

**Budget FY 2010-11: 1st Quarter (July –September) Report on Progress
of Implementation, Trends of Income and Expenditure and
Macroeconomic Analysis**

December 2010

**Macro Economic Wing
Finance Division
Ministry of Finance
The Government of the People’s Republic of Bangladesh
www.mof.gov.bd**

In the Name of Allah, the Most Gracious, the Most Merciful

Mr. Speaker

1. I seek your kind permission to present before this august House, in accordance with the article 15(4) of the 'Public Money and Budget Management Act-2009', the first quarter (July-September) report of the current fiscal year 2010-11 on budget implementation, income-expenditure trend, and macroeconomic analyses.

2. You can surely recall that in compliance with the same Act, I presented both the 1st and the 2nd quarter reports on the progress of budget implementation in March, 2010 and put forward the 3rd quarter report later in June, 2010 budget session. It is my great pleasure to present this report again in continuation of that. By bringing the report to this dignified House on the progress of budget implementation, the present Grand Alliance Government is resolutely upholding its commitment to increasing transparency and accountability in delivery of public services. Undoubtedly, this is a significant milestone in our relentless effort to establish democracy and justice in our national life.

3. Before moving on to the core of the speech, I on my behalf as well as on behalf of this august House, would like to extend heartfelt felicitation to Hon'ble Prime Minister Sheikh Hasina, the competent descendant of Bangabandhu, the Father of the Nation, and the visionary of a developed and digital Bangladesh, for receiving MDG award on recognition of Bangladesh's achievement in reducing child mortality. This UN recognition is a glowing example of the confidence placed by the world community on the adept and visionary leadership of our Hon'ble Prime Minister. This accomplishment has elevated Bangladesh to a more dignified plateau in the comity of nations.

Mr. Speaker

4. While explaining the overall development vision of the present government, I mentioned in the last year's budget speech that according to our vision, 'by 2021, Bangladesh will achieve that state where advanced technology and higher growth will be the key driving forces of the economy. In that Bangladesh, prices of commodities would be stabilized with income and human poverty brought down to a minimum level, health and education secured for all, human creativity and competence enhanced, social equity established, social disparity reduced, participatory democracy firmly rooted and the capacity to tackle the adverse impacts of climate change achieved. Driven by information technology, Bangladesh, then, will be branded as Digital Bangladesh'.

5. I am pleased to inform that well-timed decisions and effective measures of the present government in implementing its vision have made it possible to achieve 5.8 percent real GDP growth in the last fiscal despite the adverse effects of the World Economic Recession. They helped sustaining the macroeconomic stability as well. You are aware that Bangladesh is one of the few countries that achieved about 6 percent growth amid Global Recession. This achievement of high growth in the face of world downturn and formidable natural calamities like Sidr and Aila, indeed, reflects the inherent resilience of Bangladesh Economy. Emboldened by this intrinsic strength of our

economy and the able leadership of our Hon'ble Prime Minister, we have set a target of 6.7 percent real GDP growth in the current fiscal year. To this end, we have adopted a comprehensive plan to increase public-private investment, developing physical infrastructure like electricity, energy, communication, and port and expanding social infrastructure including human resource development and the extension of social safety nets.

Mr. Speaker

6. At the outset of the first quarterly report on budget implementation progress of FY11, I would like to focus on the revenue mobilization and expenditure scenario of the government. At the same time, I shall also talk about briefly on the revenue mobilization and expenditure scenario of FY10. I would then try to reveal the recent macroeconomic scenario of the country in the changed global circumstances. Finally, I would draw your attention towards the performance, up to September 2010, of some of the important pledges we made through our budget. Besides, the trends of government income and expenditure and macroeconomic performance over the first quarter of FY11 have been appended to this report.

Revenue Mobilization Situation of FY2009-10

7. At the beginning of my discussion on government's revenue mobilization issue, I like to talk briefly about the revenue mobilization situation of FY10. In that fiscal, the overall revenue collection target was Taka 79,484 crore in the revised budget which was 11.5 percent of GDP. The total revenue mobilized during the year stood at Taka 78,086 crore. This was 11.3 percent of GDP and 98.2 percent of the revised target. In comparison to FY09, it was Taka 11,194 crore more or 16.7 percent higher.

FY 2010-11: 1st Quarter Revenue Mobilization Situation

8. We shall now turn our attention to revenue mobilization scenario of the current fiscal. The overall revenue target for current year is Taka 92,847 crore which is 11.9 percent of GDP and 16.8 percent higher than the target of FY10. The total revenue mobilized in the first quarter (July-September) stood at Taka 20,941 crore which is 7.7 percent more than that of the same period of FY10. However, I feel it necessary to further intensify our initiatives to achieve the targets set in the budget. We have been working in that spirit to make progress.

9. We have already initiated various reform activities such as commencing the process of amending the Value Added Tax and Income Tax laws. We hope to place these laws before this august parliament in the next year. Moreover, initiatives like conducting surveys to identify new tax-payers for expanding tax net and massive publicity campaigns including organizing 'tax fairs' in Dhaka and Chittagong to motivate people to pay taxes have been undertaken. Necessary steps to introduce full automation in the tax administration system including online submission of tax return in one of the tax-zones of Dhaka are continuing. I believe, by the end of this fiscal, we shall achieve the revenue target set in the budget.

Mr. Speaker

Public Expenditure Situation: FY2009-10

10. We shall now turn our attention to public expenditure situation. At first, I shall present the overall expenditure position of FY2009-10. The total expenditure for FY2009-10 revised budget was estimated at Taka 1,10,523 crore. Out of which, allocation for Annual Development Program (ADP) was Taka 28,500 crore. Overall, the actual expenditure was Taka 1,01,281 crore which was 14.6 percent of GDP and 15 percent higher than that of the total expenditure of FY2008-09. Of the ADP allocation, actual expenditure for FY2009-10 was Taka 25,920 crore which was 91 percent of the revised allocation and 32 percent higher than that of FY2008-09 ADP expenditure.

Public Expenditure Situation: First Quarter of FY2010-11

11. The total estimated expenditure of FY2010-11 budget is Taka 1,32,170 crore which is 16.9 percent of GDP. Of this, allocation for ADP is Taka 38,500 crore, which is 4.9 percent of GDP. As per provisional estimates, the total expenditure at the end of the first quarter stood at Taka 23,879 crore which is 18.1 percent of the total estimation. This includes ADP expenditure of Taka 3,350 crore which is 9 percent of the ADP allocation. The overall expenditure of the first quarter of FY2010-11 is 13.7 percent and ADP expenditure is 7.2 percent higher compared to those of the same period of previous fiscal. Although, the rate of ADP expenditure in Q1 of this fiscal is 1 percent less than that of the first quarter of FY2009-10; in absolute term, it still is Tk.225 cr. higher.

Mr. Speaker

12. You are aware that the lion share of our ADP is spent by 10 large ministries/divisions. In this fiscal, 76 percent of the total budget has been allocated to these ministries. Up to September 2010, they have spent about 8.5 percent of the allocated amount. The rest 40 ministries/divisions have spent around 9.2 percent of the 24 percent resources allocated to them.

13. As I mentioned in my budget speech, the main challenge ahead of us is the proper implementation of ADP. From that perspective, I emphasized more on monitoring and evaluation. We have kept applying our concerted efforts towards that end. As a part of this, line ministries/divisions are formulating implementation plans in advance, ADP implementation status of two ministries/divisions are being reviewed in every ECNEC meeting, a taskforce has been formed for close monitoring of ADP implementation of 10 large ministries. In addition, a list of first 50 foreign aided projects involving huge expenditure has been prepared to monitor their progress separately. I hope our sincere and collective efforts along with improved financial management would enable us to step up the implementation trend as well as quality of expenditure to the desired level.

Budget Deficit

14. We will now turn our attention to the budget deficit situation. In the revised budget of FY2009-10, the estimated budget deficit was 4.5 percent of GDP. However, according to provisional estimate, it stood at 3.3 percent of GDP at the end of fiscal year.

In the current fiscal, the budget deficit is estimated to be Taka 39,323 crore which is 5 percent of GDP. At the end of the first quarter of FY2010-11, it stands at Taka 2,938 crore which is slightly higher in comparison to the same period of previous fiscal.

Mr. Speaker

15. The income-expenditure scenario of the first quarter of FY2009-11 budget I have portrayed so far before this august House is only an early picture of the beginning of the fiscal year. I hope, while presenting the second quarterly report before this noble House, I would be able to portray a brighter picture of progress with sincere support from all the ministries/divisions related to the implementation of the budget.

Other Macroeconomic Sectors

Export Earnings

16. Now I am placing the overall scenario of other macroeconomic sectors before this august parliament. At first, I shall focus on export sector. Despite the worldwide contraction of export of goods and services in developed as well as emerging and developing countries by 12.4 and 7.8 percent respectively under adverse effects of global economic crisis, our export sector recorded 4.1 percent growth in FY2009-10. Though at the beginning of FY2009-10, global recession continued to have negative impact on our export earnings, it registered a 19 percent growth in the last quarter (April-June 2010). In continuation, the export growth further accelerated in the first quarter of the current fiscal year (2010-11). Consequently, the export earnings have increased by 30 percent compared to the same period of the last fiscal year which is heartening.

Import Payments

17. Due to a dip in the prices of petroleum and other commodities in the international market, the import expenditure growth declined in comparison with recent years. In 2009, import contracted by 12.7 percent in case of developed economies and by 8.2 percent in case of emerging and developing countries. Amid this situation, our import grew by 5.5 percent. In the first quarter of current fiscal, import recorded 37 percent growth indicating acceleration of economic activities including domestic investment. During July-September period of current fiscal, the import of capital machineries and raw materials has risen significantly which is promising. It is a precursor to further invigoration of the economy in the days to come.

Remittance Inflow

18. The migrant workers and their remittances are one of the main driving forces of Bangladesh economy. Despite the prolonged impact of global recession, our remittance inflow reached US\$11 billion mark registering 13.4 percent rise over the last fiscal. During the first quarter of current fiscal, remittance inflow was recorded at US\$ 2.66 billion which is little less than the amount received in the corresponding period of last fiscal. In order to increase the remittance inflow, the process of sending remittance through mobile phones has been simplified recently. Besides this, we have taken steps to ensure speedy delivery of remittances to the concerned recipient/family.

Mr. Speaker

19. You are aware that the government has been unceasingly pursuing its initiatives to further increase manpower export to important Middle-eastern labour markets. At the same time, we are striving to export manpower to new labour markets. In fact, among our overseas workers, the number of professionals and skilled manpower is very limited. In this context, there is no alternative to survival in an increasingly competitive market other than creating a trained and skilled manpower in line with the demand of international market. To that end, we are emphasising more on reorganizing and harmonizing the activities of different training and vocational institutions.

Balance of Payments

20. Our position in foreign trade balance is comparatively better. In FY2009-10, the current account balance (CAB) was US\$ 3.7 billion. In July-August period, it reached US\$ 833 million which is US\$ 560 million less than the amount of corresponding period of the last fiscal. But, CAB may decrease due to the implementation of our public-private investment plan, especially, in power and other infrastructure sectors.

Foreign Exchange Reserve

21. Now I will discuss the position of foreign exchange reserve. On 30th September 2009 foreign exchange reserve was US\$9.4 billion. Registering a 16 percent rise over the last year's figure, it rose to US\$10.8 billion which is sufficient to foot the import bills for five months. However, foreign exchange reserve may deplete in future due to recent decline in the growth of remittance inflow and upward trend of import expenditure. Besides, it was reassuring that the value of Bangladeshi taka remained more or less stable against US dollar.

Mr. Speaker

Money and Credit Position

22. Now we will focus our attention on money and credit position. We are following an accommodative monetary policy to keep the price level stable along with attaining high growth and maintaining vibrant economic activities. At the end of FY2009-10, the supply of broad money and credit flow to private sector increased 22.4 and 24.2 percent respectively. The credit flow growth is indicative of deliverance of the economy from investment stagnation created in the past. This trend is continuing in the current fiscal and private sector credit recorded 25.9 percent growth at the end of August. At the same time, the supply of broad money increased 22.9 percent. However, we are cautiously watchful so that the increased money supply does not create inflationary pressure.

23. In order to mitigate the adverse effects of global recession, the government has taken a variety of well-timed steps including the stimulus packages for the export oriented industries. Consequently, investment in industrial sector has been rapidly on the rise. Our export sector too has consolidated its position with mitigation of the unfavourable impacts of global recession. Notwithstanding 0.9 percent negative growth in industrial term loan disbursement in FY2008-09, its growth stood at 29.6 percent in FY2009-10. In the current

fiscal, growth of industrial term loan disbursement was 38.3 percent which was 9.1 percent during the corresponding period last year.

24. Alongside industrial sector, we are giving equal importance to agriculture. In FY2009-10, an amount of BDT111.17 billion (equivalent to US\$1.59 billion) agriculture credit was disbursed through banking system which is 19 percent more than that of last fiscal. In the current fiscal, the target of agriculture credit disbursement through banking channel has been fixed at BDT126.17 billion (equivalent to US\$1.80 billion) and in the first quarter BDT25.33 billion has been disbursed recording an increase of 32.5 percent over that of the corresponding period of last fiscal. With a view to increasing institutional credit flow to rural agro-based economy, credit policy has been relaxed and directives issued to commercial banks to ease access of real borrowers to agricultural credit. In addition, necessary steps have been taken to bring rural people under banking network and introduce agro-insurance for providing farmers with price supports for crops damaged by natural disasters.

Mr. Speaker

Inflation

25. You know that one of the important commitments of the present government is to control inflation so that the purchasing power of the people is kept intact. With gradual turnaround of global economy, upward trend in inflation was noticeable resulting from rising prices of goods and services in international market and growth in remittance inflows. As a result, the rate of inflation rose continuously and stood at 7.3 percent in FY2009-10. The upward pressure continued in the beginning of the current fiscal. The average rate of inflation stood at 7.5 percent in the first quarter (July-September) of the current fiscal. The higher price levels of the neighbouring countries may have created pressures of inflation expectation on our price level. In spite of all these, to keep inflation at a tolerable level, our government has continued with open market operations for foodstuff and taken steps to ensure an uninterrupted supply and distribution system. Beside, the government has taken necessary steps to prevent inflationary pressures building up from additional flow of funds to unproductive sectors.

Mr. Speaker

Progress on Some Prioritized Issues Pledged in the Budget of Current Fiscal

26. After assumption of office by the present government, we prepared our first budget for FY2009-10 with a view to achieving desired growth and alleviate poverty. In order to fulfill the dreams of Vision 2021, in that budget, I made commitments to implement a number of short, medium and long term policy strategies, plans, programs and projects. Encountering many hurdles in our forward journey towards fulfillment of those pledges, we were able to implement a large number of short-term programs in the last fiscal. We have begun our journey this fiscal with various medium and long-term policies, strategies and plans. In accelerating our journey towards progress, we are continuing with our all-out efforts to mitigate power crisis, giving utmost importance on agricultural development, improvement of communication system, creating opportunity for self-employment through increased allocation in social safety net programs and reducing

regional disparity. Now, I will turn to the latest progress made in some of the prioritized sectors pledged in the budget speech of current fiscal:

- (a) Along with the current budget, I submitted before this august House, a report titled “Towards Revamping Power and Energy Sector: A Road Map” highlighting 5-year action plan for power and energy sector. It is encouraging to note that since assumption of office by the present government, 971 Megawatts electricity has been added to the national grid. In addition, contracts have been signed under *construction of rental power plants project* to produce 1272 MW of electricity in the short-run. Contracts have also been signed to install Peeking Power Plants in 10 places of the country with a production capacity of 820 MW. Projects have also been initiated for installation of 5 lakh solar home system and 100 MW wind power plant at Chittagong. In order to save energy, 1.5 crore Compact Fluorescent Lamp (CFL) bulbs have already been distributed among the people free of cost. Steps have already been taken for the construction of gas transmission pipelines to expand gas distribution network to the western and south-western zones of the country. Preliminary work for drilling onshore and offshore gas and oil exploration wells has already commenced.
- (b) As a part of fulfilling our commitment for Digitizatal Bangladesh, our Government has commissioned 4,501 “*Union Information Service Centres*” on 11 November 2010. We have completed the installation of digital telephone exchanges at 178 *upazilas* (sub-districts) and 42 growth centres. Work is going on to bring all upazilas including 22 upazillas of hill districts under digital exchange. We have already started implementing the action-plans for migrating to e-governance by 2014. Initiatives have been taken to bring all the government offices under a single network and to establish solar-based e-centres in 859 *unions* having no electricity. Construction of basic infrastructure of Hi-Tech Park at Kaliakoir has already been completed and we have approved a special incentive package for the investors in this park. In order to connect Bangladesh with the 2nd Submarine Cable, we have completed the installation of 470 km fibre cable including finalization of licensing guidelines. We have started on-line insurance program which is a step forward in creation of Digital Bangladesh. Besides, we have started initiatives to launch digital signature by December 2010.
- (c) With a view to establishing a smooth and integrated communication system throughout the country, government has given priority to the Construction of Padma Bridge Project. The detailed design for Padma Bridge has already been finalized. Out of total estimated construction costs of US\$2.985 billion, the development partners have committed to provide assistance of US\$2.555 billion. I am hopeful that the construction of the main bridge will possibly start in March 2011. Construction of 2nd Padma Bridge and Bekutia Bridge on Kotcha river along the Pirojpur-Jhalkathi road have also been approved in principle. Route alignment for Elevated Expressway from Airport to Jatrabari has been finalized to ease traffic congestion in Dhaka city;
- (d) In this context, I would like to mention that considering the necessity of engaging private sector in financing the probable resource gap in investment in infrastructure sector, we have made a special allocation of BDT 100 crore under

Public Private Partnership (PPP) initiatives. It is heartening that we have already prepared PPP guidelines. The process of establishment of PPP office is also in its advanced stage. Conversion of Bangladesh Infrastructure Financing Fund (BIFF) into a company, established for providing assistance to the investors in infrastructure development under PPP initiatives, is under process;

- (e) Our government has always placed highest emphasis on education sector adopting it as one of the core strategies for poverty alleviation and development. We have formulated the National Education Policy 2010 to introduce a modern and employment oriented education system aiming to inspire students with the teachings of liberation war and a sense of patriotism. Initiative has been taken to establish 5 technical schools in each division. We have appointed 32 thousand teachers in September 2010. Further recruitment of 3 thousand teachers under freedom fighter quota is under process. Besides, in order to infuse dynamism in primary education, like teachers of government primary schools, we have started providing 100 percent salary subvention to the teachers of registered non-government and community primary schools from July 2010. A committee is working on introducing compulsory computer and technical education at secondary level by 2013. We have also started a program to establish primary schools in areas where no school exist. I hope to start school feeding program in the poverty-stricken areas in this fiscal.
- (f) Targeting to make Bangladesh self-sufficient in food by 2012, we have already adopted schemes to bring agriculture loan, subsidy and cash incentives to the farmers' doorsteps. The formulation of National Agriculture policy 2010, planning to increase agricultural production and ensure overall development of this sector, is in the final stage. In order to ensure the optimum utilization of water resources in the agro-based economy of Bangladesh, we have started implementing 4 short-term projects for river training and sustainable river management through capital dredging. At the same time, different employment generating programs including social and food security programs are being implemented.
- (g) With the aim of ensuring quality health services for all, we have already commissioned the operations of 9722 community clinics to bring health services to the doorsteps of rural people. Besides, construction of additional 100 community clinics is going to be finished soon. Recruitment of 803 assistant surgeons through 28th BCS examination and 3551 assistant surgeons on ad-hoc basis have been completed. We have already started updating our population policy to reduce our population size and to achieve the related MDGs.
- (h) Land related litigation is a regular phenomenon in Bangladesh because of complicated land management system. In order to modernize the land management system, we have initiated the digitization of map, record of rights, kathian and land survey. We have already uploaded digital copies of 4,089 mauza map sheets and 4,41,506 Khatians of 191 mouza of Dhaka city to the website. Land survey of Savar and Polash Upazilla under digital system is going on. In order to ensure the proper use of land, we have formulated Balu Mahal and Soil Management Act 2010.

- (i) Our preparedness to face the challenges of climate change is the most talked about issue at the moment and an extremely important matter as well to the existence of our large population. In order to face the challenges of climate change, 34 projects in 4 thematic areas are now being implemented under the Climate Change Fund. The Development Partners have given assurances to provide assistance to the project undertaken for the protection of environmental balance and bio-diversity in Sundarban area. I firmly believe we will be able to face the challenges of climate change, if we can join together the initiatives of our large population with the collective efforts of the government, the private sector and the development partners.
- (j) Freedom fighters are the finest sons of the soil. The socio-economic conditions of a large section of the freedom fighters have yet not improved to the desired extent. In this consideration, the rate of honoraria for insolvent freedom fighters has been enhanced from Tk.1500 to Tk. 2000 and the number of beneficiaries increased from 1, 25000 to 1, 50000. In order to bring all living freedom fighters into the fold of regular allowance system and to provide those aged 65 or above with the facility to travel free on trains, buses and launches, work is going on to determine and enlist the actual number of freedom fighters. For the wounded freedom fighters, construction work for building flats at Dhaka has been started. At the same time, formulation of a policy guideline to provide overseas medical treatment to wounded freedom fighters is under process. Initiatives are underway to increase the rate of honoraria and to show respect by providing various state privileges to those freedom fighters that are insolvent, wounded and have received awards of honor. The tribunal created for the much awaited trial of war criminals has already started conducting investigations. I am confident that we will be able to ensure the trial of war criminals soon.

Mr. Speaker

27. Till now, I have been presenting before this august parliament, the overall progress of budget implementation of the first quarter of current fiscal as well as the last year's budget. Besides fulfilling legal obligations, the opportunity of presenting the macroeconomic scenario of the country before the nation has been a rewarding experience for me. I believe it is the right of the information-aware citizens, to be informed of the progress of implementation of budget commitments, including the current economic trends. From that perspective, this report is also a sign of respect of the current government to that important right of the citizens.

28. The policies we adopt during budget preparation for ensuring greater welfare of people through distribution of resources on the basis of priority and importance of different sectors of economy will not have any positive change on the economy as well as on the welfare of citizens, if these policies are not implemented through proper mobilization and utilization of required resources. From this realization, in my budget speech, I have greatly emphasized the issue of budget implementation as being the biggest challenge.

29. The illustration of overall progress of our economic management made explicit from the sector-wise scenario of economic success, I have portrayed through this report before this august parliament, can be summed up as - satisfactory growth in revenue income has

continued. Growth in investment has been ensured by stimulating dynamism in export and import sectors. The domestic demand is on the increase creating higher employment opportunities for the people and strengthening their economic capability as well. Encouraged by the Government's strong commitment and effective initiatives to improve infrastructures, the foreign and domestic entrepreneurs are increasingly coming forward to invest in new sectors. At the same time, the rural trade and service sectors have become more vibrant and gathered momentum through growth in agricultural production and processing of agro-produces. In this backdrop, I strongly believe we shall be able to achieve our declared 6.7 percent growth, Insha Allah.

Mr. Speaker

30. Currently, the world is witnessing a pervasive change going through the economic power structure. China and India, in the nuclei of this change, are emanating strong signals of becoming economic superpowers in near future. Being a close neighbor to this emerging world economic power bloc, Bangladesh's economic horizon is likely to be lined with boundless possibilities for growth. To convert these potential into reality, we need a creative and hardworking workforce, strong infrastructure, political stability and wise, dynamic and benevolent leadership. Nature has given us a creative and industrious nation on the one hand. By the grace of Almighty, on the other, we have with us the Hon'ble Prime Minister Sheikh Hasina, the noble progeny of Father of the Nation and his ideology - whose wise, dynamic and patriotic leadership will take us to that land of immense potential. Now, as a nation, we aspire to fortify the foundation of our democracy by ensuring political stability. It is going to play a key role in the implementation of our vision as well. In this perspective, what is required is harmony in people's collective wisdom and cooperation. It's my strong belief that the continued support proffered by the concerned ministries/divisions and primarily, by the common people ever since the formation of this Government, will lead us to our aspired destination.

Khoda Hafez

Joy Bangla

Joy Bnagabandhu

ANNEXURE

Quarterly (July –Sept 2010 period) Progress Report: FY 2010-11 Budget Implementation, Trend of Income & Expenditure and Macroeconomic Situation Analysis

**Quarterly (July-Sept. 2010 period) Progress Report: FY 2010-11 Budget Implementation,
Trend of Income & Expenditure and Macroeconomic Situation Analysis**

A. Revenue Situation

A.1. Revenue Income

Table 1: Revenue Earning Position

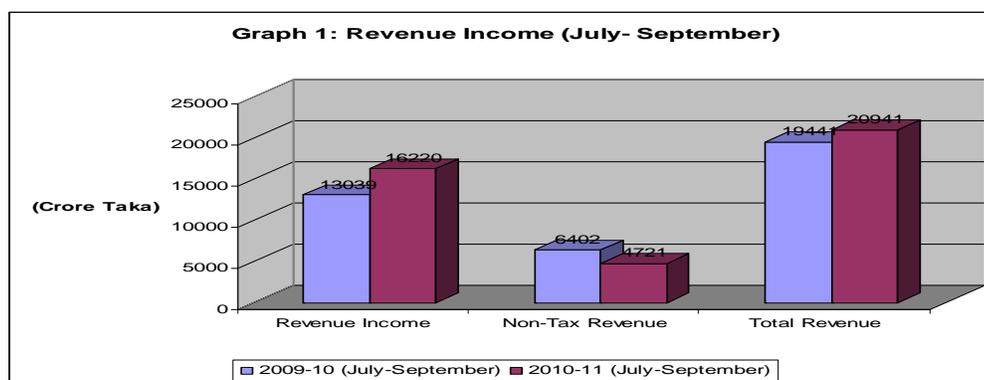
(In crore Taka)

Item	2009-10		2010-11	Income: July-September		2010-11 Performance in relation to target of FY 11 (%)
	Revised Budget	Actual	Budget	2009-10	2010-11	
1	2	3	4	5	6	7
Total Revenue	79,484 [11.5]	78,086 (16.7)	92,847 [11.9]	19,441 (8.0)	20,941 (7.7)	22.6
Tax Revenue	63,956 [9.2]	64,900 (17.6)	76,042 [9.7]	13,039 (8.1)	16,220 (24.4)	21.3
NBR*	61,000 [8.8]	62,157 (18.3)	72,590 [9.3]	12,397 (9.0)	15,525 (25.2)	21.4
Non-NBR**	2,956 [0.4]	2,743 (3.4)	3,452 [0.4]	642 (-7.4)	695 (8.3)	20.1
Non-Tax Revenue**	15,528 [2.2]	13,186 (17.3)	16,805 [2.2]	6,402 (7.7)	4,721 (-26.3)	28.1

Source: *NBR; **CGA/iBAS-Finance Division

Note: Figure within brackets [] shows as percentage of GDP and figure within () shows percentage change over the last year of same period)

- ❑ Total revenue collected in FY 2009-10 was Taka 78,086 crore which was 98.2 percent of the target and 16.7 percent higher than revenue collected in the previous financial year
- ❑ In the first quarter of FY 2010-11
- ❑ Revenue income growth was 7.7% higher than previous year which was 22.6 percent of the target
 - NBR tax revenue and Non-NBR tax revenue growth was 25.2 percent and 6.3 percent respectively whereas Non-Tax revenue declined by 26.3 percent
- ❑ Collection of Non-tax revenue has been reduced on account of significant reduction in dividend receipt from the Bangladesh Bank and reduction in receipt from Bangladesh Telecom Regulatory Commission (BTRC) compared to the corresponding period of previous year.



A.2. NBR Tax Revenue Collection

Table2: NBR Tax Revenue Collection Position

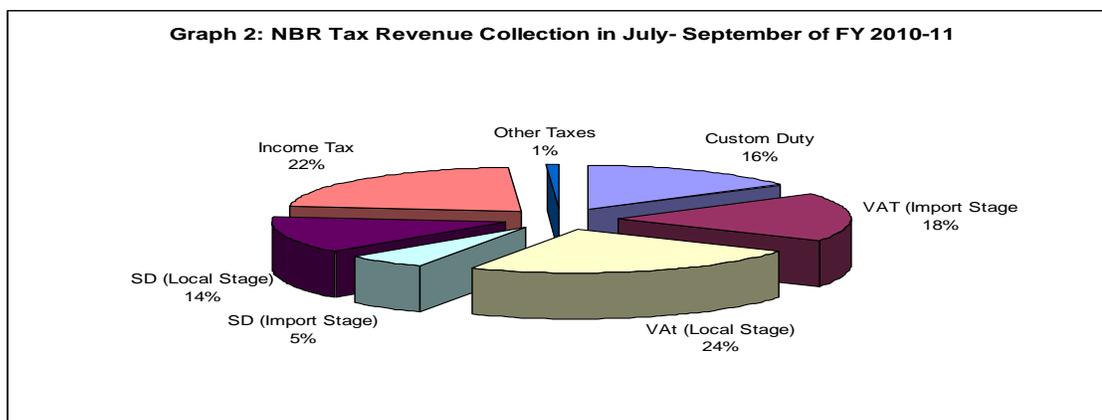
(In crore Taka)

Items	2009-10 (Actual)	July- September (Actual collection)		July- September Growth (%)	
		2009-10	2010-11	2009-10	2010-11
1	2	3	4	5	6
Customs Duty	9,410.2	2,254.4	2,436.1	-2.3	8.1
VAT (Import Stage)	10,325.7	21,32.6	2,733.4	-8.7	28.2
VAT (Local Stage)	13,822.5	2,809.6	3,760.4	16.8	33.8
Supplementary Duty (Import Stage)	3,114.3	673.8	848.6	20.3	25.9
Supplementary Duty (Local Stage))	5,792.3	16,77.3	2,172.6	18.2	29.5
Income Tax	17,540.2	27,50.5	3,461.4	25.9	25.8
Other Tax	738.2	99.2	112.9	2.6	13.8
Total	62,157.4 *	12,397.2	15,525.3	9.0	25.2

Source: NBR

*Growth of Revenue collection 18.3% higher than previous year

- ❑ Growth of NBR Tax Revenue collection in the first quarter of FY 2009-10 increased to 25.2 percent from 9 percent
- ❑ In the current year collection of both VAT at local stage and income tax have been satisfactory due to implementation of measures proposed in the budget for increasing revenue collection
- ❑ At the same time, collection of both Customs Duty and VAT at import stage were satisfactory, on account of increasing international trade in the context of world economic recovery



B. Public Expenditure Situation

B1. Public Expenditure

Table 3: Public Expenditure Position

(In crore Taka)

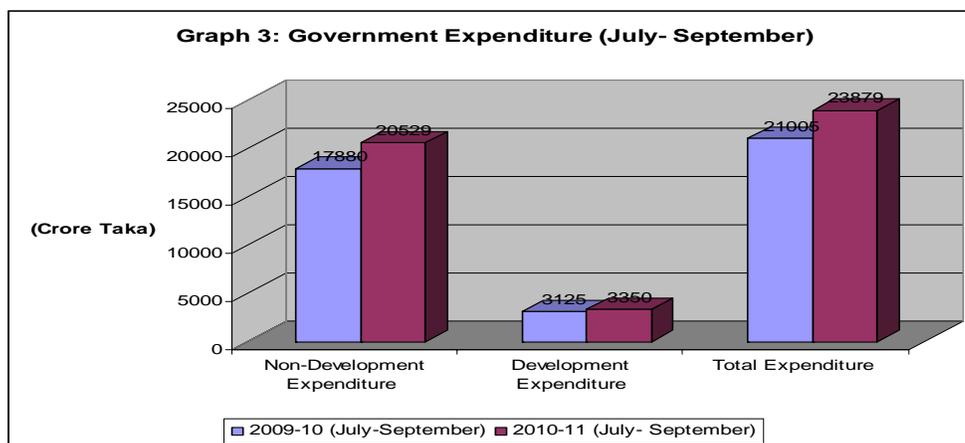
Sectors	2009-10		2010-11	Expenditure July-September		2010-11
	Revised Budget	Actual Expenditure	Budget	2009-10	2010-11 ^P	Achievement against target (%)
1	2	3	4	5	6	7
Total Expenditure	1,10,523 [16.0]	1,01,281 (12.4)	1,32,170 [16.9]	21,005 (14.1)	23,879 (13.7)	18.1
Non-Development*	82,023 [11.8]	75,361 (9.7)	93,670 [12.0]	17,880 (11.6)	20,529 (14.8)	21.9
ADP**	28,500 [4.1]	25,920 (31.8)	38,500 [4.9]	3,125 (30.9)	3,350 (7.2)	8.7

Source: * CGA ** IMED; p: provisional

Note: Figure within [] given as percentage of GDP

Figure within () shows percentage increase/decrease compare to previous year

- ❑ Total expenditure incurred in FY 2009-10 was Tk. 1,01,281 which was 92 percent of the revised budget and 15 percent higher than the expenditure incurred in the previous year
- ❑ ADP expenditure increased substantially (38%) in FY 2009-10
- ❑ In the first quarter of FY 2010-11, Non-ADP expenditure has increased due to increased payment of subsidy and current transfer compared to corresponding period of previous year
- ❑ ADP expenditure incurred was 1.0 percent less compared to the corresponding period of the last year though this amount in Tk 225 crore higher in absolute terms.



B.2. Budget Expenditure of 10 Large Ministries

Table 4: Budget Expenditure situation of 10 Large Ministries

(In crore Taka)

Ministry/Division	2009-10		2010-11 Budget	Share of Budget (%)	2010-11 (July-Sept.)P	
	Revised Budget	Actual Expenditure			Expenditure	Share of location (%)
1	2	3	4	5	6	7
Primary and Mass Education	6842	6869	8062	6.1	1554	19.3
Ministry of Education	8951	8701	9865	7.5	1920	19.5
Health and Family Welfare	6833	6201	8129	6.2	1029	12.7
Ministry of Agriculture	6696	7347	6696	5.1	631	9.4
Ministry of Water Resources	1952	1831	2049	1.6	125	6.1
Local Govt. Division	8210	7965	9622	7.3	852	8.9
Housing and Public Works Ministry	1249	1238	1272	1.0	97	7.6
Energy and Mineral Resources Division	1124	1384	1114	0.8	201	18.0
Power Division	2662	1987	6114	4.6	87	1.4
Communication Ministry	5473	5053	6163	4.7	229	3.7
Total: 10 Large Ministry	49992	48576	59086	44.7	6725	11.4
Other Ministry and Division	44306	36485	54761	41.4	12194	22.3
Total Program Expenditure	94298	85061	113847	86.1	18919	16.6
Other Expenditure	16225	15561	18323	13.9	4960	27.1
Overall Expenditure	110523	100622	132170	100.0	23879	18.1

Source: Finance Division and IMED P: Provisional

Note: Program Expenditure= (Total Expenditure) – (Interest Payment + Structural Adjustment Expenditure+ Net Food Account + Net Borrowing and Advance)

- In the budget of FY 2010-11
 - Large 10 ministries/divisions received 44.7 percent of total budget allocation

- Other ministries/divisions received 44.1 percent of total budget allocation
- Total Program Expenditure in FY 2010-11 stands at 86.1 percent of total budget
- Expenditure during the first quarter in FY 2010-11 is 18.1 percent of total budget
 - Expenditure of 10 large ministries is 11.4 percent
 - Expenditure of other ministries/divisions is 22.3 percent

B.3. ADP Implementation Status of 10 Large ministries

Table 5: ADP Implementation Status of 10 Large Ministries

(In crore Taka)

Ministry/Division	2009-10		2010-11 Allocation (No. of Project)	Share of ADP (%)	2010-11 (July –September)P	
	Revised Allocation	Actual Expenditure			Expenditure	Percentage of Expenditure (%)
1	2	3	4	5	6	7
Primary and Mass Education	2743	2730	3021 (21)	7.8	527	17.4
Ministry of Education	1425	1340	1625 (61)	4.2	143	8.8
Health and Family Welfare	2814	2409	3445 (20)	8.9	516	15.0
Ministry of Agriculture	968	902	967 (45)	2.5	143	14.8
Ministry of Water Resources	1244	1231	1366 (56)	3.5	9	0.7
Local Govt. Division	6915	6760	8013 (113)	20.8	591	7.4
Housing and Public Works Ministry	537	528	469 (10)	1.2	0	0
Energy and Mineral Resources Div.	1031	1277	878 (33)	2.3	56	6.4
Power Division	2637	1983	4916 (40)	12.8	273	5.6
Communication Ministry	3522	2922	4662 (135)	12.1	248	5.3
Total: 10 Large Ministry	23836	22082	29362 (532)	76.3	2506	8.5
Other Ministry and Division	4664	3839	9138 (384)	23.7	844	9.2
Total	28500	25921	38500 (916)	100.0	3350	8.7

Source: IMED P: Provisional

- Large 10 ministries/divisions received 76.3 percent of total ADP allocation
- ADP utilization of 10 large ministries during the first quarter in FY 2010-11 is 8.5 percent
- ADP utilization of other ministries/divisions is 9.2 percent against 24 percent allocation

C: Budget Balance and Finance

C.1. Budget Balance and Finance

Table 6: Budget Balance and Finance

(In crore Taka)

Item	2009-10		2010-11 Budget	July –September	
	Revised Budget	Actual		2009-10	2010-11
1	2	3	4	5	6
Budget Balance	-31039 [-4.5]	-22553 [-3.3]	-39323 [-5.0]	-1564	-2938
Financing	31039	22553	39323	1564	2938
Foreign (Net)	13714 [2.0]	10716 [1.6]	15643 [2.0]	1449	934
Domestic (Net)	17325 [2.5]	11837 [1.7]	23680 [3.0]	115	2004
Banking System	8661 [2.3]	-2093 [-.3]	15680 [2.0]	-2598	788
Other than Bank	8664 [2.3]	13930 [2.0]	8000 [1.0]	2713	1216

Source: Finance Division P: Provisional

Figures in the brackets show percentage of GDP

- Borrowing from domestic sources was low during the first quarter of current fiscal year due to revenue surplus at the end of FY 2009-10

C.2. Status of Foreign Assistance

Table 7. Status of Foreign Assistance

(In crore Taka)

Item	2009-10		2010-11 Budget	July –September	
	Revised Budget	Actual		2009-10	2010-11
1	2	3	4	5	6
Net Financing	13714	10716	15643	1449	934
Credit	14492	11228	15968	1150	1191
Grant	3742	4284	4809	1264	792
Loan Repayment	4520	4796	5134	965	1049

Source: ERD and Finance Division P: Provisional

- Net foreign financing, during the first quarter of current fiscal year, was lower than that of the previous year
- Loan repayment was slightly higher in the first quarter compared to that of previous year

D. Money and Credit Situation

D.1 Money and credit flow

Table 8: Money and Credit Situation
(Year on year percentage, end period)

(In crore Taka)

Sector	June'09	August'09	September'09	June'10	August'10
1	2	3	4	5	6
Broad Money supply	19.2	19.1	16.9	22.4	22.9
Domestic Credit	16.0	14.7	12.4	17.9	20.2
Private Sector Credit	14.6	14.3	13.7	24.2	25.9

Source: Bangladesh Bank

- Money supply and credit has increased substantially in August'10 compared to August'09
- High growth rate in private sector credit bear the indication of improvement in investment.

D.2 Reserve money and its major Component

Table 9: Reserve money and its major Component
(Year on year percentage, end period)

(In crore Taka)

Sector	June'09	August'09	September'09	June'10	August'10
1	2	3	4	5	6
Reserve Money	31.7	29.7	24.8	16.0	19.8
Net Foreign Resource	31.0	71.2	57.6	41.5	13.1
Net Domestic Resource	31.5	-34.6	-17.2	-26.2	46.6

Source: Bangladesh Bank

- Although net foreign resource increased at higher rate during first quarter of fiscal year 2009-10 as a result of high growth of remittance flow and decrease of import expenditure, growth of remittance flow decreased and import expenditure increased gradually at subsequent stages. Overall growth rate of reserve money decreased at this time
- Net domestic resources have been increasing due to increased credit flow in private sector
- Recently, growth rate of reserve money has increased marginally

D.3 Agricultural and Industrial Loan Distribution

Table 10: Agricultural and industrial loan distribution

(In crore Taka)

Sector	2009-10		2009-10 (July-September)		2010-11 (July-September)	
	Distribution	Growth (%)	Distribution	Growth (%)	Distribution	Growth (%)
1	2	3	4	5	6	
Agricultural Loan	11,117	19.9	1,912	27.7	2,533	32.5
Industrial Term Loan	25,876	29.6	5,403	9.1	7,474	38.3

Source: Bangladesh Bank

- Distribution of agricultural and industrial term loan has increased substantially during the first quarter of current fiscal year.

E. External Sector

E.1 Export and Import Situation

Table 11: Export and Import Situation

Sector	2009-10		July-September	
	Distribution	Growth (%)	2009-10	2010-11
1	2	3	4	
Export (million USD)	16204.6		3870.7	5029.05
Growth (%)	4.1		-11.7	30.0
Import (million USD)	23738.4		5127.2	7021.6
Growth (%)	5.5		-18.9	37.0

Source: Bangladesh Bank & Export Promotion Bureau (Growth: compared to the corresponding period of the previous financial year)

- In spite of economic downturn, growth in import and export sector in previous fiscal year was 4.1 percent and 5.5 percent respectively
- Growth in import and export sector has been accelerated during the first quarter of 2010-11 fiscal year which was indicative of increased economic activity including investment within the country
- Import growth was 37.5% during July-October'2010 period

E.2 Remittance position

Table 12: Remittance position

Sector	2009-10	July-September	
		2009-10	2010-11
1	2	3	4
Remittance (million USD)	10987.4	2708.5	2659.4
Growth (%)	13.4	15.9	-1.8

Source: Bangladesh Bank (Growth: compared to the corresponding period of the previous financial year)

- Remittance growth was 13% in 2009-10 fiscal year
- During last year, there was negative impact on manpower export due to reduction of manpower export to important labor markets of Middle-East
- During first quarter of current fiscal year, remittance growth was slightly negative compared to the corresponding period of the previous fiscal year

E.2: Foreign Exchange Reserve

Table 13: Foreign exchange reserve situation

Sector	30 June 2009	30 Sept. 2009	30 June 2010	30 Sept. 2010	Growth (%)
1	2	3	4	5	6
Foreign Exchange Reserve (million USD)	7471	9363	10750	10834	15.7*
In month of import	4.0	5.2	5.4	5.2	-

Source: Bangladesh Bank (Growth on 30 September'10 compared to 30 September'09)

- The amount of foreign exchange reserve has increased by 16 percent at the end of September of current fiscal year compared to the corresponding period of the previous fiscal year
- Presently, stability of foreign exchange reserve balance is under pressure due to increase in import payments and slowdown in the growth of remittance flow.

F: Inflation

F.1 Inflation Trend

Table 14: Inflation trend (Point to Point)

Inflation (%)	2009-10			2010-11		
	July	August	September	July	August	September
1	2	3	4	5	6	7
General	3.46	4.69	4.60	7.26	7.52	7.61
Food	3.34	4.93	4.98	8.72	9.64	9.72
Other than food	3.74	4.54	4.28	4.87	3.76	3.69

Source: Bangladesh Bureau of Statistics (BBS)

- In FY2009-10, average inflation rate stood at 7.31 percent which was 6.66 percent during FY2008-09
- Average inflation rate (7.46 percent) during first quarter of current fiscal year is showing upward trend compared to the average inflation rate (4.25 percent) of corresponding period of previous FY2009-10
- Food inflation is causing the recent tendency of high inflation
- Fuel price hike in international market, upward trend in the of prices imported commodities due to various forms of natural disasters in different countries of the world and high price levels in neighboring countries might have put further upward pressures on recent inflation