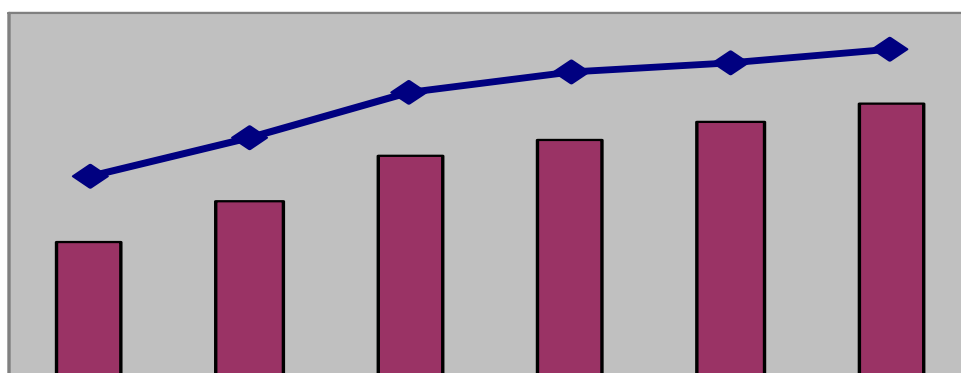


MONTHLY FISCAL-MACRO UPDATE

March, 2010



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Issue-03, Year: 2010
As on June 13, 2010

A. FISCAL SECTOR

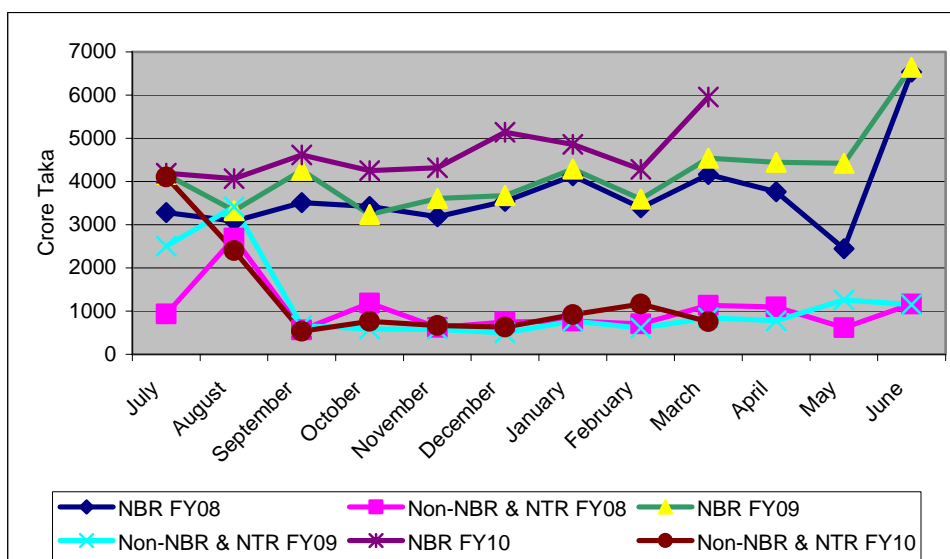
a.1 Revenue Earnings

(in crore Tk.)

| Fiscal Year | Tax Revenue | | Non-Tax Revenue | Total Revenue |
|---------------------------------|-------------|---------|-----------------|---------------|
| | NBR | Non-NBR | | |
| 2007-08 | 45777.0 | 2313.0 | 10080.0 | 58170.0 |
| 2008-09 | 50205.1 | 2652.9 | 10989.3 | 63847.3 |
| Growth (%) | 9.6 | 14.7 | 9.0 | 9.7 |
| 2009-10 | | | | |
| March | 5956.9 | 245.4 | 508.2 | 6710.6 |
| July- March | 41176.7 | 1898.2 | 9987.6 | 53062.5 |
| (Growth over July-March FY '09) | (18.7%) | (4.2%) | (13.9%) | (17.2%) |

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

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



- Up to March, FY10 growth of total revenue is 17.2 percent.
- NBR Tax revenue growth up to March FY 10 is 18.7 percent.
- Non-NBR Tax revenue increased by 4.2 percent.
- Dividend, Interest, fees, tolls mainly contributes growth (13.9%) in Non-Tax revenue.

a.2 Grants

(in crore Tk.)

| 2007-08 | 2008-09 | Growth (%) | 2009-10 | |
|---------|---------|------------|---------|--|
| | | | March | July- March (Growth over July- March FY'09) |
| 2007.4 | 1273.5 | -36.56 | 479.4 | 1297.9 (95.5%) |

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

MONTHLY FISCAL-MACRO UPDATE

a.3 Government Expenditure

(in crore Tk.)

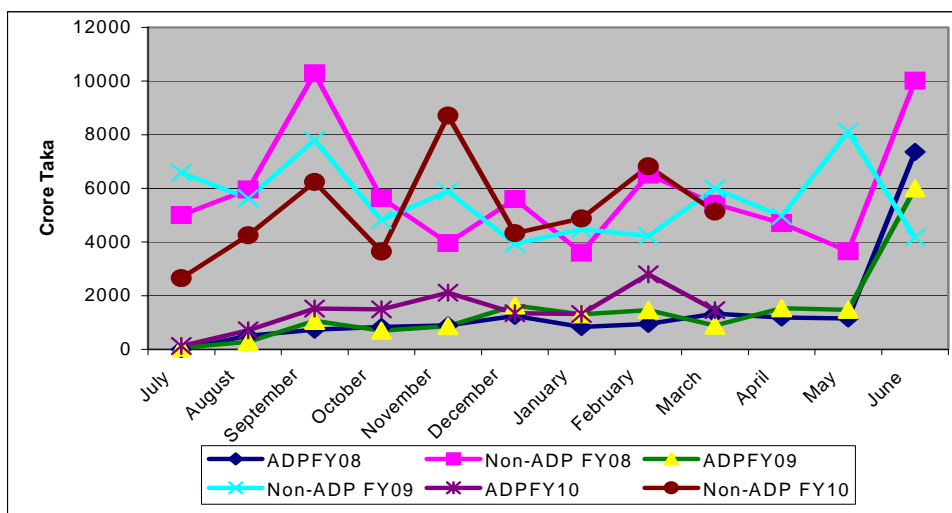
| | 2007-08 | 2008-09 | Growth (%) | 2009-10 | |
|--|---------|---------|------------|---------|------------------|
| | | | | March | July- March |
| 1. Non-Development | 61965.7 | 64955.1 | 9.10 | 5250.1 | 40603.2 (6.0%) |
| Interest | 8072.2 | 10317.4 | 27.81 | 1106.68 | 10169.2 (-4.6%) |
| Domestic | 6910.5 | 9188.1 | 54.73 | 1024.59 | 9133.6 (-5.5%) |
| Foreign | 1161.7 | 1129.3 | -2.78 | 82.09 | 1035.6 (3.1%) |
| Subsidies & Current Transfer | 17760.6 | 20097.1 | 13.2 | 2020.52 | 14036.4 (7.8%) |
| 2. ADP | 18282.7 | 17559.9 | -0.42 | 1464.10 | 12972.3 (53.2%) |
| 3. Development Program Financed from Rev. Budget | 388.32 | 378.35 | -2.57 | 127.10 | 626.1 |
| 4. Non-ADP FFW | 449.7 | 145.1 | -68.19 | 0 | 247.0 |
| 5. Net Outlay on Food A/C | 1416.8 | 4912.9 | 124.52 | -161.7 | 1632.4 (-56.6%) |
| 6. Loans & Advances | 10970.1 | 1832.6 | -82.98 | -79.4 | -152.6 (-112.1%) |
| Total** | 89858.5 | 84236.5 | -3.15 | 6600.20 | 55793.6 (6.9%) |

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. Figures in parentheses indicate growth over July-January, FY 09. ** excludes non-ADP projects, structural adjustment

Up to March, FY 10

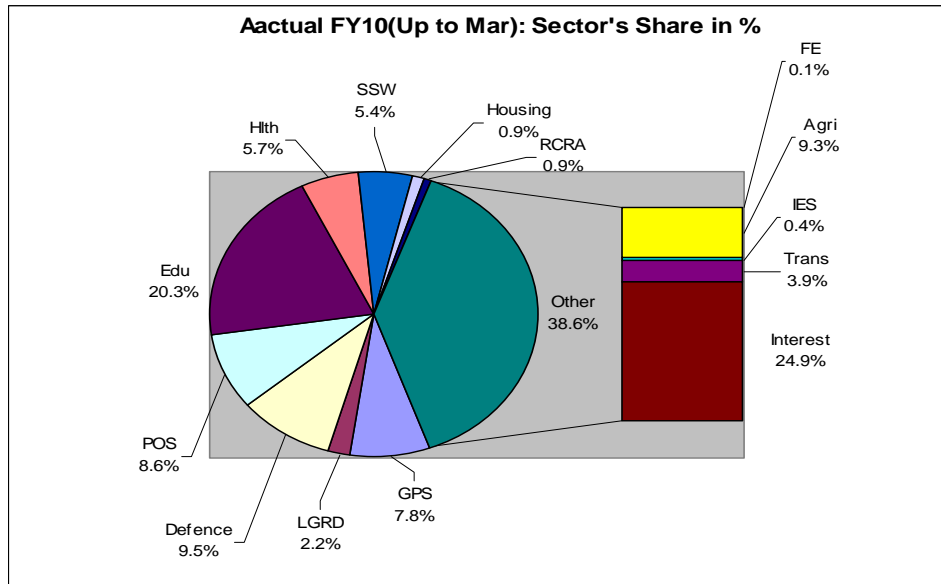
- Non Development expenditure increased by 6.0 percent, of which
 - Subsidies and transfer (growth: 7.8%)
 - Interest payments (growth: -4.6%).

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



a.3.1 Structure of Revenue Expenditure

Chart 4: structure of revenue expenditure by sector (FY10)

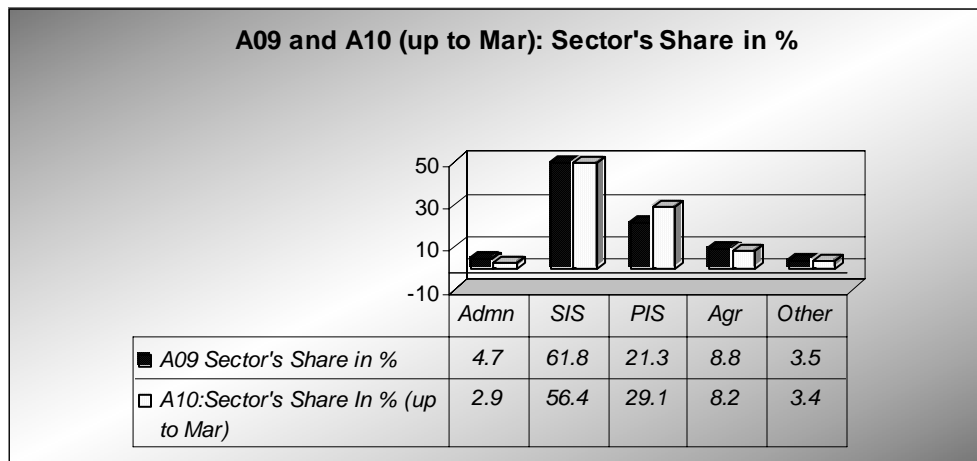


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 Education (20.3%), Interest payment (24.9%) and POS (8.6%).

a.3.2 Structure of ADP Expenditure

Chart 5: structure of ADP expenditure by sector (FY10)



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 March FY10, highest share are in SIS (56.4%) and next highest expenditure is in PIS (29.1%).

a.4 Budget Balance

(in crore Tk.)

| | Overall Balance | Overall Balance as % of GDP |
|--------------|--|--|
| 2007-08 | -26650.9 (including BPC) -19328.4 (excluding BPC) | -4.9(including BPC) -3.5(excluding BPC) |
| 2008-09 | -16364.3 | -2.38 |
| 2009-10 | | |
| March* | 110.4 | 0.02 |
| Up to March* | -2371.0 | -0.40 |

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

a.5 Deficit Financing

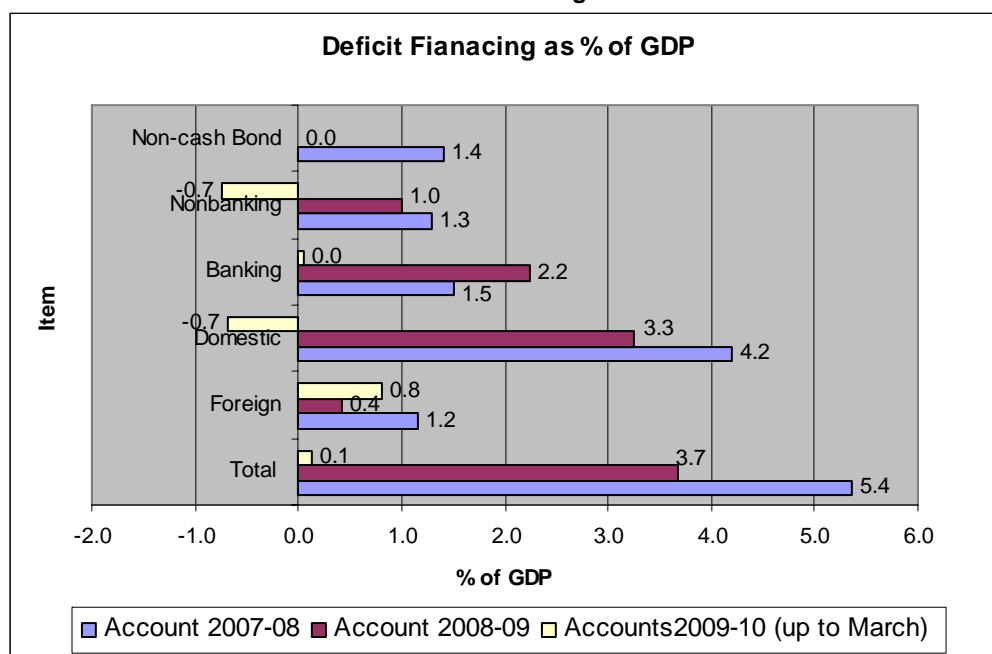
(in crore Tk.)

| | External (net) | Domestic | | Total Financing | Financing as % of GDP |
|-------------|----------------|----------------------|----------|-----------------------|-----------------------|
| | | Bank | Non-Bank | | |
| 2007-08 | 7775.5 | 16349.3* 9026.7** | 2526.1 | 26650.9* 19328.4** | 4.9* 3.5** |
| 2008-09 | 2757.9 | 9856.9 | 3749.5 | 16364.3 | 2.38 |
| 2009-10 | | | | | |
| March | 224.2 | -1222.3 | -690.5 | -588.7 | -0.09 |
| Up to March | 5580.9 | 329.1 | -5066.8 | 843.2 | 0.21 |

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

*including BPC ** excluding BPC

Chart 6a: Financing of deficit



MONTHLY FISCAL-MACRO UPDATE

a.5 Net Sales of NSD Certificates

(in crore Taka)

| | Sales | Repayment | Net Sale | Outstanding at the end of period |
|-----------------------------|----------|-----------|-----------|----------------------------------|
| 2007-08 | 14105.79 | 11587.50 | 2518.29 | 46157.47 |
| 2008-09 | 16035.28 | 12401.96 | 3633.32 | 49790.79 |
| Growth | 13.68% | 7.03% | 44.28% | 7.87% |
| 2009-10 ^P | | | | |
| March | 2456.00 | 1323.58 | 1132.42 | 58320.84 |
| Up to March | 18907.11 | 10377.06 | 8530.05 | 58320.84 |
| Growth over July-March FY09 | (70.4%) | (15.3%) | (307.33%) | (20.87%) |

Source: National Savings Directorate. P- Provisional

- Up to March FY10, the growth rate in net sale is 307.3 percent compared to the same period of the previous fiscal year.

A. MONETARY SECTOR (done for march)

b.1 Monetary and credit development

(in crore Taka)

| | Outstanding Stock at the end of period | | | | |
|---------------------|--|-----------|------------|-------------------------------|--------------------------|
| | 2007-08 | 2008-09 | Growth (%) | 2009-10 (March ^P) | Growth(%) over March '09 |
| Net Foreign Asset | 37845.40 | 47964.50 | 26.74 | 63938.70 | 70.02 |
| Net Domestic Asset | 210949.50 | 248535.40 | 17.82 | 273640.40 | 13.68 |
| Domestic credit | 248767.80 | 288552.30 | 15.99 | 314144.40 | 13.27 |
| Public Sector | 58632.00 | 70624.90 | 20.45 | 63061.41 | -6.08 |
| Govt. (net) | 46999.60 | 58185.20 | 23.80 | 47871.20 | -10.55 |
| Other Public Sector | 11632.40 | 12439.70 | 6.94 | 15190.20 | 11.50 |
| Private Sector | 190135.80 | 217927.40 | 14.62 | 251083.00 | 19.45 |
| Broad Money | 248794.90 | 296499.90 | 19.17 | 337579.10 | 21.29 |

Source: Bangladesh Bank. p. Provisional

- At the end of March, 2010 broad money growth stands to 21.29 percent.
- Growth in Net Foreign Asset is 70.02 percent.
- Share of Net Foreign Asset in M₂ is 18.94 percent.
- There has been a negative growth in Govt. (net) (-10.55%)
- Growth in private sector credit is 19.29 percent.

b.2 Reserve money and money multiplier

| | Outstanding Stock at the end of period | | | | |
|--------------------------|--|----------|--------|----------------------------------|--------------------------|
| | 2007-08 | 2008-09 | Change | 2009-10 (March ^p) | Change over March '09 |
| Reserve money | 52789.60 | 69390.10 | 31.45% | 69553.20 | 17.86 |
| Reserve Money multiplier | 4.71 | 4.27 | -0.44 | 4.85 | 0.14 |

Source: Bangladesh Bank. p. Provisional

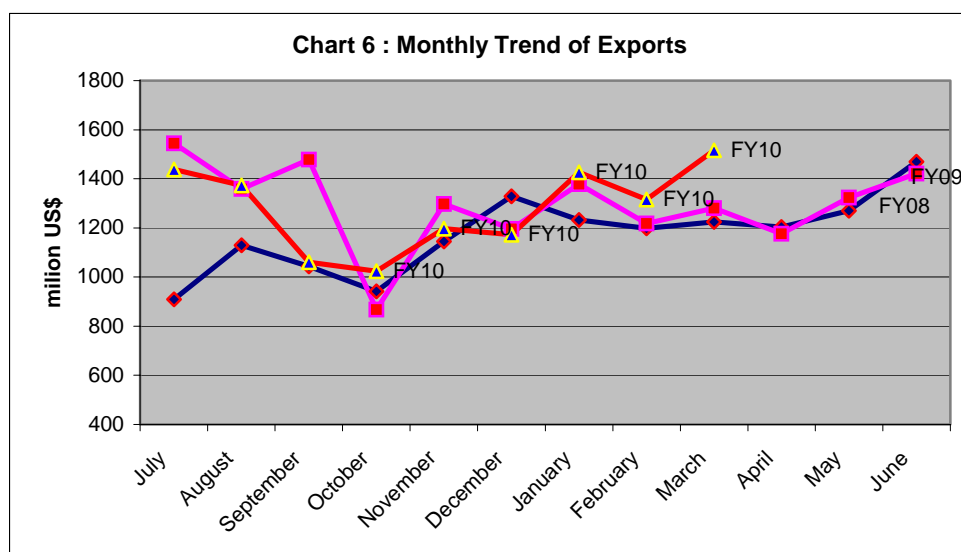
B. EXTERNAL SECTOR

c.1 Export

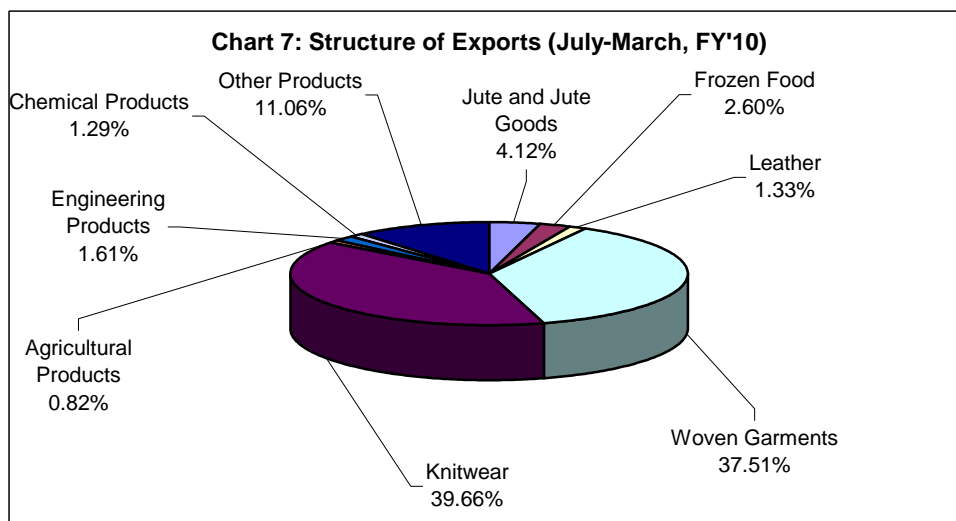
(in million US\$)

| | 2007-08 | 2008-09 | 2009-10 | |
|-------------|----------|----------|---------|-------------|
| | | | March | July- March |
| Export | 14110.80 | 15565.19 | 1515.75 | 11541.23 |
| Growth (%)* | 15.87 | 10.31 | 18.38 | -0.80 |

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



c.1.1 Structure of Exports



- In the first nine months of FY10, export earnings decreased by 0.8 percent due to decrease in export earnings of Knitwear (3.64%), Woven Garments (3.04%), Frozen food (15.7%) and Chemical products (31.8%).
- Exports of Raw Jute, Jute goods, Leather, Engineering product, other primary commodities and other manufacturing goods increased by 51.2 percent, 60.8 percent, 10.0 percent, 41.0 percent, 14.8 percent and 5.2 percent respectively.

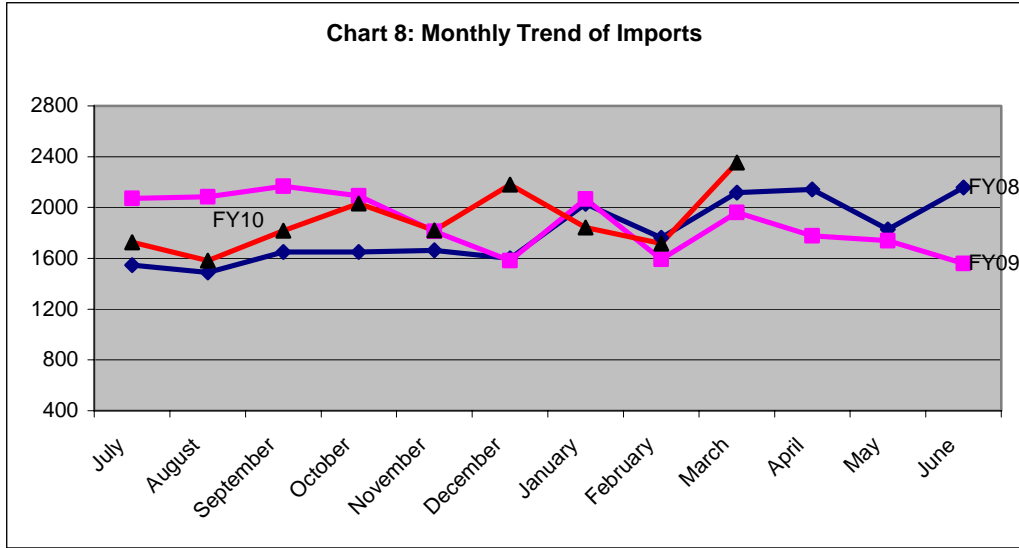
c.2 Imports (c&f)

(in million US\$)

| | 2007-08 | 2008-09 | 2009-10 ^P | |
|-----------------|----------|----------|----------------------|------------|
| | | | March | July-March |
| Import payments | 21629.00 | 22507.10 | 2353.6 | 17191.0 |
| Growth (%) | 26.07 | 4.06 | 20.02 | -1.5 |
| LCs Opened | 24435.61 | 21802.74 | 2544.49 | 20100.7 |
| Growth (%) | 40.02 | -10.77 | 33.74 | 22.44 |
| LCs Settled | 20372.60 | 21444.35 | 2260.34 | 16532.66 |
| Growth (%) | 27.56 | 5.26 | 22.47 | -0.63 |

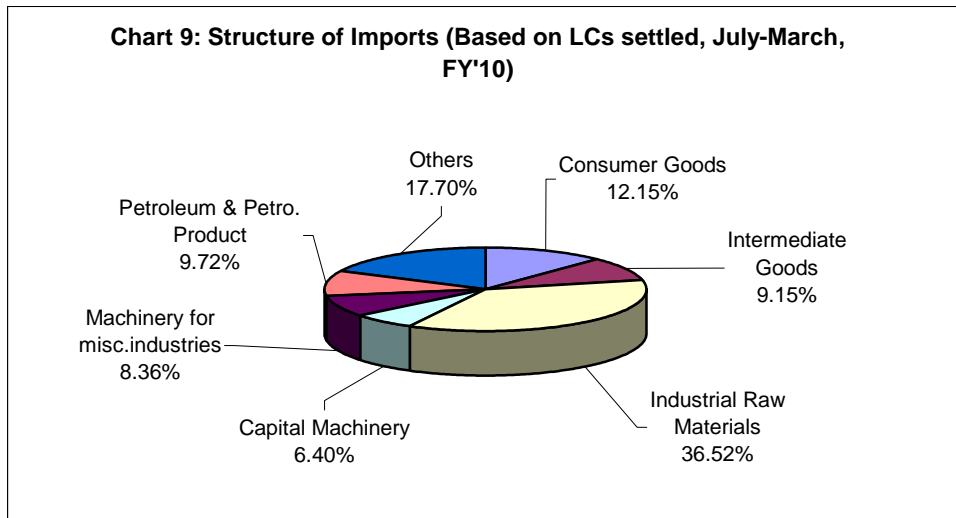
Source: Bangladesh Bank.

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



- In the fiscal year 2008-09, import payments increased by 4.06 percent compared to the previous fiscal year.
- In the first nine months of FY10 import payment decreased by 1.5 percent compared to the same period of FY09.

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



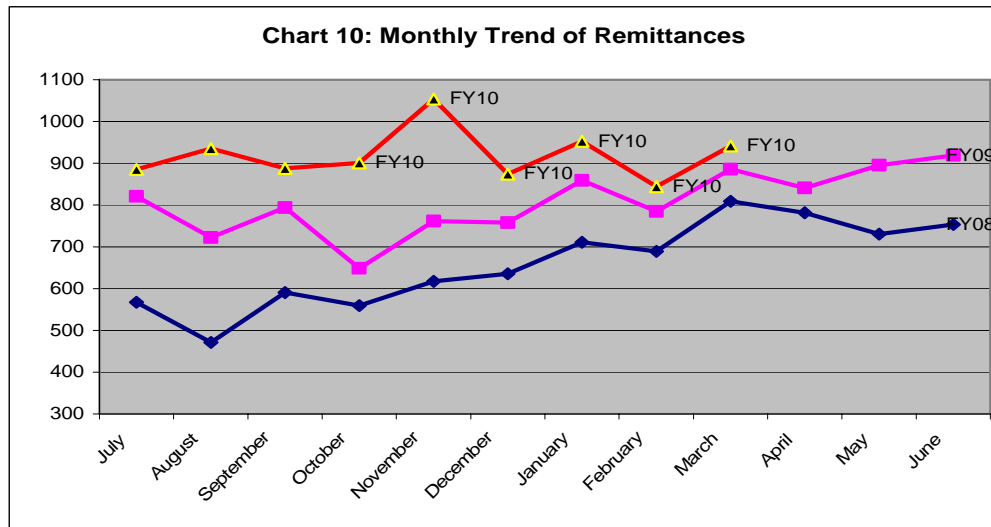
- In the first nine months of FY10 import of consumer goods recorded an increase of 22.4 percent. In the similar period-
 - ✓ Import of intermediate goods decreased by 9.2 percent.
 - ✓ Import of industrial raw materials decreased by 11.9 percent.
 - ✓ Import of capital machinery increased by 19.7 percent while machinery for misc. industry decreased by 3.0 percent.

c.3 Remittances

(in million US\$)

| | 2007-08 | 2008-09 | 2009-10 ^P | |
|----------------|---------|---------|----------------------|-------------|
| | | | March | July- March |
| Remittances | 7914.78 | 9689.26 | 941.31 | 8254.86 |
| Growth (%) | 32.39 | 22.42 | 6.3 | 17.36 |
| As % of GDP | 10.02 | 10.82 | - | - |
| As % of Export | 56.09 | 62.25 | 62.10 | 71.52 |

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

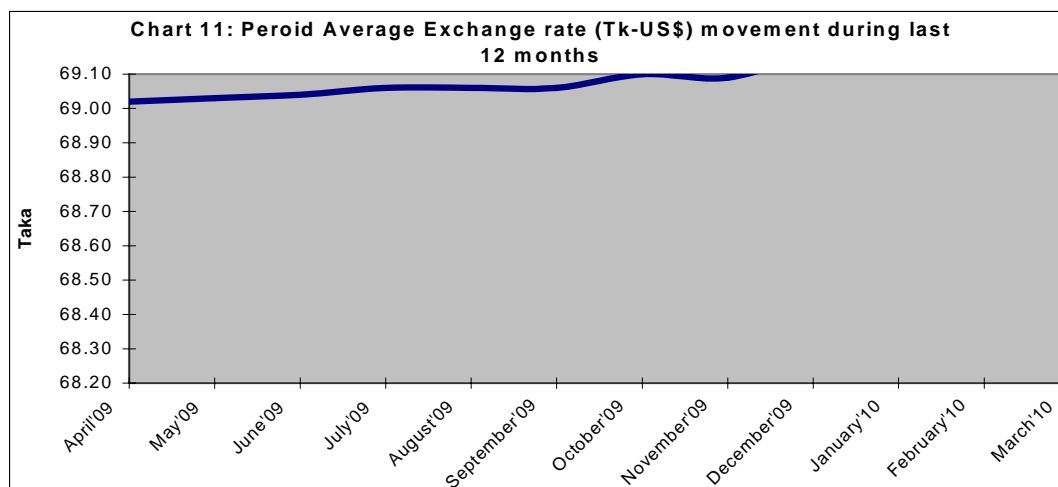


- In FY 09 remittances inflow records a robust growth of 22.83 percent.
- In FY09 remittances as percent of GDP and Export were 10.82 percent and 62.25 percent respectively which are relatively higher than previous fiscal year.
- In the first nine months of FY10 remittances inflow records a growth of 17.36 percent.

c.4 Exchange Rate Movement

| | Average | End of the period |
|-----------|---------|-------------------|
| 2006-07 | 69.03 | 68.80 |
| 2007-08 | 68.60 | 68.52 |
| 2008-09 | 68.80 | 69.06 |
| 2009-10 | | |
| September | 69.0600 | 69.0600 |
| October | 69.1019 | 69.1500 |
| November | 69.0956 | 69.1500 |
| December | 69.1657 | 69.2600 |
| January | 69.2059 | 69.1700 |
| February | 69.2931 | 69.2450 |
| March | 69.2523 | 69.2425 |

Source: Bangladesh Bank.



- Taka depreciated slightly in March'10 against US dollar compared to the same period of the previous year.

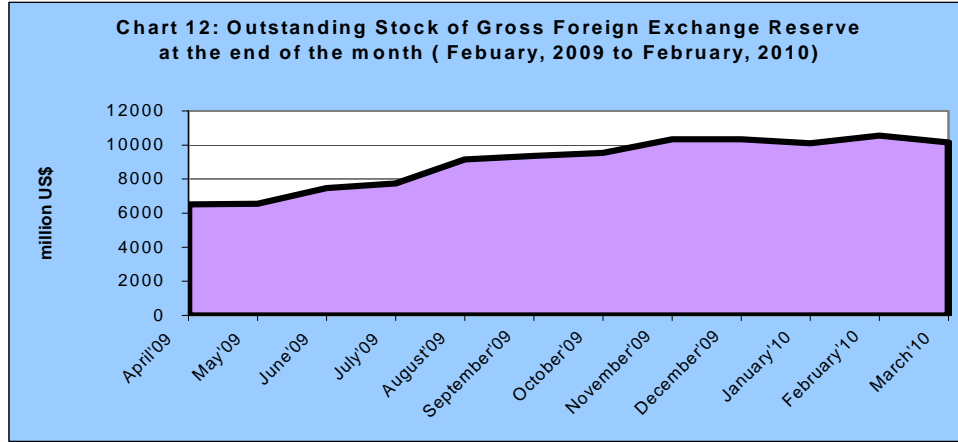
c.5 Foreign Exchange Reserve

(in million US\$)

| | 2007-08 | 2008-09 | As on end of March'10 |
|----------------------------|---------|---------|-----------------------|
| Reserve | 6148.82 | 7470.96 | 10142.00 |
| in month of import payment | 3.41 | 3.98 | 5.5 |

Source: Bangladesh Bank.

- On the basis of import payment of July-February FY10 the foreign exchange reserve (end March) is equivalent to 5.5 months import payments.

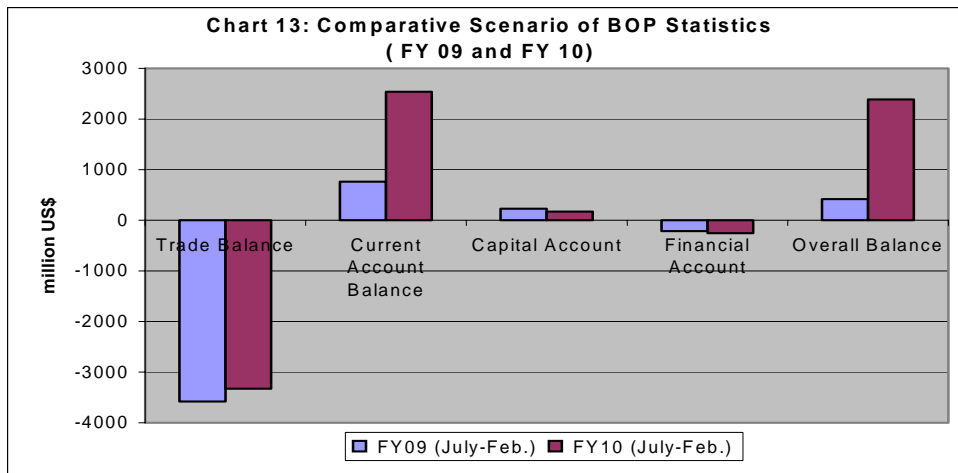


c.6 Balance of Payments

(in million US\$)

| | 2007-08 | 2008-09 | 2008-09 (July-March) | 2009-10 ^P (July-March) |
|-------------------------|---------|---------|-------------------------|--------------------------------------|
| Trade Balance | -5330 | -4708 | -4062 | -3929 |
| Current Account Balance | 680 | 2536 | 1017 | 2618 |
| Capital Account | 576 | 451 | 325 | 178 |
| Financial Account | -457 | -808 | -401 | -435 |
| Overall Balance | 331 | 2058 | 1037 | 553 |

Source: Bangladesh Bank. p- provisional



- Current Account Balance records a surplus of US\$ 2536 million in FY 09, which was US\$ 680 million in the same period of the previous fiscal year.

- In the first nine months of FY10, Current Account Balance records a surplus of US\$ 2618 million, which was US\$ 1017 million in the same period of the previous fiscal year.

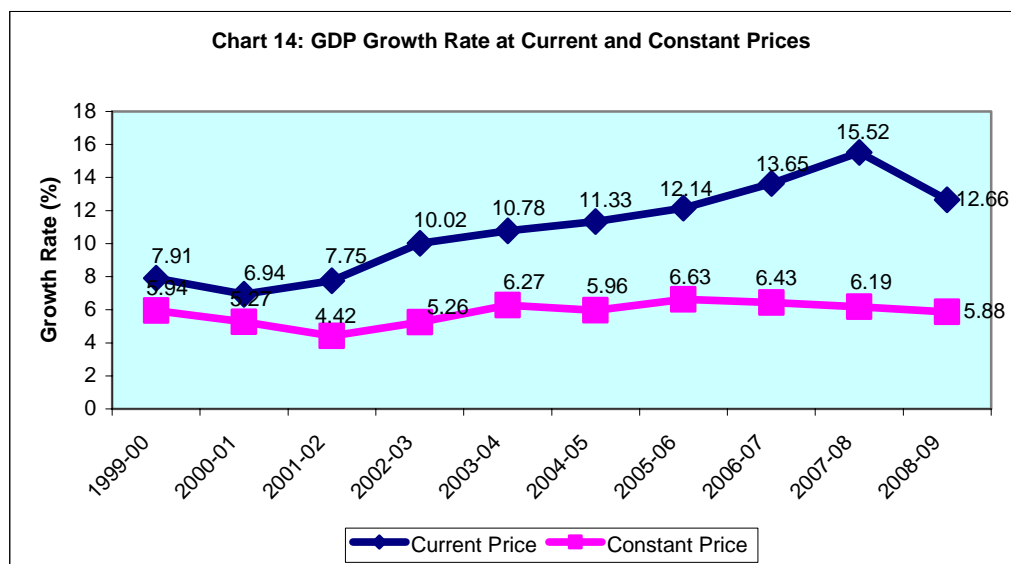
A. REAL SECTOR

d.1 Gross Domestic Product (Crore Taka)

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|------------------------|---------|---------|---------|---------|
| GDP at constant prices | 284673 | 302971 | 321726 | 340652 |
| Growth (%) | 6.63 | 6.43 | 6.19 | 5.74 |
| Agriculture | 4.94 | 4.56 | 3.20 | 4.12 |
| Industry | 9.74 | 8.38 | 6.78 | 6.46 |
| Service | 6.40 | 6.92 | 6.49 | 6.32 |
| GDP at current prices | 415728 | 472477 | 545822 | 614800 |
| Growth (%) | 12.14 | 13.65 | 15.52 | 12.60 |
| GNI at current prices | 442935 | 507752 | 594212 | 670696 |
| Per capita GDP (Tk.) | 29955 | 33607 | 38330 | 42628 |
| Per capita GNI (Tk.) | 31915 | 36116 | 41728 | 46504 |
| Per capita GDP (US\$) | 447 | 487 | 559 | 620 |
| Per capita GNI (US\$) | 476 | 523 | 608 | 676 |

Source: Bangladesh Bureau of Statistics. P- Provisional.

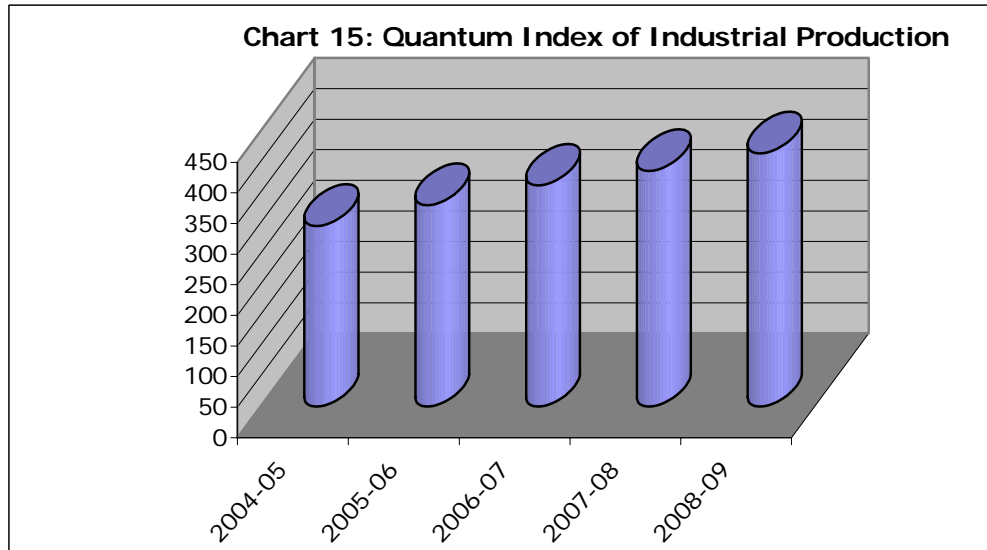
- Real GDP growth in FY 09 was 5.74 percent of which
 - Growth in Agriculture was recorded at 4.12 percent
 - Growth in Industry was 6.46 percent
 - Service sector growth was 6.32 percent.
- Per capita GDP in FY 09 exceeded US\$ 600 mark and reached to US\$ 620.



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

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

Source: BBS

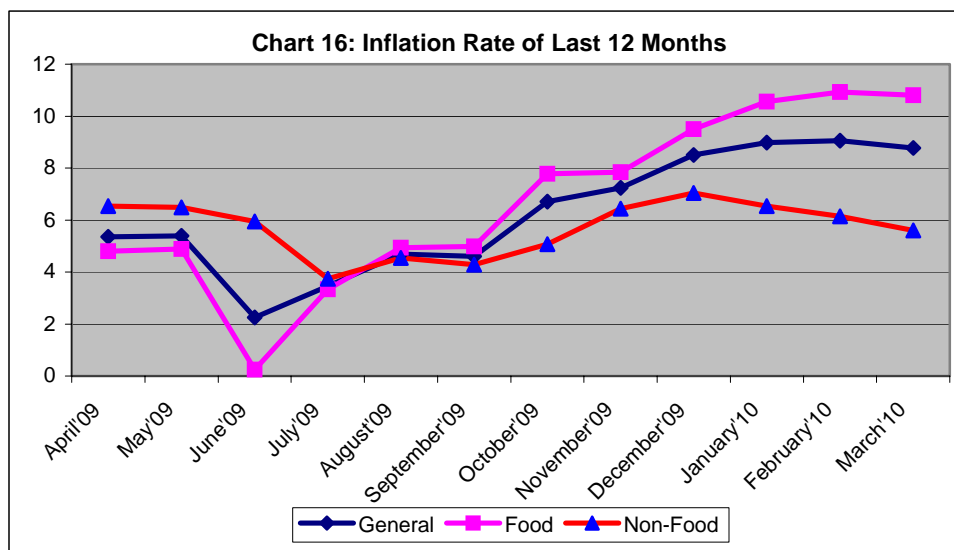


- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) is 9.74 percent in FY 07 which was 11.41 percent in FY 06.
- In FY 08, the average index is 384.82 which is 6.80 percent higher compared to the same period of FY 07.
- In FY 09, the average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

d.3 Consumer Price Index and Inflation (National)

| FY | CPI (General) | Point to Point Inflation | | |
|-----------|------------------|--------------------------|-------|----------|
| | | General | Food | Non-Food |
| 2005-06 | 164.21 | 7.17 | 7.76 | 6.40 |
| 2006-07 | 176.06 | 7.22 | 8.12 | 5.90 |
| 2007-08 | 193.54 | 9.93 | 12.28 | 6.32 |
| 2008-09 | 206.43 | 6.66 | 9.82 | 4.16 |
| 2009-10 | | | | |
| September | 219.80 | 4.60 | 4.98 | 4.28 |
| October | 223.36 | 6.71 | 7.78 | 5.07 |
| November | 222.14 | 7.24 | 7.84 | 6.44 |
| December | 222.33 | 8.51 | 9.50 | 7.04 |
| January | 222.38 | 8.99 | 10.56 | 6.53 |
| February | 222.50 | 9.06 | 10.93 | 6.14 |
| March | 222.61 | 8.78 | 10.80 | 5.60 |

Source: Bangladesh Bureau of Statistics.



- In FY08 the average rate of inflation recorded at 9.93 percent.
- There has been a decreasing trend since the second quarter of the FY 09. In June, 2009 the rate of inflation was 2.25 percent.
- In FY09 the average rate of inflation recorded at 6.66 percent. The food and non-food inflation were 9.82 percent and 4.16 percent respectively.
- In March of FY10 the rate of inflation (national) on point-to-point basis was 8.78 percent. Of which, food and non-food inflation were 10.8 percent and 5.6 percent respectively (Table d3 above).