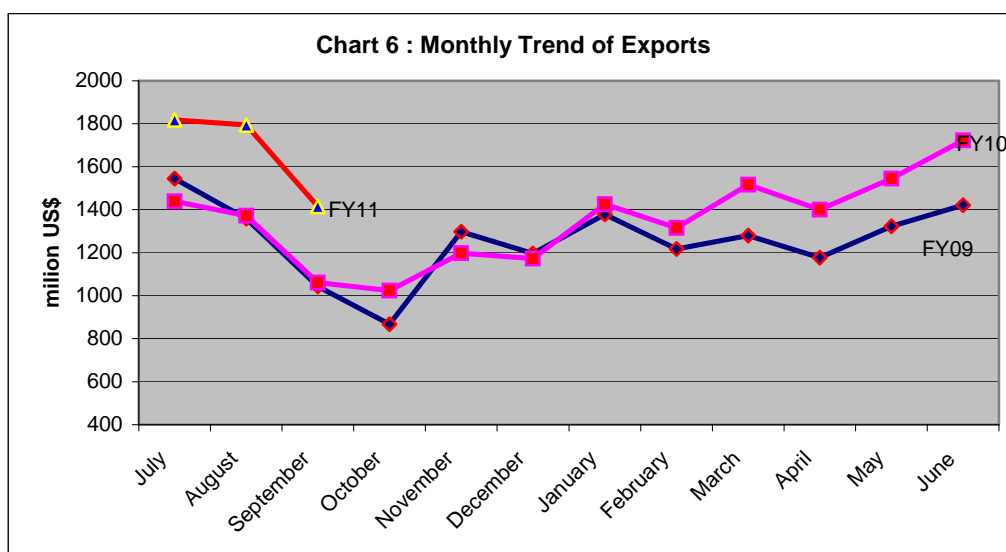
**B. EXTERNAL SECTOR**

**c.1 Export**

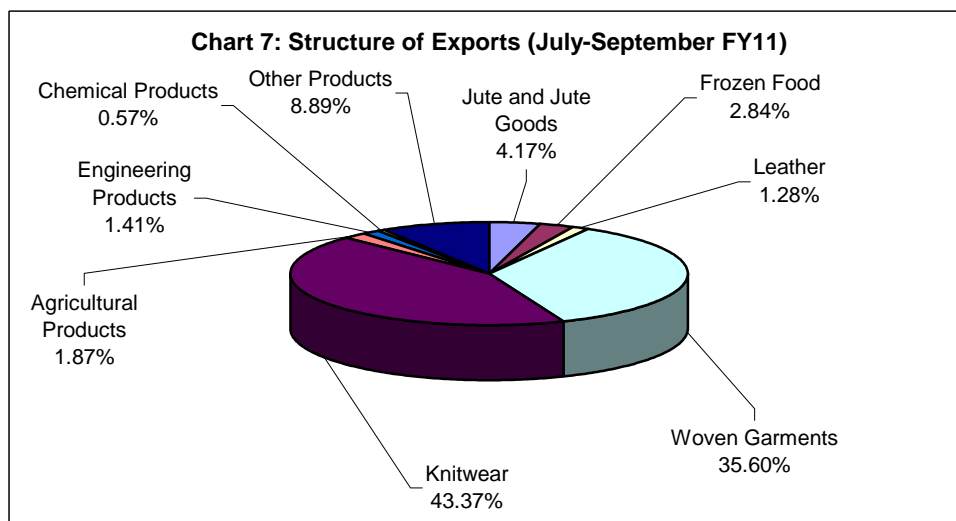
(In million US\$)

	2008-09	2009-10	2010-11 <sup>P</sup>	
			September	July-September
Export	15565.19	16204.65	1415.12	5029.05
Growth (%)	10.31	4.11	33.47	29.98

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



**c.1.1 Structure of Exports**



- Up to September of FY11, export earnings increased by 29.98 percent. This growth mainly contributed by Knitwear (32%), Woven Garments (30%), Frozen food (35.3%), Leather (42.2%), Raw Jute & Jute goods (34.0%), Footwear (36.3%) and other manufacturing goods (29.70%).
- While exports of Engineering Products (-16.14%), chemical Products (-31.94%), Tea (-53.75%) have declined significantly comparing the same period of FY10.

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

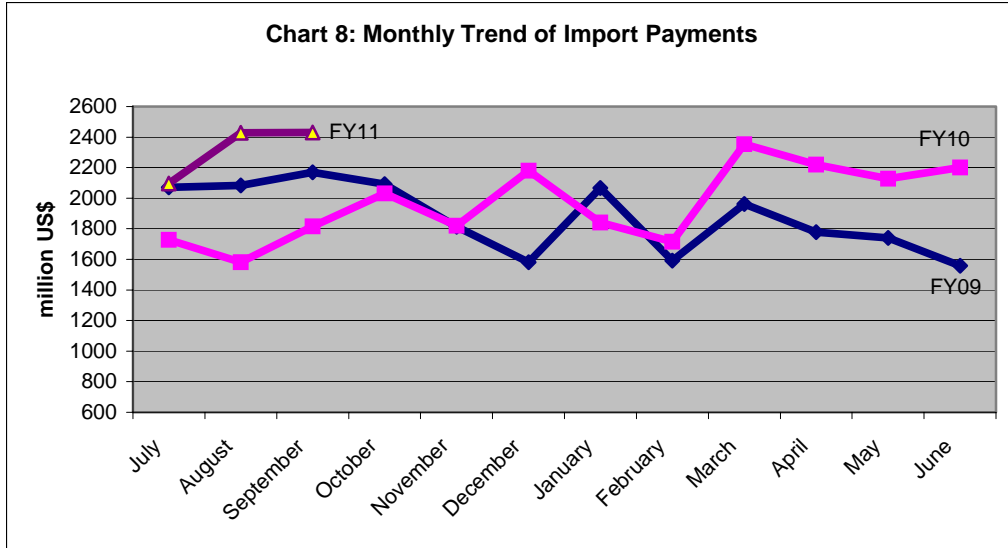
(In million US\$)

	2008-09	2009-10	2010-11 <sup>P</sup>	
			September	July-September
Import payments	22507.10	23738.40	2429.70	7021.60
Growth (%)	4.06	5.47	33.98	37.02
LCs Opened	21802.74	28656.96	2826.65	8965.19
Growth (%)	-10.77	31.44	39.79	39.25
LCs Settled	21444.35	22969.10	2411.00	6915.13
Growth (%)	5.26	7.11	50.82	42.66

Source: Bangladesh Bank.

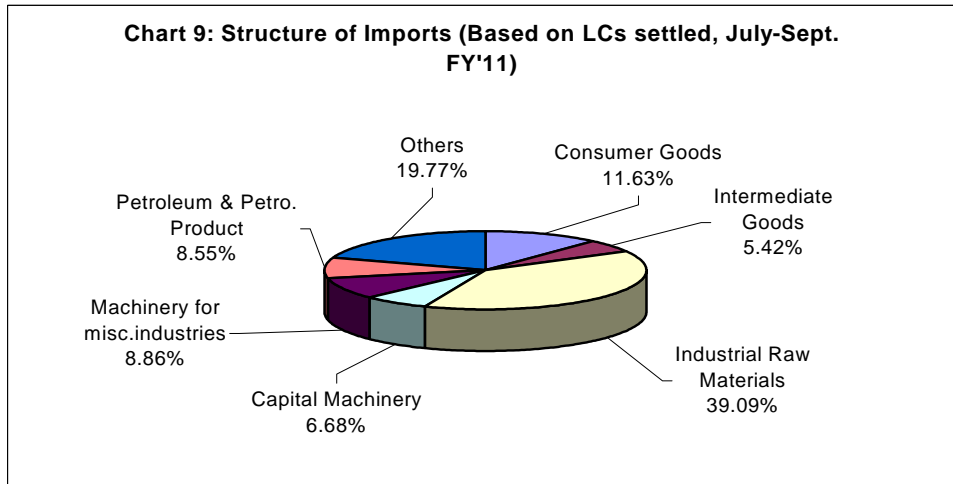
p-provisional; Growth rate (in percent) over the same period of the previous fiscal year.





- In 2009-10, import payments increased by 5.5 percent compared to the previous fiscal year.
- However, up to September FY11, import payment increased by 37.02 percent compared to same period of FY10.

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



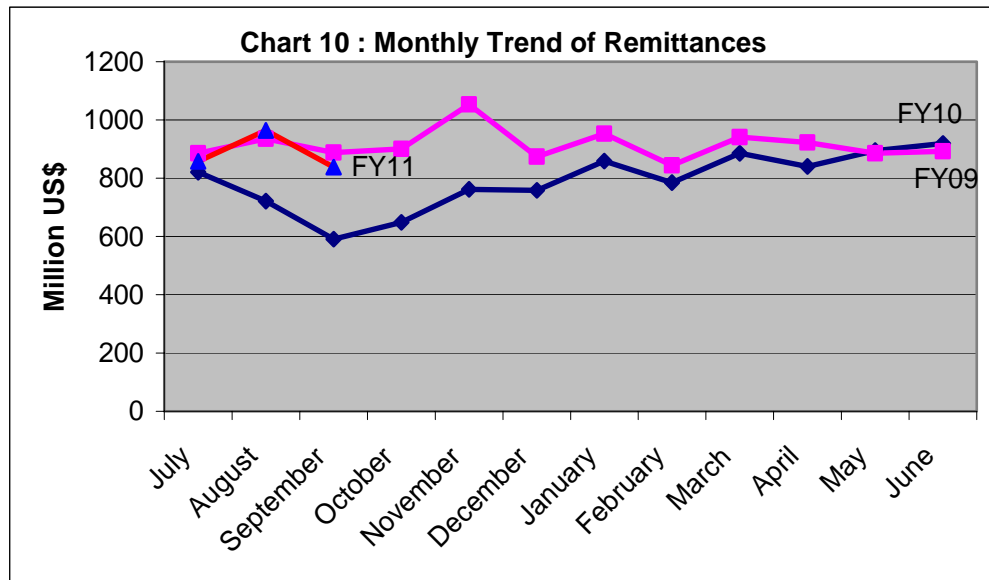
- Up to September FY11, import of consumer goods recorded an increase of 94.0 percent over the same period of previous fiscal. In the similar period-
  - ✓ Import of intermediate goods decreased by 16.6 percent.
  - ✓ Import of industrial raw materials increased by 41.9 percent.
  - ✓ Import of capital machinery increased by 42.3 percent and machinery for misc. industry increased by 36.8 percent.

c.3 Remittances

(In million US\$)

	2008-09	2009-10	2010-11 <sup>P</sup>	
			September	July- September
Remittances	9689.26	10987.40	838.17	2659.40
Growth (%)	22.42	13.40	-5.6	-1.80
As % of GDP	10.82	11.06	-	-
As % of Export	62.25	67.65	59.23	52.88

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

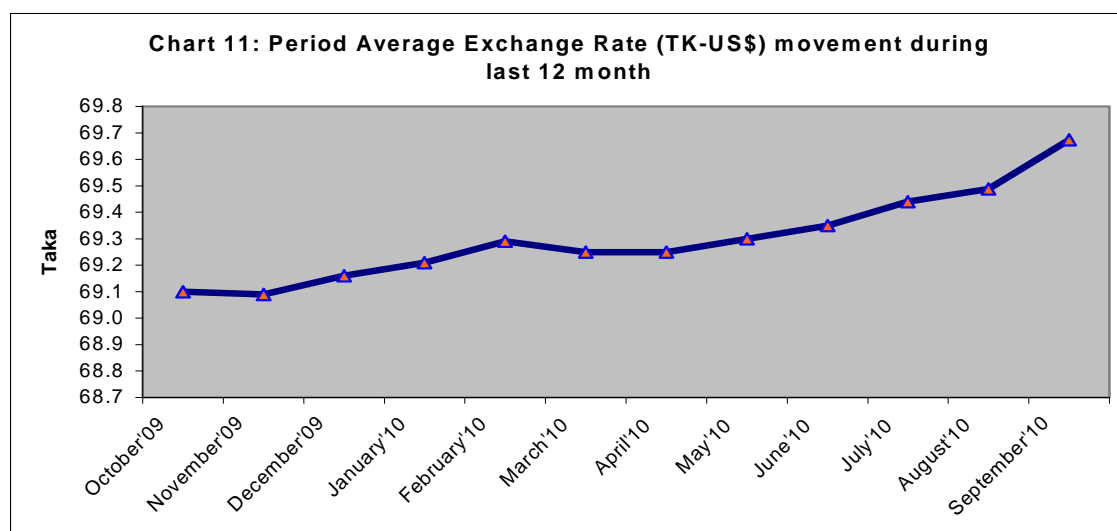


- In FY10 remittances inflow records a moderate growth of 13.4 percent.
- In FY10 remittances as percent of GDP and Export were 11.06 percent and 67.65 percent respectively which are relatively higher than previous fiscal year.
- Up to September FY11, remittances inflow recorded a negative growth of 1.80 percent compared to the same period of FY10.

c.4 Exchange Rate Movement

	Average	End of the period
2007-08	68.60	68.52
2008-09	68.80	69.06
2009-10	69.18	69.445
2010-11		
July	69.4370	69.4100
August	69.4886	69.5850
September	69.6744	70.2150
October		
November		
December		

Source: Bangladesh Bank



- Taka depreciated by 1.11 percent as of end September FY11 against US dollar over end of June FY'10.

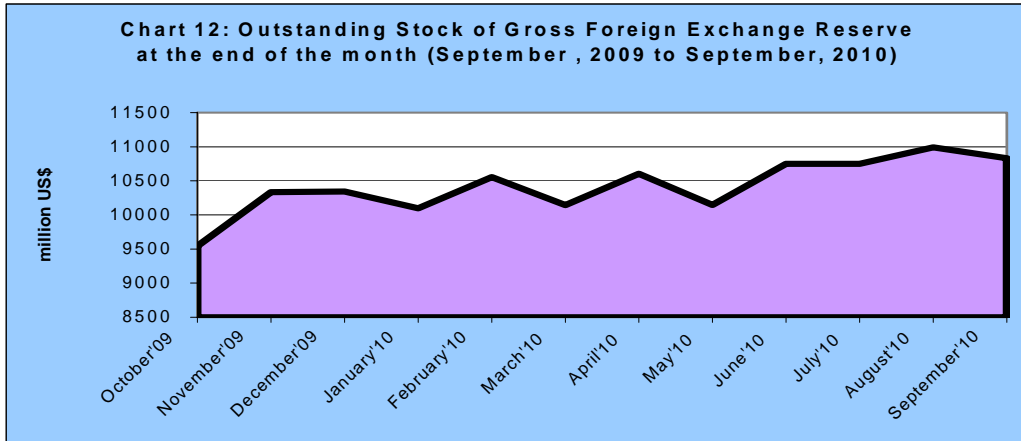
c.5 Foreign Exchange Reserve

(In million US\$)

	2008-09	2009-10	As on end of September'10
Reserve	7470.96	10749.74	10883.55
In month of import payment	3.98	4.5	5.2

Source: Bangladesh Bank.

- On the basis of import payment during September 2009 to August 2010, the foreign exchange reserve is equivalent to 5.2 months import payments.

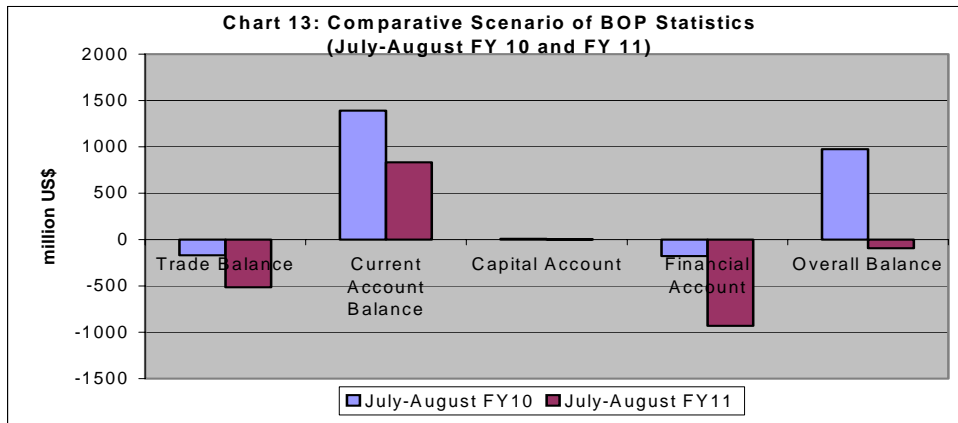


**c.6 Balance of Payments**

(In million US\$)

	2008-09 <sup>R</sup>	2009-10 <sup>P</sup> (July-June)	2009-10 <sup>P</sup> (July-August)	2010-11 <sup>P</sup> (July-August)
Trade Balance	-4710	-5152	-171	-514
Current Account Balance	2416	3734	1393	833
Capital Account	451	442	7	3
Financial Account	-825	-755	-178	-932
Overall Balance	2058	2865	976	-95

Source: Bangladesh Bank. p- provisional



- In FY10, Current Account Balance recorded a surplus of US\$ 3734 million, which was US\$ 2416 million in the same period of the previous fiscal year.
- Current account balance records a surplus of 833 million US\$ in the first two months of FY 11, which was 1393 million US\$ in the same period of the previous fiscal year.

**A. REAL SECTOR**

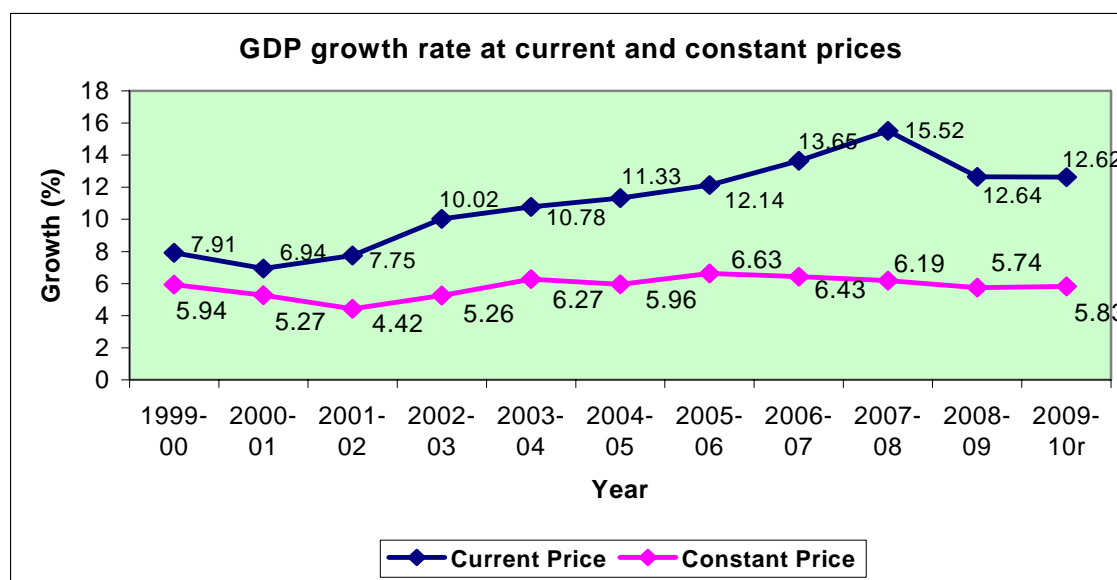
**d.1 Gross Domestic Product**

(Taka in Crore )

	2005-06	2006-07	2007-08	2008-09	2009-10 <sup>r</sup>
GDP at constant prices	284673	302971	321726	340197	360047
Growth (%)	6.63	6.43	6.19	5.74	5.83
Agriculture	4.94	4.56	3.20	4.12	4.67
Industry	9.74	8.38	6.78	6.46	6.01
Service	6.40	6.92	6.49	6.32	6.38
GDP at current prices	415728	472477	545822	614795	692380
Growth (%)	12.14	13.65	15.52	12.60	12.62
GNI at current prices	442935	507752	594212	670696	758684
Per capita GDP (Tk.)	29955	33607	38330	42628	47405
Per capita GNI (Tk.)	31915	36116	41728	46504	51945
Per capita GDP (US\$)	447	487	559	620	685
Per capita GNI (US\$)	476	523	608	676	751

Source: Bangladesh Bureau of Statistics. r- Revised.

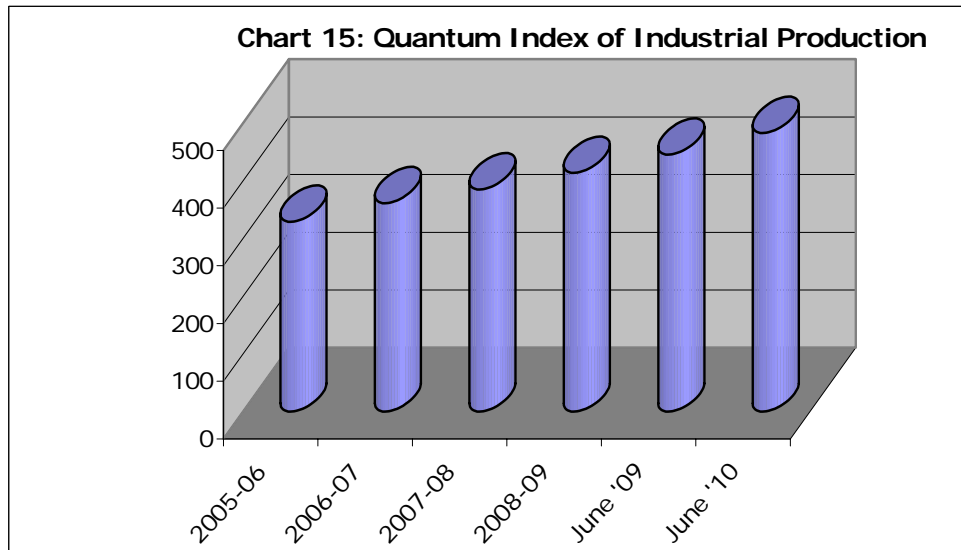
- Real GDP growth in FY10 was 5.83 percent of which
  - Growth in Agriculture as per revised was 4.67 percent
  - Growth in Industry is estimated 6.01 percent
  - Service sector growth is estimated at 6.38 percent.
- Per capita GDP in FY10 exceeded US\$ 650 mark and reached to US\$ 685.



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

FY	Index	Growth Rate
2006-07	360.33	9.74
2007-08	384.82	6.80
2008-09	413.42	6.97
June 2009	445.12	-
June 2010 <sup>P</sup>	482.66	8.43

Source: BBS

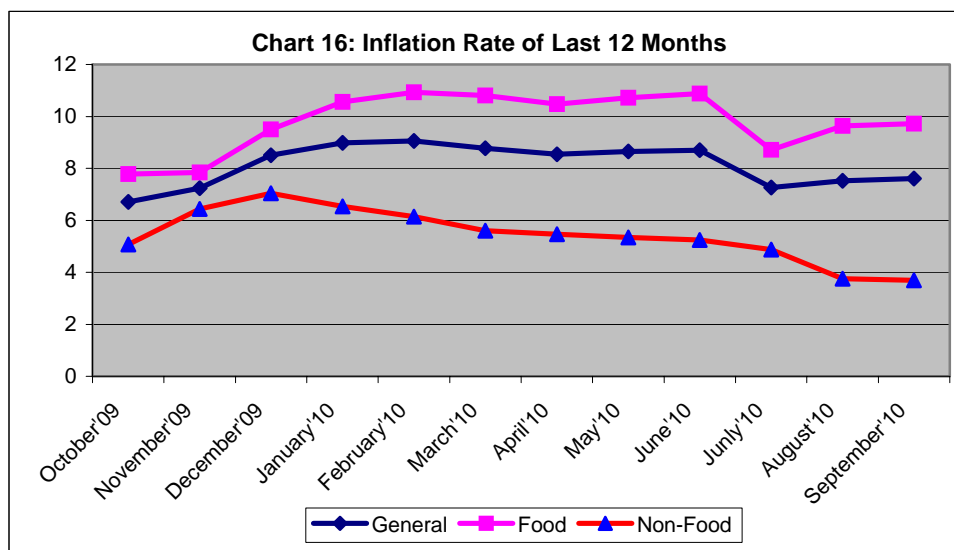


- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 6.80 percent in FY 08 which was 9.74 percent in FY 07.
- In FY 09, the average index is 413.42 which was 6.97 percent higher compared to FY 08.
- In June 2010, the average index was 482.66 which was 8.43 percent higher compared to June 2009.

d.3 Consumer Price Index and Inflation (National)

FY	CPI (General)	Point to Point Inflation		
		National	Food	Non-Food
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	221.53	7.31	8.53	5.45
2010-11				
July	229.55	7.26	8.72	4.87
August	233.31	7.52	9.64	3.76
September	236.53	7.61	9.72	3.69
October				
November				
December				
January				
February				

Source: Bangladesh Bureau of Statistics.



- 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 June FY10, the rate of inflation on point-to-point basis stood at 8.7 percent. However, the average inflation rate in FY10 was 7.3 percent. The food and non-food inflation at the end of June '10 were 10.88 percent and 5.24 percent respectively.
- In September of FY11, the rate of inflation (national) on point-to-point basis was 7.61 percent. Of which, food and non-food inflations were 9.72 percent and 3.69 percent respectively (Table d3 above).