



# Monthly Report on Fiscal-Macro Position

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## Executive Summary

The July 2023 issue of the report on the Fiscal-Macro position contains relevant data and analysis on the movement of major macroeconomic variables in the current month compared to the same period of the previous year. An overview of the report is given below:

### Fiscal Sector

Revenue collection in July FY24 demonstrated uptrend (y-on-y) as Tax revenue increase by 14.7 percent and non-tax revenue increased by 27.68 percent than that of June FY23. Overall government expenditure increased by 2.78 percent in July FY24 compared to that of July FY23. According to the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning, the execution rate of ADP is 1.27 percent. The Overall budget balance(surplus) including grants was 0.05 percent of the targeted GDP at the end of the first month of FY23<sup>1</sup>.

### Monetary Sector

Broad money (M2) increased by 9.74 percent at the end of July FY24 compared to that of July FY23. Of the sources of broad money, Net Domestic Asset (NDA) increased by 15.16 percent while Net Foreign Asset decreased by 10.75 percent. Reserve money increased by 6.01 percent at the end of July FY24 compared to that of July FY23. Money multiplier rose to 5.13 at the end of July 2024 from 4.92 at the end of June 2023.

### External Sector

In July FY24, total export continued to grow above the strategic target. Export increased by 15.26 percent after July FY24 compared to the export after July FY23. Imports decreased by 15.04 percent on July FY24 compared to that of July FY23. Workers' remittances in July FY24 decreased by 5.9 percent to USD 1973.15 million against USD 2096.92 million in July FY23. The trade deficit gap narrowed in July of FY24 compared to the same period of the previous fiscal year as the import is put under stern monitoring by the Bangladesh Bank. Gross foreign exchange reserves stood at USD 29.73 billion in July FY24 which was sufficient to pay import liability of 4.8 months, considering the average of the previous 12 months' imports.

### Real Sector

The industrial production of Large Scale, SMME Scale and Cottage Scale increased 20.08 percent, 7.18 percent and 9.41 percent respectively during July 2023. Point to point inflation decreased to 9.69 percent in July FY24 from 9.74 percent of June FY23 where food inflation increased from 9.7 to 9.76 percent, non-food inflation decreased to 9.47 percent from 9.6 percent. On twelve-month average basis inflation rose to 9.2 percent in July FY23 from 9.0 percent in June FY23

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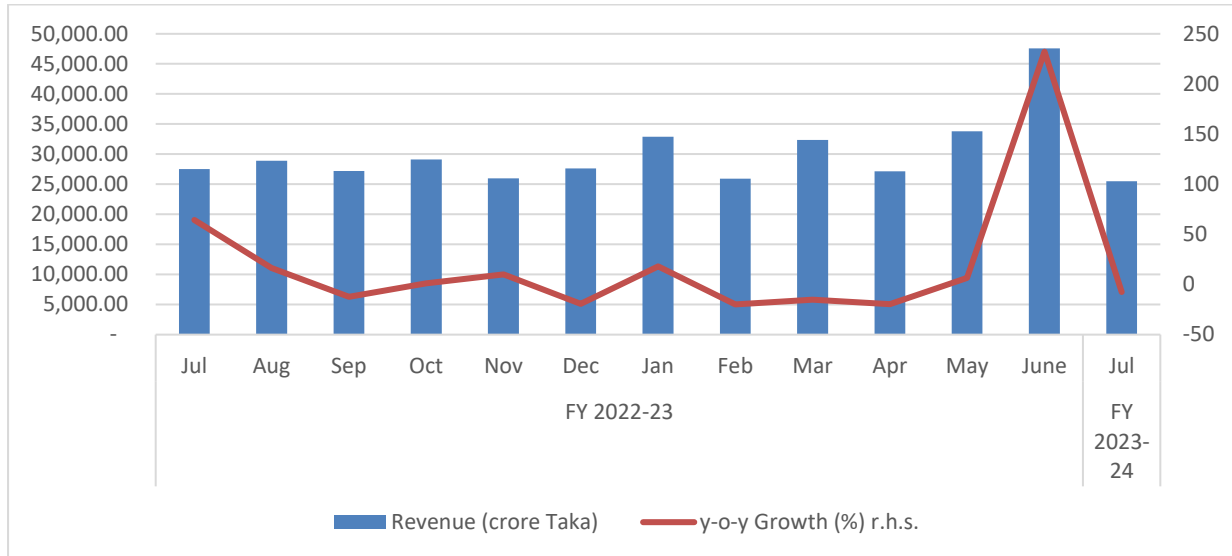
<sup>1</sup> Fiscal sector data collected from iBAS on 8 November 2023

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

Revenue collection in July FY24 demonstrated uptrend (y-on-y) as Tax revenue increase by 14.7 percent and non-tax revenue increased by 27.68 percent than that of June FY23.

Chart 1.1: Trend of Government's monthly revenue earnings



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

Table 1.1: Revenue Earnings (crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2023-24 (July)	22,005.49	666.22	22,671.71	2,842.11	25,513.83
2022-23 (July)	19,173.99	591.32	19,765.30	2,226.02	21,991.32
Growth (%)	14.77	12.67	14.70	27.68	16.02
2022-23 (Actual)	319,684.28	7,999.27	327,683.54	38,191.19	365,874.73
2021-22 (Actual)	292,917.36	6,704.42	299,621.78	35,590.62	335,212.40
Growth (%)	9.14	19.31	9.37	7.31	9.15

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

### 1.2 Government Expenditure

Total operating expenses increased by 6.87 percent to Tk. 20988.44 crore in July FY24 compared to Tk. 19639.53 crore in July FY23. However, the ADP implementation in July FY24 increased by 66.65 percent compared to that of July FY23. The case of overall development expenditure increased by 66.78 percent than that of previous year. Overall government expenditure increased by 2.78 percent in July FY24 compared to that of July FY23. According to the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning, the execution rate of ADP is 1.27 percent.

Table 1.2: Government Expenditure (Crore taka)

	2023-24 (July)	2022-23 (July)	Growth (%) (July)	2022-23	2021-22	Yearly Growth (%)
<b>a1. Operating Recurrent Expenditure</b>	20,950.48	19,355.94	8.24	348,262.02	308,680.89	12.82
Pay and Allowances	4,499.00	4,409.98	2.02	63,392.00	63,319.00	0.12
Use of Goods and Services	924.19	543.82	69.94	33,302.05	32,248.12	3.27
Interest Payment	9,833.73	6,886.91	42.79	83,943.87	77,778.95	7.93
<i>Domestic</i>	8,537.47	6,185.21	38.03	74,506.45	73,225.29	1.75
<i>Foreign</i>	1,296.26	701.70	84.73	9,437.43	4,553.66	107.25
Subsidies and Transfer	5,693.57	7,515.23	-24.24	167,624.09	135,334.81	23.86
<b>a2. Operating Capital Expenditure</b>	37.96	283.59	-86.61	12,758.56	18,011.79	-29.17
<b>a) Total Operating Expenditure (a1+a2)</b>	20,988.44	19,639.53	6.87	361,020.58	326,692.68	10.51
<b>b) Outlay for Food Accounts</b>	903.92	1,505.56	-39.96	987.52	2,436.89	-59.48
<b>c) Loans and Advances-Net</b>	-584.14	-193.60	201.73	-2,149.07	-5,104.65	-57.90
<b>d) Development Expenditure</b>	1,521.57	912.35	66.78	204,061.89	195,294.98	4.49
<i>Of which ADP</i>	1,520.31	912.29	66.65	190,822.33	186,181.94	2.49
<b>Total Expenditure (a+b+c+d)</b>	22,829.80	21,863.85	4.42	563,920.91	519,319.90	8.59
<b>Total Expenditure (as % of GDP)</b>	2.72	2.96	-0.24	12.70	13.08	-0.37
<b>Memo Item:GDP</b>	5,039,314.00	4,439,273.00	13.52	4,439,273.00	3,971,716.00	11.77

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

### 1.3 Budget Deficit

In July the overall budget surplus (including grants) was Tk 2684.03 crore which is 0.05 percent of the projected GDP for FY24. For the same period of the previous Fiscal Year, the overall budget surplus had been taka 127.48 crore which was 0.001 percent of GDP of that year.

Table 1.3: Budget Balance (Crore taka)

Year	Overall Balance	Overall Balance as % of GDP	GDP
2023-24 (July)	2684.03	0.05	5,039,314.00
2022-23 (July)	127.48	0.00	4,439,273.00
2022-23	-195,297.12	-4.40	4,439,273.00
2021-22	-181,785.68	-4.79	3,971,716.00

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

### 1.4 Deficit Financing

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

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

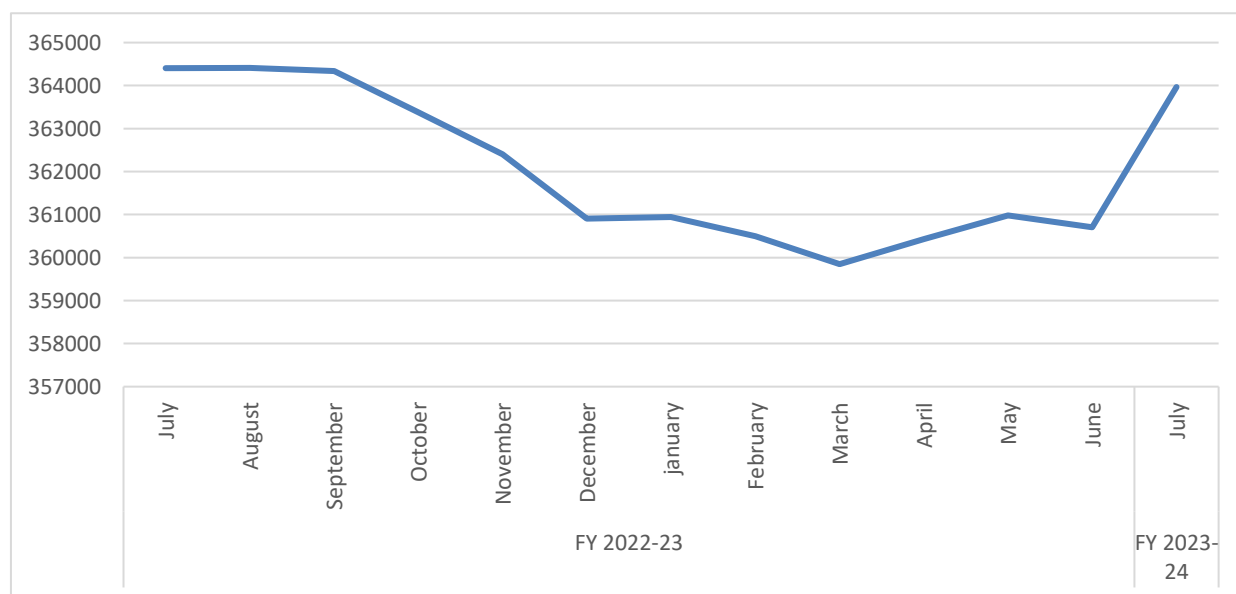
Period	External (Net)	Domestic			Total Financing	Financing as % of GDP
		Bank	Non-Bank	Total		
2023-24 (July)	-3,563.32	-3,298.46	4,108.88	810.42	-2,752.90	-0.05
2022-23 (July)	2,896.23	7,277.87	-10,306.13	-3,028.26	-132.04	0.00
2022-23	76,225.12	118,025.0	107.99	118,133.04	194,358.16	4.38
2021-22	65,066.48	75,532.53	40,199.25	115,731.78	180,798.25	4.55
Target in 2023-24	102,490.1	132,395.0	23,000	155,395	257,885	5.12
Financing composition		External (Net)	Domestic		Total Financing	
			Bank	Non-Bank	Total	
2023-24 (July-July)		129.44%	119.82%	149.26%	29.44%	100.00%
2022-23 (July-July)		2193.46%	5511.90%	7805.36%	2293.46%	100.00%
2022-23		39.22%	60.73%	0.06%	60.78%	100.00%
2021-22		35.99%	41.78%	22.23%	64.01%	100.00%
Target in 2023-24		39.74%	51.34%	8.92%	60.26%	100.00%

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

#### 1.4.1 National Savings Certificates (NSCs)

NSCs sales increased by 12.00 percent in July FY24 compared to that of July. The net sale of NSCs during July of FY24 increased by 726.67 percent compared to the same period of the previous year. The outstanding stock of NSCs stands at taka 3,63,964 crore at the end of July FY24 which is 0.12 percent lower compared to that of July FY23.

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



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

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

Period	Sale	Repayment (Principal)	Net Sale	Outstanding at the end of the period
2023-24 (July)	7,860.60	4610.79	3,249.81	363,964.01
2022-23 (July)	7,018.43	6625.31	393.12	364,403.25
Growth (%)	12.00	-30.41	726.67	-0.12
2022-23	80,858.63	84,154.56	-3,295.93	360,714.20
2021-22	108,070.53	88,154.78	19,915.75	364,010.13
Growth (%)	-25.18	-4.54	-116.55	-0.91

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

## 2. MONETARY SECTOR

### 2.1 Monetary and Credit Development

Broad money (M2) increased by 9.74 percent at the end of July FY24 compared to that of July FY23. Of the sources of broad money, Net Domestic Asset (NDA) increased by 15.16 percent while Net Foreign Asset decreased by 10.75 percent. Despite strong public sector credit growth, government borrowing from the banking system contributed to the less than expected credit growth in the private sector. Broad money growth in July FY24 was 0.68 percent lower compared to that of June FY23.

**Table 2.1: Monetary and Credit Development**

Items	Outstanding stock			% Changes in	
	at the end of the period			Outstanding stock	
	Jul-23	Jul-22	Jun-23	July-23 over July-22	July-23 over June-23
A. Net Foreign Assets (NFA)	3,191.26	3,575.67	3,167.28	-10.75	0.76
B. Net Domestic Asset (NDA)	15,551.24	13,503.64	15,704.40	15.16	-0.98
a. Domestic Credit	19,201.70	16,724.64	19,267.69	14.81	-0.34
Public Sector	4,347.25	3,198.98	4,325.15	35.89	0.51
Govt. (Net)	3,896.87	2,817.62	3,873.50	38.30	0.60
Other Public	450.37	381.36	451.65	18.10	-0.28
Private sector	14,854.45	13,525.66	14,942.55	9.82	-0.59
b. Other Items (Net)	-3,650.46	-3,221.01	-3,563.30	13.33	2.45
C. Broad Money (A+B)	18,742.50	17,079.31	18,871.68	9.74	-0.68

Source: Monthly Economic Trends, Bangladesh Bank

### 2.2 Reserve Money Development

Reserve money increased by 6.01 percent at the end of July FY24 compared to that of July FY23. Money multiplier rose to 5.13 at the end of July 2024 from 4.92 at the end of June 2023, resulting an increase 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	
	Jul-23	Jul-22	Jun-23	July-23 over July-22	July-23 over June-23
Reserve money	3,657	3,449	3,836	6.01%	-4.67%
Money multiplier	5.13	4.95	4.92	0.17	0.21

Source: Major Economic Indicators, Bangladesh Bank

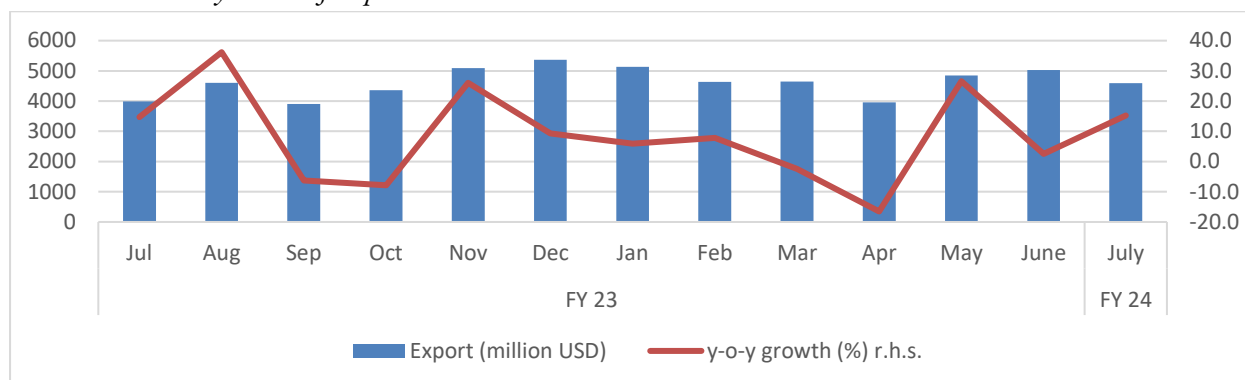


### 3. EXTERNAL SECTOR

#### 3.1 Exports

In July FY24, total export continued to grow above the strategic target. Export increased by 15.26 percent after July FY24 compared to the export after July FY23. This higher growth in export is due to strong rebound in demand for apparels in the major export destinations of Bangladesh, as the economies are recovering from the shock of the Covid-19 pandemic.

Chart 3.1: Monthly Trend of Exports



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

Table 3.1: Export Performance (Million US\$)

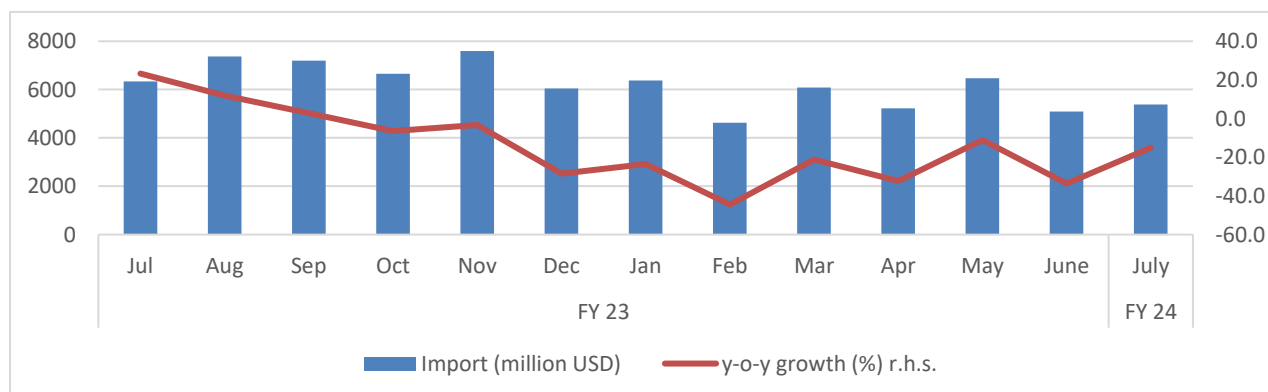
	2023-24	2022-23	2022-23	2021-22
	(July)	(July)		
Export	4,592.92	3,984.81	55,558.14	52,082.66
Growth*(%)	15.26	14.72	6.67	34.38

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

#### 3.2 Imports (C & F)

Imports decreased by 15.04 percent on July FY24 compared to that of July FY23. Import showing down trend due to some tuff monitoring measures taken by Bangladesh Bank. The trend is also seen in the fact that LCs settlement deceased by 17.95 percent in July FY24 compared to that of July FY23. Due to various measures of the government to curtail import, Letter of Credit (LC) opening started to decreased and on a year-on year basis it was 23.09 percent lower in July FY24 than the same time in the previous FY.

Chart 3.2: Monthly Trend of Import Payments



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

Table 3.2: Import Scenario (Million US\$)

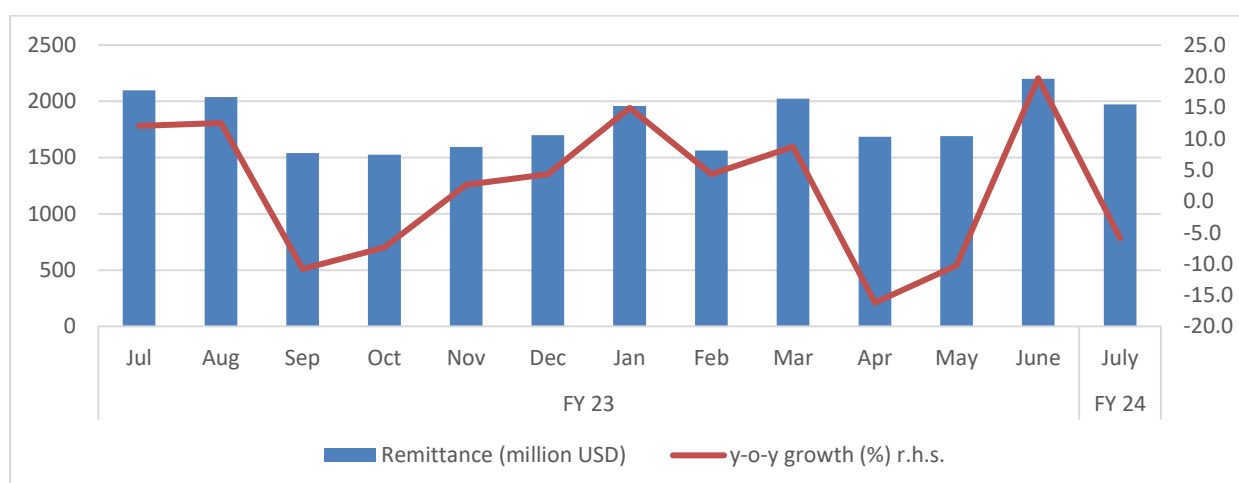
Period	2023-24	2022-23	2022-23	2021-22
	(July)	(July)		
Import payments	5,384.60	6,338.10	75,059.70	89,162.00
Growth (%)	-15.04		-15.82	35.93
LCs Opened	4,888.91	6,357.03	67,832.90	92,234.69
Growth (%)	-23.09		-26.46	57.1199
LCs Settled	6,144.56	7,489.23	72,856.21	83,681.73
Growth (%)	-17.95	-	-12.94	45.9696

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

### 3.3 Remittances

Workers' remittances in July FY24 decreased by 5.9 percent to USD 1973.15 million against USD 2096.92 million in July FY23. Various initiatives of the Government to incentivize remittance inflow such as 2.5 percent cash incentive, easing the rules on the furnishing of documents and depreciation of exchange rate (BDT/USD) might have worked on the overseas migrants to send remittances through legal channel. The rising number of labour migration in FY23 may also have a positive impact on inward remittances.

Chart 3.3: Monthly Trend of Remittance



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

Table 3.3: Remittance Performance (Million US\$)

	2023-24	2022-23	2022-23	2021-22
	(July)	(July)		
Remittances	1,973.15	2,096.92	21,612.07	21,031.68
As % of Export	42.96	52.62	38.90	40.38
As % of GDP	5.07	4.87	4.21	4.49
Growth (%)	-5.90	12.05	2.76	-14.75

Source: Bangladesh Bank;

### 3.4 Balance of Payments (BOP)

The trade deficit gap narrowed in July of FY24 compared to the same period of the previous fiscal year as the import is put under stern monitoring by the Bangladesh Bank. The current account surplus became US\$ 537 million compared to a deficit of US\$ 449 million for the same period of the previous year. But due to negative growth in the financial account the overall deficit stood at US\$ 1.06 billion at the end of July FY4 compared to a 1.08 billion US\$ deficit in the same time of the previous year.

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

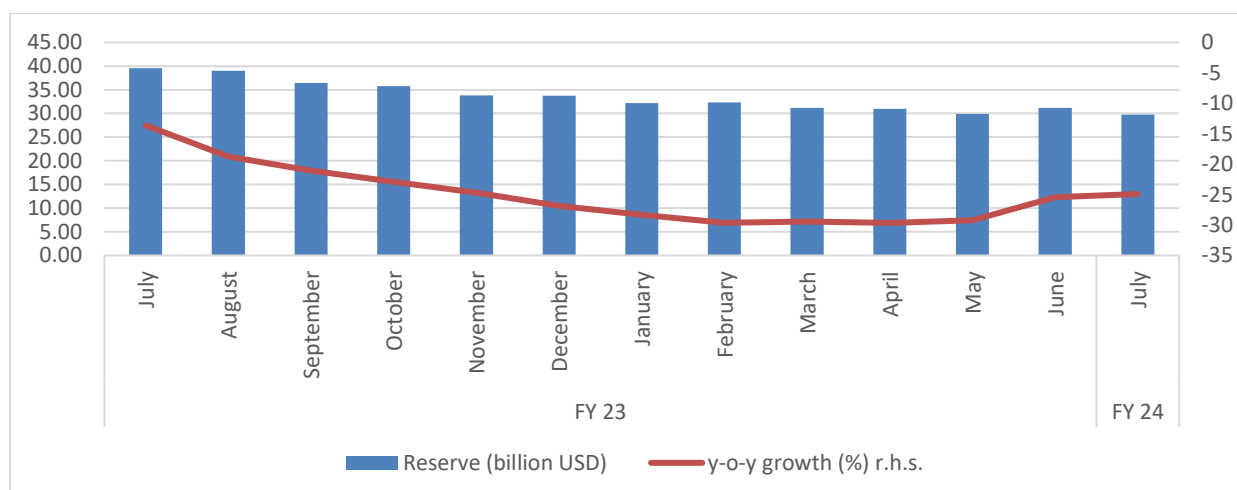
	2023-24	2022-23	2022-23	2021-22
	July	July		
Trade Bal.	-635	-2098	-17155	-33250
Curr. A/C	537	-449	-3334	-18,639
Cap. A/C	1	9	473	181
Fin. A/C	-895	-66	-2142	15,458
E & O	-710	-575	-3220	-3,656
Over. Bal.	-1,067	-1,081	-8222	-6,656

Source: Bangladesh Bank;

### 3.5 External Reserve

Gross foreign exchange reserves stood at USD 29.73 billion in July FY24 which was sufficient to pay import liability of 4.8 months, considering the average of the previous 12 months' imports.

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

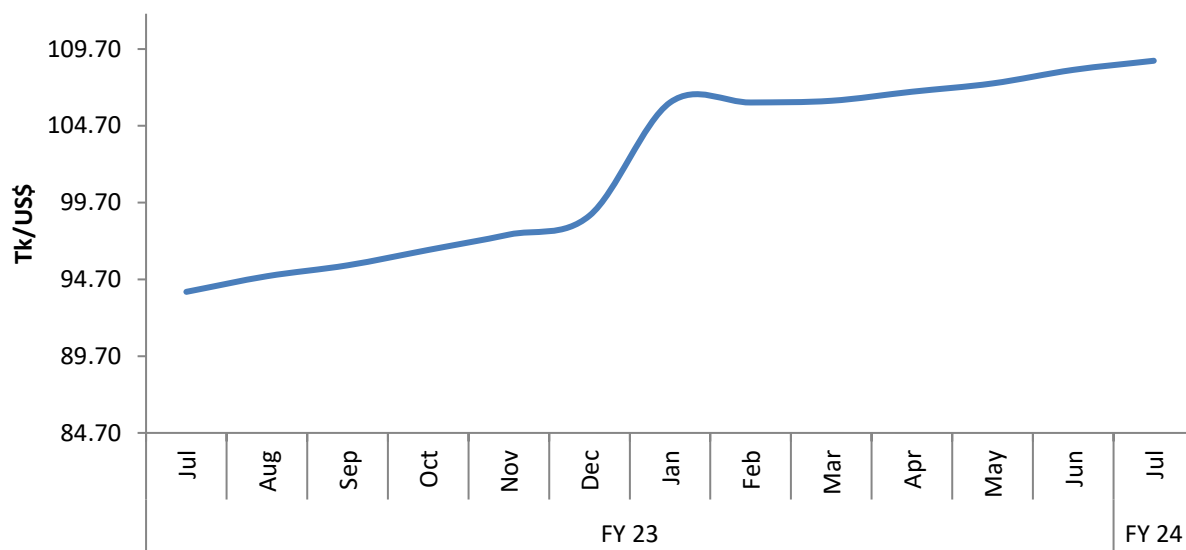


Source: Bangladesh Bank

### 3.6 Exchange Rate Movements

Exchange rate of Bangladesh Taka/ against USD, at the end of July 2023, depreciated by 0.59 percent over that of the end of June 2023. Starting from 01 July 2023 Bangladesh Bank has been using the market exchange rate for any transaction in the foreign exchange market. To contain the persistent foreign exchange pressure during FY23, Bangladesh Bank as well as the government took various policy measures on top of assistance from steady inflow of remittances and lower import payments.

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



Source: Bangladesh Bank;

## 4. REAL SECTOR

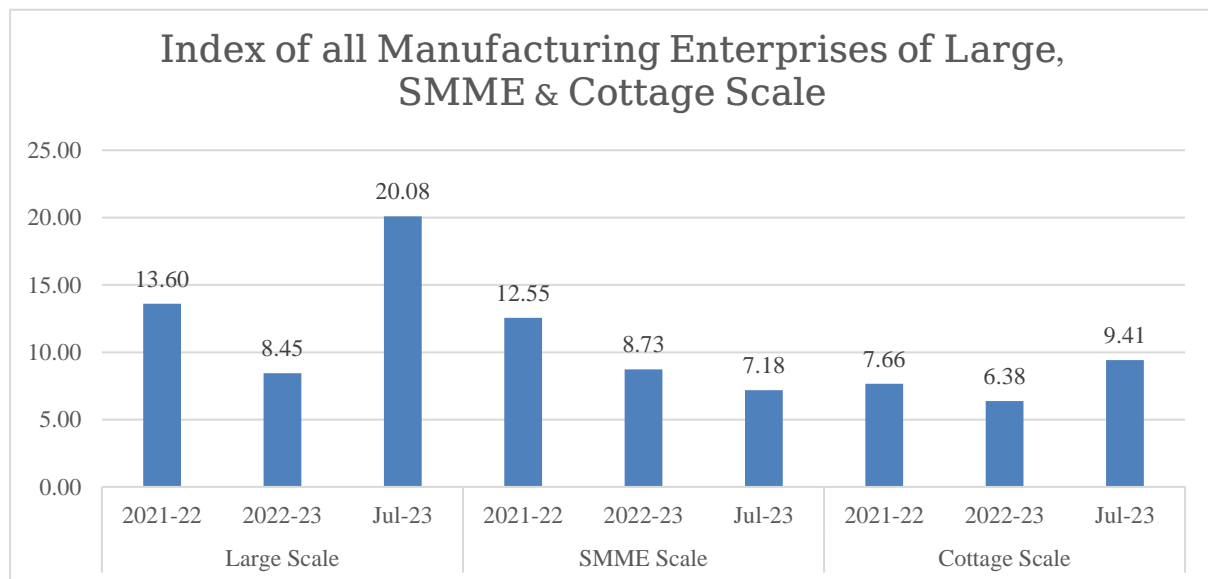
### 4.1 Industrial Production

The industrial production of Large Scale, SMME Scale and Cottage Scale increased 20.08 percent, 7.18 percent and 9.41 percent respectively during July 2023.

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

	Monthly Index			2022-23	2021-22
	Jul-23	Jul-22	Change	Change	Change
Large Scale	208.07	173.27	20.08	8.45	13.60
SMME Scale	199.79	186.4	7.18	8.73	12.55
Cottage Scale	195.48	178.66	9.41	6.38	7.66

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



### 4.2 CPI Inflation

Point to point inflation decreased to 9.69 percent in July FY24 from 9.74 percent of June FY23 where food inflation increased from 9.7 to 9.76 percent, non-food inflation decreased to 9.47 percent from 9.6 percent. On twelve-month average basis inflation rose to 9.2 percent in July FY23 from 9.0 percent in June FY23, which is 3 percentage point higher than the target of 6.0 percent for FY24.

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

Fiscal Year	Twelve-Month Average Basis			Point to Point Basis		
	General	Food	Non-Food	General	Food	Non-Food
2021-22						
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
Dec	7.70	7.75	7.62	8.71	7.91	9.96
Jan	7.92	7.92	7.92	8.57	7.76	9.84
Feb	8.14	8.08	8.23	8.78	8.13	9.82
March	8.39	8.31	8.53	9.33	9.09	9.72
April	8.64	8.52	8.81	9.24	8.84	9.72
May	8.8	8.6	9.1	9.94	9.2	10.0
June	9.0	8.7	9.4	9.74	9.7	9.6
2023-24						
July	9.2	8.84	9.64	9.69	9.76	9.47

Source: Bangladesh Bank

### 4.3 GDP Growth Outlook

The latest publication of the Bangladesh Bureau of Statistics (BBS) (with the new base 2015-16) shows that GDP grew by 6.03 percent in FY23 (provisional). With this growth, per capita GNI rose to US\$ 2,765 at the end of FY23. According to the Medium-Term Macroeconomic Policy Statement (FY24 to FY26), the growth target for FY24 is 7.50 percent.