



MONTHLY
REPORT ON
FISCAL-MACRO
POSITION

November 2022

Prepared By:
Tawhid Ilahi, Deputy Secretary

Guided by:
Rehana Perven, Additional Secretary
Dr. Ziaul Abedin, Joint Secretary

Published by:
Macroeconomic Wing
Finance Division, Ministry of Finance

Vol. XVI, No. 5, November 2022, Fiscal Year 2022-23

Contents

Executive Summary.....	2
1. FISCAL SECTOR.....	3
1.1 Revenue Earnings	3
1.2 Government Expenditure	4
1.3 Budget Deficit.....	4
1.4 Deficit Financing	5
1.4.1 National Savings Certificates (NSCs)	5
2. MONETARY SECTOR	7
2.1 Monetary and Credit Development	7
2.2 Reserve Money Development.....	7
3. EXTERNAL SECTOR	8
3.1 Exports	8
3.2 Imports (C & F).....	8
3.3 Remittances.....	9
3.4 Balance of Payments (BOP)	10
3.5 External Reserve.....	11
3.6 Exchange Rate Movements	12
4. REAL SECTOR.....	13
4.1 Quantum Index of Industrial Production.....	13
4.2 CPI Inflation.....	14
4.3 GDP Growth Outlook.....	15

Executive Summary

The November 2022 issue of the report on the Fiscal-Macro position contains relevant data and analysis on the movement of major macroeconomic variables during the July–November 2022 period compared to the same period of the previous year. An overview of the report is given below:

Fiscal Sector

Increase in tax and non-tax revenue by 11.04 percent and 11.24 percent respectively resulted in a total revenue collection increase of 11.07 percent during the July–November 2022 period compared to the same period of 2021. During the July–November 2022 period, total government spending increased by 3.34 percent compared to the same period of the previous year. The Overall budget deficit including grants was 0.16 percent of the targeted GDP at the end of November 2022¹.

Monetary Sector

Compared to the figures at the end of November 2021, broad money (M2) increased by 8.61 percent at the end November 2022. This resulted from a 14.90 percent increase in the Net Domestic Asset (NDA) and a 12.70 per cent decrease in the Net Foreign Asset (NFA). Point to point growth of reserve money at the end of November 2022 was 4.21 percent.

External Sector

During the period July–November 2022, exports increased by 10.89 percent and import payments increased by 4.35 compared to the same period of the previous year. Remittance inflow, during the July–November 2022 period, increased by 2.16 percent compared to the same period of the previous year and at the end of November 2022, gross foreign exchange reserves stood at US\$ 33.8 billion, which was equivalent to the import payments of 4.39 months.

Real Sector

On point-to-point basis in September 2022, the quantum index of the overall large and medium-scale manufacturing industry decreased by 2.03 percent, wearing apparel products decreased by 2.21 percent, and leather & related products increased by 26.09 percent². Inflation (point to point) decreased to 8.85 percent in November 2022 from 8.91 percent in October 2022. Food inflation (point to point) decreased from 8.5 in October 2022 to 8.14 percent in November 2022. However, non-food inflation increased from 9.58 in October 2022 to 9.98 percent in November 2022.

¹ Fiscal sector data collected from iBAS on 14 February 2023

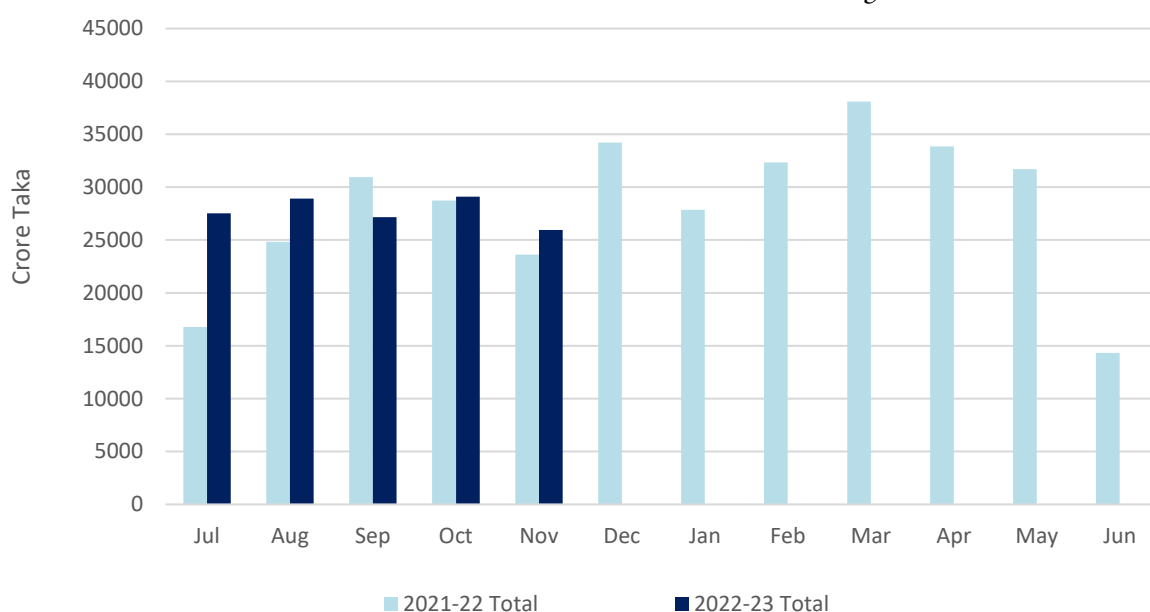
² Up to 17 April 2023, data on quantum index was available only up to September 2022.

1. FISCAL SECTOR

1.1 Revenue Earnings

Revenue collection in November FY23 demonstrated moderate growth as tax revenue rose by 10.04 percent and non-tax revenue by 8.68 percent compared to the corresponding figures of November FY22. The overall increase in revenue is 9.92 percent in November 2022 compared to that of November 2022.

Chart 1.1: Trend of Government's revenue earnings



Source: iBAS++, Finance Division.

Table 1.1: Revenue Earnings (crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2022-23 (July-November)	16,389.67	3,289.33	119,679.00	13,978.83	133,657.83
2021-22 (July-November)	15,207.20	2,408.45	117,615.66	14,257.31	131,872.97
Y-o-Y growth of July-Nov. 2022 period (%)	1.03	36.57	1.75	- 1.95	1.35
2021-22 (Actual)	87,208.19	6,704.34	293,912.54	35,077.57	328,990.10
2020-21 (Actual)	263,885.54	5,917.46	269,803.00	58,861.75	328,664.75
Annual growth in FY 22 (%)	8.84	13.30	8.94	- 40.41	0.10

Source: iBAS++, Finance Division.

1.2 Government Expenditure

Total operating expenses for the period July–November 2022 increased by 0.67 percent to Tk. 103,929.63 crore compared to Tk. 103,241.55 crore in the same period of the previous year. Overall government expenditure decreased by 1.58 percent in November 2022 compared to that of November 2021. According to the Implementation, Monitoring and Evaluation Division (IMED), 18.41% of ADP allocation was used up to November 2022.

Table 1.2: Government Expenditure (Crore taka)

	2022-23 (July- November)	2021-22 (July- November)	Growth (%) (July- November)	2021-22	2020-21	Yearly Growth (%)
a1. Operating Recurrent Expenditure	102,366.12	99,869.53	2.50	307,155.42	265,893.00	15.52
Pay and Allowances	22,025.68	24,905.50	-11.56	62,851.17	58,891.13	6.72
Use of Goods and Services	5,971.51	7,699.39	-22.44	31,765.87	30,517.76	4.09
Interest Payment	28,466.09	27,520.62	3.44	77,730.91	70,605.96	10.09
<i>Domestic</i>	27,455.82	25,490.58	7.71	73,177.25	66,318.59	10.34
<i>Foreign</i>	1,010.27	2,030.04	-50.23	4,553.66	4,287.36	6.21
Subsidies and Transfer	45,902.84	39,744.01	15.50	134,807.47	105,878.16	27.32
a2. Operating Capital Expenditure	1,563.51	3,372.03	-53.63	17,956.44	19,937.00	-9.93
a) Total Operating Expenditure (a1+a2)	103,929.63	103,241.55	0.67	325,111.86	285,830.00	13.74
b) Outlay for Food Accounts	7,633.06	6,060.69	25.94	3,249.02	4,246.28	-23.49
c) Loans and Advances-Net	-714.62	-3,018.14	-76.32	-5,104.12	592.92	-960.84
d) Development Expenditure	29,975.41	29,994.39	-0.06	194,778.47	169,490.71	14.92
<i>Of which ADP</i>	29,200.95	29,626.46	-1.44	185,971.74	160,495.36	15.87
Total Expenditure (a+b+c+d)	140,823.48	136,278.49	3.34	518,035.24	460,159.92	12.58
Total Expenditure (as % of GDP)	18.99	20.56	-1.58	13.03	13.04	-0.01
Memo Item:GDP	4,449,959.12	3,976,462.00	11.91	3,976,462.00	3,530,184.80	12.64

Source: Finance Division and Latest BBS Publications with the new base 2015-16. * Projected GDP for FY2022-23.

1.3 Budget Deficit

Moderate growth in revenue collection coupled with a fall in overall expenditure in November 2022, resulted in the overall budget balance (including grants) of Tk 7153.43 crore which is 0.16 percent of the projected GDP for FY23. For the same period of the previous Fiscal Year, the overall budget deficit had been taka 4401.32 crore which was 0.11 percent of GDP of that year.

Table 1.3: Budget Balance (Crore taka)

Year	Overall Balance	Overall Balance as % of GDP	GDP
2022-23 (July- November)	-7153.43	-0.16	4,449,959.12
2021-22 (July- November)	-4401.32	-0.11	3,976,462.00
2021-22	-186,714.94	-4.70	3,976,462.00
2020-21	-129,146.94	-4.79	3,530,184.80

Source: iBAS++, Finance Division

1.4 Deficit Financing

The government arranged its financing requirement from the banking system and the external sources in the two months 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 and external sources in November 2022.

Table 1.4: Deficit financing (Crore taka, excluding grants)

Period	External (Net)	Domestic			Total Financing	Financing as % of GDP
		Bank	Non-Bank	Total		
2022-23 (July- November)	4,321.86	16,473.16	-14,001.52	2,471.64	6,793.50	0.15
2021-22 (July- November)	2,316.85	19,762.37	-17,682.58	2,079.78	4,396.63	0.11
2021-22	65,012.40	75,532.53	45,182.58	120,715.11	185,727.51	4.67
2020-21	45,708.08	32,672.89	49,913.12	82,586.01	128,294.09	3.63
Target in 2022-23	95,458.00	106,334.00	40,001	146,335	241,793	5.43
Financing composition		External (Net)	Domestic		Total Financing	Total Financing
			Bank	Non-Bank	Total	
2022-23 (July-November)		63.62%	242.48%	206.10%	36.38%	100.00%
2021-22 (July-November)		52.70%	449.49%	402.18%	47.30%	100.00%
2021-22		35.00%	40.67%	24.33%	65.00%	100.00%
2020-21		35.63%	25.47%	38.91%	64.37%	100.00%
Target in 2022-23		39.48%	43.98%	16.54%	60.52%	100.00%

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

1.4.1 National Savings Certificates (NSCs)

NSCs sales decreased by 20.62 percent in October FY23 compared to that of October FY22 due to undertaking some strict policy measures. The net sale of NSCs during July- October of FY23 decreased by 106.78 percent compared to the same period of the previous year. The outstanding stock of NSCs stands at taka 363,377.54 crore at the end of October FY23 which is 5.79 percent higher compared to that of October FY22.

Chart 1.2: Monthly growth of outstanding stock of NSC (%)



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
2022-23 (July-October)	28044.52	28677.11	-632.59	363,377.54
2021-22 (July-October)	35,328.36	26003.71	9,324.65	353,418.54
Growth (%)	-20.62	10.28	-106.78	2.82
2021-22	108,070.53	88,154.78	19,915.75	364,010.13
2020-21	112,188.24	70,228.70	41,959.54	344,093.89
Growth (%)	-3.67	25.53	-52.54	5.79

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 8.61 percent at the end of November FY23 compared to that of November FY22. Of the sources of broad money, Net Domestic Asset (NDA) increased by 14.90 percent while Net Foreign Asset decreased by 12.70 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. Again, a negative growth in NFA contributed to the slower growth of broad money in November FY23 compared to that of June FY22.

Table 2.1: Monetary and Credit Development

Items	Outstanding stock			% Changes in	
	at the end of the period			Outstanding stock	
	Nov-22	Nov-21	Jun-22	Nov-22 over Nov-21	Nov-22 over June-22
A. Net Foreign Assets (NFA)	3,190.61	3,654.61	3,642.99	-12.70	-12.42
B. Net Domestic Asset (NDA)	14,214.10	12,370.71	13,438.23	14.90	5.77
a. Domestic Credit	17,453.72	15,074.10	16,717.49	15.79	4.40
Public Sector	3,386.58	2,731.64	3,205.13	23.98	5.66
Govt. (Net)	2,992.32	2,400.82	2,833.15	24.64	5.62
Other Public	394.26	330.82	371.99	19.18	5.99
Private sector	14,067.14	12,342.46	13,512.36	13.97	4.11
b. Other Items (Net)	-3,239.62	-2,703.39	-3,279.26	19.84	-1.21
C. Broad Money (A+B)	17,404.71	16,025.32	17,081.22	8.61	1.89

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve Money Development

Reserve money increased by 4.21 percent at the end of November FY23 compared to that of November FY22. Money multiplier rose to 5.02 at the end of November 2022 from 4.92 at the end of June 2022, 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	
	Nov-22	Nov-21	Jun-22	Nov-22 over Nov-21	Nov-22 over June-22
Reserve money	3,464	3,324	3,472	4.21%	-0.22%
Money multiplier	5.02	4.82	4.92	0.20	0.10

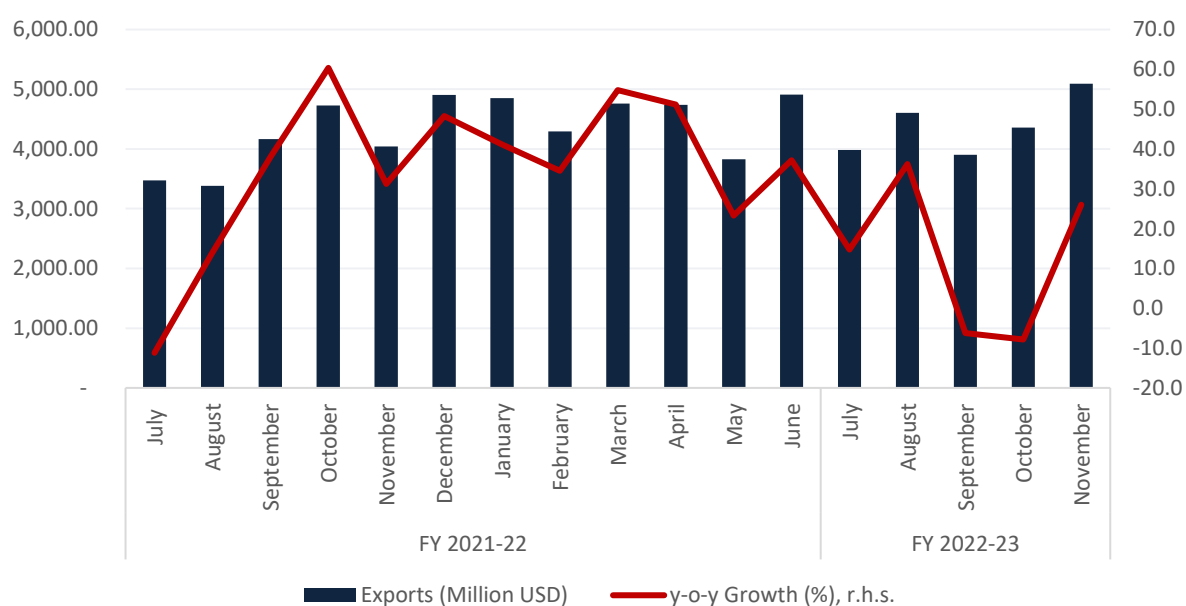
Source: Major Economic Indicators, Bangladesh Bank

3. EXTERNAL SECTOR

3.1 Exports

In November FY23, total exports continued to grow above the strategic target. Merchandise exports increased by 26.01 percent in November FY23 compared to the export of November FY22. On a year-on-year basis, total commodity export grew by 10.89 percent during July- November 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\$)

	2022-23	2021-22	2021-22	2020-21
	(July-November)	(July- November)		
Export	21,946.06	19,790.87	52,082.66	38,758.31
Growth*(%)	10.89	-0.31	34.38	15.10

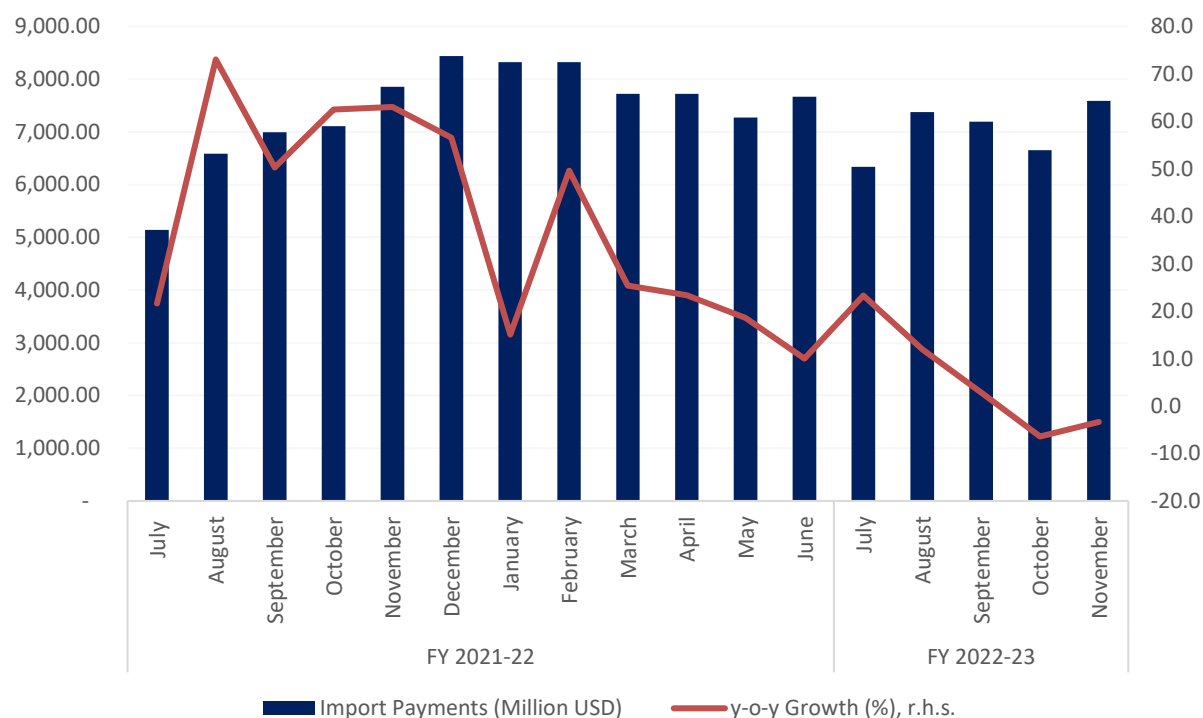
Source: Export Promotion Bureau, *Growth over the same period of the previous year;

3.2 Imports (C & F)

Imports decreased by 3.35 percent on November FY23 compared to that of November FY22. Mentionable that most of the part of the last fiscal year, import increased significantly over the level of the previous year. Import surged due to rebound in commodity demand of apparel exports with recovering of economies from the shock of the covid-19 pandemic, which resulted in a rise in the opening of back-to-back Letter of Credits (LCs) of for importing of raw materials. But due to some tuff monitoring by Bangladesh Bank, the import trend is showing down trend . The trend is also seen in the fact that LCs settlement grew by 7.71 percent in November FY23

compared to that of November FY22. However, due to various measures of the government to curtail import, Letter of Credit (LC) opening started to decrease and, on year,-on-year basis it was 22.52 percent lower in November FY23.

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\$)

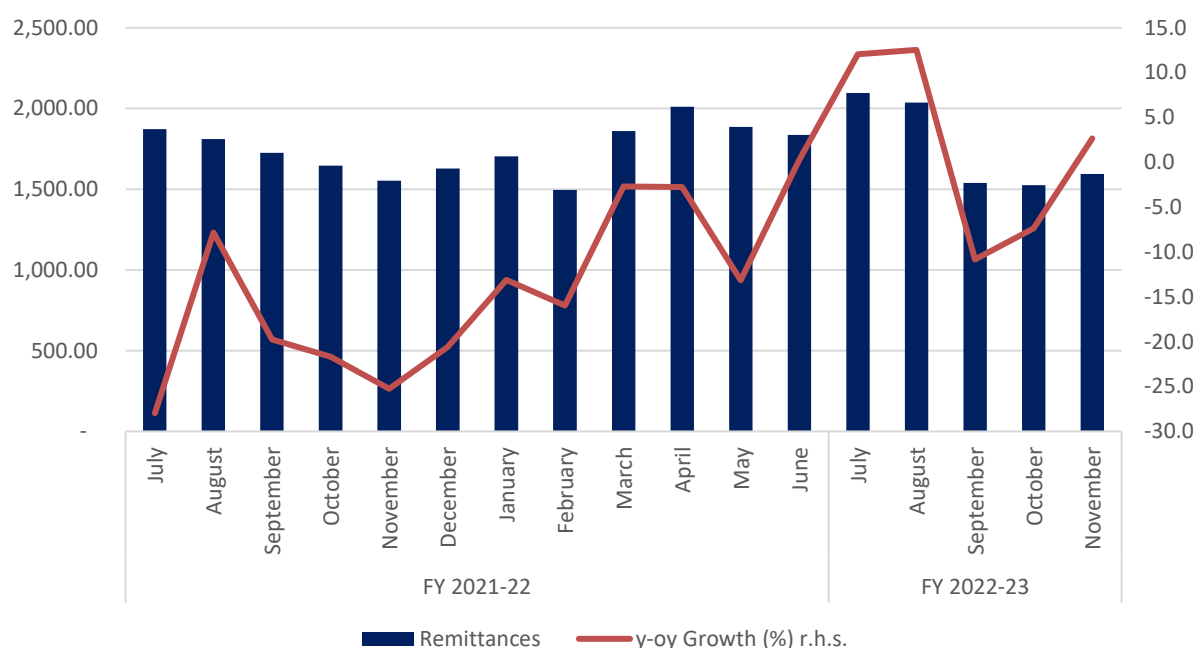
Period	2022-23	2021-22	2020-21	2019-20
	(July-November)	(July-November)		
Import payments	35,151.60	33,685.50	89,162.00	65,594.70
Growth (%)	4.35		35.93	19.73
LCs Opened	34,101.66	44,015.96	67,037.42	53,119.86
Growth (%)	-22.52		26.20	-9.51141
LCs Settled	41,374.87	38,411.69	57,256.40	51,091.47
Growth (%)	7.71	-	12.07	-10.879

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

3.3 Remittances

Workers' remittances in November FY23 increased by 2.16 percent to USD 8794.16 million against USD 7054.75 million in November FY22. 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 labor migration in FY22 may also have a positive impact on inward remittances.

Chart 3.3: Monthly Trend of Remittance (million USD)



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

Table 3.3: Remittance Performance (Million US\$)

	2022-23	2021-22	2021-22	2020-21
	(July-November)	(July- November)		
Remittances	8,794.16	7,054.75	21,031.68	24,669.51
As % of Export	40.07	35.65	40.38	63.65
As % of GDP	22.51	18.09	4.57	5.93
Growth (%)	2.16	-19.30	35.51	10.87

Source: Bangladesh Bank;

3.4 Balance of Payments (BOP)

The trade deficit gap narrowed in July-November of FY23 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 deficit became US\$ -5670 million compared to a deficit of US\$ -6271 million for the same period of the previous year. But due to huge negative growth in the financial account the overall deficit stood at US\$ 6.3 billion at the end of November FY23 compared to a 2.3 billion US\$ deficit in the same time of the previous year.

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

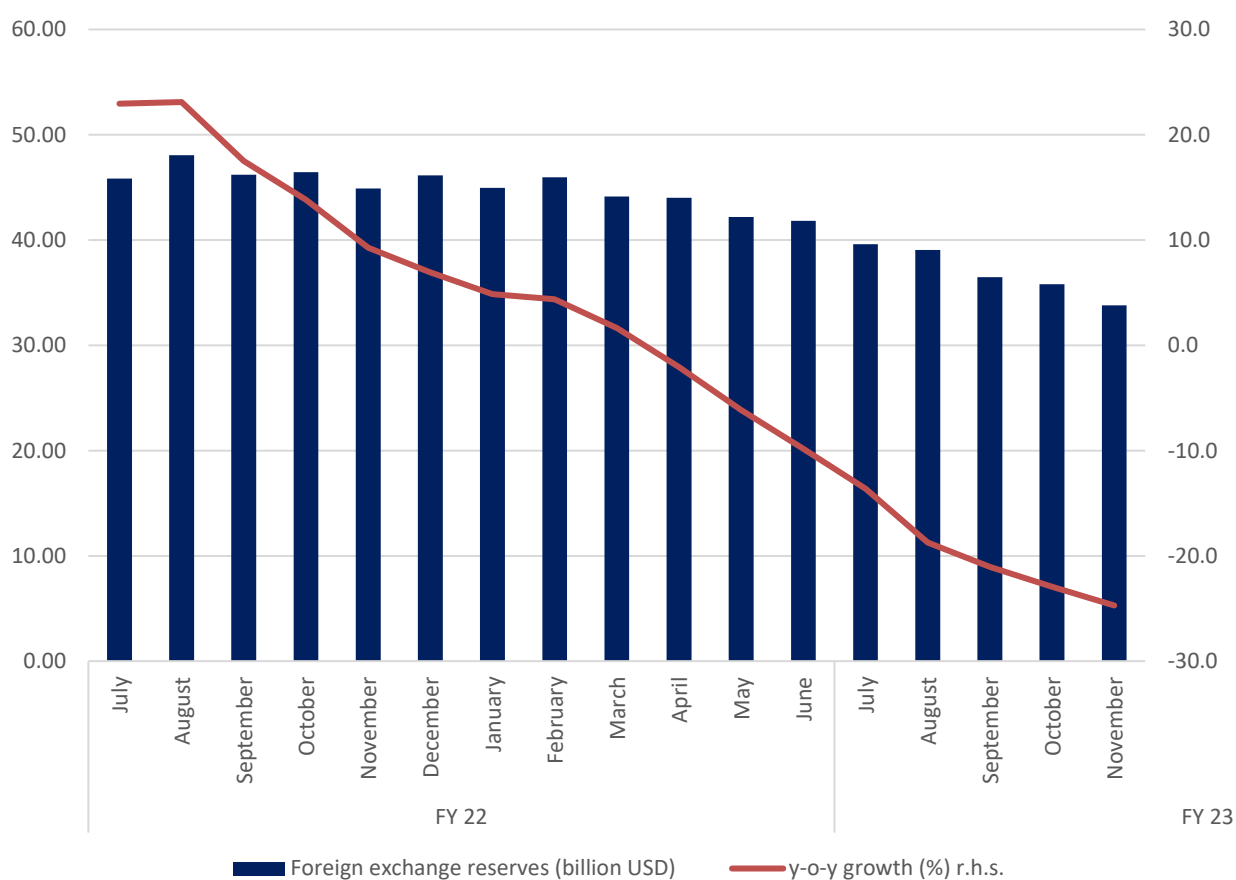
	2022-23	2021-22	2021-22	2020-21
	July-Nov	July-Nov		
Trade Balance	-11,794	-12,603	-22,799	-17,858
Current A/C balance	-5,670	-6,271	-3,808	-4,724
Capital A/C balance	96	69	221	256
Financial A/C balance	-153	4,599	13,080	7,809
E & O	-409	-364	-219	-172
Overall Balance	-6,348	-2,023	9,274	3,169

Source: Bangladesh Bank;

3.5 External Reserve

Gross foreign exchange reserves stood at USD 33.8 billion in November FY23 which was sufficient to pay import liability of 4.39 months.

Table 3.5: Foreign Exchange Reserve (End of the month)

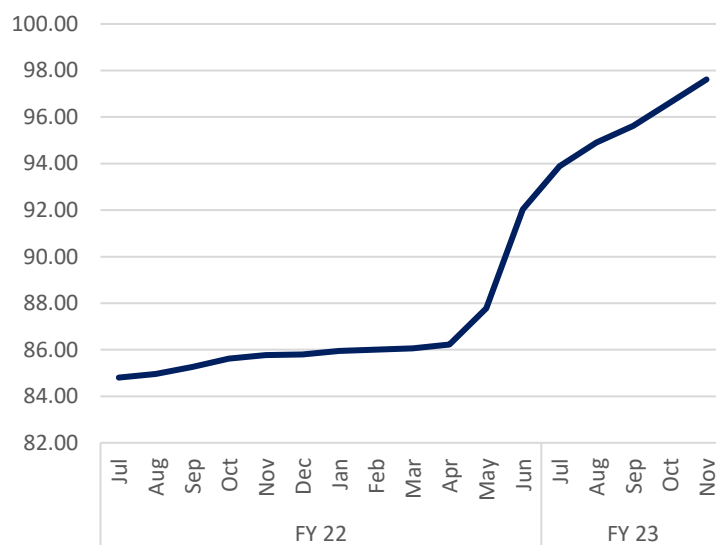


Source: Bangladesh Bank

3.6 Exchange Rate Movements

Starting from January 2022, Taka depreciated by 11.2 percent as compared to its level at the end of November 2022 and reached BDT 99.94 per USD. The depreciation of Taka can be attributed to the lower inflow of remittances and higher import payments that have created excess pressure on foreign exchange reserves. Bangladesh Bank acted upon the foreign exchange market with a large net sale of USD to stabilize Taka.

Table 3.6: Exchange Rate Movement (Taka/US\$)



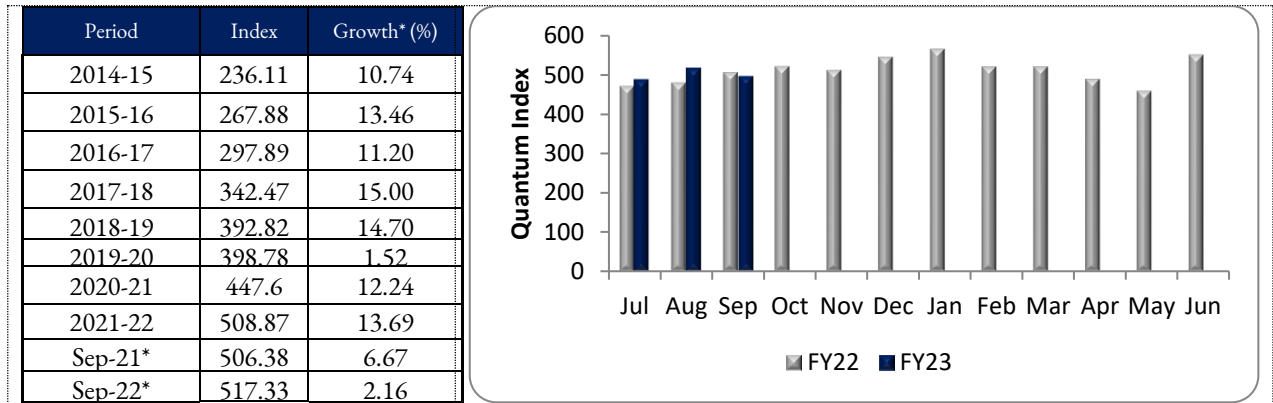
Source: Bangladesh Bank;

4. REAL SECTOR

4.1 Quantum Index of Industrial Production

The Quantum Index of the large and medium scale manufacturing industry, which accounts for 87.54 per cent of the industrial production, grew by 2.16 percent in September FY23 compared to the level of September FY22.

Table 4.1: Quantum Index of large and medium scale manufacturing industry (Base: 2005-06=100)



Source: BBS, P-Provisional, *Growth over the same period of the previous fiscal year

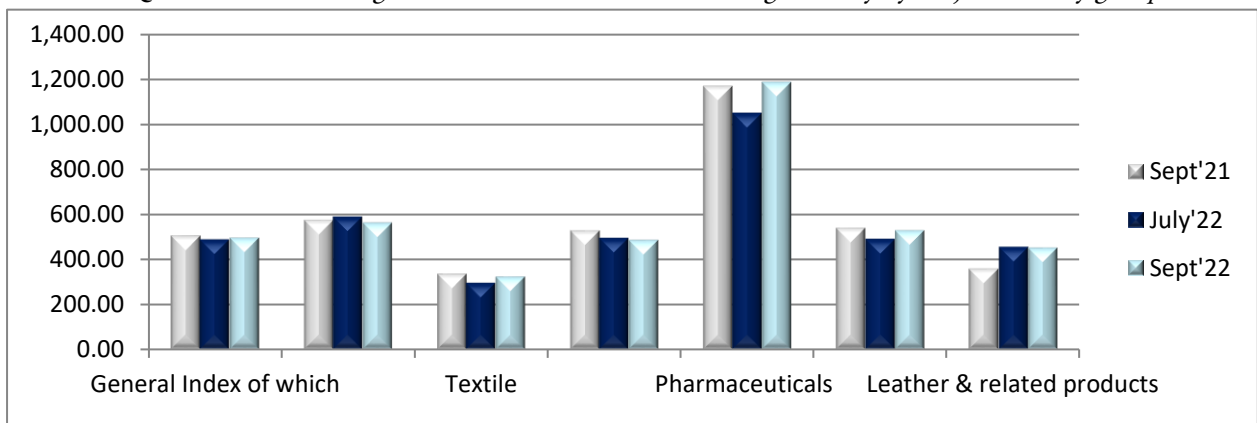
Table 4.2: Quantum Index of large and medium scale manufacturing industry by Major Industry group

Major Industry Group	Weight	Index			Change of Index	
		Sept'21	July'22	Sept'22	Sept'22 over Sept'21 (%)	Sept'22 over July'22(%)
General Index of which	100	506.38	487.4	496.10	-2.03	1.78
Wearing apparel	34.84	574.86	587.88	562.13	-2.21	-4.38
Textile	14.07	336.08	294.71	323.97	-3.60	9.93
Food products	10.84	528.86	493.95	485.21	-8.25	-1.77
Pharmaceuticals	8.23	1170.46	1048.25	1186.44	1.37	13.18
Non-metallic mineral Products	7.12	540.38	489.57	529.13	-2.08	8.08
Leather & related products	4.40	358.36	453.86	451.87	26.09	-0.44

Source: BBS, P-Provisional, *Growth over the same period of the previous fiscal year

Industrial production by major industry group shows that wearing apparel products experienced 4.38 percent fall back followed by Leather & related products with 0.44 percent shrink in September FY23 compared to that of September FY22.

Chart 4.1: Quantum Index of large and medium scale manufacturing industry by Major Industry group



4.2 CPI Inflation

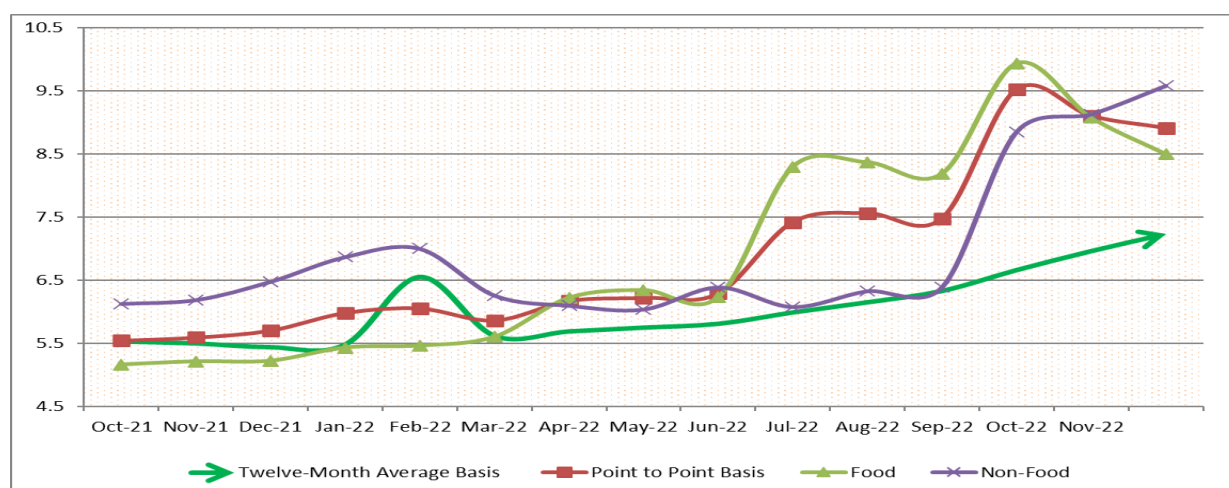
Point to point inflation decreased to 8.85 percent in November FY23 from 8.91 percent of October FY23 where food inflation decreased from 8.5 to 8.14 percent, but non-food inflation rose from 9.58 to 9.98 percent. On twelve-month average basis inflation rose to 7.48 percent in November FY23 from 7.23 percent in October FY23, which is 0.27 percentage point lower than the target of 7.50 percent for FY23. Steady rise in the point-to-point inflation since November 2021 was the key factor behind the growing trend of the twelve-month average inflation. Rising commodity prices in the international markets following the demand-supply mismatch powered by Russia-Ukraine war might be the main factors for the aggravating inflation situation since the start of economic reopening from the shock of COVID-19 pandemic.

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
2018-19	5.48	5.51	5.42	5.52	5.40	5.71
2019-20	5.65	5.52	5.85	5.65	5.56	5.85
2020-21	5.56	5.73	5.29	5.64	5.45	5.94
2021-22						
September	5.50	5.49	5.52	5.59	5.21	6.19
October	5.44	5.32	5.64	5.7	5.22	6.48
November	5.48	5.29	5.78	5.98	5.43	6.87
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

Source: Bangladesh Bank

Chart 4.2: Trend in CPI Inflation (Base 2005-06=100)



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 7.1 percent in FY22. With this growth, per capita GNI rose to US\$ 2,793 at the end of FY22. According to the Medium-Term Macroeconomic Policy Statement (FY23 to FY25), the growth target for the FY23 is 7.50 percent.