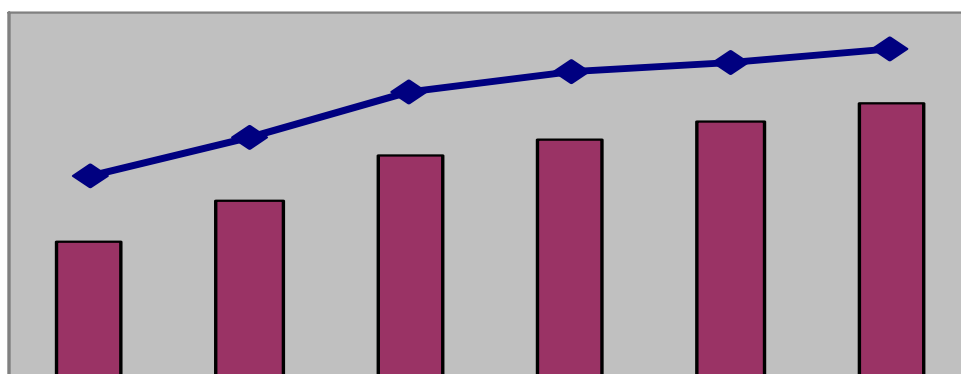


# MONTHLY FISCAL-MACRO UPDATE

September, 2011



**Prepared by:**

**Macroeconomic Wing**

**Finance Division**

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**Ministry of Finance**

Issue-08, Year: 2011

As on December 15, 2011

**A. FISCAL SECTOR**

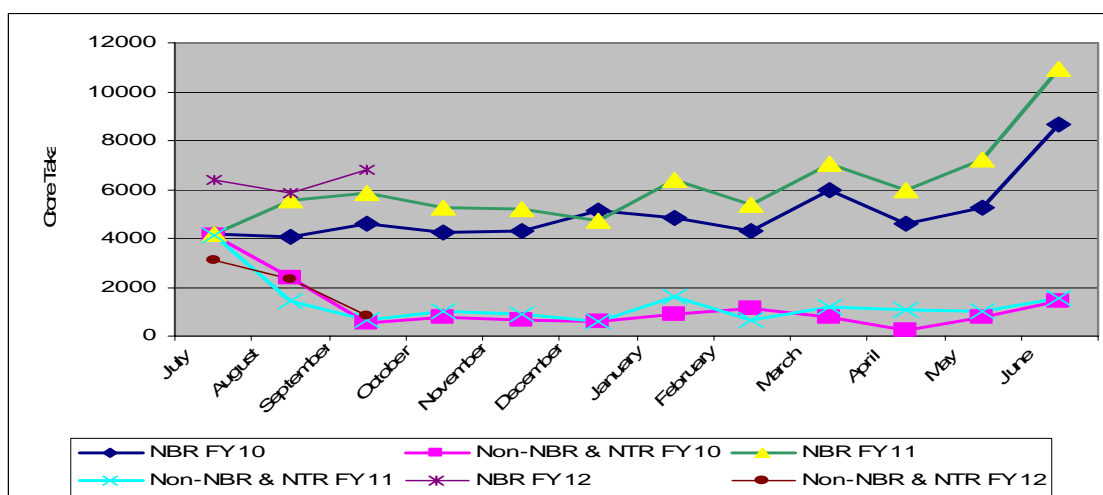
**a.1 Revenue Earnings**

(Taka in crore)

Fiscal Year	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2009-10	59396	2743	13420	75559
2010-11	76322	3229	11767	91318
Growth (%)	28.5	17.72	-12.32	20.86
2011-12				
September	6778	225	602	7634
July-September (Growth over July-September FY '11)	19018 (17.21%)	786 (9.44%)	5570 (16.07%)	25374 (16.71%)

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

**Chart 1: Monthly Trend of Revenue earnings (FY10-FY12)**



- Up to September FY12 growth of total revenue was 16.71 percent.
- NBR Tax revenue growth was 17.21 percent.
- Non-NBR Tax revenue increased by 9.44 percent
- Non-Tax revenue decreased by 16.07 percent.

**a.2 Grants**

(Taka in crore)

2009-10	2010-11	Growth (%)	2011-12		
			September	July- September	Growth over July-September. FY 11 (%)
3217.5	1224.8	61.93	30.0	68.5	-26.11

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

**a.3 Government Expenditure**

(Taka in crore)

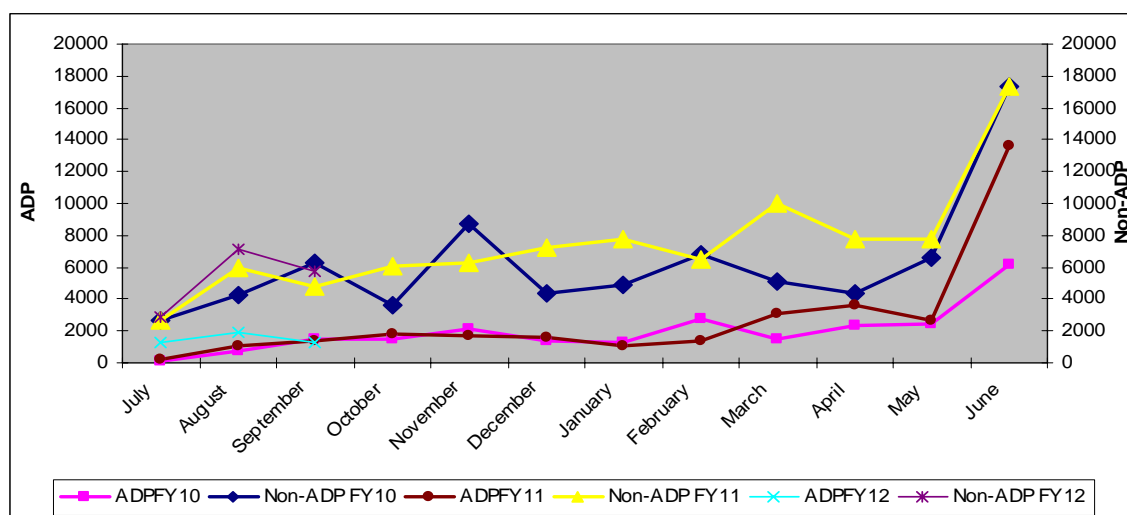
	2009-10	2010-11	Growth (%)	2011-12	
				September	July- September
1. Non-Development	73164.4	81372.0	11.22	5780.97	10089.44 (-22%)
Interest	14868	15151.9	1.91	1547.02	3775.75 (16.2%)
Domestic	13497	13729.0	1.72	1547.01	3775.74 (20.2%)
Foreign	1371	1422.9	3.79	0.004	1.75 (-99.2%)
Subsidies & Current Transfer	26964	31081.6	15.27	4233.95	6313.69 (50.5%)
2. ADP	28113.9	33001.3	17.38	1228.9	4358.9 (69.1%)
3. Development Program Financed from Rev. Budget	802.09	835.5	4.17	6.1	12.0 (-65.2%)
4. Non-ADP FFW	927.9	4200.0	352.63	-	0.00
5. Net Outlay on Food A/C	-849.9	5026.4	417.55	1071.8	3147.7 (180%)
6. Loans & Advances	931.3	7329.3	686.97	3335.4	3233.9
Total**	101604.0	124794.0	21.52	10983.7	270641 (23.9%)

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

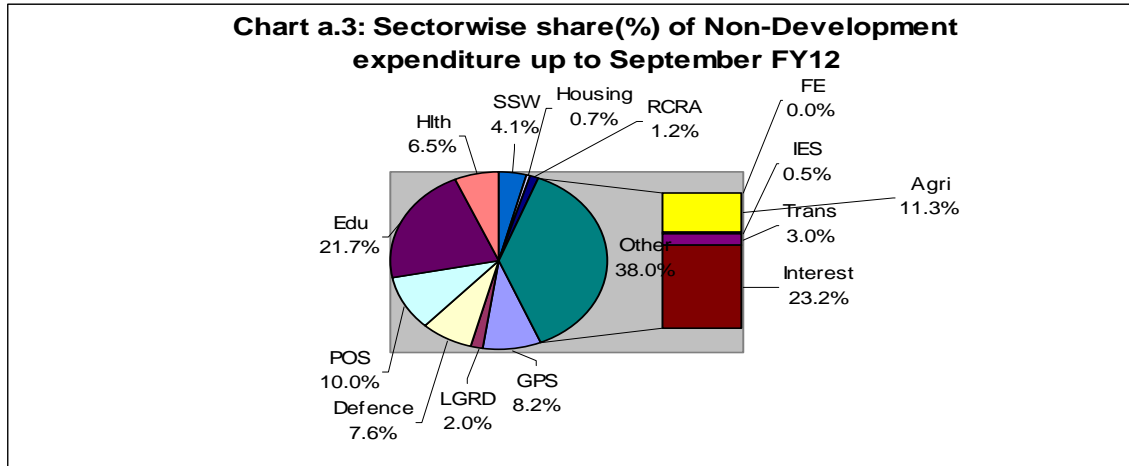
Up to September FY 12,

- Total expenditure records a growth (growth: 23.9%), of which
  - Subsidies and transfer (growth: 50.5 %)
  - Interest payments (growth: 16.2%).

**Chart 2: Monthly Trend of ADP and Non-ADP Expenditure (FY 10-FY12)**



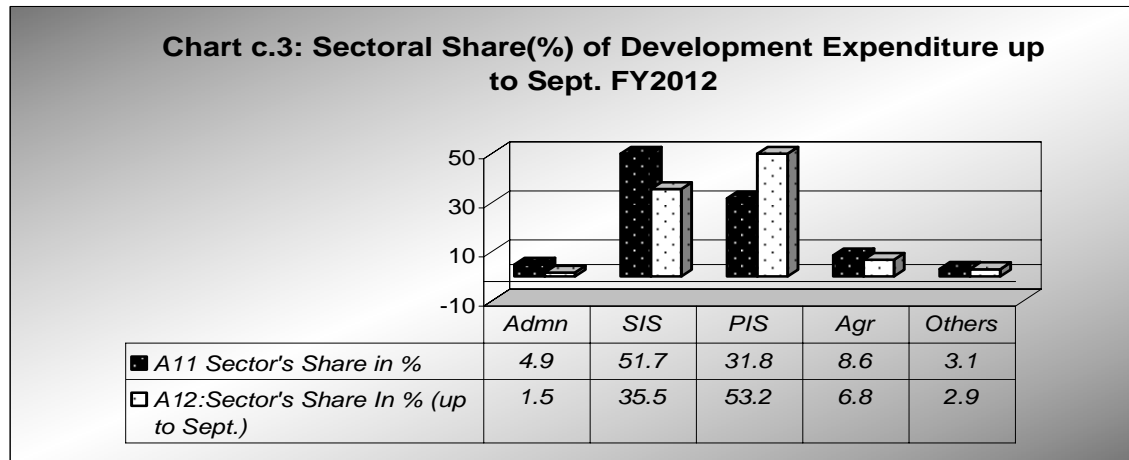
**a.3.1 Structure of Revenue Expenditure**



GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and Food, FE = Fuel and Energy, IES = Industries, Jute, Textiles, Commerce, Labor & Overseas, Trans = Transport and Communication

- Sector wise revenue expenditure shows that highest expenditure is in Interest payment (23.2%) followed by Education (21.7%), Agriculture (11.3%) and Public order & safety (9.4%).

**a.3.2 Structure of ADP Expenditure**



Admn = General Public Services, Defence, and Public Order and Safety, SIS = Social Infrastructure, covers Edu, health, Housing and SSW & LGRD. PIS = Physical Infrastructure, covers FE and Trans; and Others include RCRA and IES

- Sector wise ADP expenditure shows that, up to September FY12 highest shares are in Social Infrastructure (51.7%) and next highest expenditure is in Physical Infrastructure (31.8%).

**a.4 Budget Balance**

(Taka in crore)

	Overall Balance	Overall Balance as % of GDP
2009-10	-25699.5	-3.60
2010-11	-32154.9	-3.28
2010-11		
September*	-3342.3	0.12
Up to September*	-1663.8	0.31

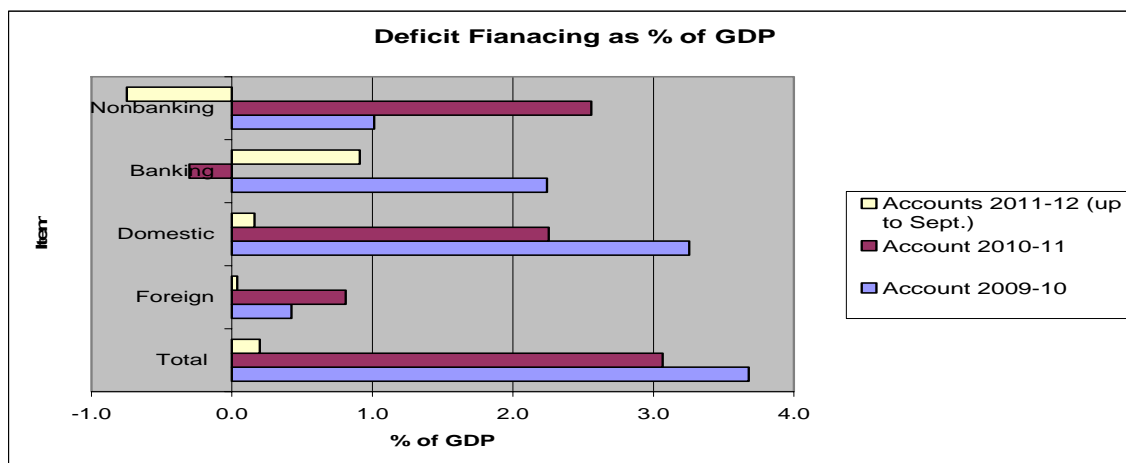
Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. \* excluding grants

**a.5 Deficit Financing**

(Taka in crore)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2009-10	6035.6	-2092.5	17911.7	21854.8	3.29
2010-11	2232.5	25210.2	3570.6	31013.2	4.70
2011-12					
September*	138.8	3638.5	-461.6	3315.7	0.09
July-September*	290.0	7101.1	-5838.9	1552.3	-0.21

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



**a.6 Net Sales of NSD Certificates**

(Taka in crore)

	Sales	Repayment	Net Sale	Outstanding at the end of period
2009-10	25553.69	13963.06	11590.63	61381.42
2010-11	17232.03	15175.13	2056.90	63438.32
Growth	-33.17	8.68	-82.25	3.35
2011-12				
September	1538.44	1377.13	161.31	63936.75
July- September	4431.21	3932.78	498.43	63936.75
Growth over July-May FY10	(-7.63)	(-16.90)	(-71.81)	(+1.79)

Source: National Savings Directorate.

- Up to September of FY12, the growth rate in net sale is 71.81 percent lower compared to the same period of the previous fiscal year.

**B. MONETARY SECTOR**

**b.1 Monetary and credit development**

(Taka in crore)

	Outstanding Stock at the end of period				
	2009-10	2010-11	Growth (%)	2011-12 <sup>P</sup> September	Growth(%) over July-September, FY11
Net Foreign Asset	67073.70	70620.00	5.29	70529.2	-0.79
Net Domestic Asset	295957.50	369899.90	24.98	382868.4	24.31
Domestic credit	340213.70	433525.90	27.43	449930.1	26.21
Public Sector	69453.00	92813.20	33.63	37410.2	-45.98
Govt. (net)	54392.30	73436.10	35.01	36722.7	-31.54
Other Public Sector	15060.70	193.77.10	28.66	687.5	-95.59
Private Sector	270760.70	340712.90	25.84	3065.5	-98.93
Broad Money	363031.20	440519.90	21.34	453397.6	19.59

Source: Bangladesh Bank. P. Provisional

- At the end of September FY12, broad money growth stands to 19.59 percent.
- Growth in Net Foreign Asset is -0.79 percent.
- Growth in Govt. (net) -31.54 percent

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

	Outstanding Stock at the end of period				
	2009-10	2010-11	Change	2011-12 (September <sup>P</sup> )	Change over July-September '11
Reserve money	80510.30	97500.90	16990.6	97013.9	14644.9
Reserve Money multiplier	4.51	4.52	0.01	4.67	0.07

Source: Bangladesh Bank.

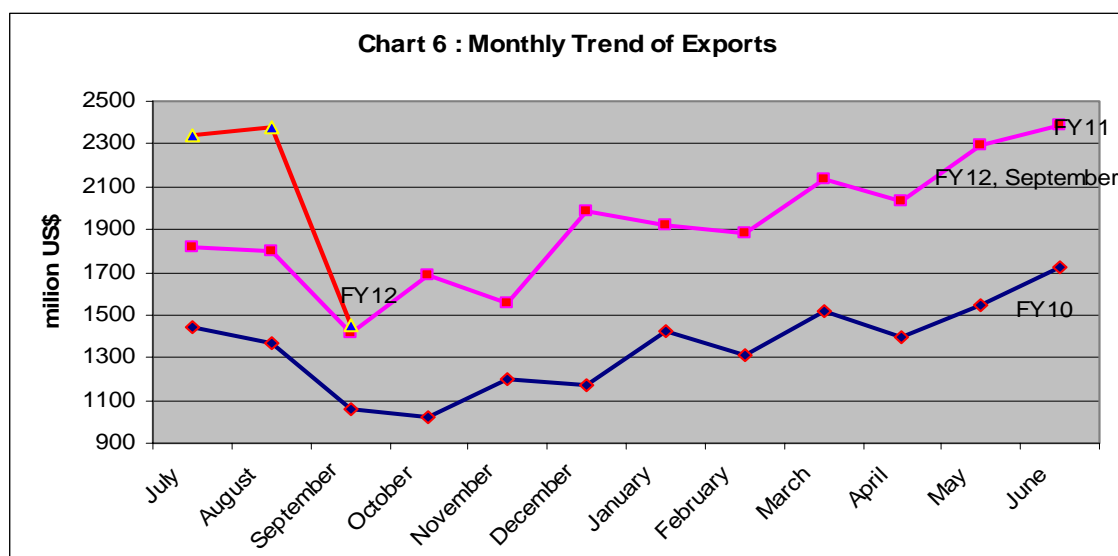
**C. EXTERNAL SECTOR**

**c.1 Export**

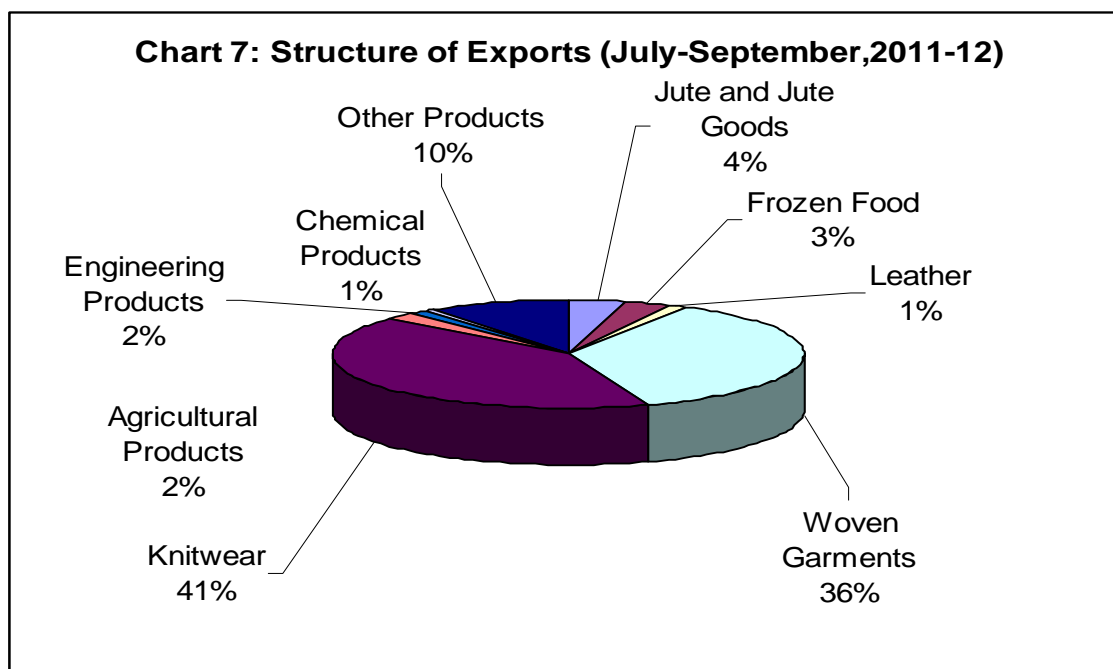
(In million US\$)

	2009-10	2010-11	2011-12	
			September	July-September
Export	16204.65	22924.38	1447.47	6163.73
Growth (%)	3.95	41.47	2.29	22.56

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



**c.1.1 Structure of Exports**



- Up to September of FY12, export earnings increased by 2.29 percent over the same period of previous year. This growth mainly contributed by Knitwear (41%), Woven Garments (36%), Frozen food (3%), Leather (1%), Raw Jute & Jute goods (4%), Agricultural Products (2%).
- While exports of leather (1%) have declined comparing the same period of FY10.

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

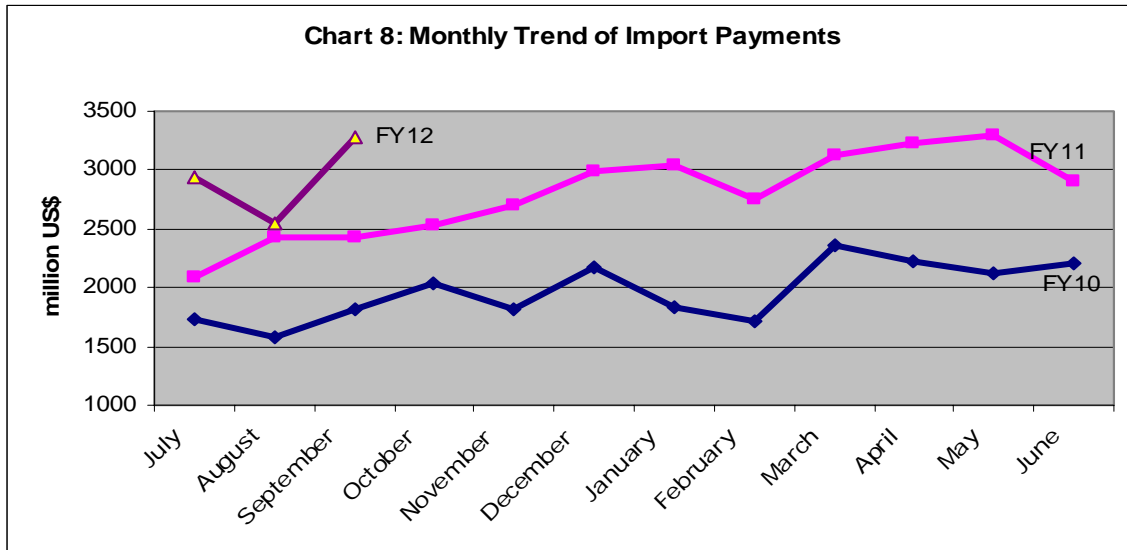
(In million US\$)

	2009-10	2010-11	2011-12 <sup>p</sup>	
			September	July-September
Import payments	23738.40	33657.50	3271.80	8762.40
Growth (%)	5.47	41.79	34.66	24.79
LCs Opened	28783.40	38581.12	3049.81	8530.46
Growth (%)	32.01	34.04	7.89	-4.85
LCs Settled	23053.10	31952.18	3560.69	9913.90
Growth (%)	7.50	38.60	47.69	43.34

Source: Bangladesh Bank.

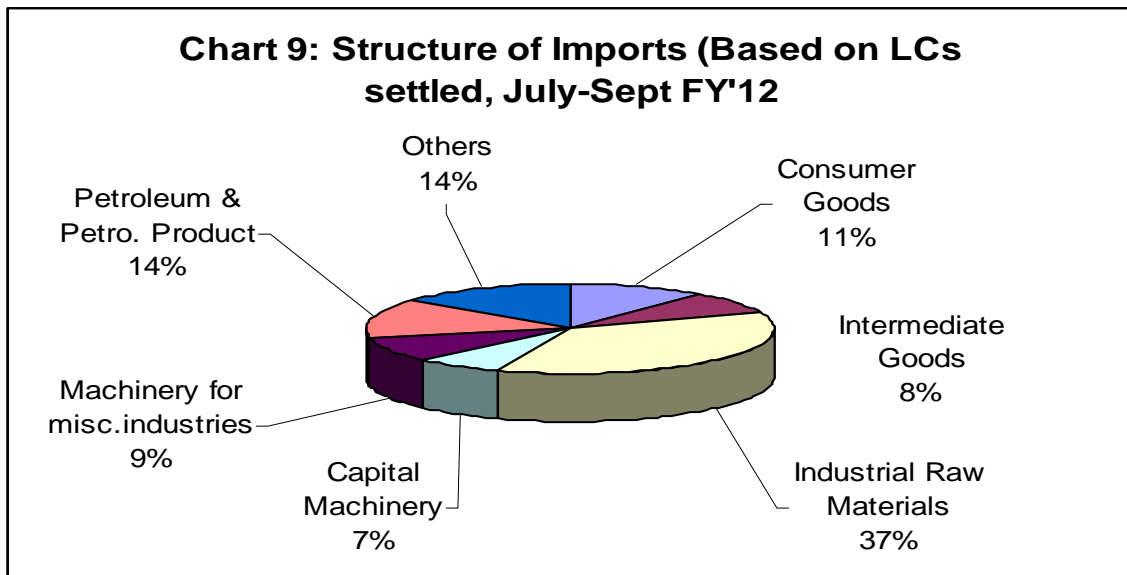
p-provisional; Growth rate (in percent) over the same period of the previous fiscal year.





- In FY11, import payments increased by 41.79 percent compared to the previous fiscal year.
- However, up to September FY12, import payment increased by 34.57 percent compared to the same month of FY11.

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



- Up to September FY12, import of consumer goods recorded an increase of 15.26 percent over the same period of previous fiscal year. In the similar period-
- Import of intermediate goods decreased by 84.88 percent.

- Import of industrial raw materials increased by 15.64 percent.
- Import of capital machinery increased by 29.30 percent and machinery for misc. industry increased by 26.27 percent.
- Import of petroleum and petro products increased by 101.92 percent.

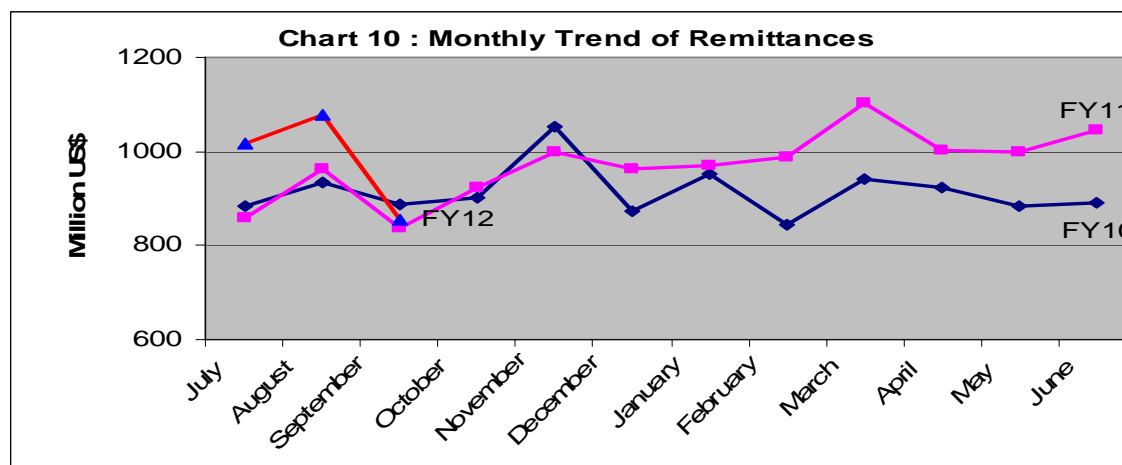
### c.3 Remittances

(In million US\$)

	2008-09	2009-10	2010-11	2011-12	
				September	July-September
Remittances	9689.26	10987.40	11650.32	855.44	2972.81
Growth (%)	22.42	13.40	6.03	2.06	11.78
As % of GDP	10.82	11.06	11.72	-	-
As % of Export	62.25	67.80	50.82	59.10	48.23

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

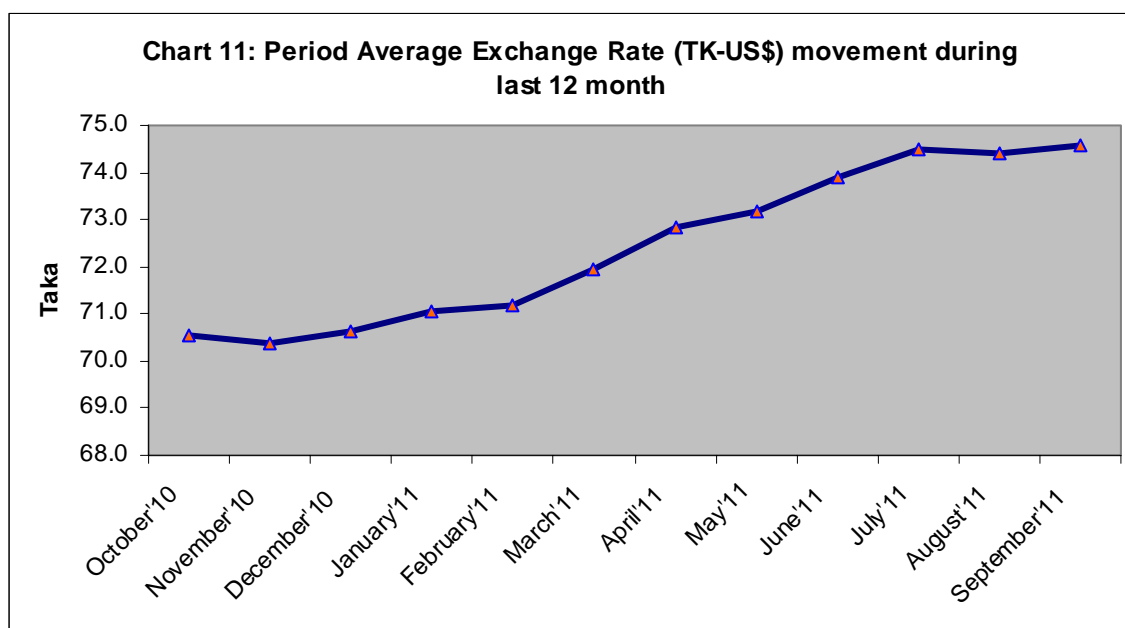
- In FY11 remittances inflow records a moderate growth of 6.03 percent.
- In FY10 remittances as percent of GDP and Export were 11.06 percent and 67.80 percent respectively which are relatively higher than previous fiscal year.
- Up to September FY12, remittances inflow recorded a growth of 2.06 percent compared to the same period of FY10.



**c.4 Exchange Rate Movement**

	Average	End of the period
2007-08	68.60	68.52
2008-09	68.80	69.06
2009-10	69.18	69.445
2010-11	73.88	74.15
2011-2012		
July	74.48	74.71
August	74.41	73.62
September	74.57	75.23

Source: Bangladesh Bank



- Exchange rate of Taka per US\$ decreased to Tk.74.57 at the end of August, 2011 from Tk.74.41 at the end of August, 2011. Taka depreciated by 0.94 percent as of end September, 2011 over end August, 2011.

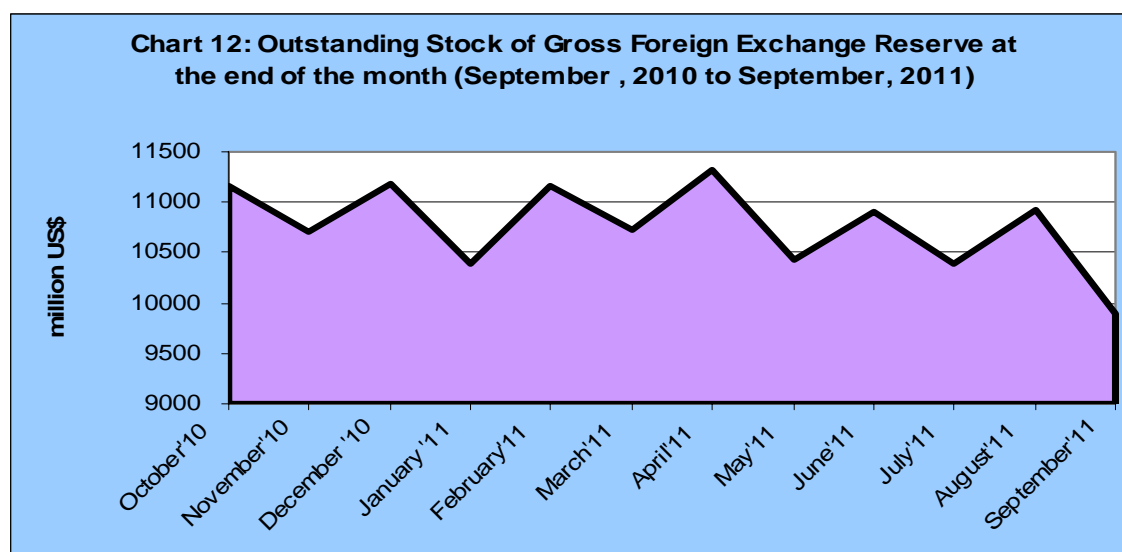
### c.5 Foreign Exchange Reserve

(In million US\$)

	2009-10	2010-11	As on end of September'11
Reserve	10749.74	10911.55	9883.59
In month of import payment	4.5	3.89	3.02

Source: Bangladesh Bank.

- The gross foreign exchange balances held abroad by commercial banks stood at US\$ 9883.59 million by end September, 2011 against US\$10931.88 million by end August, 2011.
- On the basis of average import payment during the last 12 months, the foreign exchange reserve is equivalent to 3.02 months import payments.

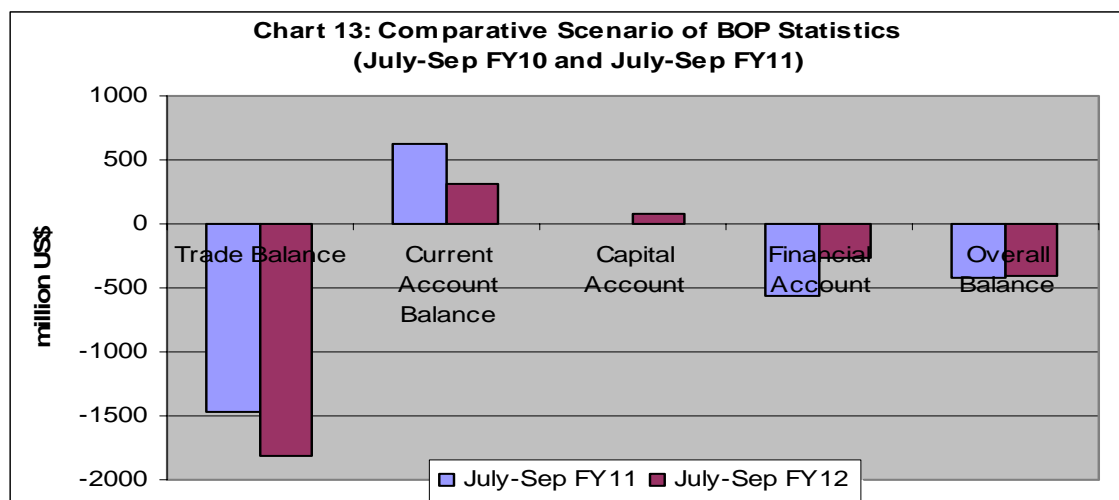


### c.6 Balance of Payments

(In million US\$)

	2009-10	2010-11	2010-11 (July-September)	2011-12 (July-September)
Trade Balance	-5155	-7328	-1469	-1814
Current Account Balance	3724	995	622	307
Capital Account	512	600	3	82
Financial Account	-651	-1584	-559	-272
Overall Balance	2865	-925	-426	-400

Source: Bangladesh Bank. p- provisional



- In FY11, Current Account Balance had a surplus of US 995million, which was US\$ 3724 million in the same period of the previous fiscal year.
- Current account balance records a surplus of 307 million US\$ during July-September of FY12, which was 622 million US\$ in the same period of the previous fiscal year.

## D. REAL SECTOR

### d.1 Gross Domestic Product

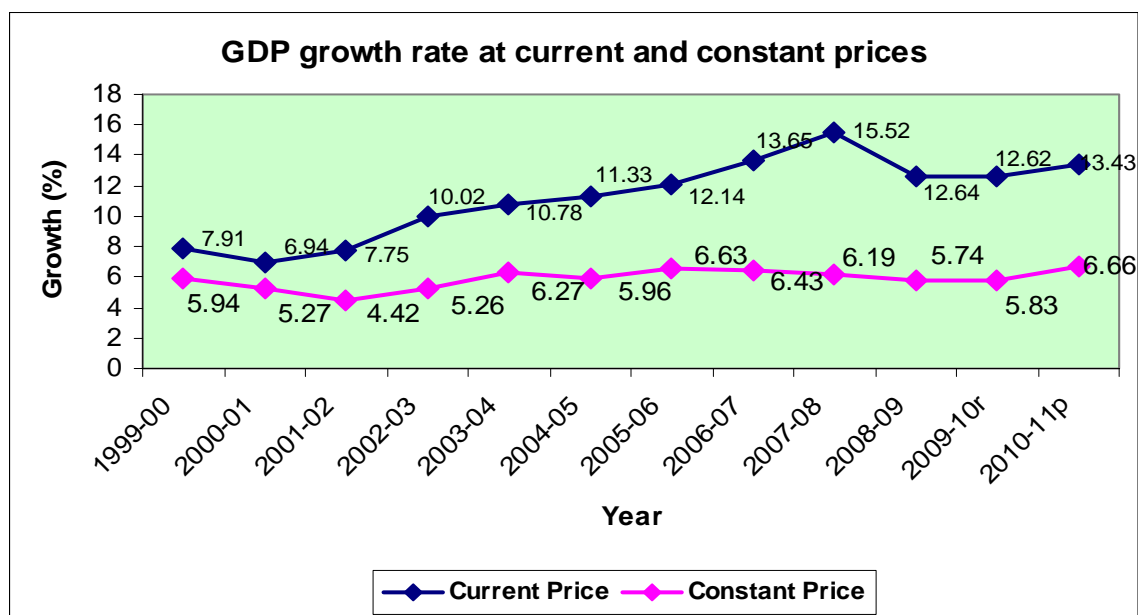
(Taka in Crore )

	2006-07	2007-08	2008-09	2009-10	2010-11 <sup>P</sup>
GDP at constant prices	302971	321726	340197	360047	384885
Growth (%)	6.43	6.19	5.74	5.83	6.66
Agriculture	4.56	3.20	4.12	4.67	4.96
Industry	8.38	6.78	6.46	6.01	8.16
Service	6.92	6.49	6.32	6.38	6.63
GDP at current prices	472477	545822	614795	692380	787495
Growth (%)	13.65	15.52	12.60	12.62	13.42
GNI at current prices	507752	594212	670696	758684	852822
Per capita GDP (Tk.)	33607	38330	42628	47405	53236
Per capita GNI (Tk.)	36116	41728	46504	51945	57652
Per capita GDP (US\$)	487	559	620	685	755
Per capita GNI (US\$)	523	608	676	751	818

Source: Bangladesh Bureau of Statistics. R- Revised.

- Real GDP growth in FY2010-11 was 6.66 percent of which
  - Growth in Agriculture as per revised was 4.96 percent

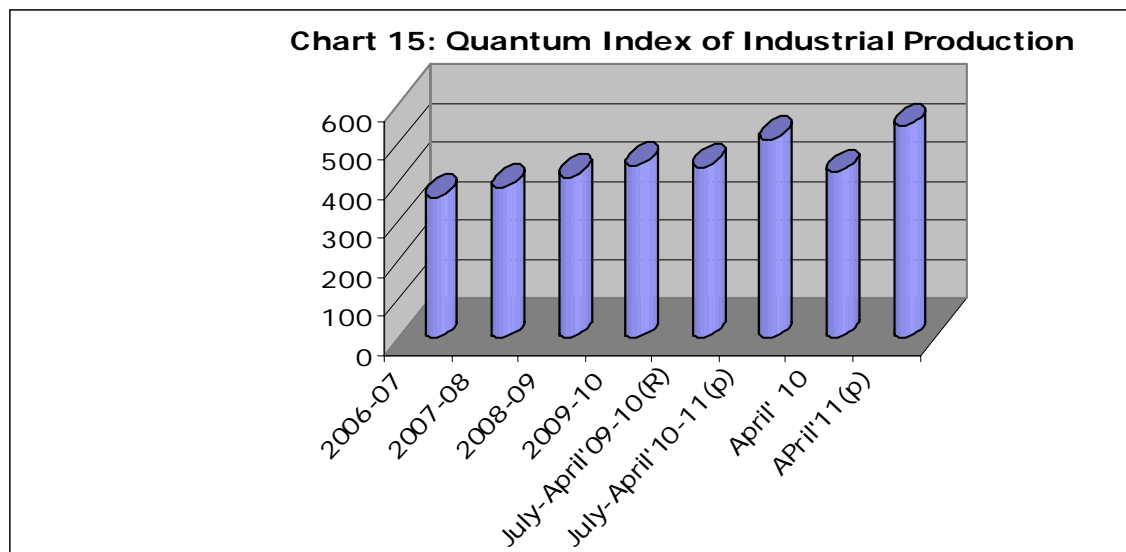
- Growth in Industry is estimated 8.16 percent
- Service sector growth is estimated at 6.63 percent.
- Per capita GDP in FY2010-11 exceeded US\$ 750 mark and reached to US\$ 755.



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

FY	Index	Growth Rate
2006-07	360.33	9.74
2007-08	386.48	7.27
2008-09	413.42	6.97
2009-10	442.12	6.94
2010-2011 <sup>P</sup>	520.32	-
Jul-April FY10 <sup>P</sup>	437.48	-
Jul-April FY11 <sup>P</sup>	509.11	-
April '10	424.10	-
April '11 <sup>P</sup>	541.73	-

Source: BBS ; R: Revised ; P: Provisional



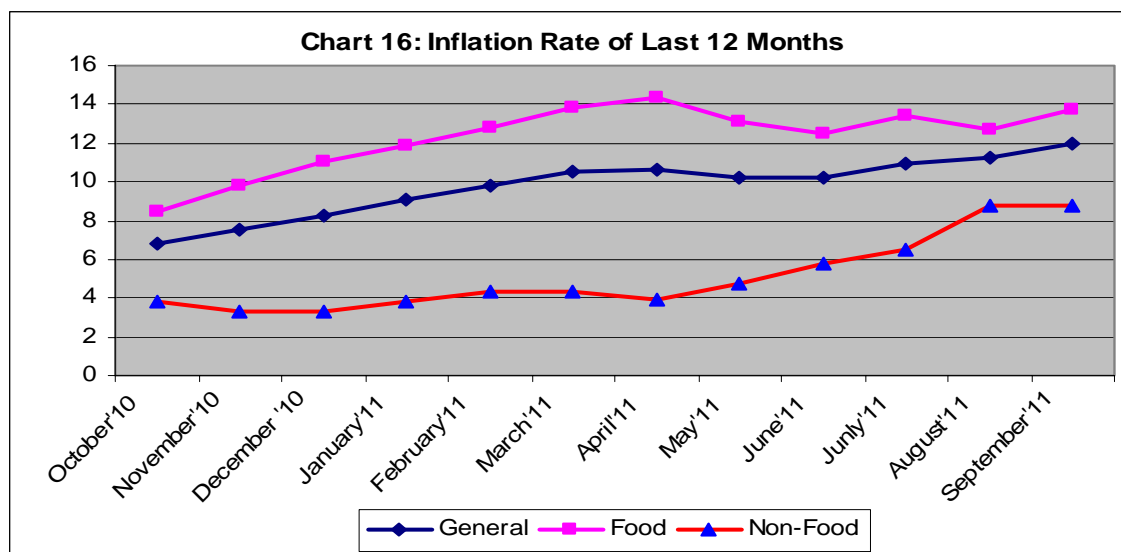
- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 6.94 percent in FY 10 which was 6.97 percent in FY 09.
- During Jul-April of FY11, the average index stood at 509.11 which was 7.53 percent higher compared to the same period of FY10.
- In April 2011, the average index was 541.73 which was 27.7 percent higher compared to April 2010.

### d.3 Consumer Price Index and Inflation (National)

FY	CPI (General)	Twelve-Month Average Basis		
		National	Food	Non-Food
2006-07	176.04	7.20	8.11	5.90
2007-08	193.54	9.94	12.28	6.32
2008-09	206.43	6.66	7.19	5.91
2009-10	221.53	7.31	8.53	5.45
2010-11	241.02	8.80	11.34	4.15
<b>2010-11</b>				
		Twelve-Month Point to Point Basis		
October	238.68	6.86	8.43	3.82
November	238.89	7.54	9.80	3.33
December	240.75	8.28	11.01	3.27
January	242.48	9.04	11.91	3.85
February	244.28	9.79	12.77	4.36
March	245.97	10.49	13.87	4.32
April	246.24	10.67	14.36	3.97
May	246.39	10.20	13.16	4.78

June	249.11	10.17	12.51	5.73
2011-12				
July	254.72	10.96	13.40	6.46
August	259.66	11.29	12.70	8.76
September	264.85	11.97	13.75	8.77

Source: Bangladesh Bureau of Statistics.



- In FY11 the average rate of inflation (Twelve-Month Average Basis) recorded at 8.80 percent. The food and non-food inflation were 11.34 percent and 4.15 percent respectively.
- In December of FY11, the rate of inflation (General) on point-to-point basis was at 8.28 percent which increased substantially to 10.17 percent of same fiscal year.
- In September of FY12, the rate of inflation (national) on point-to-point basis was 11.97 percent, of which, food and non-food inflations were 13.75 percent and 8.77 percent respectively (Table d3 above).