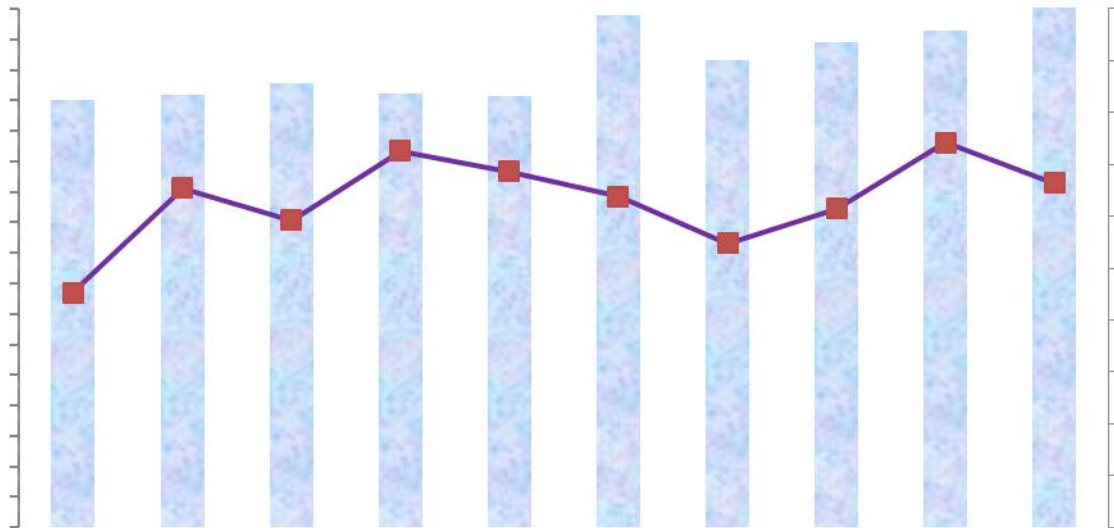




MONTHLY REPORT ON FISCAL-MACRO POSITION

March, 2013



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Contents

1. FISCAL SECTOR	3
1.1 Revenue Earnings.....	3
Table 1.1: Revenue Earning (Taka in Crore).....	3
Chart 1.1: Monthly Trend of Revenue earnings (FY11-FY13)	3
1.2 Grants.....	4
Table 1.2: Grants (Taka in crore)	4
1.3 Government Expenditure	4
1.4 Structure of Revenue Expenditure	5
1.5 Structure of ADP Expenditure	6
1.6 Budget Deficit.....	7
Table 1.4: Budget Balance (Taka in crore)	7
1.7 Deficit Financing.....	7
1.8 Net Sales of NSD Certificates	8
Chart 1.5: Outstanding borrowing of government through NSD (In Crore TK.)....	8
2. MONETARY SECTOR	9
2.1 Monetary and credit development.....	9
Table 2.2: Reserve money and money multiplier	9
3. EXTERNAL SECTOR	10
3.1 Export and its Components.....	10
Chart 3.1: Monthly Trend of Export (Million US\$).....	10
3.2 Imports (c & f)	11
Table 3.2: Import Scenario (In million US\$).....	11
Chart 3.3: Monthly Trend of Import Payments	12
Chart 3.4: Monthly Trend of Remittances	12
3.4 Exchange Rate Movements	13
Table 3.4: Exchange Rate Movements (Taka per US\$)	13
3.5 External Reserve	14
Chart 3.6: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month	14
3.6 Balance of Payments.....	14
Table 3.6: Balance of Payments (In million US\$)	14
4. REAL SECTOR	15
Table 4.1: Quantum Index of Industrial Production (Base: 1989-89=100).....	15
Chart 4.1: Quantum Index of Industrial Production	15
4.2 Inflation	16
Table-4.2 Twelve-Months Average Inflation (National) (Base 1995-96).....	16

Executive Summary

The March 2013 issue of the report on Fiscal-Macro position contains relevant data and analysis regarding the movements of major macroeconomic variables with reference to the current month as well as the same period of the previous year. A rundown of the report on the basis of four sector analysis is given below:

Fiscal Sector

Government revenue earnings posted notable growth by the end of the first nine months of FY13. In March 2013 total revenue earnings grew by 12.39 percent compared to the same period of previous fiscal year. During the same period, total government spending grew by 2.97 percent.

Monetary Sector

Broad Money supply increased by 18.1 percent in February 2013 compared to the same period of previous year mainly due to 12.8 percent growth in domestic credit. Reserve money growth during this period was 17.6 percent.

External Sector

Total export receipts during July-March of FY13 increased by USD 2303.42 million to USD 19703.94 million achieving 10.16 percent growth over that of the corresponding period of the previous fiscal. Import payments in March, 2013 increased by US\$ 36.3 million or 1.28 percent to US\$ 2882.80 million, against US\$ 2846.5 million in March 2012. Fresh opening of import LCs and LC's settled also increased but LC's settled decreased in this period. The growth in remittance earning was 10.84 percent in March 2012 resulting in an increase in foreign exchange reserve to US\$ 13971.14 million that is equivalent to import payments for 4.83 months.

Real Sector

Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 587.60 in March 2012 and became 626.32 in March 2013. In FY13, inflation has come down and in March 2013, the rate of inflation (national) on point-to-point basis was 7.74 percent, of which, food and non-food inflation were 8.30 percent and 6.79 percent respectively.

1. FISCAL SECTOR

1.1 Revenue Earnings

Continuing with last year's trend, total revenue earnings grew by 12.39 percent during July-March period of FY13 compared to the same period of last fiscal year (table 1.1). Growth in NBR tax revenue was comparatively high (around 14 percent) over the same period of the previous year.

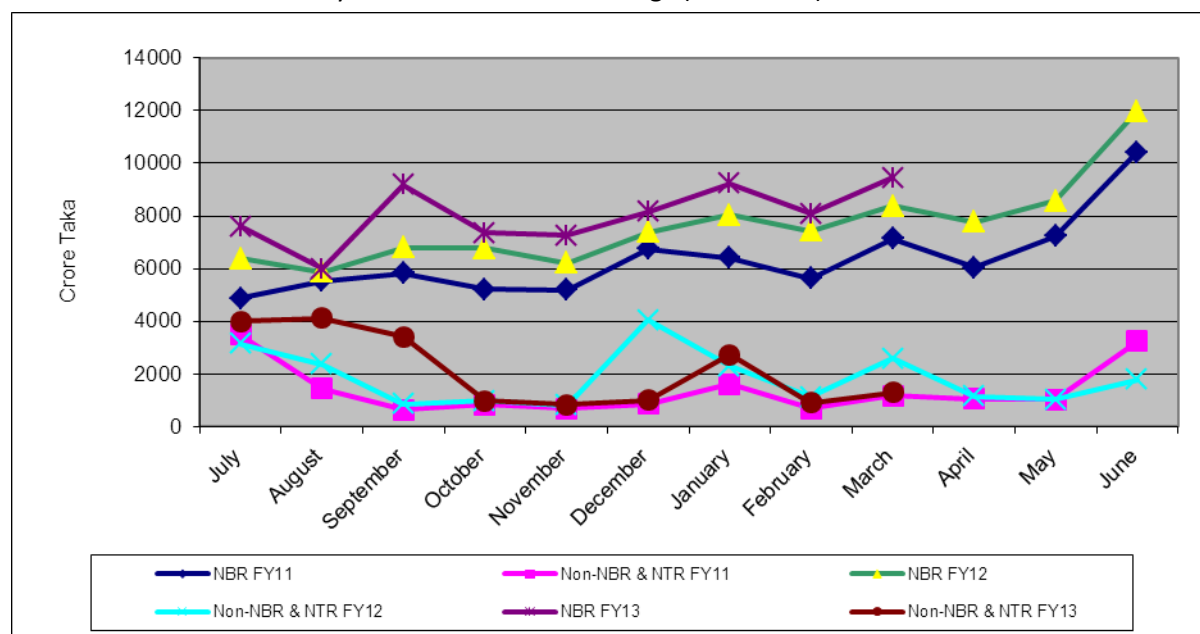
Table 1.1: Revenue Earning

(Taka in Crore)

	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2010-11	76248.3	3299.9	13444.7	92992.9
2011-12	91596	3633	18550	113779
Growth (%)	20.1	10.1	38	22.4
July to March, FY12	63276	2544	15690	81511
July to March, FY13	72308	2900	16399	91607
Growth(%) over July to March, FY12	14.27	13.99	4.52	12.39

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

Chart 1.1: Monthly Trend of Revenue earnings (FY11-FY13)



1.2 Grants

Grants receipts recorded a notable increase of 45.3 percent in FY 12 compared to FY11. However, total grant receipt decreased by 32.80 percent to TK. 1065 crore during July-March of FY13 against TK. 1585 crore over the corresponding period of the last fiscal year (table 1.2).

Table 1.2: Grants

(Taka in crore)

2010-11	2011-12	Growth (%)	2011-12	2012-13	Growth (%) over July to March, FY12
			July to March	July to March	
2450	3560	45.3	1585	1065	-32.80

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

1.3 Government Expenditure

Total government expenditure, comprising of current and ADP expenditure, increased by 2.97 percent during July-March period of FY13 compared to the same period of previous fiscal year. According to iBAS database, development spending grew by 25.61 percent in March 2013 compared to March 2012 (table-1.3). The current spending, on the other hand grew by 14.42 percent in March 2013 compared to the corresponding month of 2012. Of current spending, spending on subsidies and transfer and interest payment grew at a high rate of 16.28 percent and 21.05 percent respectively. Spending on goods and services also increased by around 20 percent. As percentage of GDP, government expenditure stood at 9.30 percent during July-March of FY13, slightly decreasing from 10.29 percent over the same period of FY12. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Planning Ministry, ADP expenditure stood at TK. 27,219 Crore during July-March of FY13, recording 32.02 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures

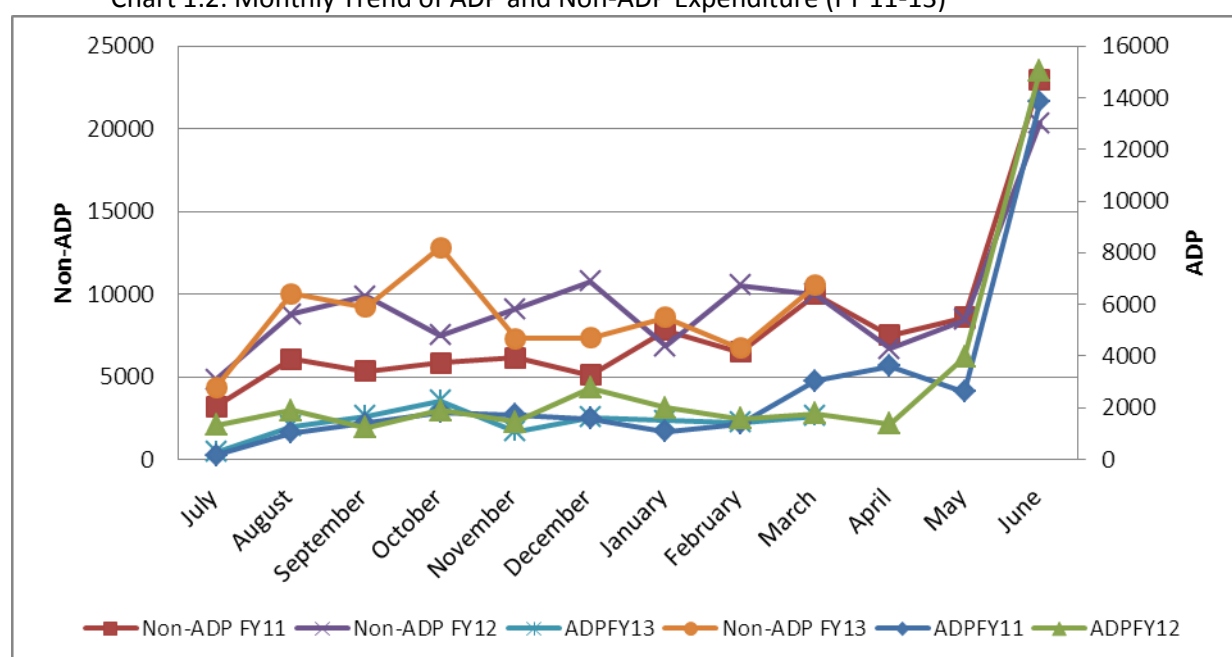
(Taka in crore)

	2010-11	2011-12	Growth	2011-12	2012-13	Growth (%) over July to March, FY12
				July to March	July to March	
1. Current Spending	77479	88222	13.9	57516	65808	14.42
Pay and Allowances	19918	20877	4.8	15795	16413	3.91
Goods and Services	10160	10772	6	5499	6579	19.64
Interest Payment	15637	20137	28.8	13508	16351	21.05
Domestic	14214	18589	30.8	12595	15076	19.70
Foreign	1423	1548	8.8	913	1275	39.65
Subsidy and Transfer	31483	36259	15.2	22610	26292	16.28
Others	281	177	-37	103	173	67.96
2. Food Accounts	2383	1233	-48.3	4818	3129	-35.06
3. Non-ADP Capital & Spending	15132	24191	59.9	15851	7966	-49.74

Non-ADP Capital	5390	6963	29.2	4186	2176	-48.02
Net Lending	7256	14060	93.8	10994	5402	-50.86
Non-ADP Project	866	1465	69.2	402	168	-58.21
FFW	719	1144	59.1	73	0	-
Structural Adjustment	37	0	-100	0	0	-
Development Expenditure under Revenue Budget	864	559	-35.3	196	219	11.73
4. Development Spending	33282	36269	9	15902	19974	25.61
Total (1+2+3+4)	128276	149915	16.9	94087	96877	2.97
Total Spending (Percent of GDP)	16.3	16.4		10.29	9.30	

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

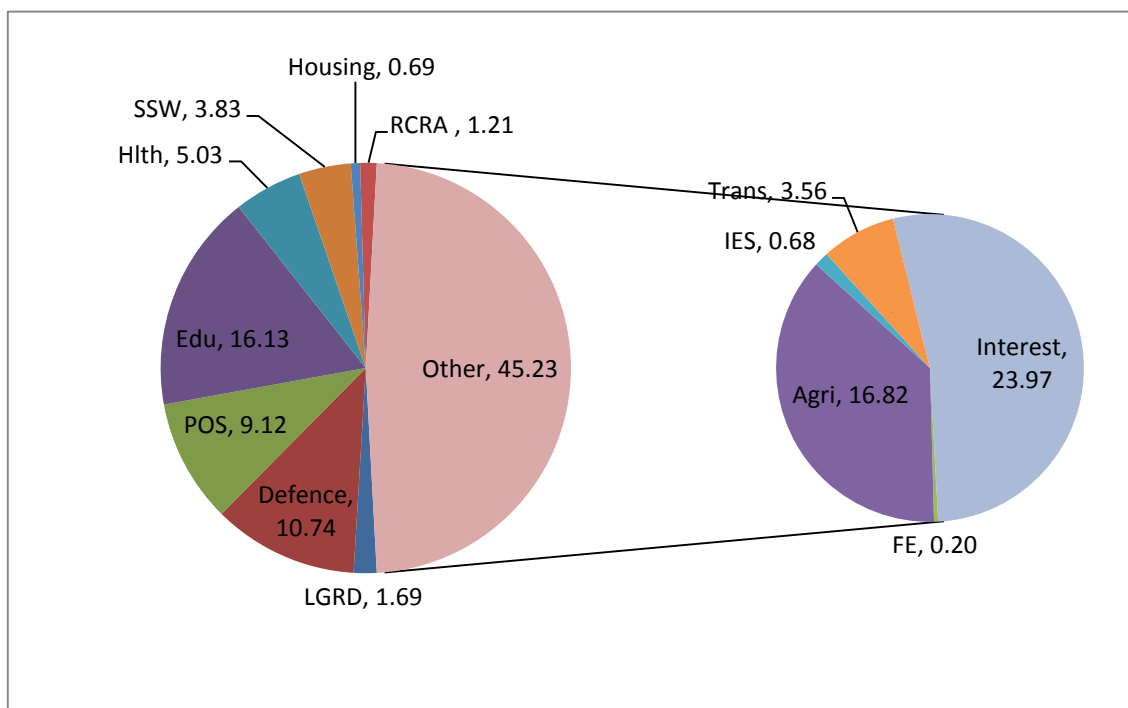
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 11-13)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July to March, FY13) shows (chart 1.3) that Interest payment (23.97%) was the highest spending item followed by agriculture sector (16.82%) and Education and Technology sector (16.13%).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July to March, FY 13)

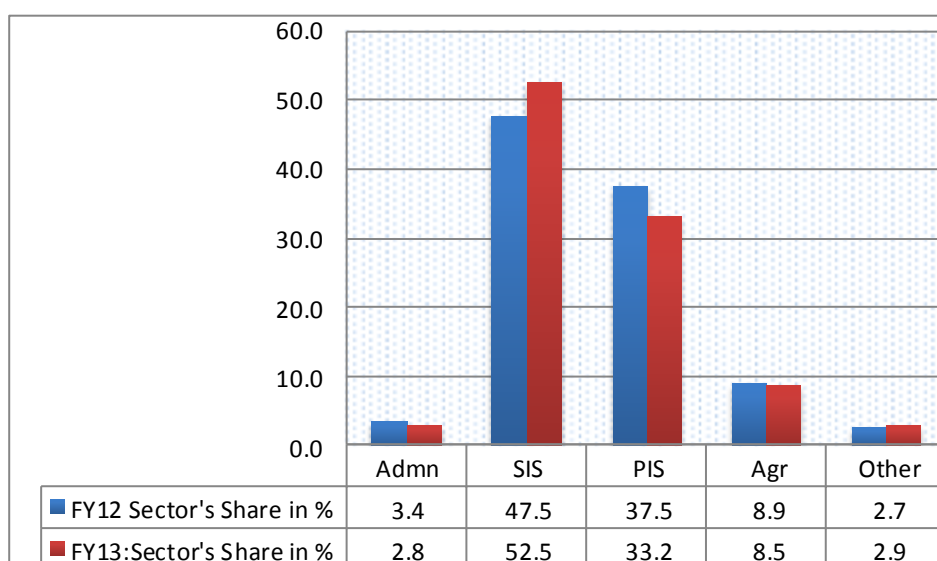


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

1.5 Structure of ADP Expenditure

Sector wise analysis of ADP expenditure shows that, during July- March of FY13, highest share of spending went to Social Infrastructure (52.5%) followed by expenditure on Physical Infrastructure (33.2%) and Agricultural sector (8.5%).

Chart 1.4: Sector wise share (%) of Development expenditure (July to March, FY13)



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; Agri= Agricultural sector and others include RCRA and IES

1.6 Budget Deficit

Overall budget deficit at the end of FY12 stood at 4.0 percent of GDP. First nine months (July-March) of current FY13 started with a consolidation in overall deficit balance, which stood at 0.51 percent of GDP.

Table 1.4: Budget Balance (Taka in crore)

Year	Overall Balance	Overall Balance as % of GDP
2010-11	-35281	-4.5
2011-12	-36136	-4.0
July- March, FY12	-12576	-1.37
July- March, FY13	-5270	-0.51

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

1.7 Deficit Financing

Budget deficit was mainly financed by domestic bank borrowings during FY11 and FY12. Bank borrowing was 71.4 percent of total deficit financing in FY 11 which increased to 75.2 percent in FY12 (table 1.5). In the current fiscal (FY13), during the period of July-March, share of external financing has gone up compared to the same period of the previous fiscal. Bank borrowing has declined during this period.

Table 1.5: Deficit Financing (In Crore Taka)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2010-11	5081	25210	4994	35285	4.5
2011-12	5956	27191	2990	36137	4.0

July- March, FY12	633	21013	-9068	12578	1.37
July- March, FY13	1797	10725	-7281	5241	0.51

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

1.8 Net Sales of NSD Certificates

Sale of NSD certificate during July-March of FY 13 stood at Tk. 17605.63 crore which is around 36 per cent higher than the amount sold in the same period of the preceding fiscal year (table 1.6). The net borrowing of the government through NSD certificates during July-March FY13 stood at TK. 692.56 crore against TK. 20.96 crore during the same period of preceding year.

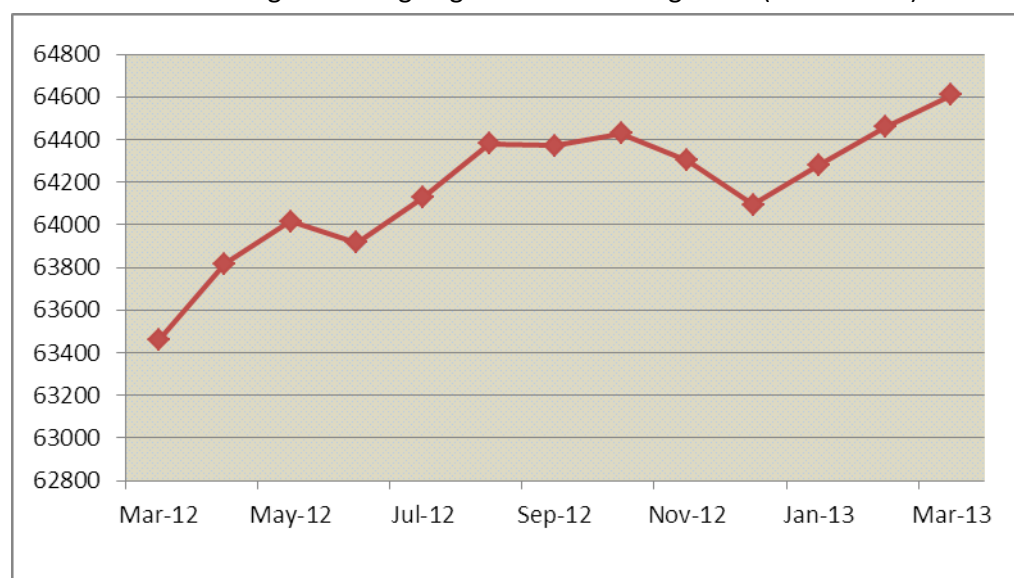
Table 1.6 Net Sales of NSD Certificates

(Taka in crore)

	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2010-11	17232.03	15175.13	2056.90	63438.32
2011-12	18955.35	18476.33	479.02	63917.34
Growth (%)	10.00	21.75	-76.71	0.76
2012-13				
March	1851.73	1701.93	149.80	64609.90
July-March	17605.63	16913.07	692.56	64609.90
Growth (%) (July-Mar)	35.47	30.35	3204.2	1.81

Source: National Savings Directorate

Chart 1.5: Outstanding borrowing of government through NSD (In Crore TK.)



2. MONETARY SECTOR

2.1 Monetary and credit development

Broad money (M2) growth in March, 2013 was 18.1 percent (table 2.1) compared to the same period of previous year. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 50.0 and 12.6 percent increase respectively. During the month, domestic credit expanded (12.8 percent), due to growth of credit to private sector (12.7 percent).

Table-2.1 Monetary and credit development

(In Crore Taka)

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June, 2011	June, 2012	March, 2013	July – March, 2013	March, 2013 over March, 2012
Net Foreign Assets of Banking System	70620.0	78860.3	108003.4	29184.7 (37.1)	35999.2 (50.0)
Net Domestic Assets of Banking System	369899.9	438249.2	471105.1	32814.30 (7.5)	52781.5 (12.62)
Domestic Credit	433525.9	518214.3	559652.5	41317.1 (7.9)	63599.6 (12.8)
Public Sector	92813.2	110312.7	123298.6	12864.8 (11.6)	14367.3 (13.2)
Govt. (net)	73436.1	91906.8	98182.0	6154.1 (6.6)	7609.9 (8.4)
Other Public Sector	19377.1	18405.9	25116.6	6710.7 (36.4)	6757.4 (36.8)
Private Sector	340712.7	407901.6	436353.9	28452.3 (6.9)	49232.3 (12.7)
Net other items	-63626.0	-79965.1	-88547.4	-8502.8 (10.6)	-10818.1 (13.9)
Broad Money	440519.9	517109.5	579108.5	61999.0 (11.9)	88780.7 (18.1)

Source: Bangladesh Bank, Note: Figure in brackets indicate percentage changes

2.2 Reserve money and money multiplier

Reserve money grew by 17.64 percent in March 2013 (table 2.2) compared to the same period of previous year.

Table 2.2: Reserve money and money multiplier

	Outstanding Stock at the end of period			Change in Outstanding Stock	
	2010-11	2011-12	2012-13 (March)	July-Mar, 2013	March, 2013 over March, 2012
Reserve money	89734.4	97802.7	108189.60	10386.90 (10.62%)	16222.50 (17.64%)
Reserve money multiplier	4.91	5.33	5.35	0.07	0.02

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export and its Components

Total export receipts during July-March of FY13 increased by USD 2303.42 million to USD 19703.94 million achieving 10.16 percent growth over that of the corresponding period of the previous fiscal.

Table 3.1: Export Performance (In million US\$)

	2010-11	2011-12	2012-13	
			March	July- March
Export	22928.2	24287.6	2303.42	19703.94
Growth (%)*	41.5	5.9	16.20	10.16

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

Chart 3.1: Monthly Trend of Export (Million US\$)

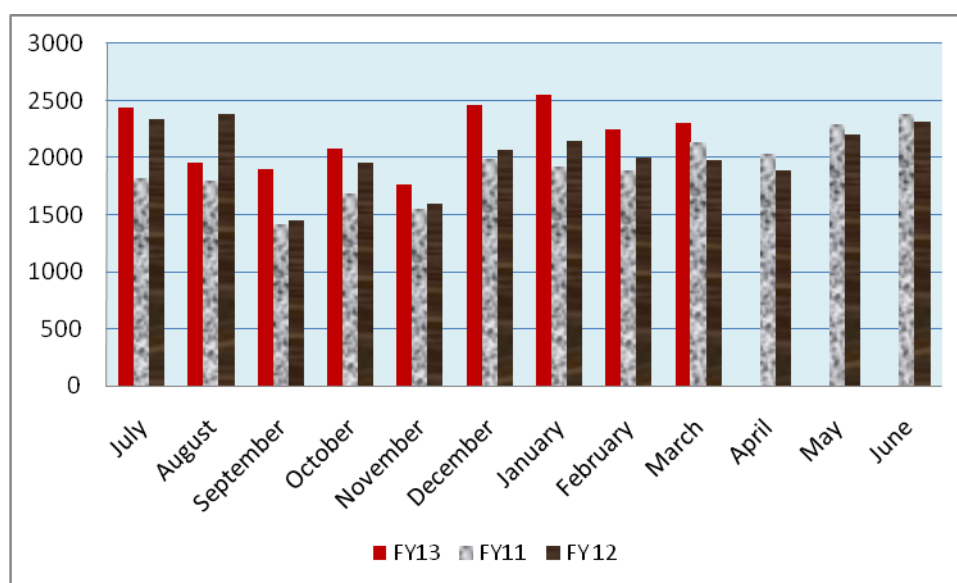
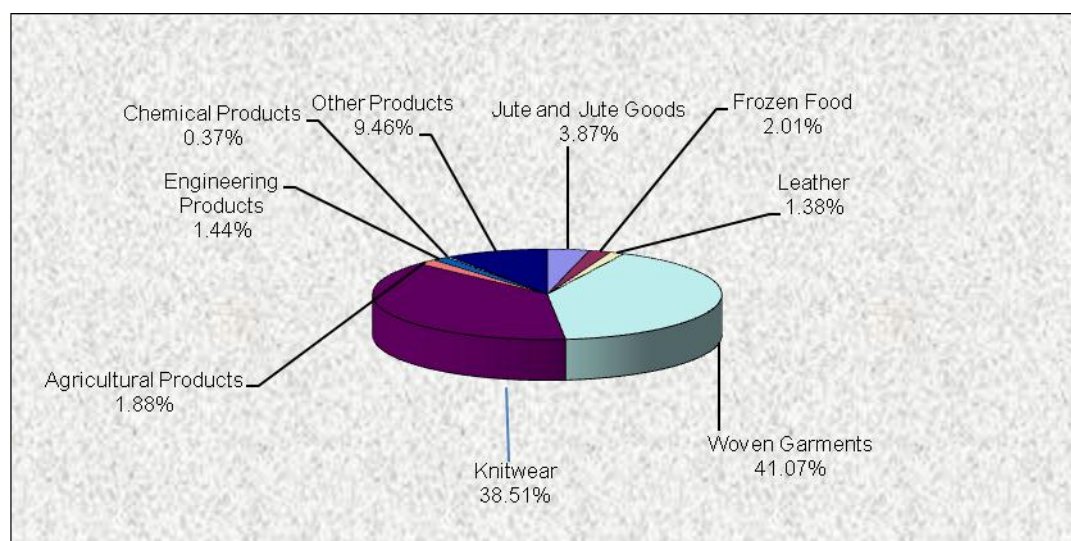


Chart 3.2: Structure of Exports (July-March, FY13)



3.2 Imports (c & f)

Import payments in March, 2013 increased by US\$ 36.3 million or 1.28 percent to US\$ 2882.80 million, against US\$ 2846.5 million in March 2012. Fresh opening of import LCs and LC's settled also increased but LC's settled decreased in this period.

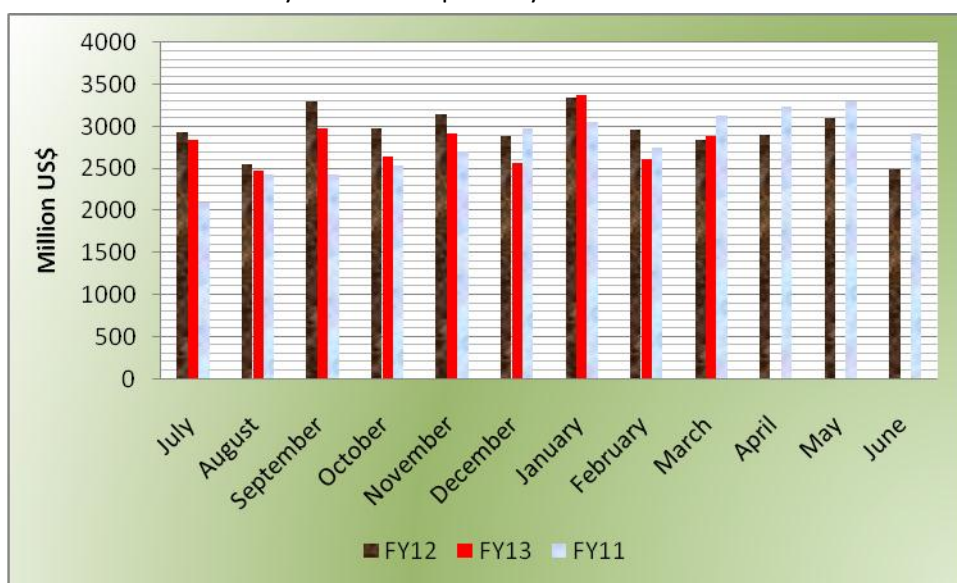
Table 3.2: Import Scenario

(In million US\$)

	2010-11	2011-12	2012-13	
			March	July- March
Import payments	33657.5	35516.3	2882.80	25301.30
Growth (%)	41.8	5.5	1.28	-6.1
LCs Opened	38582.3	37035.8	3487.50	26639.55
Growth (%)	34.0	-4.0	15.88	-2.7
LCs Settled	31953.1	34814.5	2731.09	23988.56
Growth (%)	38.6	8.9	-4.86	-10.4

Source: Bangladesh Bank. Growth rate (in percent) over the same period of the previous fiscal year/month.

Chart 3.3: Monthly Trend of Import Payments



3.3 Remittances

Remittances in March 2013 stood at USD 1229.36 million indicating 10.84 percent growth against March 2012. The respective growth was healthy 16.68 percent during July-March of FY13 compared to the corresponding period of the previous fiscal.

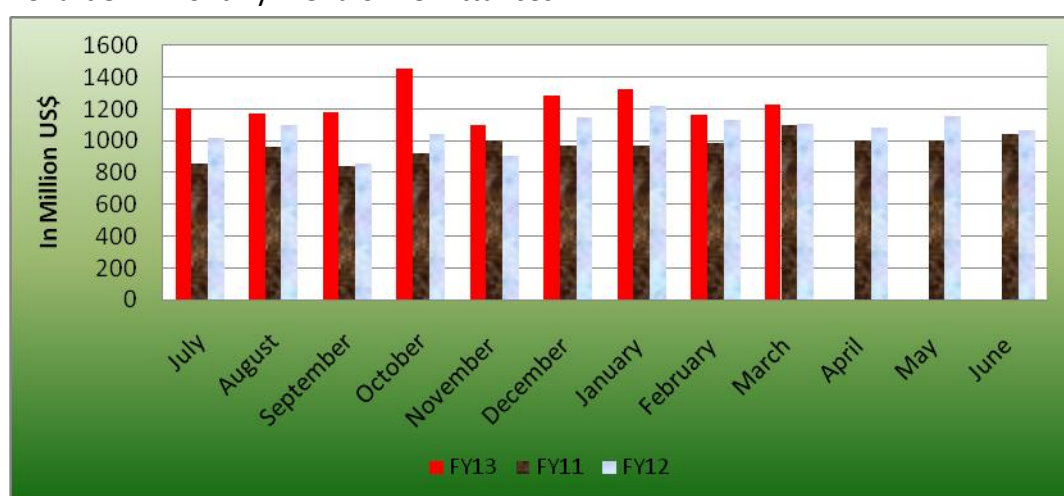
Table-3.3: Remittance Performance

(In million US\$)

	2010-11	2011-12	2012-13	
			March	July- March
Remittances	11650.32	12843.4	1229.36	11121.31
Growth (%)	6.0	10.2	10.84	16.68
As % of GDP	10.4	11.1	-	-
As % of Export	50.8	52.8	46.63	43.56

Source: Bangladesh Bank and EPB

Chart 3.4: Monthly Trend of Remittances



3.4 Exchange Rate Movements

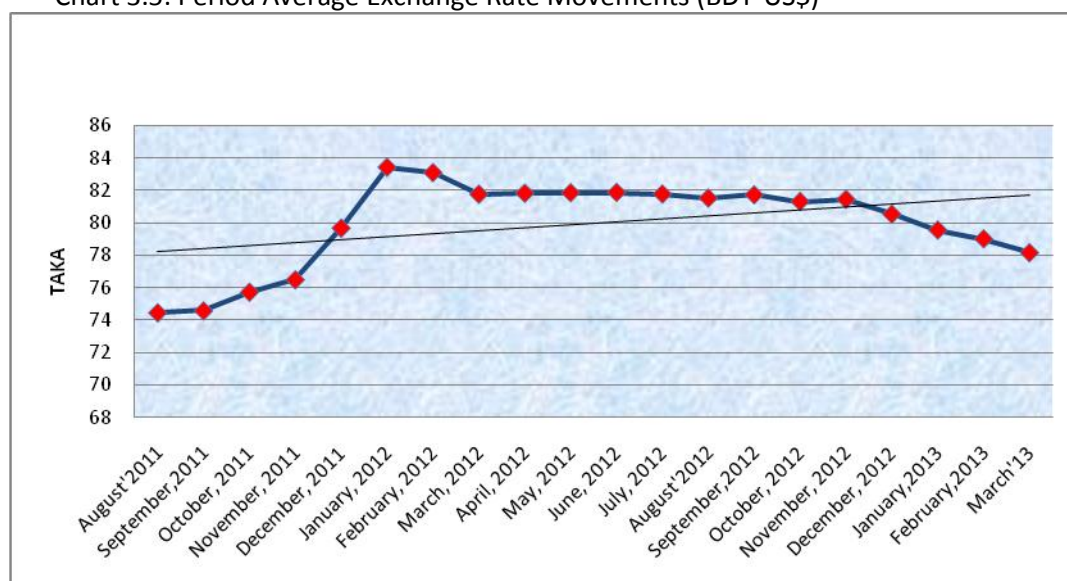
The exchange rate movement (monthly average) from August 2011 to March 2013 has been shown in Chart 3.5 (BDT against USD). Exchange rate of Taka per USD remains market based and volatility is reduced since March 2012. However, at the end of March 2013, Taka has appreciated by 0.90 percent from its level at the end of March 2013 mainly due to reasonable growth in remittance, foreign aid and low pressure on imports.

Table 3.4: Exchange Rate Movements (Taka per US\$)

	Average	End of the period
2008-09	68.80	69.06
2009-10	69.18	69.445
2010-11	71.17	74.15
2011-12	79.10	81.87
2012-13		
July	81.77	81.70
August	81.52	81.71
September	81.72	81.64
October	81.31	81.21
November	81.45	81.38
December	80.53	79.75
January	79.55	79.20
February	79.01	78.85
March	78.58	78.15

Source: Bangladesh Bank

Chart 3.5: Period Average Exchange Rate Movements (BDT-US\$)



3.5 External Reserve

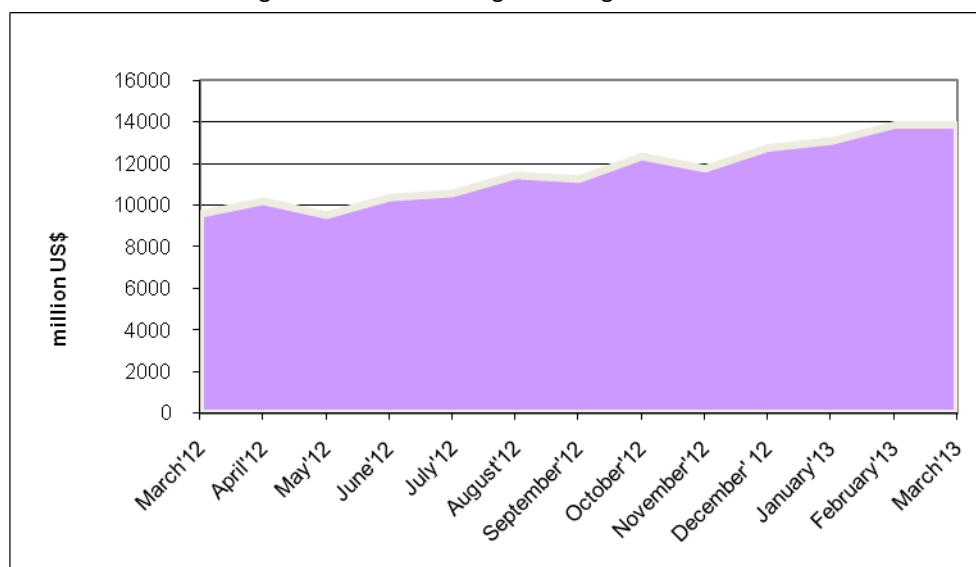
The gross foreign reserves (with ACU liability of USD 354.55 million) increased substantially and stood at USD 13971.14 million by the end of March 2013, compared to USD 9579.43 million at end of March 2012 (table 3.5). Gross foreign reserves, without ACU liability was equivalent to import payments of 4.59 months based on the preceding 12 months average (April-March 2012-13)

Table 3.5: Foreign Exchange Reserve (In million US\$)

	2010-11	2011-12	As on end of March, 2013
Reserve	10911.5	10364.43	13971.14
In month of import payment	3.9	3.2	4.83

Source: Bangladesh Bank.

Chart 3.6: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month



3.6 Balance of Payments

The current account balance in the first nine months of FY13 was in surplus. Both financial account surplus of USD 1579 million and current account surplus of USD 2825 million accounted for a surplus of USD 3948 million in overall balances during July-March 2012-13 against a deficit of USD 419 million over the corresponding period of FY12.

Table 3.6: Balance of Payments (In million US\$)

	2010-11 (July-June)	2011-12 ^R (July-June)	2011-12 ^R (July-March)	2012-13 ^P (July-March)
Trade Balance	-7744	-7995	-6753	-4863
Current Account Balance	885	1630	-120	2825
Capital Account	642	469	369	366

Financial Account	-1920	-955	779	1579
Overall Balance	-656	494	-419	3948

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

4.1 Quantum Index of Industrial Production

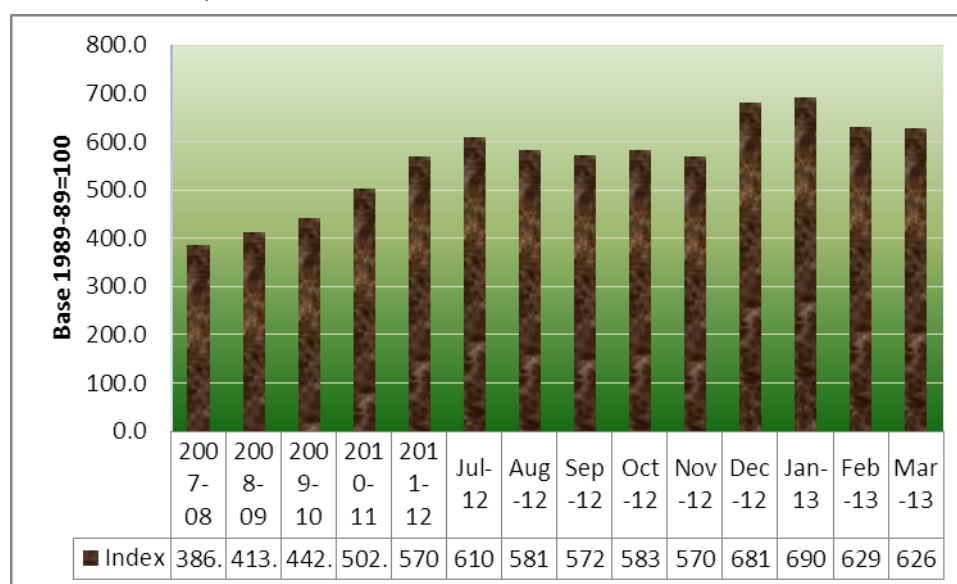
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 587.60 in March 2012 and became 626.32 in March 2013 (table 4.1). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 13.43 percent in FY 12 which was 13.74 percent in FY 11.

Table 4.1: Quantum Index of Industrial Production (Base: 1989-89=100)

Period	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
2010-11	502.89	13.74
2011-12	570.44	13.43
March, 2012	587.60	2.87
March, 2013	626.32	6.58

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

Chart 4.1: Quantum Index of Industrial Production



Source: BBS

4.2 Inflation

In FY12 the average rate of inflation (Twelve-Month Average Basis) was 10.62 percent (table-4.2). The food and non-food inflation were 10.47 percent and 11.15 percent respectively. In FY13, inflation has come down and in March 2013, the rate of inflation (national) on point-to-point basis was 7.74 percent, of which, food and non-food inflation were 8.30 percent and 6.79 percent respectively.

Table-4.2 Twelve-Months Average Inflation (National) (Base 1995-96)

FY	Twelve-Months Average Basis		
	National	Food	Non-Food
2006-07	7.20	8.11	5.90
2007-08	9.94	12.28	6.32
2008-09	6.66	7.19	5.91
2009-10	7.31	8.53	5.45
2010-11	8.80	11.34	4.15
2011-12	10.62	10.47	11.15
2012-13	Twelve-Months Average Basis		
July	10.37	9.87	11.57
August	10.08	9.41	11.62
September	9.69	8.77	11.70
October	9.33	8.16	11.81
November	8.98	7.68	11.71
December	8.74	7.43	11.45
January	8.40	7.14	10.99
February	8.19	7.10	10.44
March	8.00	7.11	9.85

Source: Bangladesh Bureau of Statistics.

Chart 4.2: Trends of Point to Point Inflation (Base 1995-96)

